

BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of

PUGET SOUND ENERGY,

Grant of License To Use Property for  
Recreational Purposes

Docket U-\_\_\_\_\_

DECLARATION OF JOEL SCHLEPPI IN  
SUPPORT OF PSE'S PETITION FOR A  
DECLARATORY ORDER

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

2. I am Supervisor Real Estate for Puget Sound Energy ("PSE"). My responsibilities include managing company real estate assets and activities. I have also been responsible for representing PSE's interests with regard to requests by public entities to access PSE land for recreation purposes.

3. PSE is requesting a declaratory order permitting PSE to grant a license to the King County Department of Natural Resources and Parks ("King County") to allow the use of PSE's transmission corridors for public recreation purposes. King County has requested to use PSE's transmission corridors for public recreation, including as a hiking, horseback riding, and biking trail, and PSE wishes to grant a license to King County for this use. The property is located in King County. A map of the property is attached as Attachment A to PSE's Petition for Declaratory Order.

4. PSE currently owns approximately 14 miles of right of way corridor in King County known as the Interurban South Link 115-kV right of way. In addition, PSE owns other

rights of way in King County that have been used as, and offer highly desirable, hiking, horseback riding, and biking trails. King County has requested that PSE allow King County rights to provide County-managed public use of these corridors for recreational use. PSE would like to make recreational use of these properties available to the public, only to the extent consistent with, and subordinate to, current and future utility uses, by granting a license to King County to maintain and permit public use of public recreational trails for recreation use.

5. In the past, PSE has granted long-term temporary easements to entities such as King County to maintain public trails along PSE's rights of way for recreational purposes. For example, with respect to the Puget Sound Electric Railway Right of Way, PSE granted King County an easement in 1977 for a 25-year term to permit such public access and recreational use. Additionally, in 2002, PSE filed an application with the Commission requesting authorization to make a gift to the State of Washington (by conveying and quitclaiming fee title to right of way to the State) for recreation use, reserving to PSE easement rights for its utility purposes. In that proceeding, PSE proposed giving the State fee title to the real property, while retaining an easement for PSE's utility needs. Because PSE intended to donate fee title to the property to the State, PSE proposed to calculate the gain of the transaction based on the net charitable contribution tax benefits PSE would receive for the donation to the State. However, WUTC Staff recommended that PSE's proposed transfer be treated as a sale for rate purposes, rather than a donation, with the net gain based on fair market value of the property being transferred. In light of staff's proposed accounting treatment of the gift, PSE ultimately declined to make the donation to the State. Attached hereto as Exhibit A is a true and correct copy of WUTC Staff's memorandum stating such recommendation.

6. Utility corridors are natural pathways for hiking, biking, horseback riding and other types of trails. PSE routinely receives requests for access to its real property for public recreation use, including the request from King County that is at issue in PSE's petition, and PSE also periodically sees evidence that informal trails have been established without any formal

authorization. PSE believes that it is neither necessary nor desirable to transfer property rights in order to provide public access to PSE's rights of way for recreation purposes, and PSE does not want to take any action that would potentially jeopardize its recreational immunity under the law. Nevertheless, there is uncertainty surrounding PSE's grant of a license for recreation purpose and the manner in which other parties may seek to have such a license treated for ratemaking purposes in future proceedings. Therefore, PSE requests a declaratory order to provide certainty regarding PSE's ability to grant a license to public entities for managed, public recreational use of PSE's transmission corridor for the two properties described above, as well as other similar requests PSE is likely to receive in the future.

7. PSE is not seeking an accounting order with its Petition because PSE plans to grant the license to King County free of charge. PSE will not receive any financial gain or incur any loss as a result of the transaction. PSE's investment in the right of way will not be affected by the public's use of the property for recreational purposes on terms that at all times provide that recreational use is subordinate to utility operational requirements. PSE will continue to operate its transmission lines as it has in the past, prior to the grant of the license, and will be able to rebuild, enlarge, reconstruct, relocate, or abandon them and other utility facilities, all as circumstances warrant.

**I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.**

EXECUTED at Bellevue, Washington this 18<sup>th</sup> day of January, 2018.

  
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Joel Schleppi  
Supervisor Real Estate