

WUTC

1300 Evergreen Park DWSW
Oly WA 98502

98504-7250

SUBJECT: PSE LNG Proposal; DOCKET UG-151663

Dear Commissioners David Danner, Philip Jones, and Ann Rendahl, and Administrative Judge Dennis Moss:
I write to you as a residential customer of Puget Sound Energy to ask that you deny the request by Puget Sound Energy (PSE) to remove the "ring fencing" that protects the consumer utility business of PSE from its plan to build an 8 million gallon LNG liquification and storage facility at the Port of Tacoma.

Specifically, I am concerned that as a residential PSE customer, I am being asked to provide the financial guarantee for and subsidize a risky, polluting, and dangerous scheme.

As you know, when the Australian Macquarie Group purchased PSE in 2008, the Washington UTC required "ring fencing" provisions to be added to the sale to protect residential customers from financial risk. Now PSE is asking to dismantle the ring fencing so that a shell company it created called Puget LNG can run the proposed Port of Tacoma LNG business and charge unregulated rates for natural gas.

It is clear to me that PSE wants its residential customers to subsidize and assume the risk for its LNG scheme. The proposed LNG facility would offer no tangible benefit to residential customers.

Consider the following:

- Peak shaving is a tiny percent of the total project (3.5% to 7%, depending on whether one considers PSE claims or the figures provided by ECO Northwest's Economic Impact Analysis). That means that the bulk of this project (93% to 96.5%) is unregulated business. Utility ratepayers should not assume any risk for a venture that is essentially unregulated business without clear public benefit.
- The need for additional peak shaving capacity doubtful, as PSE currently stores 47 billion cubic feet of natural gas at Jackson Prairie in Chehalis.
- Utility ratepayers should have a place at the table in the mediations between PSE, Northwest Industrial Gas Users, and Industrial Customers of Northwest Utilities. These mediations have been neither public nor transparent, and I am concerned that public interests will take a back seat.
- As you know, the UTC filed a complaint against PSE for violations of pipeline-safety regulations resulting in the 2004 natural gas explosion in Seattle's Greenwood neighborhood. PSE could face up to \$3.2 million in penalties. Although this was a relatively small leak, it injured nine firefighters and damaged two buildings. PSE cannot be trusted with an 8 million gallon LNG facility connected to hundreds of miles of pipeline.

Most of the nearly 2 million PSE customers in the Washington State have no other choice of utility and should not have to support a foreign-owned, for-profit fossil fuel business that is asking for a \$49 million public subsidy. The amount of this public support—in the form of subsidy and underwriting of risk— was made clear in a May 18, 2016 response brief by Public Counsel from the WA Attorney General's Office: "PSE (effectively Puget Energy) now states that it will not enter into this new risky business venture with Puget LNG unless PSE ratepayers share in the risks and unless Puget LNG receives a \$49 million subsidy (share of the benefits) from PSE ratepayers."

I am grateful for the advocacy of the WA Attorney General's Office in the matter of Docket UG-151663, since as a residential customer I am not allowed to participate in the ongoing mediation even though it is likely to affect me directly. During this mediation process, I respectfully ask that you keep in mind the UTC's own mission statement: "to protect consumers ensuring that utility and transportation services are fairly priced, available, reliable and safe."

I ask you to honor your historic commitment to protecting Washington State utility customers from predatory schemes such as those proposed by PSE/the Macquarie Group by denying PSE's request to remove the "ring fencing" provisions. I also ask that you deny any future scheme that PSE may propose that would involve residential customers either to subsidize or assume the risk for PSE's speculative, private business venture. This issue is very important to me. I will continue to follow it closely and to speak out about it as widely and as publicly as I am able.

Thank you for your consideration.

Sincerely,

Barbara Roberts
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