



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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July 21, 2015

NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By 5:00 p.m., September 15, 2015)

RE: UE-151500 - Investigation of coal-fired generating unit decommissioning and remediation costs

TO ALL INTERESTED PERSONS:

During the 2015 Legislative Session, the Washington Legislature considered establishing a process for an electrical company to petition the Commission for approval of a plan to acquire and decommission one or more coal-fired generating units, and secure ratepayer funds to pay for environmental remediation.¹ While the bills under consideration did not pass the Legislature, the Commission recognizes the need to assess the economic risks associated with continued operation of, and the costs to retire, certain coal-fired generating units included in Washington rates.

The Commission possesses general authority to investigate the books, accounts, practices and activities of public service companies.² The purpose of this investigation is to examine the expected costs of decommissioning certain coal-fired generating units that produce electricity for Washington customers currently owned by utilities under Commission regulation. As part of this investigation, the Commission will review the costs associated with necessary environmental remediation, other expenditures related to plant retirement, and the amount of funds currently held by utilities for the purpose of decommissioning the affected coal facilities.

For purposes of this investigation, the Commission will limit its review to certain coal-fired facilities owned by Puget Sound Energy, commonly referred to as Colstrip Units 1 & 2. However, the Commission may in the future expand this investigation to include the

¹ The Legislature considered HB 2002, SB 5874, and SB 6132

² RCW 80.20.020

adequacy of existing provisions for the decommissioning and retirement of other coal-fired generating units under its jurisdiction, including those owned by other electric utilities, and the degree to which these provisions are captured in rates charged to Washington customers.³

The Commission requests that Puget Sound Energy and other interested parties submit written comments to the Commission by September 15, 2015, on the issues identified in this notice, and addressed in the following questions:

1. What are the estimated costs and expenses required to permanently decommission each unit of Colstrip 1 & 2 at the end of its useful life? Please include a description of all estimated costs and assumptions used.
2. What are the estimated costs and expenses necessary to remediate the site(s) of each unit of Colstrip 1 & 2 upon decommissioning? Please include a description of all estimated costs and assumptions used.
3. What are the estimated decommissioning and remediation costs for each coal-fired generating unit, assuming a plant retirement date at various stages of five-year intervals prior to the end of its expected useful life beginning with 2020 and through at least 2030? Please include estimates and description of all costs associated with the retirement of each coal-fired generating unit and any additional assumptions used to calculate the costs.
4. What is the expected net salvage value of each unit of Colstrip 1 & 2 at the end of its useful life? What is the estimated net salvage value of each coal-fired generating unit, assuming a plant retirement date at various stages of five-year intervals prior to the end of its useful life beginning with 2020 and through at least 2030?
5. As of 2015, please provide the amounts of all funds that have been included in Washington rates for the anticipated decommissioning and remediation of each unit of Colstrip 1 & 2. Describe how these funds are recorded and accounted for including all FERC accounts/sub-accounts used.
6. Discuss the financial and tax impacts of a coal plant retirement including effects on current and deferred taxes and reserves.
7. Please include the current depreciation schedule for each unit of Colstrip 1 & 2 included in Washington rates as an attachment to comments submitted in this docket.

³ RCW 80.04.350 authorizes the Commission to require public service companies to carry proper and adequate depreciation or retirement accounts for all property, and to fix depreciation and retirement rates by order.

8. Describe the impacts of a specific coal-fired generating facility retirement on fully and partially dedicated transmission plant in service.
9. Please describe any operational and monitoring obligations associated with the plant site that may persist after primary decommissioning and remediation activities cease.

WRITTEN COMMENTS AND RESPONSES

The Commission requests written comments and information in response to this notice. Written comments must be filed with the Commission no later than September 15, 2015. The Commission requests that the responses be provided in electronic format to enhance public access, reduce the need for paper copies, and facilitate quotations from the submissions. You may submit comments via the Commission's Web portal at www.utc.wa.gov/e-filing or by electronic mail to the Commission's Records Center at records@utc.wa.gov. You must include:

- The docket number of this proceeding (UE-151500).
- The commenting party's name.
- The title and date of the comment or comments.

An alternative method for submitting comments is by mailing or delivering an electronic copy to the Commission's Records Center on a 3½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 2010 or later, a flash drive, or CD. Include all of the information requested above. The Commission will post on its web site all comments that are provided in electronic format. The web site is located at www.utc.wa.gov.

If you are unable to file your comments electronically or to submit them on a disk, the Commission will accept a paper document. If you have questions regarding this Notice, you may contact Brian Thomas, by email at bthomas@utc.wa.gov or by calling (360) 359-1049.

STEVEN V. KING
Executive Director and Secretary