

**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

**LAUCKHART'S RESPONSE TO
JOINT APPLICANT'S OPPOSITION
TO PETITION TO INTERVENE OF J.
RICHARD LAUCHART**

I. INTRODUCTION

1. Joint Applicants are in oppositions to the J. Richard Lauckhart petition to intervene in this hearing. As demonstrated in this Lauckhart response to that opposition, Joint Applicants do not present a legitimate reason to deny Lauckhart's intervention.

II. BACKGROUND

2. Lauckhart filed a motion to intervene proceeding on November 13, 2018 in which he described his unique qualifications to provide needed testimony to the WUTC on this matter as evidenced by his background (having served as both an employee and officer of Puget for 22 years), by the 17 documents he filed in PSE's most recent IRP [Docket No. UE-160918], and the documents he has already filed in this proceeding.
3. As stated in his petition to intervene, Lauckhart is uniquely qualified to intervene in this proceeding to ensure that the Public Interest will not be harmed by the proposed change in ownership. Lauckhart has pointed out the abuses of the system the past owner has attempted to promulgate on PSE customers in the interest of building unneeded transmission in order to enhance their profits. Lauckhart stated that he seeks to intervene in this proceeding to ensure that the proposed acquisition complies with Washington law and will not harm PSE's customers. Lauckhart requests leave to intervene in this docket to represent PSE customers who are being

harmed now and likely will be harmed in the future if certain conditions are not imposed on approval of this transfer of ownership.

4. In their Paragraph 3 Joint Applicants state that Lauckhart is not a customer of Puget Sound Energy (PSE). That statement is wrong. While my primary place of business is in California, I have a vacation cabin at 4020 Twin Spits Road in Hansville, Washington where I take electric service from PSE. I have an account number and get and pay monthly bills from PSE. To the extent PSE builds unneeded transmission lines and the WUTC puts some or all of that in rates, my bills will be higher. Joint Applicants are in error when they say Lauckhart does not appear to be representing any particular entity or individual that is a customer of PSE or potentially affected by the Proposed Transaction. Further, while neither CSEE nor CENSE have decided to intervene in this proceeding due to their concerns they need to conserve money and human efforts in order to oppose PSE applications for permits for Energize Eastside in the numerous jurisdictions that Macquarie/PSE are forcing them to participate in, these entities have members that are fully supportive of my intervention and proposals.
5. In their Paragraph 4, Joint Applicants state "it is apparent that Mr. Lauckhart may intend to use this proceeding to launch yet again another challenge to a PSE infrastructure project because his prior challenges have failed to receive traction." Clearly that is not Lauckhart's intent in this proceeding as evidenced by the language of his Petition to Intervene. Mr. Lauckhart has not indicated he will be asking for the Commission to reject the Energize Eastside project in this proceeding. Mr. Lauckhart has not asked the Commission to reject the Lake Hills-Phantom Lake looping line in this proceeding. Mr. Lauckhart has asked the Commission to require the Joint Applicants to be required to provide increased transparency in their Transmission Planning activity. While he has given two examples of where that transparency is not being provided, his suggested commitments go to any and all transmission lines that the Joint Applicants may decide to propose in the future. His proposed commitments would result in the Commission protecting PSE customers today and in the future from PSE owners attempting to build unnecessary, environmentally problematic, costly and potentially dangerous transmission projects that are being proposed in order to enhance the owner's profitability.

III. Argument

6. Joint Applicants claim that Mr. Lauckhart has failed to state a nexus between his stated purpose and an interest protected by Washington Statute within the Commission's Jurisdiction. Clearly the Washington Statute provides that the Commission has jurisdiction to protect the interest of PSE customers. Lauckhart is intending to assure the Commission does exactly that. By requiring PSE to be more transparent, which transparency is better assured by causing the Joint Applicants to use existing and better forums for doing their transmission planning work, the nexus is clearly established.
7. At their Paragraph 10, Joint Applicants make the claim that the Quanta work was done under the auspices of the PSE staff. First, the Quanta work is flawed as evidenced by the 17 documents I filed in PSE's most recent IRP (Docket UE-160918). 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. It is very hard to understand why PSE would not involve its top transmission planning individual on a \$300 Million-dollar project unless Macquarie did not want their expert input. I believe that flaws would not have appeared in the work if the top PSE transmission planning staff was involved in the studies.

8. At their Paragraph 11, Joint Applicants criticize Lauckhart for his proposal to require PSE to use EFSEC for permitting when by law PSE has a choice. This criticism ignores Lauckhart's point that the cities do 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 they 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 Lauckhart's 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.
9. At their Paragraph 12, Joint Applicants criticize Lauckhart's proposed condition on what to tell ColumbiaGrid and WECC about their commitments to build a transmission line. This criticism ignores Lauckhart's 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 reliability issues on the system if the line is not built. That is a problem.
10. At their Paragraph 14, Joint Applicants criticize Lauckhart's proposed commitment to get new owners to agree not to charge the cost of the Macquarie/PSE failed attempt to get permits from five cities. But, 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 and a potential financial problem for the new owners.
11. Joint Applicants suggest that Public Counsel is the right group to represent issues that Mr. Lauckhart raises. Lauckhart has asked Public Counsel to be a witness for them and Lauckhart would be happy to testify for them on these important matters to protect PSE customers. But there is nothing in the law that says Lauckhart can not do this on his own if Public Counsel decides to emphasize different aspects of this ownership transfer proceeding. Lauckhart's unique qualifications along with his first-hand observation of foreign ownership abuses that need to be stopped make it clear that this Commission should allow (and welcome) Lauckhart's intervention/involvement in this proceeding.
12. This Adjudicative proceeding would be a good forum for determining if the ORENS consortium would be willing to accept the Lauckhart Proposed Conditions. Unless the ORENS

consortium hopes to increase their profit by continuing the Macquarie abuses, it would be hard to understand why they would not be willing to accept these conditions. If they say they will not accept these conditions voluntarily, then that becomes the very reason the Commission needs to require them to agree to these commitments.

IV. CONCLUSION

13. As Lauckhart stated in his oral comments in this proceeding, in order to protect PSE customers, the Commission needs to address these problems with PSE transmission planning that have arisen under foreign ownership. You could do it by placing the conditions Lauckhart proposes on your approval of the ownership transfer. Or you could do it by requiring PSE to conduct their IRP process in an open and transparent fashion with stakeholder input. Lauckhart believes the former approach is better because it should end the cycle of having to fight foreign owners from abusing the IRP process in each two-year cycle. By allowing Lauckhart intervention in this proceeding the Commission can develop a more robust understanding of the transmission planning problems that have arisen under foreign ownership and can make their decision on how they feel best to address these problems with that robust understanding in hand.