

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION
COMMISSION,
Complainant,

v.

PUGET SOUND ENERGY,
Respondent.

DOCKETS UE-220066 AND UE-
220067

CENSE REPLY TO PUGET
SOUND ENERGY'S RESPONSE
TO COALITION OF EASTSIDE
NEIGHBORHOODS FOR
SENSIBLE ENERGY'S PETITION
FOR INTERVENTION

I. INTRODUCTION.

Puget Sound Energy (PSE) seeks to add \$283,000,000, more than half of the specific adjustments in their requested increase in rate base, for a transmission project branded as “Energize Eastside.” PSE asks the Commission “for a prudence determination for expenses related to the transmission upgrade project, Energize Eastside.” PSE Response to Motion to Intervene (Response) at pages 1-2. The Coalition of Eastside Neighborhoods for Sensible Energy (CENSE) has continuously raised issues about the need, feasibility, cost and impacts of this proposal before local governments, and this Commission, for more than seven years. CENSE seeks intervention before this Commission to address these issues in the Commission’s critical prudence review.

PSE objects to CENSE’s petition on various grounds, with the objective of assuring no organized opposition stands in the way of its request to significantly add to the rate base. The PSE objection is without merit and CENSE should be permitted to intervene.

II. BACKGROUND INFORMATION.

PSE has filed a request to include costs of its Energize Eastside project in its rate base. It does so even though it does not have permits for the majority of its 16-mile transmission line running through and impacting the cities of Bellevue, Redmond, Renton, Sammamish, Kirkland and Newcastle. It asks the Commission to determine that its project is “prudent.”

PSE claims that CENSE’s interests are adequately represented by other parties. Though several parties have sought intervention, none of them have indicated that they intend to address the question of the prudence of adding PSE’s Energize Eastside costs to the rate base. Public Counsel must represent all interests to this matter and does not have the resources to address this project, especially given its complexity and long history.

The Commission itself has previously questioned this project, as far back as review of PSE’s 2017 IRP. In PSE’s 2017 Electric and Natural Gas Integrated Resource Plan Docket UE-160918 & UG-160919, this Commission, in a letter dated May 7, 2018, specifically warned PSE that while its IRP met basic rule requirements:

By acknowledging compliance with statute and rule, the Commission does not signal pre-approval for ratemaking purposes of any course of action identified in the IRP. The Commission will review the prudence of the Company’s actions at the time of any future request to recover costs of resources in customer rates. The Commission will reach a prudence determination after giving due weight to the information, analyses, and strategies contained in the Company’s IRP along with other relevant evidence.

See Attachment 1. The Commission’s letter attached 17 pages of comments, including specific discussion of the Energize Eastside project beginning at page 10. See Attachment 1. The Commission indicated clear deficiencies in assumptions, methodologies and conclusions related to the project as follows:

At the request of stakeholders, PSE provided studies in support of the reliability need it identified and potential alternative solutions to the Energize Eastside Project.³⁸ However, we heard from Staff and some stakeholders that PSE would not discuss these studies in the advisory group, and therefore left unresolved some basic questions about the studies' assumptions, methodologies, and conclusions. For example, the Plan does not include a narrative regarding:

- The effect of the power flows due to entitlement returns on the need for the Energize Eastside Project.³⁹
- The reason for, and effect on the need for the Energize Eastside Project, of modeling zero output from five of PSE's Westside thermal generation facilities.
- PSE's choice not to provide modeling data to stakeholders with Critical Energy Infrastructure Information clearance from FERC.
- Resolution of the effect of lower load assumptions on the need for Energize Eastside Project.

The "stakeholder" that raised these issues? CENSE.

Moreover, the Commission addressed other questions of need and reliability, also on page 10:

The Company complied with the letter of the law in Chapter 8 where it provided a history of its Needs Assessment Reports. However, the Plan did not answer many questions that are needed for determining if the Company's conclusions are justified. For instance, it is still not clear if a joint utility analysis of all available transmission and potential interconnections in the Puget Sound region might solve the Energize Eastside reliability issues. Whether PSE has engaged in such analysis or discussions remains unclear and would have been better answered in the IRP.

These comments went on to say:

PSE's forecasted increase in its annual energy and peak load growth over its 20-year planning horizon are due entirely to growth forecasted in the second half of the 20-year plan. As Staff notes in its comments, historically, PSE's load forecasts have been overly optimistic. This was highlighted in a study by the Lawrence Berkeley National Laboratory of utility average annual growth rate of energy (AAGR).⁴¹

Figure 2: PSE's projected and actual average annual growth rate of electric energy

Period	PSE Projected AAGR	PSE Actual AAGR
2006-2014	1.75%	-0.19%
2012-2014	1.90%	-1.19%

As will be demonstrated at hearing, the Commission concerns expressed in its 2018 letter remain unresolved today, raising significant issues regarding the prudence of this expensive project.

III. CENSE'S ENGAGEMENT IN THIS PROCEEDING WILL BENEFIT THE PUBLIC INTEREST.

PSE claims that CENSE “does not identify any area of expertise it would bring that would benefit the public interest.” Response at 7. At the outset, CENSE is the only intervenor that will specifically address the inclusion of the Energize Eastside costs into the rate base. Indeed, these costs are a large percentage of the requested increase to the rate base, though the project is limited to a very small part of PSE's service area. More importantly, PSE is actually concerned that CENSE will bring substantial, and professional expertise that questions the prudence of the Energize Eastside project. Specifically, CENSE has the resources to comprehensively address the prudence questions before the commission.¹ CENSE has engaged recognized experts to address these need and reliability questions, including Robert McCullough, principal in McCullough Research and an expert in utility planning. His resume is Attachment 2. CENSE has also engaged Richard Lauckhart, an experienced energy consultant, to address pertinent prudence issues, including the need for the project. His resume is Attachment 3. CENSE may also call on Dr. Randell Johnson, who has 25 years of experience in leadership and technical positions with expertise and experience in demand, distribution, transmission, and generation and wholesale power markets. His resume is Attachment 4. PSE has seen and reviewed the work of these witnesses previously.

¹ (CENSE may require additional funding to fully present these issues.)

At the outset, we do not understand that Public Counsel will focus substantial resources, similar to those identified above, on the Energize Eastside project. Without CENSE's participation, it is doubtful that the Commission will be presented with important information relative to prudence issues, including the following.

First, that PSE continues its pattern identified in the Commission's comment on the 2017 IRP. As but one example, the recent report by Synapse (2020) says PSE has "not produced any updated historical loads or forecasts for the Eastside area since the 2015 Supplemental Needs Assessment, despite the fact that the Eastside was the most critical area of the needs assessment." Page 19. The lack of current load or forecast information is especially problematic for this Commission's analysis ending in 2025.

Second, the Commission might not be aware that qualified experts have stated:

While we found that PSE's own winter load forecast is above the load threshold for concern in King County, we cannot conclude based on the data we analyzed whether there is any clear need created by the winter peak load for transmission capacity expansion in the future. PSE's past winter peak load forecasts have been over-predicting winter peak loads. The current forecast does not appear to fully incorporate the declining trend in weather-normalized winter peaks. Further, the current forecast does not appear to have incorporated the WUTC's recommendation to assume that in the longer term "a reasonable level of emerging retrofit conservation measures will be available in the market at cost effective rates even though they cannot be accurately identified or predicted now."⁴⁷

Synapse report at page 28.

Third, public counsel may not have the resources to address statements made by PSE in "Puget Sound Energy's I) Motion to Withdrawal of Draft Requests for Proposals and (II) Petition for Waiver of Certain Required" filed in Dockets UE- 200413 and UE 200414 on September 20, 2020. At page 20 of that filing, PSE represented to this Commission that: "As

demonstrated in Figure 2 above, the F2020 normal peak load forecast does not project a material capacity need for more than five years.” (Emphasis added.)

CENSE has the background and expertise to address important issues as to whether the inclusion of \$283,000,000 in PSE’s rate base is prudent and consistent with the public interest.

PSE also claims CENSE members will have the opportunity to address the Commission during public comment periods. Response at 7. However, timed with its application to this Commission, PSE has corresponded with property owners along the proposed transmission line in Bellevue (including CENSE members) informing them that “CONSTRUCTION WILL BE STARTING IN ABOUT FOUR WEEKS FOR THE ENERGIZE EASTSIDE PROJECT IN YOUR AREA” signed “Sincerely, Energize Eastside.” See Attachment 5, Energize Eastside Letter to the Judkins. According to the letter, this work involves installation of new poles and removal of the existing poles, i.e., substantial completion of the Energize Eastside project in their community. However, the property in question is in south Bellevue and there have been no approvals for any new lines north or south of this site by the local governments. Of course, there has been no determination by this Commission that the Energize Eastside project is prudent or in the public interest, in south Bellevue or elsewhere.

The work identified in the letter to the Judkins, on this “orphan” segment, is intended to convey to the property owners that Energize Eastside is fully permitted and will proceed, implying that making additional comment before this Commission would be a futile gesture. Members of CENSE and other residents deserve representation by CENSE in upcoming hearings so that their concerns will be fully expressed to the Commission.

IV. CONCLUSION.

PSE's motion is intended to assure that no prepared and responsible party will question PSE's addition of the Energize Eastside costs to the rate base. To the contrary, the public interest supports the engagement of organizations to address the public interest and prudence issues presented. CENSE's motion to intervene should be granted.

DATED this 25th day of February, 2022.

/s/ J. Richard Aramburu
J. Richard Aramburu, WSBA #466
Attorney for Coalition of Eastside Neighbors for
Sensible Energy (CENSE)