

8/27/2017

RE: Letter to WUTC, Public Comments on UE-160918

Honorable UTC Commissioners,

As PSE requests rate increases in UE-160918, I ask the UTC to consider glaring issues and deny PSE further rate increases until the following issues have been thoroughly investigated and addressed on behalf of WA ratepayers.

Regarding PSE's proposed Energize Eastside project, FERC stated, **"...neither Puget Sound, nor any other eligible party, requested to have the project selected in the regional transmission plan for purposes of cost allocation...."** By PSE electing to omit Energize Eastside from regional transmission planning, FERC ruled that the project was outside of their jurisdiction. FERC specifically did NOT weigh-in on the necessity of Energize Eastside - only that Energize Eastside was outside of FERC's jurisdiction, in the incarnation that PSE represented the project to FERC.

(Reference: FERC ruling on *Motion to Intervene...* on Energize Eastside project; Docket Nos. ER13-99-005, ER15-429-001, Finding 62)

On the one hand, PSE says the Energize Eastside project is needed solely to serve local block loads on the Eastside to address a transmission capacity deficiency on the Eastside, and the project is located solely in PSE's service territory. Hence, PSE **electd** not to include Energize Eastside in the regional transmission plan.

On the other hand, PSE's *Eastside Needs Assessment Report* lists as one of its 6 key assumptions **"Winter peak Northern Intertie transfers were 1,500 MW exported to Canada."** Additionally, BPA clearly states that Energize Eastside serves to strengthen the grid underlying the single Monroe-Echo Lake #1 500kV transmission line. Clearly both PSE's assumption and BPA's statement represent part of the broader regional transmission plan.

(Reference: PSE's *Eastside Needs Assessment Report*, assumption #5)

(Reference: www.columbiagrid.org/download.cfm?DVID=2157 pg 15)

PSE **electd** not to include Energize Eastside into the regional transmission plan by their own **choice** – much like PSE, thus far, has electd not to include Energize Eastside as part of IRP transmission planning, even though transmission planning is required by WAC statute (WAC 480-100-238). It appears that PSE is playing both sides of the argument – depending upon which is convenient for PSE. As a regulated utility, the WUTC must put an end to this gamesmanship. There is an obvious weakness in the legislative structure that allows PSE to manipulate the system - to elect, select, and choose which projects they get to decide whether to include or exclude from the regional transmission plan for cost allocation purposes.

WUTC, please hold PSE accountable for inclusion of Energize Eastside in the regional transmission plan as well as for inclusion in the 2017 IRP as required by WAC 480-100-238.

Alternatively, PSE could **remove the key assumption** from the *Eastside Needs Assessment Report* that assumes 1,500MW of electricity transfer to Canada during peak load events. Additionally, PSE can

include appropriate West-of-Cascade generation be turned ON, as would be expected during peak load emergency N-2 scenarios. That then **re-run appropriate load flow studies**.

PSE's justification for Energize Eastside (as described in The Quanta Study) is based upon:

1. The Northwest sending **1,500 MW to Canada**
2. An arctic cold front causes Eastside temperatures to fall below 25° F
3. Two of the four transformers that serve the Eastside are offline (operationally, PSE would not allow this to happen)
4. Most **(6) western WA local generation plants that serve the Eastside are offline** – not producing electricity, even though these plants were purchased specifically to address Peak Load events (operationally, PSE would not take all of these plants offline at the same time)

Adding this up, nine catastrophic events are being simulated simultaneously, exceeding NERC N-2 requirements. ColumbiaGrid stated that this hypothetical scenario far exceeded NERC reliability standards. *"...The Northwest to British Columbia transfer was increased to 1500MW and the West of Cascades North transfer was increased to near its limit (10,200 MW) by reducing local west side gas generation. This case is being studied **for informational purposes and mitigation is not required** as it goes beyond what is required in the NERC Reliability Standards."*

(Reference: [https://www.columbiagrid.org/client/pdfs/2013SAforweb\(7.1.13\)FINAL.pdf](https://www.columbiagrid.org/client/pdfs/2013SAforweb(7.1.13)FINAL.pdf) (2017-18HW2, pg 12, PDF pg 17 of 92))

ColumbiaGrid has also disclosed that they do not verify the accuracy of statements by its constituent members (PSE). ColumbiaGrid does not mandate or substantiate details of PSE's submittals. There are glaring errors and omissions in ColumbiaGrid's most recent **ColumbiaGrid System Assessments Report**. While ColumbiaGrid solicited public comments on this report prior to publishing, those comments - which point out errors of fact - were not incorporated into the final draft. Those statements beg the following questions:

1. Who is regulating ColumbiaGrid?
2. What good is ColumbiaGrid doing for ratepayers? They appear to exist solely to do the bidding of their constituent utilities, exercising no real authority and providing no benefit to regional transmission planning. They are nothing more than a paper tiger.
3. If ColumbiaGrid does not verify the accuracy of their own reports, nor do they mandate or substantiate details of constituent members, why does ColumbiaGrid bother to exist?

The emperor has no clothes, and no one is willing to stand up and point out the fact that PSE, an investor-owned utility, is doing as it pleases while claiming it is highly regulated. The evidence suggests otherwise.

PSE can provide the raw data from re-done load flow studies with the 1,500 MW transfer assumption removed as well as the inclusion of emergency West-of-Cascade generation turned ON. PSE has not complied with repeated requests to share re-done load flow studies with appropriate West-of-Cascade generation turned ON and the exclusion of 1,500MW transfer to Canada. None of the studies referenced by PSE's Energize Eastside Project Manager, Mr. Jens Nedrud (including PSE's *Eastside Needs Assessment Report*, EXPONENT Electrical Reliability Report, the Quanta Study, the U.S.E. Report, nor the Stantec Report) have clearly articulated the results of this simulation. This re-done data must be analyzed by independent experts that have already obtained CEII clearance. Adjustment of these two

Eastside Needs Assessment assumptions represents realistic N-2 emergency peak load requirements per NERC Reliability Standards.

Why ask ratepayers to finance capitalization of projects that far exceed NERC Reliability Standards?

Questions for the WUTC to consider and answer in consideration of UE-160918:

1. Learning from past omissions, how will the WUTC enforce WAC 480-100-238 and require PSE to include substantive transmission planning in the current IRP proceedings?
2. How will the UTC require PSE to be transparent in its assumptions and load flow studies?
3. How will the UTC **require** PSE to include projects, like Energize Eastside, in regional transmission planning? Require PSE to include, not leave it to PSE to choose, elect and selectively decide.
4. How will the UTC determine that appropriate load flow studies have been re-run with the appropriate assumptions? And who will the UTC select to independently verify that these load flow studies were conducted properly? (Note: PSE wields tremendous influence on utility consultants, and these consultants don't want to bite the hand that feeds them.)
5. How will the UTC regulate ColumbiaGrid, and rein-in a rogue organization that appears to do nothing more than propagate and market the findings of its constituent utility members?
6. WA regulation requires generation facilities to be competitively bid. However, regulations does **NOT require utility transmission projects to be competitively bid**. Transmission projects provide higher profit margins for utilities. How will the UTC protect ratepayers against unnecessary, gold-plated transmission projects proposed by investor-owned utilities, prior to the IOU making the expenditure? Once the expenditure has been made, the UTC has shown a reluctance (absence) to deny utility rate increases for infrastructure projects already built.
7. How will the UTC justify capitalization of projects that far exceed NERC Reliability Standards?
8. With PSE's owners, Macquarie, announcing their desire to sell a 42% stake in PSE, how will the WUTC protect ratepayers against unwarranted rate increases that may seek to "plump up" PSE's profits to make PSE appear more attractive in advance of a potential sale to new investors?

As PSE requests rate increases in UE-160918, I ask the UTC to consider these glaring issues and deny PSE further rate increases until these issues have been thoroughly investigated and addressed on behalf of WA ratepayers.

Sincerely,
Russell Borgmann
2100 120th Place SE
Bellevue, WA 98005

Attachment: PSE's Circular Argument