

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of ) DOCKET UE-200115  
PUGET SOUND ENERGY )  
For an Order Authorizing the Sale of All of )  
Puget Sound Energy's Interests in Colstrip )  
Unit 4 and Certain of Puget Sound Energy's )  
Interests in the Colstrip Transmission )  
System. )

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**RESPONSE TESTIMONY OF IRENE PLENEFISCH**

**ON BEHALF OF**

**MICROSOFT CORPORATION**

**October 2, 2020**

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**EXHIBIT LIST**

EXH. IP-2: RESPONSES TO DATA REQUESTS

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Irene Plenefisch and my business address is One Microsoft Way, Redmond,  
4 WA 98052.

5 **Q. PLEASE STATE YOUR OCCUPATION AND ON WHOSE BEHALF YOU ARE**  
6 **TESTIFYING.**

7 A. I am testifying on behalf of Microsoft Corporation (“Microsoft”). I am Microsoft’s  
8 Government Affairs Director for the State of Washington.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. My testimony provides Microsoft’s perspective on Puget Sound Energy’s (“PSE” or  
11 “Company”) proposed sale of its interest in Unit 4 of the Colstrip Generating Station  
12 (“Colstrip”) to NorthWestern Energy (“NorthWestern”) and Talen Montana (“Talen”)  
13 (the “Proposed Transaction”). As I discuss in more detail below, Microsoft is in a unique  
14 position with respect to the Proposed Transaction, given its special contract with PSE.

15 **II. MICROSOFT’S INTEREST IN THE PROPOSED TRANSACTION**

16 **Q. PLEASE DESCRIBE MICROSOFT’S INTEREST IN THE PROPOSED**  
17 **TRANSACTION.**

18 A. Microsoft has two primary interests in PSE’s proposed sale of Colstrip Unit 4 to  
19 NorthWestern and Talen. First, when Microsoft negotiated a special contract (“Special  
20 Contract”) with PSE, approved by the Commission in Docket No. UE-161123, the issue  
21 of Microsoft’s responsibility for decommissioning and remediation costs associated with  
22 Colstrip was not addressed.<sup>1/</sup> In approving the settlement agreement in that Docket, the  
23 Commission acknowledged this commitment as “leaving to a more appropriate

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<sup>1/</sup> Docket No. UE-161123, Order 06, Appen. A ¶ 11.

1 proceeding the determination of the amount of Microsoft’s contribution to Colstrip  
2 remediation, decommissioning, or accelerated depreciation costs.”<sup>2/</sup> My understanding is  
3 that PSE’s next general rate case will be the forum in which Microsoft’s contribution to  
4 Colstrip decommissioning and remediation costs is determined.<sup>3/</sup> Nevertheless, this  
5 proceeding potentially impacts Microsoft’s contribution if the Proposed Transaction  
6 results in either Unit 3 or Unit 4 running longer or shorter than they would without the  
7 Proposed Transaction. My understanding is that these costs generally increase as a plant  
8 runs longer. NorthWestern Energy has confirmed that there are likely to be increased  
9 remediation costs associated with Unit 4 if it runs beyond 2025.<sup>4/</sup> I also understand that,  
10 under the Proposed Transaction, PSE would retain its 25% responsibility for  
11 decommissioning and remediation costs associated with Unit 4 even after PSE divests its  
12 interest in this unit.<sup>5/</sup>

13 Second, as epitomized by its commitment to be carbon negative by 2030,  
14 Microsoft has strong corporate environmental and sustainability goals.<sup>6/</sup> These goals are  
15 driven by Microsoft’s recognition of the urgent problem of climate change and  
16 Microsoft’s need to do its part to combat this environmental threat. If the Proposed  
17 Transaction results in either of Colstrip’s remaining units running longer than they  
18 otherwise would, this will result in more carbon emissions into the atmosphere, which  
19 will be detrimental to the public interest and run counter to Microsoft’s carbon reduction  
20 and removal efforts to date and in the future.

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<sup>2/</sup> Id., Order 06 ¶ 87.

<sup>3/</sup> Docket Nos. UE-190529 et al., Order 08 ¶ 430 (July 8, 2020).

<sup>4/</sup> Exh. IP-2 at 8 (NorthWestern Energy Response to NRDC-011).

<sup>5/</sup> Id. at 1 (PSE Response to Microsoft Data Request 002).

<sup>6/</sup> <https://blogs.microsoft.com/blog/2020/01/16/microsoft-will-be-carbon-negative-by-2030/>

1           **III.       BENEFITS AND HARMS FROM THE PROPOSED TRANSACTION**

2   **Q.       WILL THE PROPOSED TRANSACTION RESULT IN ANY DIRECT BENEFITS**  
3   **TO MICROSOFT?**

4   A.       No. The primary direct benefit that PSE identifies from the Proposed Transaction is  
5           lower power costs through the power purchase agreement (“PPA”) for 90 MW from  
6           Colstrip 4.<sup>7/</sup> PSE acknowledges, however, that with respect to the locations served under  
7           the Special Contract, Microsoft will not realize any of these benefits because it no longer  
8           purchases power from PSE.<sup>8/</sup> Furthermore, PSE did not identify any other benefits from  
9           the Proposed Transaction that would accrue to the Microsoft locations served under the  
10          Special Contract.<sup>9/</sup> Talen’s addition to the Proposed Transaction does not change these  
11          responses.<sup>10/</sup>

12   **Q.       COULD BENEFITS STILL RESULT FROM THE PROPOSED TRANSACTION?**

13   A.       Yes. If the Proposed Transaction resulted in either Colstrip Unit 3 or Unit 4 closing  
14          earlier than they would without the Proposed Transaction, this could result in lower  
15          decommissioning and remediation costs for these units and reduced carbon emissions,  
16          consistent with Microsoft’s interests in this proceeding that I identified above.

17               Microsoft is not taking a position in this case as to what its responsibility for  
18          Colstrip decommissioning and remediation costs should be or how it should be  
19          determined. Nevertheless, in the absence of a preexisting agreement as to how Colstrip  
20          decommissioning and remediation costs will be allocated amongst the implicated parties,  
21          extending the operations of the plants has the potential to increase Microsoft’s liability

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<sup>7/</sup> PSE Supplemental Application at 18.  
<sup>8/</sup> Exh. IP-2 at 2-3 (PSE Response to Microsoft DR 003).  
<sup>9/</sup> Id. at 4 (PSE Response to Microsoft DR 004).  
<sup>10/</sup> Id. at 5 (PSE Response to Microsoft DR 006).

1 for such costs. In this circumstance, Microsoft, as well as all other customers, would  
2 benefit if the Proposed Transaction resulted in an early closure of Unit 3 or Unit 4.

3 **Q. WILL THE PROPOSED TRANSACTION RESULT IN EARLY CLOSURE OF**  
4 **EITHER UNIT 3 OR UNIT 4?**

5 A. There does not appear to be any guarantee of this outcome. PSE does not allege that the  
6 sale would result in early closure of Unit 4, and given that the Proposed Transaction  
7 would result in a greater percentage of this unit being owned by NorthWestern, which has  
8 stated its intention to run the plant for at least the next 20 years, early closure of this unit  
9 as a result of the Proposed Transaction seems highly unlikely.<sup>11/</sup>

10 PSE does, however, testify that the Proposed Transaction makes it easier “to  
11 decommission and remediate [Unit 3] at the appropriate time.”<sup>12/</sup> PSE states that the vote  
12 sharing agreement it has negotiated with Talen and NorthWestern “removes any ‘veto  
13 right’ of NorthWestern Energy ... with respect to any vote regarding the closure and  
14 decommissioning of Colstrip Unit 3, when the time is appropriate.”<sup>13/</sup> NorthWestern has  
15 already stated in the Montana docket, however, that it currently “has no ownership  
16 interest in Unit 3 and no ‘veto right’ on decommissioning that unit.”<sup>14/</sup> Therefore, it is  
17 unclear why the Proposed Transaction makes it easier for PSE to close Unit 3 or why the  
18 Proposed Transaction would result in Unit 3 closing sooner than it would without the  
19 transaction.

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<sup>11/</sup> Id. at 9 (NorthWestern Response to NWECC/RNW-004).

<sup>12/</sup> Exh. RJR-9T at 49:26.

<sup>13/</sup> Id. at 50:15-18.

<sup>14/</sup> Exh. IP-2 at 6-7 (NorthWestern Response to NRDC-001).

1 **Q. DOES PSE IDENTIFY WHAT IT BELIEVES THE “APPROPRIATE TIME”**  
2 **WOULD BE TO CLOSE UNIT 3?**

3 A. No.

4 **Q. DO YOU HAVE ANY RECOMMENDATIONS FOR PSE AND THE**  
5 **COMMISSION IF THE PROPOSED TRANSACTION IS TO BE APPROVED?**

6 A. Yes. First, I recommend that PSE in its rebuttal testimony identify a date certain for  
7 when it will seek to close Unit 3. The Commission can then assess whether this date is  
8 reasonable and helps justify the Proposed Transaction as in the public interest. Second, I  
9 recommend that, if the Commission finds this date to be reasonable, it require PSE to  
10 commit to this date – that is to assume the financial risk if it is unable to close Unit 3 by  
11 its proposed deadline. This would mean that PSE would remove all costs and benefits  
12 from customer rates associated with Unit 3, and PSE would bear any decommissioning  
13 and remediation costs attributable to Unit 3’s operation beyond the deadline.

14 **Q. DO YOU HAVE ANY OTHER RECOMMENDATIONS?**

15 A. Yes. If the Commission determines that the Proposed Transaction is in the public interest  
16 either in whole or in part because of the power cost benefits PSE has identified from the  
17 PPA with NorthWestern and Talen, I recommend that the Commission explicitly  
18 recognize that these benefits do not accrue to the Microsoft locations served under the  
19 Special Contract. While, again, Microsoft is not taking a position in this Docket on its  
20 decommissioning cost responsibility for either Unit 3 or Unit 4, Microsoft’s inability to  
21 realize benefits from a transaction that is likely to prolong the operation of Unit 4 (and  
22 thus increase the decommissioning costs associated with that unit, for which PSE would  
23 remain responsible) is relevant to a determination of that responsibility.

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes.