

BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

Docket \_\_\_\_\_

DECLARATION OF  
MICHAEL MULLALLY IN SUPPORT  
OF PSE'S MOTION FOR AMENDED  
PROTECTIVE ORDER WITH  
HIGHLY CONFIDENTIAL  
PROVISIONS

1 I, MICHAEL MULLALLY, hereby declare under penalty of perjury under the laws of  
the State of Washington that the following are true and correct:

2 I am the Manager, Business Initiatives within the Strategic Initiatives department for  
Puget Sound Energy ("PSE" or the "Company"). My responsibilities include conducting PSE's  
request-for-proposals process for resource additions, selling generation assets, developing  
greenfield resource options, and monitoring emerging technologies. I have personal knowledge  
of the matters set forth in this Declaration and, as to matters that call for an opinion, state such  
opinion on information and belief based on my experience in the industry and with the Company.

3 The Company is requesting a protective order with "highly confidential" provisions to  
protect certain material contained in its January 2017 General Rate Case ("2017 GRC") filing  
because inappropriate release of that material would impose a highly significant risk of  
competitive harm to PSE and to the engineering, procurement and construction contractors that  
participated in PSE's recent competitive bidding process.

DECLARATION OF  
MICHAEL MULLALLY - 1

07771-0045/134104293.1

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4 PSE's Request for Qualifications ("RFQs") for engineering, procurement and construction services related to PSE's Glacier Battery Storage System project required entities that wished to provide engineering, procurement and construction services to the Company to provide detailed, extensive information about the services they proposed to the Company. Such information is extremely commercially sensitive, because these contractors are competing against each other to sell their services, to obtain financing for their projects, and in some cases to obtain the necessary permits and real estate rights for their projects. In many cases, if the bidders were not successful in reaching an agreement with PSE to provide engineering, procurement and construction, they planned to re-bid those services to other utilities.

5 In recognition of the sensitivity of the types of information PSE was requesting through the bid process, the RFQ included a confidentiality agreement under which the Company agreed to protect from disclosure any confidential information submitted by entities responding to the RFPs. The Company subsequently executed such agreements with RFQ respondents. Among other things, the Company agreed to safeguard proprietary bid information from disclosure and is therefore seeking a protective order from the Commission with "highly confidential" provisions to protect against disclosure of the information to competitors and the public.

6 The Company and its customers also have an interest in protecting against disclosure of such information to the public or to contractors who are competing or potentially competing against each other in the industry for at least two reasons: (1) because such contractors should not be put in the position of being able to "game" the RFQ process by having access to confidential information about their competitors or potential competitors merely by intervening in the 2017 GRC proceeding; and (2) because if PSE is to attract a broad slate of proposals in response to future RFPs or RFQs, developers, owners or contractors considering submitting proposals must have confidence that the confidentiality of their sensitive commercial information

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will be respected, notwithstanding the fact that PSE's assets are subject to some degree of public scrutiny through the regulatory process.

7           The likely result of release of any of the "highly confidential" information to engineering, procurement and construction contractors, or to persons or entities that represent or advise them, would be increased costs for the Company and, ultimately, its customers. This is because there would be a tendency on the part of bid proposers and counterparties to use such information to benchmark their transactions with the Company against these other transactions in a sort of "most favored nation" view of negotiations over their particular projects. Instead of being provided with the information that would give them such leverage, counterparties should be required to focus on the cost structures of their own services when negotiating with the Company. These are significant and pressing concerns given the Company's ongoing need to acquire additional electric resources to serve its customers.

8           The Company respects the concerns that the "highly confidential" designation should not be applied lightly. PSE has been careful in its 2017 GRC filing to minimize the amount of information designated "highly confidential." In its initial filing, only one page of testimony and one exhibit contain material designated "highly confidential".

9           For these reasons, the Company is asking that the Commission issue a protective order with "highly confidential" provisions that permits the Company to designate information as "highly confidential" in its testimony, exhibits, workpapers, responses to data requests, briefing and in hearings. The Company is also asking that only the Commission Staff and Public Counsel have access to such "highly confidential" information. Any further release to experts for Commission Staff or Public Counsel, or to any other parties who intervene in the 2017 GRC filing, should be subject to a showing that such persons or entities are not current or potential

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owners or developers of energy resources or consultants or advisors to such owners or developers.

10 Finally, with respect to treatment of "highly confidential" material, the Company is asking for limitations on copying and handling of such materials by parties who are entitled to access such materials in order to reduce the risk of inadvertent disclosure.

Executed this 11 day of January, 2017, at Bellevue, Washington.

  
Michael Mullally

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MICHAEL MULLALLY - 4

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