

Comments by Richard Lauckhart dated August 4, 2018 in Docket No. UE-180607.

These comments deal with PSE's proposed Energize Eastside project.

These comments relate to the PSE 2019 IRP (Docket No. UE-180607) that has recently been started.

There are key matters about Energize Eastside that are left over from the most recent IRP that need to be addressed in this IRP. There are also new matters to be considered.

Key Matters about the Energize Eastside project that are left over from most recent IRP:

In the WUTC May 2018 Acknowledgement Letter regarding PSE's most recent IRP the Commission found the discussion of the "Energize Eastside" project in the 2017 IRP "*left unresolved some basic questions about the studies' assumptions, methodologies, and conclusions*" and listed these deficiencies at page 10 of its comments.

These WUTC listed deficiencies need to be addressed in Docket No. UE-160918.

New Matter about the Energize Eastside project:

PSE has chosen to request permits from multiple jurisdictions for EE rather than choosing the option to have EFSEC permit the line in a single proceeding. But despite PSE's claim that there is urgency to the line, PSE has still not made Conditional Use Permit applications for the northern portion of the Energize Eastside project. I have been told that PSE is reluctant to spend cash at this time to perform the field work necessary to make the CUP permit applications for the northern portion of the Energize Eastside project.

That reluctance raises a number of important questions that should be addressed in this IRP as follows:

- 1) Macquarie, the owner and decision maker for PSE, stated a year ago that it was planning on selling its interest in PSE. Any statement that PSE makes in this IRP may well not be adopted by any new owner. **What is the current status of this Macquarie intention to sell its share of PSE?**
- 2) Macquarie is in financial difficulty as evidenced by the Macquarie Infrastructure stock price drop from \$83/share to \$37/share in February 2018. The drop in stock price was precipitated by another Macquarie owned company [**International-Matex Tank Terminals (IMTT)**] having very poor financial performance. The February 2018 announcement stated that as a result of the financial problems at IMTT, Macquarie had lost considerable amount of money in the 4th quarter of 2017 and it is heavily in debt and at risk of an investment rating downgrade.
- 3) As a result, Macquarie concluded it needed to sell some assets in order to repay debt.
- 4) Rather than completing its sale of its share of PSE, Macquarie just announced that it had sold the Bayonne Energy Center, a 644 MW gas fired power project located in New Jersey that served power demand on Long Island via the Neptune Underwater Cable Project. This sale provided Macquarie needed cash to reduce debt, but by making the sale Macquarie lost the profit that Macquarie had been making on that plant. Clearly the plant had been profitable or

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no new owner would have paid \$900 Million for the project. Each such asset purchase is executed only after the potential purchaser has performed due diligence on the profitability of the purchase.

- 5) Given that Macquarie remains heavily in debt and has recently sold one of its more profitable assets, is Macquarie inclined (or even financially capable) of paying for the necessary field work to allow them to prepare Conditional Use Permits for the northern section of the EE project?

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