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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

September 27, 2022

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: Docket UE-220066 (PSE General Rate Case)

Dear Executive Director Maxwell,

I'm writing to you as a resident of the Somerset neighborhood in Bellevue. My neighbors and I are significantly impacted by PSE's Energize Eastside transmission upgrade project. We implore the Commission to address several pertinent questions related to the company's General Rate Case before allowing PSE to recover the cost of the project plus a generous rate of return.

Our questions are:

- 1. Are PSE ratepayers required to cover the entire cost of a regional transmission upgrade project after regional partners excused themselves from participating in the project?**
- 2. Did the Bonneville Power Administration exit the partnership so Energize Eastside would not be subject to review of property value impacts?**
- 3. Is it true that Energize Eastside is necessary to meet NERC reliability standards?**

We believe these questions are important in the Commission's determination regarding the prudence of Energize Eastside.

1. Is Energize Eastside a regional project?

In 2012, PSE signed a *Memorandum of Agreement* with Seattle City Light and Bonneville Power Administration to upgrade the Puget Sound transmission grid. According to the BPA press release, "At times of peak energy use, system congestion in the Puget Sound area can make it difficult for the BPA to return energy to BC Hydro. BPA equally curtails energy delivery to BC Hydro, PSE, SCL and SnoPUD to relieve transmission congestion. These improvements would eliminate the need for curtailments."¹

The following year (2013), PSE announced Energize Eastside, an apparent solution to the congestion problem. PSE offered the project as an alternative to upgrading an existing 230 kV transmission line through the Eastside owned by Seattle City Light (SCL). A ColumbiaGrid study determined that the SCL line upgrade would be less expensive and offer better reliability than PSE's proposal, but PSE said it needed to upgrade its line anyway to serve local demand. Two birds with one stone!

1

<https://web.archive.org/web/20140903153326/https://www.bpa.gov/news/newsroom/releases/Documents/2012-2014-PR-5-12-Joint-transmission-system-projects-to-improve-system-reliability.pdf>

However, PSE's local justification depended on several questionable assumptions, including a forecast of 2.4% annual growth in peak demand (never documented) and the simultaneous unavailability of at least five regional gas-powered generation plants. It appeared that PSE included every possible contingency, no matter how unlikely, to create simulated overloads of two transformers during an N-1-1 emergency.

In 2014 or 2015, both SCL and BPA excused themselves from further involvement in the Energize Eastside project. After the exit of these regional partners, PSE ratepayers were left to shoulder 100% of the cost, even if the original rationale for the project was to benefit consumers in other states and other countries. This would be an unfair burden for PSE ratepayers.

Even after SCL and BPA bowed out of the project, PSE continued to include regional transmission as a fundamental assumption justifying the need for Energize Eastside. On page 7 of the 2013 *Eastside Needs Assessment*, PSE assumes that 1,500 MW of electricity is transported to Canada in the winter, and 2,850 MW is transported to California in the summer.² Although this electricity isn't exclusively carried on PSE's transmission lines, we believe the extra electricity moving through the Eastside is sufficient to add extra stress to PSE's system, helping to justify the need for the project.

The role of regional flows was bolstered by the *Independent Technical Analysis* performed by Utility Systems Efficiencies in 2015.³ On page 67 of the report, table B.4, the analyst found that no overloads occurred in summer 2020 if 2,850 MW of electricity was curtailed during an N-1-1 emergency on the Eastside.

These concerns raise two questions:

- 1. Should PSE customers be solely responsible for paying for regional upgrades that benefit customers outside PSE's service territory?**
- 2. If regional upgrades were curtailed during N-1-1 emergencies, a possibility mentioned in the *Memorandum of Agreement*, would there be any need for Energize Eastside?**

2. Should impacts on property values be considered?

The exit of BPA from the Energize Eastside partnership had a secondary effect. If BPA, a federal agency, had continued to be involved in the project, federal environmental impact standards would have been applied (NEPA). This possibility is documented in handwritten notes from a BPA engineer in 2014.⁴ NEPA analysis would have required an evaluation of impacts on property values. After BPA left the partnership, PSE could proceed under state environmental standards (SEPA) which do not require an analysis of property value impacts.

Many homeowners who live near the transmission corridor are finding that the taller, thicker poles and heavier wires will have a consequential impact on the values of their properties. In some cases, the financial impact could be 10-20%, amounting to tens or hundreds of thousands of dollars per

2

https://energizeeastside2.blob.core.windows.net/media/Default/Library/Reports/Eastside_Needs_Assessment_Final_Draft_10-31-2013v2REDACTEDR1.pdf, p. 8

³ http://www.energizeeastsideeis.org/uploads/4/7/3/1/47314045/cob_independent_technical_analysis_1-3.pdf

⁴ These notes were included in a public information request fulfilled by BPA at a later date.

homeowner. Because hundreds of homes are affected, SEPA standards allowed PSE to avoid evaluating significant cost impacts which might have made the project less feasible compared to other technology solutions.

Questions:

1. Did PSE encourage BPA to leave and thereby avoid NEPA review of Energize Eastside?
2. After BPA and SCL left the partnership, should PSE have removed regional transfers from studies that justify the need for Energize Eastside?

3. Is Energize Eastside required by NERC?

PSE has acknowledged that the emergency scenario contemplated by its studies (high demand growth, N-1-1 outage during peak demand, failure of at least five gas-powered generation facilities, and high levels of transmission to California or Canada) is unlikely to occur. However, PSE claims the project must be built to comply with NERC reliability requirements. Is this true?

According to PSE, the applicable standard is NERC TPL-001-4.⁵ On page 9 of that standard, a table shows what response is allowed in the event of an N-1-1 contingency condition caused by the sequential failure of two transformers. In the last two columns, NERC appears to allow interruption of firm transmission service (if that is even an issue for PSE) and loss of non-consequential load. The highlighted sections of the table, shown below, appear to contradict what PSE has been telling the public about NERC requirements.

Standard TPL-001-4 — Transmission System Planning Performance Requirements

Category	Initial Condition	Event ¹	Fault Type ²	BES Level ³	Interruption of Firm Transmission Service Allowed ⁴	Non-Consequential Load Loss Allowed
P6 Multiple Contingency (Two overlapping singles)	Loss of one of the following followed by System adjustments. ⁹ 1. Transmission Circuit 2. Transformer ⁵ 3. Shunt Device ⁶ 4. Single pole of a DC line	Loss of one of the following: 1. Transmission Circuit 2. Transformer ⁵ 3. Shunt Device ⁶	3Ø	EHV, HV	Yes	Yes
		4. Single pole of a DC line	SLG	EHV, HV	Yes	Yes

Questions:

1. Is Energize Eastside mandated by NERC reliability requirements?
2. Do NERC requirements justify PSE's assumptions regarding gas plants out of operation at the same time an N-1-1 failure is occurring on the Eastside?

⁵ <https://web.archive.org/web/20200919175449/https://www.nerc.com/files/TPL-001-4.pdf>, p. 9, row P6

Conclusion

The questions included in this letter were raised in land use hearings, but they were either outside the scope of municipal land use regulations, or they weren't fully explored by the hearing examiners conducting the hearings.

PSE ratepayers and impacted homeowners would appreciate clear answers from the Commission before Energize Eastside is included in the rate base.

Thank you for your attention to these matters.

Sincerely,

Don Marsh
Bellevue resident