

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In The Matter Of The Joint
Application Of Puget Sound Energy,
Alberta Investment Management
Corporation, British Columbia
Investment Management Corporation,
OMERS Administration Corporation,
And PGGM Vermogensbeheer B.V.
For An Order Authorizing Proposed
Sales Of Indirect Interests In Puget
Sound Energy

DOCKET U-180680

OFFER OF PUBLIC COMMENT
EXHIBIT BR-2

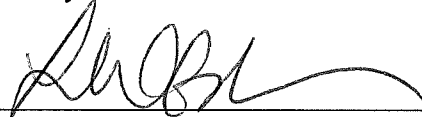
1. Public Counsel hereby offers this Public Comment Exhibit BR-2 for admission into the record of the proceeding.
2. Public Comment Exhibit BR-2. This exhibit consists of e-mails submitted by the public after November 28, 2018, to provide comment on the Joint Applicant's proposed sale of indirect interests in Puget Sound Energy. The Commission has received three public comments since November 28, 2018, and Public Counsel has not received any public comments that have not previously been entered into the record. Public comments submitted prior to November 28, 2018 were submitted as Bench Exhibit No. 1.
3. Since November 28, 2018, the Commission received three comments via email.
4. The submitted material has been counted as follows:
 - a. Comments received by WUTC

Opposing the transaction	0
Supporting the transaction	0
Undecided comments	3

5. Public Counsel submits a total of three public comments in this exhibit. All three neither support nor oppose the transaction, but recommend conditioning the transaction upon additional commitments.

DATED this 20th day of February 2019.

ROBERT W. FERGUSON
Attorney General



LISA W. GAFKEN, WSBA No. 31549
Assistant Attorney General
Public Counsel Unit Chief

From: [Richard Lauckhart](#)
To: [UTC DL Records Center](#); [Danner, Dave \(UTC\)](#); [Rendahl, Ann \(UTC\)](#); [Balasbas, Jay \(UTC\)](#)
Subject: Informal Submission in Docket U-180680 re: IRP not dealing with Transmission Planning
Date: Tuesday, December 18, 2018 8:47:25 AM
Attachments: [Failure to examine need for Energize Eastside in IRP.pdf](#)

Records and WUTC Commissioners-

Please file this email and its attachment in Docket U-180680 as an Informal Submission per WAC 480-07-140 (1)(a).

In denying my request to be a formal party in this proceeding, the Commissioners stated they will consider making some or all of the proposed conditions I believe the WUTC should make on the new foreign ownership group. The Commission also stated that an alternative would be for me to bring my concerns about PSE abusing the transmission planning process up in the PSE IRP. I have already done that once and the Commission did not require PSE to fix their last IRP. The Commission seems to be of the opinion that if this matter is brought up in the next IRP then it will receive appropriate treatment. But that is not happening.

Clearly PSE is refusing to address these matters in their current IRP. Attached is a copy of an email that Don Marsh of CENSE has sent to all Technical Advisory Group members in the current IRP. As you can see, PSE and its foreign owners are once again refusing to study the need for Energize Eastside in an Open and Transparent fashion.

This is more evidence that the Commission needs to place some or all of the seven conditions I propose in any approval they give to the Joint Applicants in Docket U-180680.

Richard Lauckhart
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State of WASH.
UTILITY AND TRANSPORTATION
COMMISSION
12/18/18 09:21
Received
Records Management

From: Don Marsh <donmarsh@cense.org>

Sent: Tuesday, December 18, 2018 6:27 AM

To: 'IRP -- mail --' <IRP@pse.com>; 'Popoff, Phillip' <phillip.popoff@pse.com>; 'Netik, Irena' <irena.netik@pse.com>; 'Kvam, Michele' <michele.kvam@pse.com>

Cc: 'jcarr@AWEC.solutions' <jcarr@AWEC.solutions>; 'Ed Finklea' <efinklea@nwigu.org>; '<Hansennp@aol.com> Hansenn' <hansennp@aol.com>; 'Devin McGreal' <Devin.McGreal@cngc.com>; 'Mark.Sellers-Vaughn@cngc.com' <Mark.Sellers-Vaughn@cngc.com>; Warren Halverson <whalvrsn1@frontier.com>; 'Don Marsh' <don.m.marsh@gmail.com>; 'Virginia Lohr' <lohr@turbonet.com>; 'Nicholas Matz (NMatz@bellevuewa.gov)' <NMatz@bellevuewa.gov>; 'Kelly Hall' <kelly@climatesolutions.org>; 'Brian Grunkemeyer' <brian@flexcharging.com>; 'Mike.Hopkins@fortisbc.com' <Mike.Hopkins@fortisbc.com>; 'Charlie Black' <cjbenergy@msn.com>; 'David Broustis' <david.broustis@kingcounty.gov>; 'Rachel.Brombaugh@kingcounty.gov' <Rachel.Brombaugh@kingcounty.gov>; 'James Adcock' <jimad@msn.com>; 'Nathan.sandvig@nationalgrid.com' <Nathan.sandvig@nationalgrid.com>; 'David Howarth (dnh@mrwassoc.com)' <dnh@mrwassoc.com>; 'Dan Kirschner' <dkirschner@nwga.org>; 'Marty.Saldivar@Williams.com' <Marty.Saldivar@Williams.com>; 'Charlie Grist' <cgrist@nwcouncil.org>; 'John Fazio (jfazio@nwcouncil.org)' <jfazio@nwcouncil.org>; 'Larry.becker1@frontier.com' <Larry.becker1@frontier.com>; 'Joni Bosh' <joni@nwenergy.org>; 'Amy Wheelless' <amy@nwenergy.org>; 'Carla Colamonici' <carlac@atg.wa.gov>; 'Court Olson (colson@optimumbldg.com)' <colson@optimumbldg.com>; 'Bill Pascoe' <pascoeenergy@aol.com>; 'Tomas@pnucc.org' <Tomas@pnucc.org>; 'Esteb44@centurylink.net' <Esteb44@centurylink.net>; 'Amanda Jahshan' <amanda@renewablenw.org>; 'Daren Anderson - NESCO group (da@thenescogroup.com)' <da@thenescogroup.com>; 'howardhrrsn@gmail.com' <howardhrrsn@gmail.com>; 'Doug Howell' <doug.howell@sierraclub.org>; 'Greg.nothstein@commerce.wa.gov' <Greg.nothstein@commerce.wa.gov>; 'Elyette Weinstein' <elyette@msn.com>; 'Mymtrain@comcast.net' <Mymtrain@comcast.net>; 'RSteele@tulaliptribes-nsn.gov' <RSteele@tulaliptribes-nsn.gov>; 'Dtomlinson@Solar-Horizon.com' <Dtomlinson@Solar-Horizon.com>; 'Willard Westre' <wwestre@hotmail.com>; 'Kevin Jones' <kevinjonvash@gmail.com>; 'Kate@westerngrid.net' <Kate@westerngrid.net>; 'Brad Cebulko' <BCebulko@utc.wa.gov>; 'Steven Johnson' <sjohnson@wutc.wa.gov>; 'David Nightingale' <dnightin@utc.wa.gov>; 'Rector, Andrew (UTC)' <andrew.rector@utc.wa.gov>; 'Dreynold@utc.wa.gov' <Dreynold@utc.wa.gov>; 'Scanlan, Kathi (UTC)' <kathi.scanlan@utc.wa.gov>; 'OGhoshal@invenergyllc.com' <OGhoshal@invenergyllc.com>

Subject: TAG discussion of Energize Eastside

Dear TAG members,

At the last TAG meeting, CENSE representatives asked when the TAG would discuss PSE's "Energize Eastside" transmission project. Many people have told us that this project should be discussed in IRP advisory meetings, despite PSE's reluctance.

CENSE believes consideration by the TAG is appropriate for the following reasons:

1. Washington Administrative Code 480-100-238.3.d states that the IRP should include, at a minimum, **"An assessment of transmission system capability and reliability, to the extent such information can be provided consistent with applicable laws."**

2. In its response to the 2017 IRP, the WUTC elaborated: **“The Company has an obligation to bring major transmission investments into the IRP for examination.”** Note that Energize Eastside is slated to cost ratepayers \$200-\$300 million, a significant investment.
3. No discussion has occurred in either the IRP Advisory Group or the TAG regarding cost-effective alternatives that could address peak demand reliability issues. For example, some combination of demand response, electrical efficiency, distributed generation, and energy storage would provide reliability benefits, lower cost, and reduced greenhouse gases.
4. On May 7, 2018, the WUTC listed a number of questions the Commission has about the Energize Eastside project regarding 1) Canadian Entitlements; 2) need for Energize Eastside; 3) five thermal generation facilities that are assumed to be offline during a peak load scenario; 4) lack of response to individuals who obtained CEII clearance from FERC; 5) peak load forecasts; 6) a joint utility analysis to serve regional reliability issues. **PSE has not publicly responded to these questions.**
5. On July 13, 2018, PSE filed its 2019 IRP work plan with the WUTC, including an IRP meeting specifically dedicated to Transmission and Distribution Planning on November 23, 2018. **This meeting was never held.**
6. On November 16, 2018 (WUTC Docket U-180680 – Transfer of Ownership), Sheree Carson and Jennifer Cemerón-Rulkowski, lead lawyers for PSE and the WUTC respectively, rejected expert testimony from former PSE vice-president Rich Lauckhart concerning transmission infrastructure. The lawyers agreed that these issues were **“more appropriately discussed in the IRP process and/or rate case testimony.”**

At the TAG meeting, Phillip Popoff, PSE’s Manager of Resource Planning, said Energize Eastside is a local transmission project that is outside the scope of the “system-wide” IRP planning process. However, PSE has included enormous transfers of electricity to Canada (1,500 MW) and California (2,850 MW) in its “key assumptions” that justify the project

(see https://energizeeastside2.blob.core.windows.net/media/Default/Library/Reports/Eastside_Needs_Assessment_Final_Draft_10-31-2013v2REDACTEDR1.pdf

, pages 7-8). If a transmission upgrade is needed to sustain these regional flows at maximum rated capacity during an N-1-1 outage on the Eastside, then the project is not just a local transmission line. It is a “major transmission investment” that should be discussed in IRP meetings.

We ask TAG members to support our call for PSE to provide technical justification for this project at the TAG. We would also like the TAG to consider alternatives that may be more cost effective for ratepayers and beneficial for the environment. The TAG can more easily understand the technical issues and trade-offs than local council members and land use judges who lack the necessary technical background.

There is some urgency, since public hearings on Energize Eastside may happen in late January.

Sincerely,

Don Marsh, President
CENSE.org

From: [Richard Lauckhart](#)
To: [UTC DL Records Center](#); [Danner, Dave \(UTC\)](#); [Rendahl, Ann \(UTC\)](#); [Balasbas, Jay \(UTC\)](#)
Subject: Informal Submission in Docket U-180680
Date: Thursday, December 13, 2018 6:32:16 PM
Attachments: [Lauckhart Informal Submission U-180680.pdf](#)

Records and WUTC Commissioners-

Please file this email and its attachment in Docket U-180680.

While I am not a formal party to Docket U-180680 it is my understanding that I am allowed to make Informal Submissions in the proceeding because I am not a formal party. [WAC 480-097-140 1 (a) Informal Submissions].

In denying my request to be a formal party, you have stated that I have already submitted comments in this proceeding and that "*We have Mr. Lauckhart's comments and proposed conditions that he identifies in his Petition, and we will consider them to the extent they are relevant to the determinations we must make in this proceeding.*"

In these comments I provide a more robust understanding for the Commissioners when they consider whether my proposed conditions are relevant to the determinations the Commission must make in this proceeding.

I am providing these comments in Q&A format.

In these comments I suggest further questions that the Commissioners may need to ask the Joint Petitioners in order to best understand why my proposed conditions need to be adopted in order to protect PSE customers from environmental, financial and other problems. **Those further questions are provided on page 13 of the attached document.**

Clearly since the problems are a direct result of pension fund foreign ownership of PSE, then this is the proceeding where the Commission needs to act to put a stop to these problems and protect PSE customers. Without that protection from the WUTC it would seem that electricity customers will need to look to other ways to have their electricity needs provided.

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Received
Records Management
12/14/18 08:51
State of Wash.
UTIL. AND TRANSP.
COMMISSION

Public Comment of J. RICHARD LAUCKHART

IN SUPPORT OF ADDING COMMITMENTS TO APPROVAL OF OWNERSHIP TRANSFER

Docket U-180680

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS

A. J. Richard Lauckhart. My business address is 44475 Clubhouse Drive, El Macero, California, 95618

Summary of comment

Q. **PLEASE SUMMARIZE YOUR COMMENT**

A. Based on my involvement in transmission planning matters at PSE in recent years, it is apparent that foreign ownership under Macquarie has been very problematic. Foreign ownership prioritizes financial returns for distant investors over local community values. A foreign investor that is investing retirement fund monies has the primary goal of maximizing the return they make on those invested funds. This becomes particularly problematic when it comes to Transmission Planning of PSE's internal transmission system since these owners, with a primary goal of maximizing profit, have worked to avoid knowledgeable review of their desired plans to build transmission lines in PSE's service territory. In pursuing profit, the foreign owners have the incentive to build large transmission projects that are not needed in order to increase ratebase and reap the WUTC regulated return on those unneeded investments. The WUTC needs to put commitments on their approval of the ownership transfer in order to protect PSE customers from this problem.

My involvement in Macquarie/PSE transmission planning matter in recent years.

Q. WHAT INVOLVEMENT HAVE YOU HAD IN TRANSMISSION PLANNING MATTERS AT PSE IN RECENT YEARS?

A. I first learned of these transmission problems in April/May of 2015 when I received a cold call from a Bellevue Resident asking me if I had ever heard of Energize Eastside. Within 30 minutes of that phone call I was provided a copy of the "Eastside Needs Assessment Report-Transmission System King County-Redacted Draft-October 2013-Puget Sound Energy. In my initial reading of that report it immediately jumped out to me that the study done inappropriately required large amount of flow to Canada at Blaine and inappropriately shut down most all the PSE owned/controlled natural gas fired generating plants in the Puget Sound Region during very cold heavy winter conditions. That made no sense. I also learned that the studies were not done by PSE transmission planning staff, but instead were run by Quanta, an east cost consulting firm that does a lot of work for Macquarie in other areas of the country. That also raised a red flag for me.

Q. WHAT DID YOU DO WHEN YOU SAW THESE PROBLEMS?

A. I recommended that CENSE write a letter to the PSE CEO pointing out these problems including the fact that the studies should have been done by ColumbiaGrid since the proposed project was regional in nature by its requirement to deliver power to Canada.

Q. HOW DID PSE RESPOND?

A. PSE stated that the project was just a local project, ignoring the history of the project, the large flows to the Canadian border at Blaine, and the MOU between PSE, Seattle City Light and BPA which shared costs of the project. PSE stated that ColumbiaGrid had made sure the project would not adversely affect the regional power system. PSE stated they would not be asking ColumbiaGrid to redo the studies with the requested input modifications.

Q. WHAT WAS YOUR REACTION TO PSE'S RESPONSE?

A. It was clear to me that the studies needed to be redone to fix the problems with the input data and it was clear to me that with load flow studies requiring the large flows to Canada that the project should fall under FERC Order 1000 and not just under FERC Order 890.

Q. WHAT DID YOU DO NEXT?

A. I suggested that CENSE and CSEE file a complaint with FERC asking FERC to require ColumbiaGrid to do the necessary studies under FERC Order 1000. That filing was made, but in a surprise order, FERC stated that since neither PSE nor any eligible party had requested in writing that the project be a part of a Regional Plan that FERC did not have authority to Order ColumbiaGrid to do the studies under FERC Order 1000. The FERC Order surprisingly ignored the history of the project, the large flows to the Canadian border at Blaine, and the MOUJ between PSE, Seattle City Light and BPA which shared costs of the project. FERC stated that the project only fell under FERC Order 890 and that FERC Order 890 had been complied with.

Q. WHAT DID YOU THEN DO?

A. I decided to get the PSE Base Case load flow studies that PSE is required to give to FERC under FERC Form 715 and see if I could first duplicate what PSE had done. I asked for and received CEII Clearance from FERC and FERC provided me the PSE Base Case load flow studies that PSE had filed with them.

Q. WHAT DID YOU LEARN FROM LOOKING AT THOSE LOAD FLOW STUDIES?

A. I learned that PSE's Base Case has much better assumptions about flows to Canada and Puget Sound Area generation operation during very cold heavy winter conditions. That caused me to decide to run my own load flow study on the need for Energize Eastside.

Q. WHERE DID YOU GET THE LOAD FLOW MODEL TO MAKE YOUR RUNS?

A. I recruited a colleague of mine, Roger Schiffman, who licensed the utility standard load flow model (GE-PSLF) from General Electric on a monthly basis and we did our own study.

Q. WHAT DID YOU LEARN FROM MAKING YOUR LOAD FLOW RUNS?

A. We were not able to duplicate anything that Macquarie's consultant, Quanta, said they did in their report. We found that the Quanta input assumptions for the modeling would cause voltage collapse in the Puget Sound region. We were very curious how Quanta did their studies without finding this Voltage Collapse problem. And we learned that load flow studies demonstrate that Energize Eastside is not needed when done correctly. The Lauckhart-Schiffman study is the first of 17 documents that I filed in the most recent PSE IRP proceeding. You may want to review the Lauckhart-Schiffman study and the other 16 documents that I provided in that IRP proceeding.

Q. HAVE YOU REQUESTED THE QUANTA LOAD FLOW DATA FILES FROM PSE TO SEE WHAT THEY DID DIFFERENT THAN THE PASE BASE CASES FILED WITH FEREC?

A. Yes. I did that two times and was rebuffed both times. I have documented this in a comment that I filed with the cities of Bellevue, Newcastle, and Renton. I believe that Macquarie did not want me to see their consultant Quanta load flow data files because I would be able to show more problems with the Quanta modeling which would cause problems for the Macquarie goal to increase their profits.

Q. WHAT HAVE YOU LEARNED FROM YOUR INVOLVEMENT IN THE ENERGIZE EASTSIDE MATTER?

A. I learned that Macquarie's desire to increase its profits has caused it to try to justify a project that is not needed and has caused Macquarie to hide its technical studies in an attempt to fool regulators and permitting agencies into thinking the project is needed.

Q. BESIDES ENERGIZE EASTSIDE HAVE YOU OBSERVED PROBLEMS WITH MACQUARIE TRYING TO JUSTIFY OTHER TRANSMISSION LINES THAT ARE NOT NEEDED?

A. Yes. I learned that Macquarie is trying to build the Lake Hills – Phantom Lake looping line which is not needed.

Q. HAVE YOU RESEARCHED THE BASIS FOR MACQUARIE’S JUSTIFICATION FOR THE LOOPING LINE?

A. Yes. Macquarie/PSE point to the City of Bellevue Electric Reliability Study done by Exponent as proof this looping line is needed. But on the bottom of page 49, Exponent stated “...the loss of a radial line to Lake Hills would cause a loss of power to those connected to the substation **unless power can be provided via a looped 12.5 kV distribution circuit that can be fed from another 115 kV substation.** [Exponent recognizes that using the 12.5 KV for reliability is acceptable. PSE can do this rather than looping the 115 KV.]

Q. Has the East Bellevue Community Council (EBCC) attempted to have this looped 12.5 KV alternative studied as an alternative to looping the 115 KV?

A. Yes. EBCC raised money to have a consultant look at this alternative, but Macquarie/PSE refused to provide the data necessary for the study to be done. In response to a request by CENSE that the WUTC require PSE to provide that data, the WUTC turned that request into a complaint and asked parties to weigh in on whether or not the WUTC has the authority to require PSE to provide that data. Macquarie/PSE strongly objected to providing that data and CENSE could not find clear evidence that the WUTC had the authority. So, CENSE withdrew its request. But the truth is that a prudent utility, one that is not focused only on improving profit, would have done that study.

Transmission Planning abuses under foreign ownership

Q. PLEASE SUMMARIZE THE TRANSMISSION PLANNING ABUSES YOU HAVE OBSERVED UNDER FOREIGN OWNERSHIP.

A. A high-level overview of the abuses of the transmission planning process by Macquarie are:

- 1) Failure to examine a distribution system backup option as an alternative to the proposed Lake Hills-Phantom Lake 115 KV looping line.
- 2) Failure to request that ColumbiaGrid include Energize Eastside (EE) as a part of a regional plan despite the fact the line allegedly would enhance BPAs ability to move power to Canada and would avoid reconductoring the SCL 230 KV line through the eastside. Macquarie chose not to request EE be a part of a regional plan because to be included in a regional plan ColumbiaGrid would have been required to study the need for the line in an open and transparent fashion with stakeholder input. ColumbiaGrid did not do that. Further, FERC would have determined how much each entity (PSE and SCL and BPA) would be required to pay for the line. Further, if the EE

line were ever permitted PSE would have been required to let Independent Transmission Companies bid to build and own the line...making its capacity available for use as needed by PSE and BPA under the ITCs Open Access Transmission Tariff. Macquarie wanted none of that to happen because Macquarie wanted to spend the money itself and have it included in PSE's ratebase by the WUTC.

- 3) Macquarie also did not want BPA to be identified with paying for the line because then BPA would have been required to do the Environmental Impact Study. I believe that Macquarie preferred to have the City of Bellevue do the EIS work because PSE could more easily influence that work.
- 4) Macquarie chose not to use PSEs transmission planning experts to study the need for EE. Instead, Macquarie hired an east coast consulting firm to study the need for EE, a consulting firm that Macquarie uses for other purposes outside of its PSE involvement. There is no evidence that this outside consulting firm has adequate knowledge of the northwest power grid and there is an appearance that the firm is very interested in keeping Macquarie happy rather than performing an appropriate study of the need for EE. Their studies are clearly flawed as I have pointed out in the 17 documents I filed in the PSE IRP.
- 5) Macquarie refused to let the EE line be studied in the PSE IRP in an open and transparent fashion with stakeholder input. They simply (a) refused to answer questions placed by non-PSE individuals and (b) refused to show their studies to stakeholders who requested them and who had CEII clearance from FERC.
- 6) Macquarie could have chosen to use EFSEC to do the permitting work on the line. Instead they chose to have 5 different jurisdictions each separately perform permit hearings. And they chose to have the City of Bellevue actually conduct two separate hearings...one for the line in the south half of Bellevue and one for the line in the north half of Bellevue. Through this problematic approach the interested public (e.g. PSE customers) would be required to participate in all of these hearings. And if one jurisdiction rejects the permit, then PSE can appeal that rejection to EFSEC. PSE customers are harmed by having to participate in all of these permitting proceedings in order to make their points.

Mechanisms that Macquarie should have used to avoid these problems

Q. PLEASE DESCRIBE THE MECHANISMS THAT MACQUARIE/PSE SHOULD HAVE USED TO AVOID THESE PROBLEMS.

A. The first mechanism is the IRP mechanism set up in the WAC. Macquarie/PSE should have properly used the IRP process. The IRP rule WAC 480-100-238 requires, in part, “An assessment of transmission system capability and reliability, to the extent such information can be provided consistent with applicable laws.” To do that it is expected that transmission capability and reliability matter be studied in an open and transparent fashion with stakeholder input. Without doing that the IRP for transmission matters is useless.

Q. WHAT IS ANOTHER MECHANISM?

A. Another mechanism is the ColumbiaGrid transmission planning mechanism. Any line that helps more than one utility needs to be a part of a Regional Plan. If Macquarie/PSE believe that a PSE transmission project can perform a dual function of meeting PSE reliability needs and also meet the need of another utility (e.g. BPA), then the project needs to be studied by ColumbiaGrid under FERC Order 1000 rules. That way it will assure that the best project is selected and that BPA will pay it fair share for that project.

Q. IS THERE THIRD MECHANISM?

A. Yes. Macquarie/PSE should be using their own transmission planning staff to do their reliability studies. Quanta has made errors in its load flow analysis, errors that I don’t think would have happened if PSE transmission planning staff did the work.

Q. IS THERE A FOURTH MECHANISM?

A. Yes. For a line that passes through multiple jurisdictions, EFSEC becomes an alternative for a one-stop permitting process. EFSEC is more knowledgeable about power matters than cities. EFSEC has an appropriate adjudicatory process. If a city denies a permit, then PSE can take it to EFSEC anyway. It makes no sense for PSE and other parties to have to participate in 6 or 7 permitting hearings when it can all be done at EFSEC. I believe that Macquarie is trying to avoid EFSEC because EFSEC will find their load flow studies to be flawed.

Conditions to be placed on transfer approval to remedy these abuses

Q. WHAT CONDITIONS TO YOU PROPOSE BE ADDED BY THE WUTC TO REMEDY THESE ABUSES?

A. I am proposing seven additional conditions. They are:

- 1) If PSE believes it may need to make major improvements to its Transmission System in order to meet reliability requirements, PSE will first address the matter

in the IRP. PSE will provide their studies to interested parties in the IRP process for review and inspection and will answer questions from those parties. The process will include a robust analysis of alternatives to any proposed transmission line. If necessary, the interested parties will get CEII approval from FERC and/or sign non-disclosure agreements with PSE in order to get the information they think they need about the justification of the line and alternatives to it. [This process is the same process that FERC calls "an open and transparent process with stakeholder input." This is required by FERC for FERC jurisdictional transmission studies. It would be consistent with the PSE IRP rule regarding transmission needs. The WUTC should require the new owner to agree in writing that the new owner will do this.]

- 2) PSE will do its transmission planning work under the auspices of its own transmission planning staff. They may choose to use consultants to help them, but it will be the PSE transmission planners that will testify to the appropriateness of the load flow work in the IRP and any permit proceeding. [There is no evidence that Quanta was qualified to study the northwest transmission system. It is PSE transmission planners that have those qualifications. Clearly Quanta made many errors as evidenced in my filings in the IRP.]
- 3) If after review in the IRP process PSE believes that a transmission project is necessary, then PSE will put the construction of the line out to bid so that third parties (i.e. Independent Transmission Companies...aka ITCs) can bid to do the construction and own the line with PSE getting use of the line under that company's FERC approved Open Access Transmission Tariff. [That is consistent with FERC rules on building transmission lines for Regional Transmission projects. That is also consistent with the WUTC competitive bidding rule for needed new generation under which the WUTC wants to ensure that ratepayers get the needed infrastructure at the lowest cost.]
- 4) Whether an ITC is selected to build the line or PSE itself will be building the line, the builder will attempt to get needed permits for building the line through EFSEC if EFSEC is authorized by law to permit the line. [It makes no sense for PSE to go to five jurisdictions for a permit (and require PSE customers to participate in all these hearings) when EFSEC has the authority to grant the permit. EFSEC is much more knowledgeable about transmission needs studies and has an appropriate procedure where parties can submit testimony and cross examine PSE witnesses under oath. That is where the permitting should be done.]
- 5) PSE will not tell WECC and/or ColumbiaGrid that they have committed to build a line until they have received permits for the line. They can advise WECC and/or ColumbiaGrid that they intend to build the line if they can get permits, but WECC

and ColumbiaGrid should run some base cases without any PSE proposed line until permits to build the line are granted.

- 6) With respect to Energize Eastside, Macquarie/PSE have spent a lot of money trying to permit the line through filings with three of the 5 cities where they would need permits, but have not followed through on requesting all the permits. They have not asked EFSEC to permit the line. If the new owners believe that Energize Eastside is needed, they will request that EFSEC approve the line under the EFSEC procedures. PSE will make available to interested parties their load flow studies they believe justify the new line. Then parties can testify themselves at EFSEC on the need for the line and cross examine PSE witnesses under oath on their studies.
- 7) Also, with respect to Energize Eastside, PSE will never request inclusion in ratebase of any dollar amounts that PSE has spent on their failed effort to get CUP permits from 5 different jurisdictions. [It was imprudent to start down that path and then simply stop. And it was not prudent to refuse to show their studies to stakeholders who wanted to review the studies.]

Q. WHY WOULD THE ORENS CONSORTIUM OPPOSE YOUR PROPOSED COMMITMENTS?

A. Unless the ORENS consortium hopes to increase their profit by continuing the Macquarie abuses, I don't understand why they would not be willing to accept these conditions. By using existing mechanisms that are better suited to the task and by acknowledging that Macquarie has spent money that was not wisely spent, the ORENS consortium will avoid harming PSE customers. ORENS can adjust their purchase price with Macquarie if necessary so they will not be harmed by these commitments.

Problems with Perkins Coie criticisms of my proposed commitments

Q. ON OCTOBER 24, 2018 PSE FILED COMMENTS IN THIS PROCEEDING CRITICIZING YOUR PROPOSED CONDITIONS IN THIS PROCEEDING. DO YOU HAVE A RESPONSE?

A. Yes, I have several responses. First the Perkins Coie document mischaracterizes what happened in the CENSE/CSEE complaint at FERC. FERC denied the request that FERC require ColumbiaGrid to study the need for Energize Eastside under FERC Order 1000. FERC denied the complaint because they did not see that PSE nor any eligible party had requested that Energize Eastside be a part of a Regional Plan. That being the case, FERC said it did not have the authority to require ColumbiaGrid to study Energize Eastside under FERC Order 1000. Instead, FERC said PSE needed only to study the project under FERC Order 890.

- Q. WHAT CAN WE LEARN FROM THAT FERC ORDER?
- A. Clearly PSE should have requested that Energize Eastside be a part of a Regional Plan. That is how parties can be assured that BPA pays its appropriate share of the cost of Energize Eastside if it is ever built. In fact, I have already suggested in the PSE 2019IRP process that the WUTC request ColumbiaGrid to study the need for Energize Eastside in a regional plan (i.e. under the rules of FERC Order 1000).
- Q. IS THERE A SECOND PROBLEM YOU HAVE WITH THIS PERKINS COIE DOCUMENT?
- A. Yes. The document states that “a study issued by Exponent in 2012 commissioned by the City of Bellevue, Washington” determined that as a minimum, PSE upgrade the existing 115 kV lines to 230 kV lines. But Exponent did not perform any load flow studies to back up this statement. Exponent appears to have simply parroted what Macquarie/PSE told them.
- Q. THE PERKINS COIE DOCUMENT MENTIONS TWO STUDIES BY PSE AND QUANTA THAT DEMONSTRATE THE NEED FOR ENERGIZE EASTSIDE. DO YOU HAVE COMMENTS ON THOSE STUDIES?
- A. Yes. Those comments ignore the many documents that I have provided in the most recent PSE IRP that describe the problems with the PSE/Quanta studies. See the 17 documents I filed in PSEs most recent IRP, Docket No. UE-160918.
- Q. THE PERKINS COIE DOCUMENT MENTIONS THE UTILITY SYSTEM EFFICIENCIES STUDY DONE FOR THE CITY OF BELLEVUE. DO YOU HAVE COMMENTS ON THAT STUDY?
- A. Yes. The most important finding of the USE study was that four of the five overloads go away if the unrequired flows to Canada are removed. And the remaining overload is so small that it could easily be relieved by simply running PSE’s Puget Sound Area gas fired generation. Further, Peter Makin (the USE analyst that talked about that study in a City of Bellevue council meeting) told the city that he did not look at alternatives to Energize Eastside because the scope of work given to him did not ask him to do that.
- Q. THE PERKINS COIE DOCUMENT ALSO MENTIONS A STUDY BY STANTEC CONSULTING SERVICES. DO YOU HAVE COMMENTS ON THAT STUDY?
- A. Yes. Stantec did not run a load flow study so it would not be possible for Stantec to determine if Energize Eastside is needed or not. The Lauckhart-Schiffman Load Flow study provides evidence that Energize Eastside is not needed.
- Q. AT PAGE 9 OF THE PERKINS COIE DOCUMENT IT IS STATED THAT “THE ENERGIZE EASTSIDE PROJECT IS A NECESSARY PROJECT FOR PSE TO MEET THE GROWING

ELECTRICAL DEMAND ON THE EASTSIDE.” DO YOU HAVE COMMENTS ON THAT STATEMENT?

A. Yes. PSE has never provided their load flow studies they claim supports this statement to stakeholders for inspection to see if they were properly done. The 17 documents I provided in the PSE recent IRP demonstrate that the studies were not properly done. The Lauckhart-Schiffman study makes it clear that Energize Eastside is not needed for reliability purposes in the foreseeable future.

Q. THE PERKINS COIE DOCUMENT CRITICIZES YOUR PROPOSED CONDITION 1 BY SAYING THAT PSE WILL COMPLY WITH ANY NEW IRP REQUIREMENTS. DO YOU HAVE COMMENTS ON THAT STATEMENT?

A. Yes. This statement ignores the reality that under the Macquarie ownership, PSE is not complying with current IRP rules.

Q. THE PERKINS COIE DOCUMENT CRITICIZES YOUR PROPOSED CONDITION 2 BY SAYING THAT PSE STAFF WAS INVOLVED WITH THE QUANTA WORK. DO YOU HAVE COMMENTS ON THAT STATEMENT?

A. Yes. First, as I mention above, the Quanta work is flawed. Second, when I saw the flaws in the Quanta work, I called the head of the transmission planning group at PSE and asked why these flawed assumptions were made. He answered that he did not know why because he was not on that project.

Q. THE PERKINS COIE DOCUMENT CRITICIZES YOUR PROPOSED CONDITIONS 4 AND 6 BY SAYING THAT EXISTING LAW LETS PSE CHOOSE WHETHER TO USE EFSEC OR NOT ND THAT PSE ELECTED TO USE THE VARIOUS JURISDICTIONS BECAUSE PSE BELIEVES THAT SUCH REVIEW ALLOWS FOR THE MOST COLLABORTIVE APPROACH. DO YOU HAVE COMMENTS?

A. Yes. I acknowledge that PSE gets to choose. But this criticism ignores my point that the cities to not have the expertise and procedures to properly review this permit application. By saying they believe the city approach allows for a more collaborative approach seems to be simply saying that you might be able to talk a city into approving a permit for a line that the city has no expertise in reviewing the need for. Further, this criticism ignores my point that the Macquarie approach causes PSE customers to have to appear in a large number of proceedings (incurring costs and time) in order to make their points that the line is not needed.

Q. THE PERKINS COIE DOCUMENT CRITICIZES YOUR PROPOSED CONDITION 5 BY SAYING THAT PSE MUST PROVIDE INFORMATION TO WECC AND COLUMBIGRID. DO YOU HAVE COMMENTS ON THIS MATTER?

A. Yes. This criticism ignores my point that PSE can tell WECC and ColumbiaGrid that they plan to build a line if they get permits for it. But by telling them they are committed to build the line, ColumbiaGrid performs a System Assessment that includes that line. The System Assessment then is unable to investigate if there are problems on the system if the line is not built.

Q. THE PERKINS COIE DOCUMENT CRITICIZES YOUR PROPOSED CONDITION 7BY SAYING THIS MATTER SHOJLD BE RAISED IN A RATE PROCEEDING AND NOT HERE. DO YOU HAVE COMMENTS ON THAT STATEMENT?

A. Yes. Now is the time for proposed new owners to deliberate on this matter. If the proposed new owners believe that recovery of these past sunk costs is a material item in their purchase decision, they should tell Macquarie they need to modify the purchase price to reflect these disputed charges. That should eliminate a contentious matter in a future rate proceeding.

Q. Does the WUTC have the power to put an end to these transmission planning abuses and protect PSE customers?

A. Yes. Clearly the Commission has the discretion to address these abuses and pick some or all of the Conditions I propose in these comments to be placed on New Owners in order to protect PSE customers.

Q. The WUTC staff states that “Mr. Lauckhart should present his concerns in other Proceedings, ...” Has the staff identified any other proceedings where you should state your concerns?

A. Yes, the staff has suggested I raise my concerns in a Prudency hearing after any unneeded transmission line is built. That approach will not protect PSE customers from environmental damage. And the staff and Commissioners have stated I should raise my concerns in an IRP proceeding. But I have already done that and neither the staff nor the Commission has required PSE to fix their IRP to protect PSE customers.

Q. If the Commissioners need a more robust understanding of the issues you raise in these comments, are there questions that you could suggest they make to the Joint Applicant witnesses when the adjudicative hearing proceeds?

A. Yes. The questions I suggest deal with the examples of transmission planning abuses that I have witnessed over the last few years and then go on to ask if the Joint Applicants would plan to behave differently in their approach to transmission planning in the future.

Q. What specific questions would you suggest the Commissioners ask the Joint Applicants?

A. I suggest the following questions:

1. When you were looking at the possible need to loop the Lake Tradition – Phantom Lake 115 KV transmission, why did you not study the distribution system as an alternative as suggested by the consultant for the City of Bellevue? If you are considering future similar looping lines, would you still refuse to study using the distribution system as an alternative?
2. When you decided to do a study of the reliability of the transmission system on the east side, why did you use outside consultants rather than your in-house experts who would have a better understanding of your transmission system? If you are considering studying similar transmission needs on your system in the future, would you still decide not to use your in-house experts?
3. When you decided to include enhanced flows to Canada as a part of your study of eastside energy needs, why did you not request that the project be a part of a regional plan since by doing that the FERC rules on cost allocation of the line would have assigned to BPA a proper share of the cost? In the future if your transmission reliability studies include enhancements to the transmission ability of others, would you still refuse to request the line be a part of a regional plan?
4. The current WAC rule on IRPs requires a study of transmission needs in an open and transparent fashion. Why did you not do this in your last IRP? Why would it take new written versions of that requirement for you to do that in future IRPs? What would stop you from continuing to refuse to do you studies in an open and transparent fashion in the IRP in the future even if there are new written versions of that requirement?
5. What caused you to decide to have 6 permit hearings for Energize Eastside (South Bellevue, North Bellevue, Newcastle, Renton, Kirkland, Redmond) rather than a single hearing at EFSEC? Did you prefer to require opponents of that project to spend money on all these hearings rather than giving them the opportunity to focus all their resources on a single hearing? Will you take this problematic multi-jurisdictional approach in the future for similar transmission lines you might decide to propose?
6. You are proposing to build a \$300 Million-dollar transmission line. If that line is built but the WUTC decides it was imprudent to have built it and denies recovery of those costs, will that cause a large financial problem for your company?
7. So far you have spent \$50 Million dollars trying to permit this transmission line. If the line is not permitted and the WUTC denies your ability to recover that \$50 Million, will that cause a large financial problem for your company? Does your agreement with Macquarie adjust the price if you do not get this recovery?

From: [Richard Lauckhart](#)
To: [UTC DL Records Center](#); [Danner, Dave \(UTC\)](#); [Rendahl, Ann \(UTC\)](#); [Balasbas, Jay \(UTC\)](#)
Cc: hbedwell@bellevuewa.gov; steveo@newcastlewa.gov; [Dave Van De Weghe](#); jding@rentonwa.gov
Subject: Informal Submission in Docket U-180680 re: the proposed Settlement Agreement
Date: Tuesday, January 15, 2019 5:11:02 PM

Records and WUTC Commissioners-

Please file this email in Docket U-180680 as an Informal Submission per WAC 480-07-140 (1) (a).

Changes need to be made to the proposed Settlement Agreement.

Concerns about regulated investor owned utilities trying to pad their rate base to increase their profits are not new. Such concerns have been around ever since the days of Samuel Insull and the formation of the Regulatory Compact. It has become clear that the regulatory tool of disallowing items in rate base in a rate case proceeding is not sufficient. Utilities threatened with denial of recovery of investments they have already made point out that large such disallowances will cause them financial hardship and inhibit their ability to raise money to build needed infrastructure. Macquarie itself ran in to financial problems (for other reasons) and has now had to sell its share of PSE because its financial problems are keeping it from being able to finance investments. But thankfully, in this case, one of the investments they are not able to fully pursue (i.e. funding the cost of field work necessary for preparing remaining required permit applications for Energize Eastside on the northern section of that line) is not a needed investment. The environmental damage done by unneeded investments does not get fixed by disallowing recovery of costs. Integrated Resource Plans (IRPs) are another tool that have been given to regulators in order to protect utility customers.

I have pointed out the problems with foreign owners of PSE trying to pad their rate base to increase profits. I have asked the WUTC staff and Public Counsel to investigate the matter and propose conditions on new owners to stop this practice by foreign owners of PSE.

Clearly these groups have the discretion to take on this matter. But for some reason they are not interested in doing so. WUTC staff tells me to bring the matter up in an IRP. But I did that in the last IRP and while the staff slapped PSE's hand for not doing the IRP right, they did not require PSE to fix the IRP. And I have asked WUTC staff in this current IRP to request that ColumbiaGrid study the need for Energize Eastside in a Regional Plan under FERC Order 1000, but WUTC staff has not discussed the matter with me and has not made the needed request.

Public Counsel indicates the Commission itself has the discretion to investigate this matter, but for some unknown reason Public Counsel has chosen not to investigate this matter itself. I feel much like Harry Markopolos, the author of the book "No One Would Listen", who had found that Bernie Madoff was running a Ponzi Scheme and tried to get the SEC regulators who are charged with protecting investors to put a stop to it. But the SEC completely dropped the ball. They did not adequately investigate and claimed that Markopolos was mistaken. I would

hope that you the Commissioners charged with protecting PSE customers will not similarly drop the ball.

I have provided considerable evidence that foreign owners of PSE are trying to pad the PSE rate base by building unneeded transmission lines in order to increase profits. I have provided suggested conditions that this Commission can place on their approval of new foreign investors to stop this problem. I have provided specific questions that should be asked of the Joint Applicants if regulators are not convinced of my evidence. All formal parties to Docket U-180680, including WUTC staff and Public Counsel, have seen my evidence and the specific questions I say need to be asked. But there is no evidence that any party asked these specific questions of the Joint Applicants. You the commissioners still have the opportunity to ask these questions. I hope you do not drop the ball.

As a reminder, the specific questions that need to be asked of each of the Joint Applicant witnesses are:

1. When you were looking at the possible need to loop the Lake Tradition – Phantom Lake 115 KV transmission, why did you not study the distribution system as an alternative as suggested by the consultant for the City of Bellevue? If you are considering future similar looping lines, would you still refuse to study using the distribution system as an alternative?
2. When you decided to do a study of the reliability of the transmission system on the east side, why did you use outside consultants rather than your in-house experts (e.g. your lead transmission planner Kebede Jimma) who would have a better understanding of your transmission system? If you are considering studying similar transmission needs on your system in the future, would you still decide not to use your in-house experts?
3. When you decided to include enhanced flows to Canada as a part of your study of east side energy needs, why did you not request that the project be a part of a regional plan since by doing that the FERC rules on cost allocation of the line would have assigned to BPA a proper share of the cost? In the future if your transmission reliability studies include enhancements to the transmission ability of others, would you still refuse to request the line be a part of a regional plan?
4. The current WAC rule on IRPs requires a study of transmission needs in an open and transparent fashion. Why did you not do this in your last IRP? Why would it take new written versions of that requirement for you to do that in future IRPs? What would stop you from continuing to refuse to do your studies in an open and transparent fashion in the IRP in the future even if there are new written versions of that requirement?
5. What caused you to decide to have 6 permit hearings for Energize Eastside (South Bellevue, North Bellevue, Newcastle, Renton, Kirkland, Redmond) rather than a single hearing at EFSEC? Did you prefer to require opponents of that project to spend money on all these hearings rather than giving them the opportunity to focus all their resources on a single hearing? Will you take this problematic multi-jurisdictional approach in the future for similar transmission

lines you might decide to propose?

6. You are proposing to build a \$300 Million-dollar transmission line. If that line is built but the WUTC decides it was imprudent to have built it and denies recovery of those costs, will that cause a large financial problem for your company?

7. So far you have spent \$50 Million dollars trying to permit this transmission line. If the line is not permitted and the WUTC denies your ability to recover that \$50 Million, will that cause a large financial problem for your company? Does your agreement with Macquarie adjust the price if you do not get this recovery?

The proposed Settlement Agreement does not include any of the conditions I say need to be added on approval of this new transfer of ownership to foreign owners. WUTC staff and Public Counsel have signed on to this proposed Settlement Agreement without any such conditions. It makes you wonder how serious they are about their role in protecting customers. But clearly you the Commissioners have the discretion to add further conditions to your approval. I look forward to seeing in the transcript of the hearing that you have asked the Joint Applicants the questions above. And after doing that it should seem obvious that you should add some or all of the conditions I have proposed. If you fail to do so it will be a clear message to local permitting agencies and/or EFSEC that they are fully charged with protecting PSE customers from unnecessary environmental damage since you will have failed in your duty to do what you should be doing to protect PSE customers from these inappropriate efforts by PSE foreign owners who are attempting to pad the PSE rate base to increase their profits by building unneeded and environmentally problematic transmission lines.

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