

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

Docket UE-220066

Docket UE-220067

v.

PUGET SOUND ENERGY,

Respondent

**POST HEARING BRIEF OF
COALITION OF EASTSIDE NEIGHBORHOODS FOR SENSIBLE ENERGY
(CENSE)**

OCTOBER 31, 2022

COALITION OF EASTSIDE NEIGHBORHOODS FOR SENSIBLE ENERGY

POST HEARING BRIEF

CONTENTS

I. INTRODUCTION.....1

II. SUMMARY OF CENSE POSITION.....2

III. KEY MATTERS SUPPORTING CENSE POSITION.....4

IV. PRUDENCE RECOMMENDATION.....13

I. Introduction:

1. The Coalition of Eastside Neighborhoods for Sensible Energy (CENSE) is a nonprofit organization established in 2014 with the mission of representing the public interest in the processing and permitting of Energize Eastside. CENSE is an entirely volunteer organization with no paid staff. CENSE has raised and spent over \$725,000 over the last 8 years in representing the public interest in four Energize Eastside land use hearings in the cities of Renton, Newcastle, South Bellevue and Redmond. CENSE became an intervenor in this rate case and filed for a grant of \$80,000. However, CENSE was only granted \$15,000. This grant resulted in insufficient funds to pursue the Energize Eastside rate case with legal assistance. CENSE currently has very limited funds after pursuing four land use permit hearings.
2. CENSE has striven to obtain data for verification of the need for Energize Eastside. PSE has consistently declined to provide that information either directly or in their IRP and permitting proceedings. CENSE Expert, Richard Lauckhart, has received CEII security clearance from FERC but has been refused by PSE three times without justification. Transparency is needed to serve the public interest and PSE accountability. Mr. Lauckhart was finally provided the data he requested on Monday Sept 26, 2022 (one week before the Hearing in UE-220066). Mr. Lauckhart was able to examine the provided data by noon on Tuesday, Sept 27, 2022 (6 days before the Hearing in UE-220066). Mr. Lauckhart was able to verify the 7 fatal flaws and a few more and Mr. Lauckhart emailed his findings to the PSE CEII team on Sept 27, 2022. Mr. Lauckhart has not received any response from the PSE CEII team to date. Mr. Koch testified on cross that he had not seen the Lauckhart email. (Transcript page 400, lines 8-12).
3. In 2014 PSE could have requested a permit from EFSEC (Energy Facility Site Evaluation Council). Instead, PSE choose to proceed with the arduous journey of time and substantial

economic and labor expense. It has been our experience that Cities and the Courts do not have the technical expertise to rule on a technical basis. In addition, PSE seemingly had a conflict of interest in paying for and editing expert witness reports, such as the Newcastle Synapse Draft Report [Exh RL-19] which PSE had Synapse edit that report before finalizing it [Exh RL-32]. The estimated cost of Energize Eastside has mushroomed from \$43,000,000 in 2011 to over \$300,000,000 today. Much of this expense could have been avoided by a single application to EFSEC. The PSE Board of Directors should have chosen to use the 12-month EFSEC process for a single permit decision. EFSEC has access to technical staff necessary to evaluate transmission projects. PSE should have processed Energize Eastside with EFSEC. This would have saved eight years of land use proceedings through four cities and thousands of person hours and other expenses. This would have best served the public interest.

II. Summary of CENSE position:

4. PSE has provided no legitimate evidence of NEED.
 - 1) **Mr. Lauckhart has pointed out, in his testimony RL-1T - page17, that PSE has failed to meet any of the four factors the WUTC looks for in a prudency review.**
 - 2) **Mr. Lauckhart has identified 7 Fatal Flaws in the Load Flow studies PSE/Quanta ran to justify Energize Eastside. See exhibit RL-4, slides 20-37. PSE has chosen not to rebut the Lauckhart 7 fatal flaws. Testimony by Mr. Lauckhart is un rebutted in this proceeding.** Those fatal flaws are detailed in Exh RL-4, PDF pages 20-37.
5. The short name for these seven fatal flaws is:
 - Fatal Flaw 1: Shutting down of 6 natural gas fired generators located in Northwest Washington in their PSE/Quanta load flow studies.

- Fatal Flaw 2: Assuming the BPA proposed “I-5 Corridor Reinforcement Project” would be built. But that project was cancelled in 2017.
- Fatal Flaw 3: Not allowing nearby 230/115 KV transformers to serve Eastside load in the modeling when in the real world they in fact do serve Eastside load.
- Fatal Flaw 4: The false assumption that PSE ratepayers are responsible to build EE for developing the capability to allow 1,500 MW of power to flow to Canada under winter peak load conditions and two elements of the grid out on forced outage.
- Fatal Flaw 5: Using the wrong “rating” of transformers and transmission line segments on the grid in the load flow studies.
- Fatal Flaw 6: The PSE/Quanta studies assume customer demand on the Eastside will rapidly grow over the next 10 years when in reality the Eastside load is actually decreasing.
- Fatal Flaw 7: Not simulating reasonable alternatives to EE by running load flow studies with prominently proposed alternatives.

6. **3) The Lauckhart/Schiffman load flow study report, Exhibit RL-4, finds that if one or more of the 7 fatal flaws are corrected, that EE is not needed. In the absence of any rebuttal testimony, this evidence is convincing that EE is imprudent.**

7. **4) Energize Eastside is a contrived transmission project being pursued for the economic benefit of PSE and its foreign owners.**

8. **5) In addition to failing to demonstrate need, PSE has not identified and studied four prominently identified alternatives that could have been pursued by PSE had a legitimate finding of need was demonstrated.**

9. Those prominently identified alternatives are detailed in Exh RL-7. The alternatives include:

- Seattle City Light Eastside Lines

- Lake Tradition Transformer
- 50 MW Peaker Plant
- Demand Side Management

Given the \$300 Million of cost of Energize Eastside, any of these four alternatives would have been lower cost to address any legitimate finding of need.

III. Key matters supporting CENSE position:

10. 1) **Discussion of “Threshold Prudence Requirement”**

CENSE has expressed substantive concerns regarding WUTC staff and other Parties signing the settlement agreement and agreeing they "will not challenge that PSE has met its threshold prudence requirement" regarding Energize Eastside. WUTC staff and other intervening Parties have not reviewed the full content of PSE's annual NERC-required transmission planning assessment (TPL) reports, and these parties have not provided evidence in this proceeding that these TPL's even examined the need for Energize Eastside. CENSE cross examination of all parties signing the Energize Eastside provision of the Settlement Agreement is found on Transcript Pages 293-402. Other than PSE witness Mr. Koch, all parties testified that they provided no testimony on the Prudence of Energize Eastside in this proceeding. All signing parties testified that they had no expertise in Load Flow studies and had not run a load flow study with the 7 fatal flaws corrected.

11. CENSE has additional procedural concerns regarding the so-called 'threshold prudence requirement' in relation to WUTC prudency determination for transmission projects as follows: Neither WUTC staff nor any of the parties cross examined, including PSE, were able to provide:

1. An established definition of threshold prudence
2. An established criteria for determining threshold prudence

3. Reference to any rulemaking regarding threshold prudence
 4. Reference to any public process regarding threshold prudence
 5. Reference to any legislation authorizing threshold prudence
 6. Reference to any WUTC precedence for threshold prudence
12. Why would any party agree that PSE has met an invented evidentiary construct on the basis of no review, no evidence? Ms. Erdahl, WUTC staff, testified during cross examination (Transcript page 382) that in fact, “there’s a give and take” in Settlement Negotiations. We know what the “give” was. What was the “take?”
13. Although it appears that 'threshold prudence' is an invented construct with no definition, criteria, rules, public process, legislation or precedence, this does not lessen its potential effects, which are:
1. attempting to usurp or sway WUTC prudency determination
 2. circumvent established prudency procedures and criteria
 3. circumvent established Washington State codes, laws and rules, resulting in the WUTC potentially exceeding its statutory authority
 4. establishing a false presumption of prudency in the absence of 1-6 above
14. The so-called 'threshold prudence' statements should be struck from the settlement agreement.

2. Evidence in this proceeding (UE-220066) is clear that Energize Eastside is not needed

15. FERC/NERC reliability criteria TPL-001 (Exhibit RL-21) describes how to identify the need for new transmission infrastructure. Exhibit RL-21 is a 31-page document that describes how Transmission Planning needs to be done and other important rules regarding transmission planning. Page 1 of that document states as follows:

“Each Transmission Planner and Planning Coordinator shall maintain System models within its respective area for performing the studies needed to complete its Planning Assessment. The models shall use data consistent with that provided in accordance with the MOD-032 standard, supplemented by other sources as needed, including items represented in the Corrective Action Plan, and shall represent projected System conditions. This establishes Category P0 as the normal System condition in Table 1.”

16. In the case of Energize Eastside, the System model needs to be a Load Flow model. A Load Flow model was used by PSE/Quanta in their attempt to justify EE. **But the inputs to the PSE/Quanta Load Flow modeling include 7 fatal flaws as discussed on Slide Pages 20-37 of Exhibit RL-4.**
17. FERC/NERC reliability criteria TPL-001 (Exhibit RL-21) at pages 18-19 provide a “Version History” of TPL-001. As can be seen, Version 5 was adopted by the NERC Board of Trustees in 2018 and formally adopted by FERC on January 3, 2020.
18. FERC/NERC reliability criteria TPL-001 (Exhibit RL-21) at pages 29-31 provide that a Stakeholder process needs to be conducted when doing Transmission Planning. PSE has chosen not to conduct such a stakeholder process which is a violation of TPL-001.
19. The Lauckhart/Schiffman load flow study report (Exhibit RL-5) dated February 18, 2016 fixed the fatal flaws in the PSE/Quanta report. **It found no need for Energize Eastside.** The Lauckhart/Schiffman report was circulated widely to all interested parties (including all Parties in this proceeding) since it was written. Lauckhart presented the Lauckhart/Schiffman study to the WUTC at the Feb 21, 2018 Public Meeting on the PSE Integrated Resource Plan. See Exhibit RL-29. At page 13 of Lauckhart/Schiffman report the following is stated:

“We stand by our conclusions and will share our models and results with anyone who has clearance from FERC.”

20. Despite the fact that the report was widely circulated, neither PSE nor any other Party in this proceeding has ever asked to see the Lauckhart/Schiffman models and results. PSE could have easily asked and had their own load flow experts examine the inputs and outputs of the Lauckhart/Schiffman load flow modeling and pointed out in this proceeding (and elsewhere) if they found problems with the Lauckhart/Schiffman study. They chose not to examine our load flow modeling effort. Aside from PSE, the only Party who ran a load flow study for this proceeding was the Lauckhart/Schiffman provided in this proceeding by Mr. Lauckhart. Mr. Lauckhart has verified that the PSE/Quanta load flow studies 2013 and 2015 have 7 fatal flaws and the Lauckhart/Schiffman report has verified that if those flaws are corrected, there is no need for Energize Eastside. That PSE and Mr. Koch chose not to examine the input and output of the Lauckhart/Schiffman load flow modeling effort, or provide any rebuttal to Mr. Lauckhart’s findings in this proceeding (or any other proceeding) indicates that PSE was not interested in an accurate assessment of the need for Energize Eastside.

21. **No party that signed the Settlement Agreement language regarding Energize Eastside in this proceeding has asked for and examined the Lauckhart/Schiffman load flow input and output files.** All the witnesses for the Parties in this proceeding that signed the Settlement Agreement admitted that they were not experts in load flow modeling. The Energize Eastside witness for WUTC staff, Mr. Nightingale, stated that the Staff did not run a load flow model because they did not have access to such a load flow model (Transcript page 368, line 20).]. Clearly Staff could have retained a consultant with load flow modeling experience who had access to a load flow model to perform the kind of

study that Lauckhart/Schiffman performed. Staff could have asked Mr. Lauckhart for the input and output files of the Lauckhart/Schiffman load flow study. Staff chose not to do that and instead signed the Settlement Agreement provision relating to Energize Eastside agreeing to a fictitious “threshold prudence”, lacking even the most basic definition, criteria or standards. **That Staff decision to sign the Settlement Agreement without running a load flow model themselves is shocking given the large amount of money (\$300 million) that is at stake in this proceeding.** Staff’s belief that a future proceeding could remedy overpayments by retroactively returning payments to customers is both impractical and would not remedy the safety, environmental and other problems created by allowing PSE to spend another \$200 million to actually build the Energize Eastside project.

3. Discussion of Safety.

22. Mr. Lauckhart testified to the Safety issues with Energize Eastside in Attachment 1 to his testimony RL-1T (page 20). He concludes that *“On the basis of Safety alone, the WUTC should find PSE’s investment in Energize Eastside to be Imprudent.”* ***In addition to the Prudence Standard, the Commission must consider the public interests with respect to PSE’s rates, services and practices. The Public Interest, as defined in RCW 80.28.425 [Multi-year rate plan] subsection (1) includes health and safety concerns”***

The Risk of explosion when co-locating fuel pipelines and electric transmission lines is a risk that needs to be taken into account by the Commission in this proceeding.

PSE has not disputed Mr. Lauckhart’s testimony on safety in this proceeding and PSE did not bring a witness from Olympic Pipeline into this proceeding to discuss the question of safety of collocating the Energize Eastside transmission line with the Olympic Pipeline fuel pipeline.

23. Mr. Koch testified (Transcript page 399 lines 15-16) that PSE has partially complied with Condition 3 of the Newcastle CUP by claiming to have sent the Final Design of Energize Eastside to Olympic Pipeline. He did not provide any document evidencing that fact. More importantly, Condition 3 makes it clear that the purpose of sending the Final Design for Energize Eastside to Olympic Pipeline is that so Olympic Pipeline can opine on the safety of the colocation. **There is nothing in this record in which Olympic Pipeline has opined that the colocation is safe.** As Mr. Lauckhart states in Attachment 1 to RL-1T, *“Imagine if this (Bellingham explosion in 1999) happened in one of the cities on the eastside rather than in a park in Bellingham.*

24. This Commission should not go on record stating that Energize Eastside is prudent in light of the clear evidence in this proceeding that there are major safety risks, no matter how low the probability, of collocating Energize eastside with the Olympic Pipeline fuel pipelines. The line is not needed, or at worst, there are better alternatives to Energize Eastside for filling any perceived need to add infrastructure to serve the eastside.

4. Discussion of Problems with PSE/Quanta runs and other third-party studies referred to by Mr. Koch.

25. Mr. Lauckhart identifies 7 fatal flaws in the PSE/Quanta load flow runs. See Exhibit RL-4...PPT pages 20-37. PSE provided no legitimate evidence in this proceeding that Mr. Lauckhart made any error in his finding of these 7 fatal flaws.

26. As discussed in RL-1T, starting at page 8, line 12, Mr. Lauckhart describes that the WUTC Acknowledgement Letter in PSE IRP Docket No. UE-160918 states that PSE did not include a narrative on 5 separately listed matters in their load flow study input data. PSE has chosen not to re-run their load flow studies to fix these problems. As

discussed in RL-1T at page 13, starting at Line 11, CENSE asked PSE to rerun the PSE/Quanta load flow studies with corrections to certain of the items listed in the WUTC Acknowledgement Letter in UE-160918. PSE objected that the request was unduly burdensome and would take them around 4 months to complete. Given that the WUTC put PSE on notice in 2018 that these were problems, **it is shocking that PSE did not rerun the PSE/Quanta load flow runs long ago.** The Lauckhart/Schiffman load flow studies (Exhibit RL-5) fixed these errors and found no reliability problem on the eastside.

27. Mr. Koch references the Utility Systems Efficiencies (USE) work as supportive of the need for Energize Eastside. But the Lauckhart/Schiffman load flow study report (Exhibit RL-5, page 13) explains why the USE work results differs from the Lauckhart/Schiffman work. It lists three basic reasons.

28. Mr. Koch references the Stantec work as supportive of the need for Energize Eastside. But the Lauckhart/Schiffman load flow study report (Exhibit RL-5) explains that Stantec did not make the needed load flow study. Mr. Koch acknowledges that Stantec did not run a load flow study (Transcript page 393, lines 13-14).

29. Mr. Lauckhart made a number of efforts, starting in the year 2015, to get PSE to provide the key load flow input and output files from the PSE/Quanta load flow studies done in 2013 and 2015. PSE finally provided Mr. Lauckhart those key load flow studies on Monday Sept 26, 2022 at 4:42 PM (7 days before the start of the Hearing in UE-220066). Mr. Lauckhart was able to examine these key load flow input and output files by noon on the next day (6 days before the start of the Hearing). He was able to verify the existence of the 7 fatal flaws and other flaws. He emailed his findings to the PSE CEII team and asked them if they felt Mr. Lauckhart was in error in his examination.

Mr. Lauckhart received no response to his email. Mr. Koch indicated he had no knowledge of this email Mr. Lauckhart sent to the PSE CEII team (Transcript page 400, lines 8-14).

30. The Lauckhart/Schiffman study (Exhibit RL-5) is the only load flow study that corrected the concerns that the WUTC expressed in their Acknowledgement Letter in UE-160918. When those concerns are properly fixed in a load flow study, no need for Energize Eastside is found. The WUTC should acknowledge that fact in this proceeding by finding that Energize Eastside investments are imprudent as discussed in Mr. Lauckhart's Exhibit RL-1T starting at page 17.

5. Discussion of MaxETA/Synapse work.

31. Mr. Koch points to the MaxETA/Synapse final report to support the need for Energize Eastside. Mr. Lauckhart discusses the MaxETA/Synapse report at Attachment 6, starting at Page 29, of his Exhibit RL-1T. As indicated on page 30, lines 2-3 of that document, "MaxETA/Synapse found no winter transmission system problems on the eastside.
32. Mr. Koch relies on the MaxETA/Synapse **alleged** finding of a Bulk Electric System vulnerability in King County in the summer as a demonstration of the "NEED" for Energize Eastside. But MaxETA itself did not find that need. They relied on what PSE told them about that need. As stated on page 30 of Exhibit RL-1T:

"The information that MaxETA/Synapse relied on to conclude there is a Bulk Electric System vulnerability in King County can be found on Exhibit DRK-12 at pages 24 and 25 of 33 pages. The insights gained from pages 24 and 25 of DRK-12 include:

a) At page 24 MaxETA/Synapse make it clear that they are relying on PSE's assumption of a King County threshold of 1,594 MW on Figure 10. MaxETA/Synapse did not develop this number.

b) Figure 10 on DRK-12, page 25 shows that for every year starting in 2008 until today, the actual load exceeded the PSE estimated 1,594 MW Threshold. If PSE believes that is true, then PSE is under a FERC/NERC obligation to address/fix that problem ASAP. And if not fixed, then PSE needs to have "self-reported" a violation of FERC/NERC reliability criteria. And PSE would be assessed big fines by FERC for (a) failing to self-report a violation, and (b) failing to address the problem. If the MaxETA/Synapse finding of a Bulk Electric System vulnerability in King County is true, then PSE needs to be working with Seattle City Light and Bonneville Power to determine the best fix for the problem. However, since no other reliability organization is aware of this problem and since MaxETA did not run load flow studies that demonstrated that such problem exists, then likely no such problem exists. Therefore, MaxETA/Synapse have actually found that (a) there is no winter problem that needs to be addressed by building Energize Eastside and (b) there is no summer problem that needs to be addressed by building Energize Eastside.

THE MaxETA/SYNAPSE REPORT DEMONSTRATES THAT ATTEMPTING TO BUILD ENERGIZE EASTSIDE IS IMPRUDENT

33. The Commission needs to acknowledge that the MaxETA/Synapse final report provides no legitimate demonstration that there is a need for Energize Eastside.

IV. Prudence Recommendation

34. The four factors the WUTC looks for in a prudency review and how well has PSE met those criteria are:

- Factor 1: Is there a need for Energize Eastside? [*As indicated in CENSE testimony, PSE fails in its legal burden to prove EE project*]
- Factor 2: If yes, have Alternatives to Energize Eastside been properly identified and studied? [*As indicated in CENSE testimony, PSE makes no legitimate effort to study appropriate alternatives to Energize Eastside.*]
- Factor 3: Was there adequate communication with the PSE Board of Directors? [*Based on PSE answers to data requests, it appears there has not been adequate communication with the PSE Board of Directors. This answer is further complicated by the Ownership Transfer Proceeding in 2018 in which the new owners were advised of problems with the justification Energize Eastside, but the new owners on the Board imprudently chose not address the matters brought to their attention.*]
- Factor 4: Is there adequate documentation of the decisions made by PSE? [*As indicated in CENSE testimony, the only documentation that PSE provided in this proceeding is the load flow files they provided to Mr. Lauckhart on Sept 26, 2022. Mr. Lauckhart reviewed those load flow files and confirmed that the input data used contained the 7 fatal flaws. The documentation provided by PSE is not adequate given the existence of these 7 fatal flaws.*]

35. Given the testimony Mr. Lauckhart gave to the WUTC in February of 2018 [Exh RL-29] and given the testimony CENSE provided in this proceeding (UE-220066) regarding PSE's

failure in its legal burden to prove EE project need, the CENSE recommendation to the PUC regarding Energize Eastside in this proceeding is:

36. There are several candidate dates when the commission could establish when PSE and its Board of Directors should have known not to continue to pursue Energize Eastside as follows:

- PSE knew, or should have known, that Energize Eastside was not a prudent project in **2013**. They should have known the assumptions in the Quanta studies (including shutting down PSE west side gas fired generation during a heavy winter peak) were not proper. And they were aware of the problem of co-locating gas and transmission lines was extremely dangerous from the experience in Bellingham in 1998.
- Quanta told PSE and Columbia Grid in 2011 that the cost of EE would be \$70 million. [Exh RL-34]. That is why ColumbiaGrid chose EE over the SCL line option. But by the year **2015**, the estimated cost of the Energize Eastside project had jumped to over \$250 million, apparently because PSE had come to the understanding that the 115 KV lines could not be removed for conversion to 230 KV until the 230KV was already in place and operating. That required a complete redesign of the Energize Eastside project and a very large increase in cost. It was imprudent not to restudy at that time.
- PSE was put on notice by the WUTC in **Feb 2018** that their project was at risk in the WUTC Acknowledgement Letter in their IRP.
- PSE Owners were made aware of the problems with the prudence of Energize Eastside in **2018** in the Ownership Transfer proceeding. A prudent owner would have negotiated the price it paid for purchasing PSE at the time to eliminate the investment made in Energize Eastside up to that time and chosen to stop pursuing Energize Eastside at the time.

37. CENSE recommends the WUTC pick one of the dates highlighted in BOLD above as when PSE should have known not to continue spending money on Energize Eastside.

DATED this 31st day of October 2022.

NORM HANSEN

/s/ Norm Hansen

Representative for CENSE