

September 4, 2019

Mr. David Danner, Chairman  
Ms. Ann Rendahl, Commissioner  
Mr. Jay Balasbas, Commissioner  
Mr. Mark Johnson, Executive Director  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Olympia, WA 98503

Re: PSE General Counsel Letter to Mark Johnson dated August 22, 2019

Dear Commissioners,

On June 19, 2019, five members of the Technical Advisory Group (TAG) submitted ten questions for PSE to answer at an August 6 TAG meeting on the topic of Energize Eastside. PSE subsequently canceled the meeting but promised to answer the questions in writing.

On August 22, PSE sent the Commission a six-page letter that criticizes the all-volunteer group CENSE and its “modus operandi of attacking, delaying, or obfuscating the Energize Eastside project.” In footnote 1, PSE further accuses Don Marsh, CENSE, and CSEE of submitting material which “manipulates and mischaracterizes the truth and has the potential to mislead those to whom it is presented.”

We reject these *ad hominem* attacks. If PSE wishes to challenge the material presented by interested citizens, it should present data and analysis rather than accusations and innuendo. A meeting of the Technical Advisory Group is the forum to analyze the data and achieve a clearer understanding of the facts.

In the last two pages of the letter, PSE superficially answers some of the TAG questions. These terse answers do little to reveal the underlying need driving the project. PSE ignored the most significant question of interest to ratepayers: *What is the estimated cost of the project?*

## What WACs require

Many of the statements made in PSE’s response appear to be at odds with a straightforward reading of WAC 480-100-238 that describes the IRP process:

*(3) Content. At a minimum, integrated resource plans must include:*

....

- d) An assessment of **transmission system capability and reliability**, to the extent such information can be provided consistent with applicable laws.*
- e) A comparative evaluation of energy supply resources (**including transmission and distribution**) and improvements in conservation using the criteria specified in WAC 480-100-238 (2)(b), *Lowest reasonable cost.**

These requirements are clear, yet PSE chooses to ignore them.

## WUTC questions

Notwithstanding PSE's questions about the motives or methods of citizen groups and TAG members, the Commission asked questions in response to PSE's 2017 IRP (February 2018) that have not been answered by the company; these are as follows:

*[PSE] left unresolved some basic questions about the studies' assumptions, methodologies, and conclusions. For example, the Plan does not include a narrative regarding:*

- *The effect of the power flows due to entitlement returns on the need for the Energize Eastside Project.*
- *The reason for, and effect on the need for the Energize Eastside Project, of modeling zero output from five of PSE's Westside thermal generation facilities.*
- *PSE's choice not to provide modeling data to stakeholders with Critical Energy Infrastructure Information clearance from FERC.*
- *Resolution of the effect of lower load assumptions on the need for Energize Eastside Project.*

*The IRP process is specifically structured to allow public discussion and inquiry, including a thorough examination of the analysis supporting a conclusion of need. This is an area in which we would like to see more engagement from the Company.*

Fourteen months have passed since the Commission posed these questions. PSE has not provided any response. There has been no "thorough examination of the analysis supporting a conclusion of need." Instead of allowing "public discussion and inquiry" as part of the IRP process, PSE has denied, delayed, and canceled TAG meetings on this topic.

The Commission further clarified your expectations and PSE's obligations as follows:

*WAC 480-100-238(3)(d) requires an integrated resource plan to include "[a]n assessment of transmission system capability and reliability, to the extent such information can be provided consistent with applicable laws." **The Company has an obligation to bring major transmission investments into the IRP for examination.** The Company complied with the letter of the law in Chapter 8 where it provided a history of its Needs Assessment Reports. However, the Plan did not answer many questions that are needed for determining if the Company's conclusions are justified. For instance, it is still not clear if a joint utility analysis of all available transmission and potential interconnections in the Puget Sound region might solve the Energize Eastside reliability issues. Whether PSE has engaged in such analysis or discussions remains unclear and would have been **better answered in the IRP.***

Has PSE provided the "joint utility analysis" to clarify whether other transmission lines and interconnections could serve Eastside needs?

## Project cost

PSE ignored the TAG's final question regarding the estimated cost of the project. It is essential for us to have clear estimates, for several reasons:

1. Ratepayers have no idea how much they will be obligated to repay in principal and interest payments through higher electric bills.

2. The Commission cannot begin to evaluate “lowest reasonable cost” [WAC 480-100-238 (2)(b)] without a good faith estimate of the project cost.
3. The cost of any alternative solution cannot be accurately compared to the cost of the transmission line project.

We must again call attention to PSE’s cost estimate on the Energize Eastside website, which says: “We don’t yet know the total cost of the project, but estimates range from \$150 million to \$300 million. Once we determine the final design and alignment, we will have a better idea of the total cost.”<sup>1</sup>

PSE chose the final design and alignment several years ago. Records submitted to FERC show the company has expended nearly \$60,000,000 in costs for this project; no responsible utility would spend such sums without knowing what the end product will cost. Important financial information cannot be withheld from ratepayers and decisionmakers until the last minute. Lack of transparency and accountability will never deliver a cost-effective, modern energy grid.

**The Commission should insist that PSE provide cost estimates for its proposal, with separate cost estimates for the north and south segments.**

## Many more upgrades?

PSE argues that local transmission lines should be excluded from the IRP process. Then the company states:

*With the new Clean Energy Transformation Act, the need for new transmission lines in our region that can move power from remote sunny or windy renewable energy generation to PSE’s service area will likely only increase and it is likely that Energize Eastside is just one of many more transmission line upgrades needed in the future.*

PSE seeks a blank check to upgrade many transmission lines outside the IRP process. The lack of transparency, historical data, or verifiable forecasts PSE has used to justify Energize Eastside puts the environment and ratepayers at risk. Using Energize Eastside as a template for PSE’s entire service area is not an expected or desirable outcome of the CETA legislation.

The “remote sunny or windy” resources PSE mentions are typically east of the Cascade mountains. In many cases, these resources would replace coal generation, rather than adding significant new loads to transmission lines.

**We request PSE clarify which additional transmission resources will be required to boost solar and wind energy as anticipated by CETA.**

## Bifurcation and IRP discussion

PSE has chosen to bifurcate Energize Eastside into two segments that share a single EIS but have separate permit applications and CUP hearings. If PSE objects to discussions of the south segment while permit appeals are underway, it is still permissible to discuss the north half of the project for which no permits have been filed. If the same issues pertain to both segments, it is not the citizens’ fault that PSE has chosen to pursue two different sets of permit applications.

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<sup>1</sup> <https://energizeeastside.com/faqs> (as of August 30, 2019)

In fact, citizens asked for IRP review of the project for years prior to the permit filings. Despite our many requests, PSE has never allowed the IRP Advisory Group or the Technical Advisory Group to discuss the project. We were heartened when PSE finally agreed to schedule a TAG meeting on the subject. However, when Bellevue delayed its CUP hearing, PSE responded by delaying the TAG meeting, ensuring that it would occur *after* the CUP hearing. Later, the company announced another delay, putting the TAG meeting after the deadline for filing appeals to the CUP hearing. Finally, PSE used the appeals to justify cancellation of the TAG meeting, and no new date has been announced.

The rationale for building Energize Eastside has significantly changed due to the bifurcation decision. Page 111 of the City of Bellevue staff report on Energize Eastside describes the two parts of the project:

*The full buildout of the Energize Eastside project will include a similar connection from the Sammamish substation in the north to provide redundancy, but the south portion of the Project that is the subject of PSE's current proposal can function independently.*

The IRP should consider whether the investment in the north segment is the most cost-effective way to provide redundancy, or if that level of redundancy is even needed. What engineering or modeling supports this analysis? Would those dollars provide a bigger reliability benefit if they were invested in a different project?

With the project now bifurcated, there is even more need for the “*joint utility analysis of all available transmission and potential interconnections in the Puget Sound*” to examine alternatives. We believe a fuller examination is required to meet the WAC 480-100-238(3)(e) requirement for “a comparative evaluation of energy supply resources (including transmission and distribution).”

## Is the IRP the right forum?

PSE states that no discussion of Energize Eastside can occur while appeals of land use decisions are pending:

*PSE is suspending further discussion through the IRP TAG process regarding the Energize Eastside project need due to the potential confusion between the two processes and the legal limits on a closed record appeal.*

The legal record in Bellevue is closed by ordinance BMC 20.35.150(A)(6)(b): “Argument on the appeal is limited to information contained in the record developed before the Hearing Examiner.” Therefore, no additional information can be provided from the IRP or any other source. There is no “potential confusion.” Even if this were not the case, PSE cannot meet its obligations under IRP regulations by refusing to participate when criticized. We suspect the truth is that Energize Eastside is no longer supported by objective metrics of need, based on historic data, and PSE is relying only on subjective means to justify its proposal.

**We ask the Commission to inform PSE that the company is required to participate in good faith in IRP proceedings, including the previously scheduled technical discussion of Energize Eastside.**

Sincerely,

Don Marsh, Norm Hansen, Kevin Jones, Rob Briggs, Warren Halverson  
2019 IRP TAG members