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Subject: Informal Submission in Docket U-180680 re: the proposed Settlement Agreement
Date: Tuesday, January 15, 2019 5:11:02 PM

Records and WUTC Commissioners-

Please file this email in Docket U-180680 as an Informal Submission per WAC 480-07-140 (1) (a).

Changes need to be made to the proposed Settlement Agreement.

Concerns about regulated investor owned utilities trying to pad their rate base to increase their profits are not new. Such concerns have been around ever since the days of Samuel Insull and the formation of the Regulatory Compact. It has become clear that the regulatory tool of disallowing items in rate base in a rate case proceeding is not sufficient. Utilities threatened with denial of recovery of investments they have already made point out that large such disallowances will cause them financial hardship and inhibit their ability to raise money to build needed infrastructure. Macquarie itself ran in to financial problems (for other reasons) and has now had to sell its share of PSE because its financial problems are keeping it from being able to finance investments. But thankfully, in this case, one of the investments they are not able to fully pursue (i.e. funding the cost of field work necessary for preparing remaining required permit applications for Energize Eastside on the northern section of that line) is not a needed investment. The environmental damage done by unneeded investments does not get fixed by disallowing recovery of costs. Integrated Resource Plans (IRPs) are another tool that have been given to regulators in order to protect utility customers.

I have pointed out the problems with foreign owners of PSE trying to pad their rate base to increase profits. I have asked the WUTC staff and Public Counsel to investigate the matter and propose conditions on new owners to stop this practice by foreign owners of PSE.

Clearly these groups have the discretion to take on this matter. But for some reason they are not interested in doing so. WUTC staff tells me to bring the matter up in an IRP. But I did that in the last IRP and while the staff slapped PSE's hand for not doing the IRP right, they did not require PSE to fix the IRP. And I have asked WUTC staff in this current IRP to request that ColumbiaGrid study the need for Energize Eastside in a Regional Plan under FERC Order 1000, but WUTC staff has not discussed the matter with me and has not made the needed request.

Public Counsel indicates the Commission itself has the discretion to investigate this matter, but for some unknown reason Public Counsel has chosen not to investigate this matter itself. I feel much like Harry Markopolos, the author of the book "No One Would Listen", who had found that Bernie Madoff was running a Ponzi Scheme and tried to get the SEC regulators who are charged with protecting investors to put a stop to it. But the SEC completely dropped the ball. They did not adequately investigate and claimed that Markopolos was mistaken. I would

hope that you the Commissioners charged with protecting PSE customers will not similarly drop the ball.

I have provided considerable evidence that foreign owners of PSE are trying to pad the PSE rate base by building unneeded transmission lines in order to increase profits. I have provided suggested conditions that this Commission can place on their approval of new foreign investors to stop this problem. I have provided specific questions that should be asked of the Joint Applicants if regulators are not convinced of my evidence. All formal parties to Docket U-180680, including WUTC staff and Public Counsel, have seen my evidence and the specific questions I say need to be asked. But there is no evidence that any party asked these specific questions of the Joint Applicants. You the commissioners still have the opportunity to ask these questions. I hope you do not drop the ball.

As a reminder, the specific questions that need to be asked of each of the Joint Applicant witnesses are:

1. When you were looking at the possible need to loop the Lake Tradition – Phantom Lake 115 KV transmission, why did you not study the distribution system as an alternative as suggested by the consultant for the City of Bellevue? If you are considering future similar looping lines, would you still refuse to study using the distribution system as an alternative?
2. When you decided to do a study of the reliability of the transmission system on the east side, why did you use outside consultants rather than your in-house experts (e.g. your lead transmission planner Kebede Jimma) who would have a better understanding of your transmission system? If you are considering studying similar transmission needs on your system in the future, would you still decide not to use your in-house experts?
3. When you decided to include enhanced flows to Canada as a part of your study of east side energy needs, why did you not request that the project be a part of a regional plan since by doing that the FERC rules on cost allocation of the line would have assigned to BPA a proper share of the cost? In the future if your transmission reliability studies include enhancements to the transmission ability of others, would you still refuse to request the line be a part of a regional plan?
4. The current WAC rule on IRPs requires a study of transmission needs in an open and transparent fashion. Why did you not do this in your last IRP? Why would it take new written versions of that requirement for you to do that in future IRPs? What would stop you from continuing to refuse to do your studies in an open and transparent fashion in the IRP in the future even if there are new written versions of that requirement?
5. What caused you to decide to have 6 permit hearings for Energize Eastside (South Bellevue, North Bellevue, Newcastle, Renton, Kirkland, Redmond) rather than a single hearing at EFSEC? Did you prefer to require opponents of that project to spend money on all these hearings rather than giving them the opportunity to focus all their resources on a single hearing? Will you take this problematic multi-jurisdictional approach in the future for similar transmission

lines you might decide to propose?

6. You are proposing to build a \$300 Million-dollar transmission line. If that line is built but the WUTC decides it was imprudent to have built it and denies recovery of those costs, will that cause a large financial problem for your company?

7. So far you have spent \$50 Million dollars trying to permit this transmission line. If the line is not permitted and the WUTC denies your ability to recover that \$50 Million, will that cause a large financial problem for your company? Does your agreement with Macquarie adjust the price if you do not get this recovery?

The proposed Settlement Agreement does not include any of the conditions I say need to be added on approval of this new transfer of ownership to foreign owners. WUTC staff and Public Counsel have signed on to this proposed Settlement Agreement without any such conditions. It makes you wonder how serious they are about their role in protecting customers. But clearly you the Commissioners have the discretion to add further conditions to your approval. I look forward to seeing in the transcript of the hearing that you have asked the Joint Applicants the questions above. And after doing that it should seem obvious that you should add some or all of the conditions I have proposed. If you fail to do so it will be a clear message to local permitting agencies and/or EFSEC that they are fully charged with protecting PSE customers from unnecessary environmental damage since you will have failed in your duty to do what you should be doing to protect PSE customers from these inappropriate efforts by PSE foreign owners who are attempting to pad the PSE rate base to increase their profits by building unneeded and environmentally problematic transmission lines.

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