



STATE OF WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION  
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Rob Briggs, Vashon Climate Action Group  
Warren Halverson, CENSE  
Norm Hansen, Bridle Trails  
Kevin Jones, Vashon Climate Action Group  
Don Marsh, CENSE  
2019 Integrated Resource Plan Technical Advisory Group Plan Members

**RE: Letter Dated September 4, 2019, Regarding Puget Sound Energy's Integrated Resource Plan, Technical Advisory Group, and Energize Eastside Project**

Dear Messrs. Briggs, Halverson, Hansen, Jones and Marsh:

The Washington Utilities and Transportation Commission (Commission) received your letter dated September 4, 2019, regarding Puget Sound Energy's (PSE or the Company) Integrated Resource Plan (IRP), Technical Advisory Group (TAG), and Energize Eastside Project. Thank you for your interest and commitment to issues that impact PSE's customers.

You raise several concerns in your letter, which I will address in the order presented.

First, you request that the Commission require PSE to provide updated construction phase costs estimates of the Energize Eastside Project as part of its IRP, referencing WAC 480-100-238(2)(b).

Utilities are required to develop IRPs for the purpose of evaluating and planning for future resource needs. IRPs consider generic alternatives on a planning basis to produce a thorough study of options. Specific resources are not chosen during the IRP process. Nor are IRPs used to update construction costs estimates and evaluate whether to continue with the acquisition of a project or resource. Rather, the Commission will evaluate after project completion whether a company has met its responsibility to perform continued evaluations of its acquisition and the reasonable costs of the project. During a general rate proceeding, the Commission determines

whether a company's project expenditures were prudent, as well as how much of those expenditures should be included in rates.

IRPs are intended to model a sufficiently broad range of costs for a generic resource type in order to provide a company an established means for comparing alternatives during its resource decision-making and its ongoing internal evaluation of whether to continue its acquisition. The Commission's 2017 letter acknowledging PSE's IRP did not find any deficiency in the cost range for the Energize Eastside Project that PSE used for developing its alternative resource options. Additionally, PSE is not obligated by WAC 480-100-238 to share with the public its evaluation of whether to continue its resource development once the acquisition has begun. We decline, therefore, to require PSE to provide that information publicly.

Next, you request that the Commission direct PSE to state which additional transmission resources will be required to boost solar and wind energy as a result of the Clean Energy Transition Act (CETA).

In addition to the public process required by rule, the IRP also affords an early opportunity for a company to establish facts and supporting analysis for a future prudency determination. Considering the substantial near-term issues facing utilities in the wake of the passage of CETA, it is premature to determine whether there is a need for PSE to explore this question in its 2019 IRP. When PSE files its 2019 IRP, the Commission will evaluate this issue in light of the Company's actual statements.

PSE states in its August 22, 2019, response that it believes additional transmission resources will be required. However, Commission rules do not require, and the Commission declines to otherwise compel, PSE to support its statement at this time.

Finally, you request that the Commission require PSE to participate in good faith in its IRP proceeding. The Commission expects PSE to participate in good faith in the IRP proceeding as well as all matters before the UTC. The Commission does not, however, mediate the IRP process. PSE is responsible for fulfilling its obligation, as required by rule, to allow participation in its IRP process. The Commission will evaluate PSE's performance when it considers whether to acknowledge PSE's IRP.

Thank you, again, for your attention to and involvement in PSE's IRP. PSE is expected to file its 2019 IRP by January 15, 2020.

Sincerely,



Mark L. Johnson  
Executive Director and Secretary