

EXH. RL-35T
Dockets UE-220066/UG-220067
2022 PSE GENERAL RATE CASE
WITNESS: RICHARD LAUCKHART

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

Docket UE-220066

Docket UE-220067

v.

PUGET SOUND ENERGY,

Respondent

PREFILED TESTIMONY IN OPPOSITION TO SETTLEMENT OF ENERGIZE EASTSIDE

RICHARD LAUCKHART

ON BEHALF OF THE
COALITION OF EASTSIDE NEIGHBORHOODS FOR SENSIBLE ENERGY
(CENSE)

SEPTEMBER 9, 2022

1 **COALITION OF EASTSIDE NEIGHBORHOODS FOR SENSIBLE ENERGY**
2
3 **PREFILED TESTIMONY IN OPPOSITION TO SETTLEMENT OF ENERGIZE**
4 **EASTSIDE**

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6 **RICHARD LAUCKHART**

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6 **RICHARD LAUCKHART**
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10 **I. INTRODUCTION**
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13 **Q. Please state your name and business address**
14

15 A. My name is Richard Lauckhart. My business address is 44475 Clubhouse Drive, El
16 Macero, CA 95618

17 **Q. Have you previously testified in this case?**
18

19 A. Yes, I have filed testimony and exhibits in this case on July 28, 2022
20

21 **Q. What is the purpose of this testimony?**
22

23 A. The purpose of this testimony is to oppose the Settlement on the Prudency of Energize
24 Eastside and to point out to the Commission that the Settlement language on the
25 Prudency of Energize Eastside is asking the Commission to change its long standing
26 policy regarding what should be done before a project like Energize Eastside is allowed
27 to increase electric rates.

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1 **II. SETTLEMENT LANGUAGE RE: ENERGIZE EASTSIDE**
2 **AND ITS PROBLEMS**
3

4 **Q. WHAT IS THE LANGUAGE IN THE SETTLEMENT AGREEMENT THAT YOU**
5 **ARE OPPOSED TO?**

6 A. The language on page 9 of 46 of the Settlement that states as follows:

7 *“n. Energize Eastside. The Settling Parties agree that delayed service dates for*
8 *Energize Eastside are assumed to be incorporated into the agreed upon revenue requirement*
9 *above (i.e., South Phase in service b October 2023 and North Phase in service by October*
10 *2024). The Settling Parties agree that estimated costs associated with Energize Eastside (as*
11 *described in PSE’s initial filing) may enter rates provisionally (on the updated timeline, outlined*
12 *above), subject to refund. The Settling Parties accept and will not challenge that PSE has met its*
13 *threshold prudence requirement to demonstrate that the investment should be provisionally*
14 *included in rates. Settling Parties may challenge the costs of the project in the review of*
15 *investments after the plant is placed in service.”*

16
17 **Q. Who is it that explains why this language makes sense?**

18 A. The primary explanation is given by PSE (Daniel Koch Exh. DRK-26T)

19 **Q. Does CENSE find the testimony of Daniel Koch compelling?**

20 A. No. Mr. Koch raises the same old issues that PSE has always raised with Mr.
21 Lauckhart’s reports on Energize Eastside over the last 6 years. The Lauckhart-Schiffman report
22 dated Feb 18, 2016 (Exh RL-5) refutes all of Mr. Koch’s criticism of his work. Mr. Koch does
23 not provide any specific line item or page number in RL-1T and explain why he disagrees with
24 the statements in Mr. Lauckhart’s testimony RL-1T. Mr. Koch’s new testimony provides copies

1 of Permit hearing findings in Bellevue and Newcastle. But those permit hearings did not
2 address the Prudence of Energize Eastside. And PSE convinced those Hearing Examiners that
3 CENSE should not be given the load flow files that are the standard vital underlying information
4 that power planners use and expect from others to justify system upgrades. Mr. Koch does not
5 provide any legitimate criticism of the testimony I provided in Exhibit RL-1T.

6 **Q. Exhibit DRK-28 professes to be the Decision of the Hearing Examiner in the**
7 **Conditional Use Permit proceeding in Newcastle. Is Exhibit DRK-28 correct?**

8 A. No. The actual record of Decision is 81 pages long. The document DRK-28 is only 15
9 pages long. Further, Section 72.11.2.2 in the actual record of Decision (bottom of page 56 to
10 top of page 57) says the following:

11 *"The Hearing Examiner finds that the proposed revision to proposed Condition of Approval*
12 *No. 3, set forth in the City Supplemental Exhibit 10, is supported by the substantial evidence*
13 *submitted at the hearing. The Hearing Examiner finds that it is appropriate for PSE to certify to*
14 *the City that OPL has received the final system design. This is required primarily for safety*
15 *concerns."*

16 That statement is not included in DRK-28.

17 **Q. Has PSE certified to the City that OPL has received the final system design?**

18 A. No.

19 **Q. Why would that be?**

20 A. Because the final system design has not yet been completed.

21 **Q. What does that mean for the Prudence of Energize Eastside in this proceeding?**

22 A. PSE is asking that the estimated \$300 Million of Energize Eastside project cost be
23 included in rates starting now. That may be OK if there is a legitimate finding of the Prudence

1 of Energize Eastside in this proceeding. But that has not been done. Even more problematic is
2 that PSE is asking that the estimated \$300 million of Energize Eastside project cost be included
3 in rates even though they do not even have a final system design for Energize Eastside. That is a
4 far cry from the long standing WUTC policy of not including investments in rates until the
5 Prudence of that investment is proven to the WUTC through utility provided evidence on four
6 factors: (1) Is there a need for the Project, (2) If yes, have Alternatives to the project been
7 properly identified and studied, (3) Was there adequate communication with the utility's Board
8 of Directors, and (4) Is there adequate documentation of the decisions made by the utility.

9

10

11 **Q. Where can the 81-page Hearing Examiner Decision be found?**

12 A. Use the following link

13 <https://www.newcastlewa.gov/cms/one.aspx?portalId=4026119&pageId=11489964>

14 Then click on: "The revised decision for the overall project application is available to view"

15

16 **Q. What is the essence of the Settlement statement on Energize Eastside?**

17 A. The Settlement provides that Prudence should **not** be examined in this proceeding and
18 instead any Prudence discussion should be held after Energize Eastside is completed and in
19 service. The Settlement recommends that rates be increased in the meantime to reflect the
20 moneys spent on Energize Eastside up to now and over the next few years. The Settlement
21 further recommends that if a future prudence hearing finds money was imprudently spent, that
22 the money can be refunded to ratepayers.

23

1 **Q. WUTC staff has signed on to the Settlement Agreement language on the Prudence**
2 **of Energize Eastside. Do you have concerns with them doing that?**

3 A. Yes. In CENSE data request 003 (a) to WUTC staff we asked the following:

4 *“Please provide any problem you have found with the testimony of the CENSE expert*
5 *Richard Lauckhart (RL-1T) that has been filed in this case. Please be specific with the page*
6 *number and line number of that testimony that you find fault with.”*

7 WUTC staff answered the request was unduly burdensome and has chosen not to identify any
8 problem with Richard Lauckhart Testmony (EXH RL-1T).

9 **Q. Do you have other concerns with the WUTC staff testimony in this proceeding?**

10 A. Yes. In CENSE data request 001 to WUTC staff we asked the following:

11 *“Exh JBN-1T at 8 discusses PSE’s annual NERC-required transmission planning*
12 *assessment (TPL) reports. Please provide a copy of each such PSE transmission planning*
13 *assessment that you refer to. Include the entire document.”*

14 WUTC staff responded that they they only have “Excerpts” to those Transmission Planning
15 Assessments. They do not have the reports themselves. Not surprising since PSE has refused to
16 provide those reports to me. Staff has no evidence that PSE’s NERC-required planning
17 assessments even examined the need for Energize Eastside, and if they did, were the 7 fatal flaws
18 I identify on pages 20-37 of Exhibit RL-4 corrected in these annual studies.

19 **Q. Did you make other data requests to WUTC staff?**

20 A. Yes. In CENSE data request 002 to WUTC staff we asked the following:

21 *“Regarding the PSE transmission planning assessment you provide under CENSE Data*
22 *Request No. 001 to WUTC staff, please provide any audit of that transmission planning*
23 *assessment that has been conducted by NERC or WECC.”*

1 WUTC staff responded that they did not have a copy of a NERC/WECC audit report dealing
2 with any PSE transmission planning assessment. That coincides with my RL-1T testimony that
3 no such audit (and audit report) was conducted and reported by NERC or WECC. Without
4 seeing such an audit report, parties are not able to see if any such audit reported on whether or
5 not the 7 fatal flaws in the PSE studies were corrected, or if corrected, does the need for Energize
6 Eastside go away.

7 **Q. Did you make other data requests to WUTC staff?**

8 A. Yes. In CENSE data request 003 (b) to WUTC staff we asked the following:

9 “You indicate there can be rates can be subject to refund if a future Prudency Review
10 finds that Energize Eastside was imprudent. Please explain how the safety issues and
11 problematic environmental impacts will be remedied by your proposal and explain how justice is
12 provided to CENSE members under your proposal.”

13 WUTC staff chose not to answer these questions. Their answer was only that the UTC has
14 jurisdiction to do this if it wants, even if justice is not provided.

15

16

17 **Q. DO YOU FIND THIS SETTLEMENT LANGUAGE TO BE PROBLEMATIC?**

18 A. Yes I do, for the following reasons:

19 * PSE has already spent \$100 Million on Energize Eastside which I have already
20 testified is not a prudent expenditure (RL-1T). PSE has stated it will cost another \$200 Million
21 and several years to complete Energize Eastside and put in service. PSE itself has requested that
22 the Prudency of Energize Eastside be addressed in this proceeding, likely because their owner

1 needs to know if it continues to make sense for them to sink money into this project that they
2 fully understand is a **controversial project**.

3 * Giving a refund to ratepayers is problematic because it does not remedy the safety
4 and other environmental problems that will have unnecessarily have been put in place.

5 * Giving money to ratepayers is also problematic from the standpoint that it would
6 be very difficult to refund the money to those that paid it. If a homeowner has paid higher
7 electricity bills than it should have paid, but then sells the home before the refund is made, how
8 does that refund get properly provided to that homeowner?

9 * The refund problem could be more problematic for a business owner who is
10 currently trying to keep its business alive.

11 * None of the Settling Parties has provided any legitimate evidence that Mr.
12 Lauckhart's Testimony (RL-1T) contains errors. The work needed to be done in the future
13 Prudency Case that the Settling Parties indicate could conducted is essentially the same work
14 that CENSE has already done. Why wait until then to have the Commissioners address these
15 matters?

16

17

III. PRUDENCE RECOMMENDATION

18 **Q. What has the WUTC long standing policy been for Prudence Determinations?**

19 A. Before a new investment is put in rates, the WUTC has required that the utility provide
20 evidence on four factors: (1) Is there a need for the Project, (2) If yes, have Alternatives to the
21 project been properly identified and studied, (3) Was there adequate communication with the
22 utility's Board of Directors, and (4) Is there adequate documentation of the decisions made by
23 the utility.

1 **Q. Have you testified in this proceeding on these four factors?**

2 A. Yes, that testimony appears starting on page 17 of my testimony RL-1T.

3 **Q Does the matter of the prudence of Energize Eastside in the Settlement document**
4 **comply with that long standing WUTC policy?**

5 A. No. The parties are asking the Commission to increase rates now without complying
6 with this long standing policy. In fact, the parties are in effect asking this Commission to change
7 its long standing policy so that a project can result in increases electric rates by meeting a
8 “threshold prudence requirement” with a much later prudence proceeding to see if the “threshold
9 prudence requirement” was properly met. There is no definition of what a “threshold prudence
10 requirement” is. The WUTC should not use this proceeding to reject its long standing policy and
11 adopt a new one.

12

13 **Q. WHAT IS THE PRUDENCE RECOMMENDATION OF CENSE IN THIS CASE?**

14 A. My Prefiled Testimony (RL-1T) provides the Prudence Recommendation of CENSE in
15 this proceeding

16

17 **Q. Does this conclude your prefiled testimony in opposition to settlement of Energize**
18 **Eastside?**

19 A. Yes it does.

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