

\*\*\*EMAIL RECEIVED 10/7/16, 2:06 PM\*\*\*

To Washington Utilities and Transportation Commission staff:

Curious how you verify receipt of public comments that are transmitted via your online commenting form and via email. It would be helpful if you acknowledged receipt of public comments, since they aren't visibly posted or accessible anywhere on the docket. Your website also seems to be in a permanent state of flux. Comments appear and then disappear. Documents are accessible and then they're unaccessible. The website is down and then it's back up. It doesn't inspire a great deal of confidence in this concerned citizen.

If you could please acknowledge receipt of an emailed public comment that I submitted earlier this week, as requested, I would appreciate it.

Sincerely,

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\*\*\*COMMENT RECEIVED 10/20/16, 12:54 am\*\*\*

October 19, 2016

RE: DOCKET UG-151663

Dear Commissioners David Danner, Philip Jones, and Ann Rendahl:

I write to you as a Tacoma citizen, registered nurse, and a residential customer of Puget Sound Energy (PSE) to ask that you REJECT their proposal to remove the "ring fencing" that protects the consumer utility business of PSE from its plan to build an 8 million gallon LNG liquefaction and marine bunkering facility at the Port of Tacoma.

My concerns include:

- The proposal weakens the "ring fencing" provisions agreed upon in the original 2008 Merger Order – provisions that were specifically designed to protect utility customers from the costs and

liabilities of unregulated business undertaken by the private equity owners of Puget Sound Energy.

- By combining unregulated business (i.e., LNG marine bunkering, LNG-fueled trucks, LNG transport) with the regulated business of peak shaving (liquefaction, LNG storage, vaporization), the boundary between regulated and unregulated business is obscured and becomes more difficult for UTC to monitor.
- What are the checks and balances inherent in this novel corporate structure that would protect the interests of ratepayers? How could the public have any faith that they weren't essentially subsidizing Puget LNG unregulated business? Are the commissioners satisfied that UTC staff has the capacity and experience to monitor this project sufficiently to ensure that unregulated and regulated business activities aren't mixed?
- Although peak shaving is estimated to be a tiny percent of the total project (between 3.5% and 7%, according to ECO Northwest's Economic Impact Analysis), Puget Sound Energy is asking ratepayers to subsidize 43% of the total capital & operating costs. PSE has already received millions of dollars in tax breaks from WA State legislature to build the LNG plant, but now PSE seeks additional money from ratepayers – in the form of future rate increases – to subsidize *nearly half* of the capital & operational costs of the project.
- The need for additional peak shaving capacity has not been well established and is not an exact science. PSE already stores 25 billion cubic feet of deliverable “working” natural gas at Jackson Prairie in Chehalis, and an additional 12.9 billion cubic feet in Clay Basin, Utah. The additional capacity offered by Puget LNG pales in comparison.
- Ratepayers should not be asked to subsidize 43% of the project's capital costs (\$134 million) in addition to 43% of annual operating expenses (\$4 million) for at most 3 to 6 inclement weather days per year, especially when LNG production operates 24/7, 365 days per year. Because these percentages are fixed, and because peak shaving is speculative rather than an exact science, ratepayers may be burdened by paying 43% of capital costs for an LNG peak shaver that is unnecessary.
- Did PSE's future projections for peak needs of natural gas consider other alternatives, such as conservation, increased gas pipeline capacity, or access to Plymouth LNG storage? Does projected peak need include industrial gas users, such as the proposed massive methanol refinery in Kalama? Why does PSE sub-lease capacity at Jackson Prairie to other energy companies, if it needs more capacity itself for peak energy needs?
- We should be moving *away* from fossil fuels, not building new infrastructure to support our dependence on them. Renewables are getting cheaper and more viable all the time, and incentives support their continued development. The need for natural gas peak shaving will lessen as alternative sources of energy come on line.

- It is unclear how PSE's 1.1 million electricity customers receive any benefit from this project. What protects electricity customers from seeing their rates increase in order to subsidize natural gas business?
- Has Puget Sound Energy secured ANY other customers for its proposed LNG plant besides TOTE Maritime Alaska? If demand is so high, and the fuel so much "cleaner and greener," then why aren't there more maritime customers lined up 2 years after PSE first announced this project?
- It's unclear whether the market for LNG maritime bunkering will expand, because diesel remains cheap and there are alternative fuels and technologies being developed in order to meet tighter industry emissions regulations. PSE's project is speculative at best and it exposes PSE customers and the utility to financial risk if it doesn't succeed.
- I am concerned that both UTC staff as well as public counsel vigorously opposed PSE's proposal and stated "there would be little prospect for success" prior to the mediations that began May 29, 2016. And yet, by September 30, 2016, all parties reached unanimous agreement even though many of UTC staff and public counsel's original arguments remain valid.
- Citizens deserve access to all of the information to make clear, fact-supported decisions about PSE's proposal and yet, because all parties signed mediation non-disclosure agreements and because many records from the mediation negotiations remain redacted, it is impossible for the public to have full faith and knowledge of this process.

I urge the Commissioners to protect nearly 2 million Washington State utility customers from PSE's speculative, risky business venture. Keep the original merger stipulations intact, and REJECT Puget Sound Energy's proposal.

Sincerely,

Bradley Thompson

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