From:	Richard Lauckhart
To:	Public Involvement (UTC)
Cc:	Cameron-Rulkowski, Jennifer (UTC); Gafken, Lisa (ATG); Dallas, Joe (UTC)
Subject:	Re UE-220066....Problems with foreign ownership of PSE as it relates to Energize Eastside
Date:	Wednesday, April 13, 2022 7:22:39 AM

External Email

Dear WUTC-

I am participating in proceeding UE-220066 as a public commenter. I have considerable information to put on the record in UE-220066 regarding the prudency of Energize Eastside.

This is the seventh set of public comments I am making on the Prudency of the PSE Energize Eastside project.

Four foreign companies acquired US electric utilities during a four-year period starting in 1999. The buyers decided that the prospect of US regulation was an acceptable price of owning a US utility. State approval of these acquisitions was contentious, and the applicants had to enter in settlements with consumer advocacy groups and to agree to numerous conditions to get through them.

In 2009 Macquarie (An Australian based company) bought all of the stock of Puget. Why did Macquarie want to buy Puget?

Macquarie stated: "*We don't have employees. We're not the neighboring utility. Combining work forces and eliminating redundancies is not the story. Our interest is to grow the business*." How do you grow a utility regulated by the WUTC?

Macquarie had a plan to invest $1 Billion each year into new PSE utility infrastructure so they could get the WUTC to increase the electric rates for PSE retail customers and increase their profit. By the year 2013, Macquarie was 4 years into the five-year period and had been able to justify only a small amount of new investment. Macquarie came up with the idea of justifying Energize Eastside in order to greatly increase their investment. Macquarie hired Quanta to run load flow studies to attempt to justify the need for EE. Macquarie was using Quanta to build any new PSE infrastructure. Macquarie apparently advised Quanta that they would become the Engineer, Procure, Construct (EPC) contractor on Energize Eastside if Macquarie could get it permitted. It would appear that Quanta adopted a fatally flawed load flow analysis in order to get the lucrative EPC contract.

But Macquarie ran into opposition to their plan to permit Energize Eastside, so in 2018 (WUTC Docket No. U-180680) a number of Canadian Pension fund management firms petitioned the WUTC to authorize the sale of Macquarie's ownership of PSE to them.

At the time I commented to the WUTC that it is apparent that foreign ownership under Macquarie has been very problematic. **Foreign ownership prioritizes financial returns for distant investors over local community values.** A foreign investor that is investing retirement fund monies has the primary goal of maximizing the return they make on those invested funds. This becomes particularly problematic when it comes to Transmission Planning of PSE's internal transmission system since these owners, with a primary goal of maximizing profit, have worked to avoid knowledgeable review of their desired plans to build transmission lines in PSE's service territory. In pursuing profit, the foreign owners have the incentive to build large transmission projects that are not needed in order to increase ratebase and reap the WUTC regulated return on those unneeded investments.

The transfer of ownership of PSE to Canadian Pension fund management firms results in PSE owners being primarily interested in making the most money they can for the pension funds they are managing. The owners do not pay PSE electric bills, so they don't care what PSE rates are. The owners do not live near the Olympic Pipeline so they have no fear that their families and friends are facing risk of a catastrophic explosion. By approving the ownership of PSE by these Canadian Pension Fund management companies, WUTC takes on a critical responsibility to regulate the actions these foreign investors are pursuing.

In proceeding UE-220066, the WUTC should recognize that the owners of PSE are making an imprudent decision to build Energize Eastside in order to meet their mission of maximizing profits for their pension funds.

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