ATTACHMENT G TO 2024 MYRP ANNUAL REPORT

(A list of Appendices can be found at the end of the document)

I. INTRODUCTION

In Puget Sound Energy's ("PSE's") 2022 General Rate Case ("2022 GRC"),[1] PSE requested recovery of $296.8 million[2] in plant associated with PSE's Energize Eastside project ("Project")—a 16-mile 230kV transmission upgrade on the Eastside between Renton and Bellevue. This budget forecast contained PSE's best estimate on total future Project costs based on the information that was available at that time. The actual costs of the substantial permitting, construction and mitigation work that was still to be completed in the last two years of construction, however, were not yet known.

On December 22, 2022, the Washington Utilities and Transportation Commission ("WUTC" or "Commission") approved a multi-party settlement that permitted PSE to provisionally recover these costs subject to a final determination of prudency (the "Final Order").[3]

[1] *WUTC v. Puget Sound Energy*, Dockets UE-220066 and UG-220067 (consolidated), PSE's Final Brief (Oct. 31, 2022) ("Final Brief").

[2] This recovery request included an Allowance for Funds Used During Construction ("AFUDC").

[3] For the purposes of this filing, PSE references documents filed in Dockets UE-220066 and UG-220067 in the form in which they were filed. For example, the Initial Prefiled Testimony of Dan'l Koch was filed as Koch, Exh. DRK-1T and is referred to as such in this memorandum.

In July and October 2024, through responses to informal data requests from Commission Staff as part of PSE's 2023 Annual Report, PSE communicated an increase to the Project budget.[4] The increased budget forecast included the actual costs incurred through that time for Project construction. The following table, which reflects a slight reduction from PSE's October 2024 budget forecast[5], summarizes the Project costs through energization in December 2024:

[4] *See* App. A at 18-19 (PSE's Revised Response to WUTC Staff Data Request No. 325 ("PSE Resp. DR")) (containing a complete set of PSE responses to DRs related to the Project that were provided during Staff's review of PSE's 2023 Annual Report).

[5] Note that the October 18, 2024 budget forecast revised PSE's Project budget downward by approximately $19.6 million as compared to the budget forecast submitted on July 26, 2024. See App. A at 19-20 (PSE Resp. DR 325).

Table 1- Current Project Budget with Actuals through December 2024[6]

Updated as of March 2025			Richards	
Line	**Plant Closings**	**TLines**	**Creek**	**Total EE**
(a)	(b)	(c)	(d)	(e)
1	**2023 (Actual)**		(in millions)	
2	AFUDC	$ 27.7	$ 6.6	$ 34.3
3	Project Costs [1]	$ 131.1	$ 37.9	$ 169.1
4	Total[3]	$ 158.8	$ 44.5	$ 203.3
5	**2024 (Actual)**			
6	AFUDC	$ 33.1	$ 0.0	$ 33.1
7	Project Costs [1]	$ 199.9	$ 0.1	$ 200.0
8	Total	$ 233.0	$ 0.1	$ 233.1
9	**2025 (Forecasted)[2]**			
10	AFUDC	$ 0.4	$ -	$ 0.4
11	Project Costs [1]	$ 18.6	$ -	$ 18.6
12	Total	$ 19.0	$ -	$ 19.0
13	**Project Total (Forecasted) [2]**			
14	AFUDC	$ 61.2	$ 6.6	$ 67.8
15	Project Costs [1]	$ 349.7	$ 38.0	$ 387.7
16	Total	$ 410.9	$ 44.6	$ 455.5

[1] Project costs include direct costs and construction overheads.

[2] 2025 Forecast includes actuals through February.

[3] Included in originally filed threshold calculation.

The $203.3 million of costs reflected on Line 4 of Table 1 above represents the South Phase of the Project, which became operational in 2023 and was included in PSE's original 2023 Annual Report (filed March 2024).[7] PSE later revised its report in October 2024 to continue to treat those Project costs as subject to refund until the full Project was complete and in service in 2024.[8] PSE agreed

[6] Support for Table 1 can be found in App. Q.

[7] *See WUTC v. Puget Sound Energy*, Dockets UE-220066 and UG-220067 (consolidated), PSE's Multi-Year Rate Plan Annual Report (Mar. 29, 2024). (Per the Revenue Requirement Settlement, the review period was to be complete by July 31, 2024).

[8] *See WUTC v. Puget Sound Energy*, Dockets UE-220066 and UG-220067 (consolidated), PSE's Revised Multi-Year Rate Plan Annual Report (Oct. 18, 2024) ("PSE would continue to recover

to provide final prudence documentation in this year's (2024 Annual Report) compliance filing. This memorandum attached to the 2024 Annual Report provides the documentation necessary to allow the Commission to provide a final prudence determination on the Project.

This memorandum builds upon PSE's original Project prudence demonstration in the 2022 GRC[9] and the additional information provided to Commission Staff through data requests ("DRs").[10] PSE's updated prudence request proceeds in three parts and addresses outstanding considerations required for a final prudency determination on the Project. First, PSE sets forth a brief history of the Commission's review of the Project. PSE then provides a high-level roadmap of PSE's approach to cost management and factors affecting its ability to accurately forecast costs. This section provides information on the prudence of PSE's cost management as factors outside PSE's control (primarily related to public safety and permitting delays) drove significant budget increases. Finally, PSE provides a chronological summary of Project permitting, construction and contractor management, board communications, and contemporaneous documentation. PSE respectfully requests that the Commission complete its prudency determination on the Project and determine that:

1) The full cost of $436.1 million for the Project through 2024[11] is prudent; and

2) PSE need not refund any amounts collected for the Project during the 2023 – 2024 Multi-Year Rate Plan ("MYRP") to customers. The annualized amounts that were

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the costs of the Energize Eastside project subject to refund at the levels approved for 2023 and 2024 until the project is fully energized in 2024, after which, PSE will submit full support for the project costs.")

[9] *WUTC v. Puget Sound Energy*, Dockets UE-220066 and UG-220067 (consolidated), Final Order 24/10 at ¶ 219. (Dec. 22, 2022) ("Final Order").

[10] *See* App. A.

[11] Line 4 + Line 8 in Table 1.

included in rates subject to refund for the Project were $0.9 million in 2023 and $10.1 million in 2024.[12]

II. SUMMARY OF THE COMMISSION'S FINAL ORDER

On December 22, 2022, the Commission issued the Final Order in PSE's 2022 General Rate Case.[13] In the Final Order, the Commission approved a Revenue Requirement Settlement, which allowed PSE to recover costs associated with the Project on a provisional basis subject to future review and a potential for refund. Following disclosures and testimony, the Commission held that PSE met its burden in establishing two of the four prudency factors[14]: the need for the Project and PSE's study of alternatives.[15]

The Revenue Requirement Settlement was a partial settlement of PSE's 2022 GRC, which provided a two-year multi-year rate plan and included adjustments and modifications to PSE's initial filing.[16] The Revenue Requirement Settlement allowed PSE to recover $296.8 million (including AFUDC) in plant associated with the Project on a provisional basis, subject to later review and possible refund.[17] Specifically, the parties agreed that:

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[12] *See* Tab titled "EE Rev Req" in Attachment B to the Annual Report.

[13] Final Order ¶ 1.

[14] As the Commission has explained, the "prudence standard is a reasonableness standard." *Id*. at ¶ 204. Although there is no "single set of factors," the Commission typically focuses on 1) the need for the resource; 2) the evaluation of alternatives; 3) communication with and involvement of the Board of Directors; and 4) the adequacy of project documentation. *Id*.

[15] Id. ¶ 206 ("Regarding the first factor, we agree that PSE has demonstrated a need for Energize Eastside"). *Id*. ¶ 210 ("We also agree that PSE sufficiently considered alternatives to the Energize Eastside project.").

[16] *Id*. ¶ 63.

[17] *Id*. ¶ 175.

- The Commission should use delayed service dates for the Project (*i.e.*, South Phase in service by October 2023 and North Phase in service by October 2024).[18]

- Estimated costs associated with the Project (as described in PSE's initial filing) could provisionally enter rates per a timeline in the Commission's Final Order and subject to refund.[19]

- While the Settling Parties stated that they would not challenge that PSE had met its threshold prudence requirement and demonstrated that the investment could be provisionally included in rates, the Settling Parties were permitted to challenge the costs of the Project in the review of investments after the plant was placed in service.[20]

While, CENSE, an intervenor in the 2022 GRC, opposed the Revenue Requirement Settlement, the Commission found that the Settling Parties presented a proposal that was consistent with RCW 80.04.250, the MYRP statute RCW 80.28.425, and the Used and Useful Policy Statement.[21] The Settlement provided that PSE could begin to recover the costs of this Project on a provisional basis, subject to later review and possible refund, if warranted.

The Commission did not opine specifically on two of the four prudence requirements. While the Commission issued a final determination that PSE met the "need for the resource" and "evaluation of alternatives" factors for the Project, the Commission deferred any finding to the remaining two prudence factors: "communication with [PSE's] Board of Directors" and

[18] *Id*.

[19] *Id*. (citing Revenue Requirement Settlement ¶ 23.m (incorporating PSE's estimated costs in the initial filing as set forth in D. Koch, Exh. DRK-1T at 47:4-7)); *see also* D. Koch, Exh, DRK-16 at 79:8-80:14. (discussing the need for the Commission to allow flexibility in the projection and recovery of plant in the multiyear rate plan, particularly for multi-segmented projects such as this.").

[20] Final Order ¶ 175.

[21] *Id*. ¶¶ 195-200.

"documentation of the project."[22] At the same time, the Commission rejected CENSE's arguments that PSE failed to meet either of these factors.[23]

III. OVERVIEW OF PSE'S PRUDENT COST MANAGEMENT DURING CHANGING COST CONDITIONS

Since PSE's final recovery request in the 2022 GRC, PSE's Project costs increased by approximately $158.7 million (including AFUDC).[24] The cost increases were the result of several factors that were generally beyond PSE's control: 1) previously undefined safety requirements related to the co-located petroleum pipelines located in the Project corridor increased construction costs; 2) unpredictable permitting complications and delays, which in turn delayed construction; and 3) other miscellaneous cost increases, such as increased costs related to traffic control and mitigation. PSE estimates that approximately 70% of the additional $158.7 million of Project costs were caused by the materials and labor needed to address subsurface pipeline safety concerns and an unexpectedly protracted permitting process, both of which were largely outside of PSE's control.[25]

Project permits dictated that the Olympic Pipeline Company ("OPL")—and not PSE—would set the requirements for material aspects of PSE's pipeline safety measures during construction.[26] With respect to permitting timelines, although PSE could provide timely responses

[22] *Id*. ¶¶ 211 & 213.

[23] *Id*. ¶¶ 212 & 214.

[24] *See* App. A at 20, column (e), line 6 (PSE Resp. DR 325).

[25] *See* App. A-1 at 16, ¶ 5 (PSE Resp. DR 338).

[26] *See, e.g.*, App. B-1 at 49-50 (South Bellevue Segment CUP at Condition B-24).

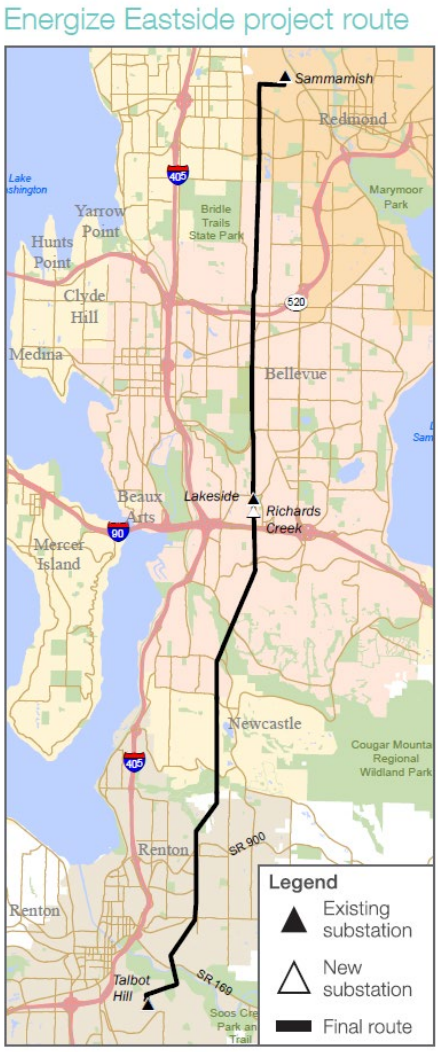
to Project inquiries from the four cities that permitted the Project,[27] PSE had no ability to dictate the cities' decision-making timelines. As documented in this memo, for factors under PSE's control, PSE used prudent cost management strategies that ultimately worked to limit cost increases.

A. Project Background—Safety and Permitting Conditions Significantly Impacted Project Timelines and Costs.

The Project consists of a new 230 kV to 115 kV transformer served by approximately 16-miles of new high-capacity transmission lines running from Redmond to Renton, all of which is now built in an existing transmission line corridor. To build this Project, construction proceeded in two phases—the South Phase and North Phase. The South Phase—which was energized on September 12, 2023—included the development of the 230 kV to 115 kV Richards Creek substation in Bellevue and upgrading the transmission line from 115 kV to 230 kV between the Talbot Hill and Richards Creek substations. The North Phase included upgrading transmission lines from 115 kV to 230 kV between the Sammamish and Richards Creek substations. This final phase of the Project was energized on December 12, 2024.

[27] Permitting cities included the City of Bellevue, Newcastle, Renton and Redmond.

Figure 1: Energize Eastside Project Route



During the Project's community engagement and environmental review process[28], PSE and the Partner Cities reviewing the Project determined that completing the Project in an existing transmission line corridor was the most prudent and preferred alternative.[29] Specifically, the

[28] In 2015, the cities of Bellevue, Renton, Newcastle, Redmond and Kirkland (the "Partner Cities"), started the State Environmental Policy Act ("SEPA") Environmental Impact Statement ("EIS") process with the City of Bellevue as the designated lead.

[29] The Partner Cities' environmental review concluded that out of all technologies and route options analyzed, the construction of an upgraded transmission line in the existing corridor best addressed the need for improved transmission reliability in the Eastside while limiting costs and

Partner Cities determined that constructing the Project in the existing transmission line corridor created the fewest impacts on the built and natural environment as compared to all other routing or technological alternatives studied.[30] This approach had the least environmental impact as it resulted in the fewest number of trees being removed and did not result in any land use changes; the transmission poles, wires, and utility easements had been a part of the existing character of the affected areas for nearly 100 years.[31] This alternative did not require additional land acquisition, was the shortest route and the lowest cost option.[32]

Due the Project's proximity to existing high-pressure petroleum pipelines,[33] homes, businesses, and other urban and suburban uses—in conjunction with local opposition—the Partner Cities heavily scrutinized the Project.[34] As a result, the permitting cities reviewed the Project in

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potential environmental impacts. App. C (containing the Partner Cities' complete SEPA record and specifically the FEIS at 2-45); App. B-1 at 16 (¶¶ 33-35).

[30] App. C (containing the Partner Cities' complete SEPA record and specifically the FEIS at 2-45); App. B-1 at 16 (¶¶ 33-35).

[31] App. C (containing the Partner Cities' complete SEPA record and specifically the FEIS at 2-45); App. B-1 at 16 (¶¶ 33-35).

[32] Final Order ¶ 210 (citing Koch Testimony at D. Koch, Exh. DRK-5r; D. Koch, Exh. DRK-6r; D. Koch, Exh. DRK-21 and rejecting CENSE's claims to the contrary as unsupported); *see also* D. Koch, Exh. DRK-1T at 80:16-20 ("selection of the existing corridor was the least impactful environmentally and the least cost option of feasible solutions.").

[33] The utility corridor used to build Energize Eastside was established in the late 1920s and 1930s for electrical transmission lines. In 1964, the first Olympic Pipe Line ("OPL") was constructed in portions of the corridor. In 1973, a second pipeline was constructed by OPL in general proximity to the 1964 pipeline. During implementation of the Energize Eastside project, safe construction and operation around these pipelines was a key issue considered by PSE in the design of the project. App. C (FEIS at 2-11—2-12).

[34] In PSE's experience, a CUP hearing typically lasts less than a few hours. For the Energize Eastside project, three of the CUP hearings lasted more than three days and the Newcastle hearing spanned five days. Extended hearings resulted in additional studies, staff and consultant time, and legal expenses (including costs associated with testifying experts). Additionally, the

five separate open record hearings, each of which resulted in heavily conditioned conditional use permits ("CUPs").[35] PSE fully engaged in the Project's public review process and integrated community and Partner City input into the Project design and construction management.[36] Overall, this extended process (summarized in Table 2 below) resulted in the Project taking over nine years to permit, which directly affected Project costs.

Table 2: Summary of Permit Acquisition

	Jurisdiction	***Permit/Review Submittal***	***Permit/Review Received***
State Environmental Policy Act Review	*Partner Cities*	2015	Phase I Draft Environmental Impact Statement (EIS) – Jan. 2016
	Partner Cities	2015	Phase 2 DEIS – May 2017
	Partner Cities	2015	Final EIS – Mar. 2018
South Phase	*Bellevue*	September 2017	CUP – June 2019 Construction permits – October 2021
	Renton	January 2018	CUP – February 2020 Construction permits –April 2021
	Newcastle	November 2017	CUP – May 2022 Construction permits – June 2023
North Phase	*Redmond*	June 2021	CUP issued – July 2022 Construction permits – July 2023
	Bellevue	March 2021	CUP issued – December 2023 Construction permits– March 2024

first Bellevue CUP was appealed twice—to the Bellevue City Council and King County Superior Court—which caused additional delays because Bellevue would not issue construction permits until the appeal had been resolved.

[35] App. B (combined package of all CUP approvals).

[36] *See, e.g.*, Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-18 (Energize Eastside community Advisory Group Final Report (January 2015)); D. Koch, Exh. DRK-1T at 69:13-24 (detailing the host of public outreach and involvement activities and stating that "The routes selected for consideration were chosen in response to the Community Advisory Group's identified priorities, such as limiting the need to acquire a new corridor and keeping as much vegetation in place as possible"); App. B-2 at 39 (citing to the City of Renton Hearing Examiner decision describing art wraps on poles adjacent to the City of Renton Technical College).

As demonstrated by Table 2, at the time of the December 2022 Final Order, PSE was still waiting for Newcastle, Redmond and North Bellevue to issue construction permits (cumulatively representing approximately 9 miles of the 16-mile Project). Although PSE had received the South Bellevue, Renton, and Newcastle CUPs and was aware some of the associated costs[37], at the time of the 2022 GRC, PSE could not fully estimate the total costs of implementing CUP conditions and the extent to which the Project schedule would be delayed. Importantly, at the time of the 2022 GRC, the Renton section had been completed, but there was less than ¼ mile of collocation with the OPL facilities. The Newcastle section was under construction and used a different configuration than the rest of the Project due to the unique locations of the pipelines. It would not have been reasonable to assume that costs associated with those two segments could be directly applied to the remaining Project segments.

1. CUP Pipeline Safety Conditions Drove Significant Cost Increases.

PSE and the Partner Cities studied the collocation of the Project with OPL's petroleum pipelines. This study directly informed PSE's design and the environmental review of the Project. In the Project's Environmental Impact Statement ("EIS"), the City of Bellevue disclosed potential for damage (including leaks, fire, and low-likelihood scenarios such as explosions) to the OPL pipelines in both the construction and operation of the Project.[38] In public open houses and CUP

[37] *See, e.g.*, App. D at 5 (summarizing CCAR 19); *see also* App. A-1 (Attach. G to PSE Resp. to DR 338) (containing full set of Wilson Construction CCARs)).

[38] Due to the level of public concern expressed regarding the potential risk of a leak, fire, or explosion that could result from constructing or operating the Project in the same corridor as OPL's system, the pipeline safety issue is addressed as one of two environmental health issues. *See* App. C-1 (Final EIS at Sections 4.9 and 5.9); *see also* App. B-1 at ¶¶ 62-74 (reviewing pipeline safety record); App. B-3 at B-3 at ¶¶ 52-56, 59-59.7.4 (containing general discussion of pipeline safety considerations, including AC interference).

hearings, the public voiced significant concerns about potential safety issues in the shared corridor.[39] In response to these concerns, PSE proactively undertook additional design work to ensure that the Project design itself mitigated for potential impacts to the maximum extent practicable (*e.g.*, by: 1) using a wire configuration that reduced the potential for AC interference[40] with the OPL pipelines; and 2) by applying minimum setbacks between the pipeline and transmission line poles).[41] PSE retained specialized construction and AC interference experts to validate design assumption and to advise on potential operational impacts.[42]

In response to public concerns, the Partner Cities' CUPs contained over 20-pages of Project conditions and more than 30 provisions (including subsections) applicable to pipeline safety.[43] These mandatory conditions addressed two primary concerns: 1) ensuring no adverse impacts to pipelines due to construction; and 2) ensuring no adverse impacts related to potential changes in AC interference between the transmission and pipelines. These conditions required that PSE

[39] *See, e.g.*, App. B-1 at ¶¶ 62-74 (discussing public concerns about pipeline safety); App. B-2 at 4-17 (discussing a range of issues raised by the public including earthquakes, leaks, pool fires and current holidays); App. B-3 at ¶¶ 52-56, 59-59.7.4 (same); App. B-4 at ¶ 37; and App. B-5 at ¶¶ 38-49.

[40] AC interference, or induced AC voltage, occurs when pipelines or other metallic structures are exposed to the electromagnetic fields generated by nearby high-voltage AC power lines, potentially leading to corrosion and safety hazards. *See* App. B-3 at ¶¶ 52-56, 59-59.7.4 (containing general discussion of pipeline safety considerations, including AC interference).

[41] *See, e.g.*, App. B-1 at ¶ 35.

[42] *See, e.g.*, App. B-1 at ¶ 71 (describing third party review of PSE's expert DNV-GL).

[43] The conditions imposed by Eastside jurisdictions generally duplicated the conditions imposed by the City of Bellevue in the first Project CUP. *Compare* App. B-1 at 39-58 with App. B-2 at 73-81 with App. B-3 at 85-105.

regularly coordinate with OPL (which had been PSE's practice on the Project since 2015[44]); that PSE take OPL's direction on pipeline safety protocols during construction[45]; and that PSE adhere to specific design criteria (including requiring a specific wire configuration on poles, grounding requirements, and confirmation that the Project would not exceed specific resistivity levels). The conditions also required that PSE coordinate with OPL on potential for AC interference post-energization. OPL employees and third-party safety watches serving as onsite monitors were required full-time whenever construction occurred in proximity to those pipelines, and the CUP conditions mandated significant documentation and reporting tasks. PSE estimates that an additional $4.68 million (excluding AFUDC) in costs were incurred for maintaining the additional pipeline damage prevention inspectors required by the cities' CUPs.[46] Permit conditions required that PSE "[a]rrange for Olympic representatives to be on-site to monitor construction activities near the pipelines."[47] A full set of CUP conditions is attached as Appendix B, which detail pipeline-specific conditions.

PSE agreed to these necessary safety conditions. At that time, however, the full cost of compliance was not knowable because implementation relied in substantial part on direction from OPL that had yet to be detailed and was subject to change based on OPL's pole by pole engineering analysis.

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[44] *See, e.g.*, App. A-1 (Attach. B to PSE Resp. DR 338) (OPL letter to City of Newcastle describing, in part, PSE and OPL's coordination history).

[45] Of note is that OPL is regulated by both the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), see 40 C.F.R. § 195, and the Washington State Department of Transportation, and this Commission). *See* App. A-1 (Attach. B to PSE Resp. to DR 338) (OPL Ltr to PSE providing background on OPL's pipelines and pipeline regulation generally).

[46] *See* App. P (documenting pipeline damage inspector costs).

[47] App. B-1 at 59-60 (South Bellevue Segment CUP at Condition B.24).

Foremost among the pipeline-related cost increases were the cost of required matting. Protective matting is a standard best management practice used to overlay and distribute weight across the pipeline when heavy equipment is adjacent to or crosses over it. PSE assumed that, to comply with applicable CUPs, protective matting would be required by OPL, and so some costs were included in initial construction bids (approximately $4.2 million was included in the original contractor bids for matting). OPL, however, ultimately required amounts of matting that were far beyond what PSE—or PSE's construction contractor—had ever seen before. OPL could not disclose required safety measures until after completion of final permitting, engineering, and design work, much of which occurred after December 2022. Moreover, once PSE starts construction on a major infrastructure project that substantially depends on carefully orchestrated sequencing, PSE's options for controlling prices are more limited.

The following July 14, 2024 Construction Change Approval Order, or "CCAR," from Wilson Construction—for $24,524,854—explains the sequencing as follows:

> The Energize Eastside corridor (SAM-TAL) has two collocated petroleum pipelines that are operated by BP/Olympic Pipeline Company (OPL). In addition to best safety practices, permit conditions required extensive coordination with OPL in order to ensure proper protection of the pipelines during construction of the Energize Eastside project. These protection requirements were not known at the time of project bid. PSE submitted the north half transmission line access plans to OPL at the end of 2023. During final access planning, which was influenced by property owner meetings and subsequent engineering analysis, updated plans were submitted to OPL in the first quarter of 2024. The final pipeline protection requirements were received from OPL June 7th, 2024.
>
> OPL's pipeline engineering review identified that an increased depth of matting would be necessary for proper pipeline protection and access coverage on the north half of the EE project (9 miles). Typically, pipeline protection measures would require a single layer of timber mats at select crossing locations along the corridor; however, in most areas OPL's pipeline engineering review required matting thickness to be doubled and in some areas tripled what is typical. These requirements exceeded what was anticipated, as well as the total number of mats available for use in the project area. Therefore, additional mats had to be sourced and trucked in from out of state at additional expense.

> The additional matting requirements also increase the amount of civil work that will be required in order to prepare the ground for proper mat placement as well as additional customer engagement.[48]

By the time PSE received updated information on pipeline safety protocols, PSE was legally required to adopt them pursuant to the applicable CUP conditions.[49] Ultimately, the Project incurred approximately $54 million in additional expenses (excluding AFUDC) associated with pipeline matting even after PSE and its construction contractor updated its equipment lists to use lighter equipment in an effort to reduce required matting. OPL communications requiring these cost increases are attached as Appendix E.[50] Only a redacted copy has been provided for Appendix E as certain information within the appendix is considered Critical Energy/Electricity Infrastructure Information ("CEII").

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[48] *See* App. A-1 (Attach. G to PSE Resp. DR 338) (Wilson Construction CCAR #75 starts at p. 16); *see also* App. D (containing summaries of CCARs 29, 44, 54, 55,57, 58 and 60 documenting post-2022 cost increases due to matting).

[49] *See, e.g.*, App. B-1 at 59-60 (South Bellevue Segment at Condition B.24 stating that "PSE shall develop Construction Management and Access Plan in coordination with Olympic's Damage Prevention Team that are mutually agreed upon by both parties. These plans shall outline the specific actions that PSE will take to protect the pipelines from vehicle and equipment surcharge loads, excavation, and other activities in consideration of Olympic's general construction and right- of-way requirements and in consultation with Olympic on the Energize Eastside project design specifically [… and also] [p]rovide all necessary information for Olympic to perform pipe stress calculations for equipment crossings and surface loads (surcharge loads). Based on pipe stress calculations and in coordination with Olympic, provide additional cover that may include installing timber mats, steel plating, or temporary air bridging; utilize a combination of these; or avoid crossing in certain identified areas to avoid impacts on the Olympic pipelines.").

[50] OPL provided pipeline protection approvals for Energize Eastside on October 20, 2021, December 21, 2021, January 19, 2022, January 21, 2022, January 26, 2022, February 8, 2022, March 30, 2022, August 29, 2022, October 3, 2022, October 18, 2022, November 29, 2022, January 27, 2023, June 6, 2023, April 1, 2024, April 5, 2024, and June 7, 2024. *See* App. E (containing highly detailed 2022-2024 pipeline protection approvals).

2. Project Permitting Delayed Construction, Which Affected Project Cost.

The second largest factor in Project cost increases (representing approximately $47.1 million (excluding AFUDC)), is attributable to the Project's extensive permitting delays. PSE originally projected a two-year construction schedule for the Project, which was used as an assumption during the construction bid process. Due to permitting delays, the construction schedule grew from two to four years. The doubling of the construction schedule resulted in increased labor[51] and equipment costs due to escalation, less efficient workflow, extended use of equipment, remobilization for the contractor and their subcontractors, additional property owner interaction, and construction project management support.[52]

In PSE's experience, CUPs typically issue within one year of the submission of a complete application.[53] For the Project, this was the case for only one city (Redmond). Newcastle took over five years to approve a 1.5-mile segment of the Project, and Bellevue took almost three years to approve the 5-mile north segment. It took over nine years from initiation of the Project's SEPA review to issuance of the final permit. This protracted and unpredictable review extended the Project construction schedule. Additionally, the extensive review caused increases in material storage costs, permitting fees,[54] staff costs, cost of materials (due in part to post-Covid-19

[51] Approximately $4.39 million (without AFUDC) was required to ensure that Wilson Construction could retain the necessary, qualified crews and equipment (at reduced cost) pending permitting resolution.

[52] *See, e.g.*, App. D (CCARs 42, 44, 45, 62, 64, 72, 73 and 74).

[53] *See* App. A-1 at 15 (PSE Resp. DR 338).

[54] To illustrate this, in Newcastle, the base permit fees for the CUP and Engineering Review Permit ("ERP") were approximately $5,000 and $34,000, respectively. The City's actual costs

inflationary conditions),[55] consultant reimbursements, and PSE staff time.

Although original Project plans had anticipated starting construction as early as 2017, the two-phase environmental review process (see discussion in Section IV.D *infra*) and permitting processes resulted in contractor selection being delayed until August 2021.[56] Construction began later that year in Renton. At that time, PSE was still awaiting construction permits from other South Phase jurisdictions (Bellevue and Newcastle had not completed their review).[57] The lack of permits limited the amount of Project construction that PSE could accomplish in 2021 (as did Newcastle's inability to issue construction permits, as discussed later). These issues delayed the completion of the South Bellevue Segment and Richards Creek substation until 2023 (after the Commission's provisional prudence determination on the Project). North Phase Construction (*i.e.*, Redmond and North Bellevue) followed in 2024, and full Project energization occurred on December 12, 2024.

Acquisition of the construction permits, which are required before construction can commence also took an extraordinary amount of time. The permitting cities took anywhere from five to 21 months to approve these permits, which, in turn, had a compounding effect on costs, including AFUDC. By way of example, PSE had anticipated that Newcastle construction permits would be issued by 2022 (if not sooner) since the city began its permit review in 2017 and had

(including consultant review) totaled more than $500,000. *See* App. A-1 at 18 (PSE Resp. DR 338).

[55] App. O (email from Wilson Construction summarizing construction related inflation conditions).

[56] App. F (containing the Contractor Selection Memo signed by PSE Officers).

[57] *See* Table 2 supra.

notified PSE that it had a draft staff report as early as December 2020.[58] However, due to city staff delays, the City did not issue the CUP until April 2022. It then took another year to obtain the required construction permits (due in substantial part to the nature of the associated permit conditions and city staff changes).

Although the Renton and South Bellevue segments of the South Phase had been constructed by the end of 2022, PSE could not begin construction in Newcastle until 2023. Delays in issuance of the North Bellevue CUP, which unexpectedly took a year longer to process than the South Bellevue Segment CUP (the City's first review of the Project) pushed construction of the north half of the transmission lines out until 2024. Overall, the construction schedule alone was extended by more than 300 working days due to permitting.[59] PSE could not have reasonably foreseen the full schedule impacts of these onerous and drawn-out permitting processes, even as late as the end of 2022 when the Commission entered the Final Order accepting the Revenue Requirement Settlement.

The impact of these delays are apparent in the required construction change orders.[60] For example, CCAR #72 from Wilson Construction for $6,206,000, illustrates a delay-related costs:

> The transmission line construction has taken two years longer than originally planned due to permit delays from various jurisdictions. As a result, additional funds are required to cover Contractor project management time, land liaison time, and monthly charges for construction yards. Due to the shortage of construction laydown yards in the north half project area, additional costs will be incurred to store materials and equipment as the existing yards are not large enough, so multiple yards are required.[61]

[58] App. A-1 at 16 (PSE Resp. DR 338).

[59] *See* App. N (file entitled "PSE Schedule Variance Report").

[60] *See, e.g.*, App. D (CCARs 42, 44, 45, 62, 64, 72, 73 and 74).

[61] *See* App. A-1 (Attach. G to PSE Resp. DR 338) (containing full set of Project CCARs).

CCAR #73—which resulted in a cost increase of $1,381,393—similarly resulted from Project delay: "[t]he transmission line construction has taken two years longer than originally planned due to permit delays from various jurisdictions. As a result, additional funds are required to cover additional contractor mobilization costs, equipment rental costs, tooling and training costs."[62] In short, the unusually long permitting processes directly impacted PSE's ability to accurately forecast Project costs.

Also notable, is that the Project went to construction as work forces and supply chains were recovering from Covid-19-related impacts. Wilson and PSE's subcontractors experienced cost increases since the original pricing in 2021.[63] Similarly, the original 2018 cost estimate for the Project's poles was $10.8 million, but the actual price at delivery end up being $15.1 million (without overheads or AFUDC).[64] Conductor pricing also increased over the same timeframe from $5 to $8 per foot, resulting in a more than $1.5 million in additional charges. These adjustments constitute an increase in supplier's charges and availability issues that were difficult to predict.

3. Additional Miscellaneous Construction Costs Led to Increased Project Costs.

The remaining *$41.6 million* (excluding AFUDC) of other Project cost increases relate to other project conditions that only became known after PSE's submission of its Final Brief. When PSE issued its 2021 Construction Request For Proposal ("RFP"), items such as rock drilling, increased corridor security, material supply chain issues, refinement of construction access

[62] *Id*. (CCAR #73); *see also* App. D (Change Order Log entry 73).

[63] *See, e.g.*, App. O; App. A-1 at 12 (PSE Resp. DR 338)

[64] *See* App. A-1 at 14 (PSE Resp. DR 338).

methods, additional tree removal and landscaping, concrete mobility issues, and detailed traffic control plans were *not* included as part of the bid process. This was because details around those items were unknown at the time of bidding. Once the Project team better understood the extent of Project constraints, it became apparent that there were several material gaps in the budget. For example, the Project Change Request ("PCR") #12 encompasses 22 change orders (~$11 million).[65] These budget increases, although not forecasted in 2022, are consistent with standard construction changes for costs omitted from consideration in the original bid process.

B. PSE Used Prudent Cost Management Strategies to Control Costs.

As explained above, to reduce overall costs, PSE selected an existing corridor to construct and upgrade the transmission line.[66] The selected Project route was the least environmentally impactful as well as the least-cost option, in part, because there was no need to acquire additional property.[67]

PSE's cost control strategies are reflected in PSE's contractor selection for the Project. For example, in May 2021, PSE issued an RFP to five highly qualified contractors for construction management services to build the Project.[68] PSE used a competitive bidding and interview process and a Best Value Spreadsheet to analyze and rank bids. PSE selected the contractor that was the sole bidder to submit complete pricing on the requested elements, that used a risk matrix identifying known risks and solutions, and that had a staffing approach that limited the potential

[65] App. G (PCR #12 starting on page 4).

[66] *See* Section III.A supra.

[67] *Id*.

[68] *See* App. F (documenting the contractor selection process).

for the Project to interfere with other PSE construction activities. These competitive bidding protocols, which apply broadly to PSE's contractors, were regularly applied in Project decision-making.[69]

PSE also used cost control strategies in critical phase gate. These meetings occurred prior to finalizing Project planning at critical points. For example, and as described above, the phase gate meeting for the Richard's Creek Substation allowed for a thorough engagement on the costs and benefits of different approaches for managing environmental and engineering considerations at the Project Site. This same approach was used at critical development points throughout Project implementation.

Creative solutions to control costs were also deployed when unexpected labor conditions emerged. During the first quarter of 2022, concrete delivery was stopped due to a union strike (Teamsters Local 174). PSE's team proactively resolved this sudden labor shortage (which could have resulted in daily $100,000 bills for standby fees to Wilson) by bringing in trucks from out of the area and having them dedicated to the Project. This kept construction moving forward at a minimal cost compared to standby costs of construction crews. However, despite PSE's best efforts to control costs, material forces outside of our direct control ultimately drove budget increases.

As explained above, by the time that PSE's costs were escalating, the Project's construction (which built on years of routing, permitting, community engagement, and design work) was already in progress. Changing course to a different alternative at that time would not only have put PSE's already strained system and customers at increased risk of outages, it would itself have had cost implications. Even considering available cost data on alternatives, however, the chosen

[69] *See, e.g.*, App. F (Richards Creek Civil Contractor Award Recommendation).

alternative (which again is not the subject of this final prudency determination) was prudent. For example, as studied in the 2018 Strategen Report Update, the primary non-wires alterative—a utility scale battery system—was estimated to cost $1.4 billion.[70] Alternative overhead wire routes were longer in length[71] (which generally contributes to project cost), would have required the acquisition of new property, the removal of significantly more mature trees and vegetation (i.e., because the impacted vegetation would have been previously maintained for the requisite 100' wide transmission line corridor), not to mention the change in land use.

IV. DETAILED CHRONOLOGY SUPPORTING PROJECT PRUDENCY

The chronology below recounts some key permitting milestones and then picks-up after the filing of PSE's 2022 GRC to complete the Project's prudency record.[72] As illustrated below, throughout the Project's lifetime, PSE evaluated and revised the projected budget both upwards and downwards as additional information became known about Project permitting, mitigation requirements, supply chain and contractor costs. Internal budgeting estimates and estimate ranges were subject to change and variability—in some cases on a monthly basis. This is because the number of assumptions in forecasting a complex, multiyear construction project makes estimates highly variable and subject to change. The multitude of variables and assumptions also reduce the confidence that a utility can have in the forecasted costs, particularly in the earlier, pre-construction phases of a project. Although Energize Eastside budget projections remarkably remained on track

[70] App. H (Attach. K at 5 (Eastside System Energy Storage Alternatives Assessment)).

[71] *See*, *e.g.*, App. C at 2-53 (estimating the per mile cost of just constructing overhead transmission lines (not including mitigation, property acquisition, and overhead) to be "about $3 million to $4 million per mile.").

[72] *See WUTC v. Puget Sound Energy*, Dockets UE-220066 and UG-220067 (consolidated), PSE's Initial Filing, (Jan. 31, 2022).

for much of the Project's history, unusual and unforeseeable constraints ultimately led to material increases in late 2022, 2023 and 2024.

The background provided in this section will generally be provided for budget forecasts that excluded AFUDC.

A. PSE Conducted Proactive Advance Project Planning

PSE's planning for the Project began as early as 1993 when PSE identified a need for a new 230 kV supply on the eastside. Following PSE's initial need documentation, PSE formally triggered Project tracking with the Project Implementation Plan ("PIP") on September 15, 2012.[73] In 2013, PSE's internal Project team supported the development of a Needs Assessment Report and further developed the project scope, routing, risks, opportunities, solutions, and engineering. The Eastside Needs Assessment Report, authored by PSE and Quanta Technology, was published in October 2013.[74]

In anticipation of public interest and involvement, PSE's internal team also worked with external experts to identify potential solutions, routes, and substation sites. For the preferred solution, eighteen route options and three substation locations were identified.[75] On September 3, 2013, a Capital Spending Authorization ("CSA") was approved by PSE leadership and the Project

[73] App. H (containing a detailed Project chronology of major events, Project related documentation and decisions from 2009-2025); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

[74] Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-26T at 7:10-12; D. Koch, Exh. DRK-3r (Eastside Needs Assessment Report Transmission System King County (Quanta Technology, Oct. 2013)); D. Koch, Exh. DRK-4r (Supplemental Eastside Needs Assessment Report Transmission System King County (Quanta Technology, Apr. 2015)).

[75] Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-22 (Eastside 230 kV Project Constraint and Opportunity Study for Linear Site Selection (TetraTech, 2013)).

formally entered the Planning Phase.[76] PSE Directors also updated the Board Governance and Public Affairs Committee regarding its intention to publicly roll out the Project.[77]

Responsive to the likely public interest in the Project, in January 2014, PSE formed a Community Advisory Group ("CAG") to engage the public in a route decision process. The CAG studied routing alternatives in eight in person meetings. To support the CAG effort, PSE held six open houses, six sub-area meetings, three sub area workshops, and two question and answer meetings throughout 2014. At the end of 2014, the CAG recommended the existing corridor and another corridor that also used most of the existing corridor. Part way through this process some dissatisfied members formed an opposition group called CENSE.

In parallel with the initiation of the 2014 CAG process, PSE management provided an informational presentation to PSE's Board of Directors, which included substantive a pre-reading material package and discussion of the project, the potential financial impact, risks and company strategy.[78] Additional Board updates were provided throughout 2014 on the Project's Public Affairs and Government relations strategy.[79] In May 2014, a presentation was given to PSE's Board, which estimated overall Project budget to be $150-300 million (excluding AFUDC).[80]

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[76] App. I (2013 CSA Approval); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-20 (PSE's Corporate Spending Authorization (CSA) for Energize Eastside).

[77] App. J (containing an excerpt from the Nov. 8, 2013 Governance and Public Affairs Committee meeting minutes).

[78] App. J (combined January 22, 2014 Board Materials).

[79] App. J (combined 2014 Public Affairs materials (from Feb, May, June and September)).

[80] App. J (May 29, 2014 BPC Presentation- Energize Eastside).

B. PSE Was Nimble in Addressing Extensive Environmental Review and Project Opposition

In 2015, the cities of Bellevue, Renton, Newcastle, Redmond and Kirkland, started the State Environmental Policy Act ("SEPA") Environmental Impact Statement ("EIS") process with the City of Bellevue as the designated lead.[81] The Partner Cities determined that an unusual and unanticipated two-phased Draft EIS ("DEIS") would be required for the Project.[82] Under the Partner Cities' direction, the Phase 1 DEIS would assess the range of impacts associated with wire and non-wire technological alternatives that addressed the need (*i.e.*, to solve the transmission deficiency). The Phase II DEIS, would then undertake a more detailed study of transmission line routes. Neither DEIS was completed in 2015.[83]

PSE, however, continued to document project need and to review its assumptions as to alternatives.[84] Additional detailed discussion of these efforts is not provided as the Commission has already determined in the Final Order that PSE established prudency on need and alternatives.

Because of the prolonged process caused by the Partner Cities' decision to have a two-phased EIS process, in 2015, PSE's internal project construction schedule was extended to assume energization in Q3 2019.[85] On January 27, 2015, PSE leadership approved a new CSA

[81] *See* App. C-1 at 13 (Final EIS at 1).

[82] *Id*.

[83] *See id*.

[84] *See generally* App. H (Attachs. J & K to 2025 PIP).

[85] App. H at 7 ("Energize Eastside PIP_Complete Document 2025") ("2025 PIP"); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

amendment.[86] The 2015 CSA listed the lifetime cost estimate as $200 million (before AFUDC), but contemporaneous project planning included a risk contingencies of up to $351 million (not inclusive of AFUDC).[87] This again, reflects the material uncertainty in large construction projects at early stages of development. Throughout 2015, PSE staff updated the Board on the Project through Public Affairs updates.[88]

In early 2016, the Phase 1 DEIS was published. The Phase 2 DEIS process, field studies, engineering, and community outreach continued throughout the year. The Project, which had the benefit of data sets collected during the SEPA review process, reached a 60% transmission line design.[89]

In Q2 2017, PSE announced that a transmission line upgrade in the existing corridor was PSE's preferred route and in May 2017, the Phase 2 DEIS was published reflecting that choice. One of the key expert recommendations from the Phase 2 DEIS was that PSE operate both transmission lines at equivalent voltages to reduce the potential for AC interference between the transmission lines and the Olympic Pipelines. This recommendation was important as AC interference could accelerate corrosion on, and therefore potentially damage to, the pipelines. Moving forward, the Project's operational parameters were changed from a 230 kV/115 kV, to a 230 kV/230kV configuration. AC interference was also a key element in eliminating the

[86] App. N at 21-22 (2015 CSA); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-20 (PSE's Corporate Spending Authorization (CSA) for Energize Eastside).

[87] App. N at 21 (2015 CSA); *id*. (file entitled "Executive Summary of Risk Assessment Results for Energize Eastside"); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-20 (PSE's Corporate Spending Authorization (CSA) for Energize Eastside).

[88] App. J (combined 2015 Public Affairs Updates).

[89] App. H at 7 (2025 PIP); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

other route options, as those showed the potential for greater levels of AC interference with the pipelines.

The Project design phase began in August 2017 and, in the fall of 2017, PSE submitted CUP applications for the transmission line to the cities of Newcastle and Bellevue (south half). After almost three years of analysis and public input, Bellevue issued the Final EIS on March 19, 2018. The Renton CUP application—the last use permit needed for the construction of the South Phase of the Project—was submitted in the first quarter of 2018.

C. PSE Worked with Partner Cities and Contractors to Achieve 90 Percent Project Design by 2018.

In 2018, PSE also completed a competitive bidding process for the 230 kV and 115 kV steel poles that would eventually be procured for the Energize Eastside project. Meyer Utility Services was the selected pole vendor. PSE and Meyer entered into a limited engineering-only contract to perform the pole design and fabrication drawings. At that time, the actual pole procurement dates were still pending permit issuance and construction scheduling. By proactively ordering poles in 2018, PSE retained a place in the pole manufacturing queue which ensured production space (eliminating a key supply chain variable that could affect construction).

In Q3 2018, PSE was engaging in regular correspondence and meetings with City staff at Bellevue, Newcastle, and Renton as the cities' staff worked on the staff reports that are foundational in the open record CUP proceedings required for Project permitting. Several questions raised by city staff during this time resulted in additional design analysis and technical responses.

The PSE team has also continued to work closely with Meyer Utility Solutions on the pole design for diameters and ground line moments. This effort ultimately resulted in key design

information that informed pole foundation design and information in PSE's clear-and-grade permit applications.

In 2018, the PSE Project team re-assessed the total project cost estimate.[90] Major changes included the following:

1) *Vertical Grounding*, transmission pole grounding methods are typical for steel poles but twenty-four of the installations were determined to require vertical ground wells due to soil conditions and proximity to the co-located OPL pipelines. The vertical grounding method was chosen to reduce impacts to the surrounding environment (mostly landscaped private properties). The vertical ground wells required an estimated additional $600K.

2) *Tree and landscape removal*, transmission corridor vegetation removal and replacement estimates were updated to be on a per-parcel unit average. Updated estimates for tree/landscape removal and replacement increased from the original placeholder of $3MM to an updated estimate of $10MM.

3) Base isolation, the PSE substation engineering group has started a base isolation program to address seismic risk to transformers. This risk was also identified as part of the EIS process, especially around the new substation. Due to its location within the Seattle Fault Zone, the base isolation feature was added to the RIC substation to protect the equipment and to reduce the potential for system outages during seismic events. For design, materials and construction, this was estimated to add approximately $325K to the total cost of the substation project.

4) *Environmental review and permits*, the complex multi-phase EIS and CUP permitting processes has pushed the schedule out at least 12 months. The budget updates reflected an extended monthly cost of approximately $525K for project support staff 2019 – 2021.

5) *Direct embed poles*, cost estimates were updated for pole excavations and increased quantities of soil disposal because the direct embed poles needed to be deeper than expected based on soil conditions.

6) *Material* costs, design-based costs for the Optical Ground Wire and ADSS fiber material and installations were added.

[90] App. N at 33-49 (2018 CSA); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-20 (PSE's Corporate Spending Authorization (CSA) for Energize Eastside).

At this time, the Project was at 90% design—indicating a higher degree in confidence in the design of the transmission line itself; however, there were still many unknowns associated with permitting, mitigation requirements, as well as the construction and corridor access plans.

D. The CUP Permits Processes Were Met With Extensive Conditions and Project Opposition

On January 24, 2019, Bellevue released their Staff Report for the South Conditional Use Permit (CUP). The permit approval included 22 pages of recommended conditions. The public CUP hearing began on March 28, 2019, and continued through March 29, April 3, and April 8, 2019. The Bellevue Hearing Examiner issued his CUP decision of approval for the South Bellevue Segment on June 25, 2019.[91] The appeal deadline closed on July 9, 2019, and two opposition groups (including CENSE) and three individuals appealed the decision to the Bellevue City Council.[92]

In Q2 2019, the City of Newcastle continued to review PSE's CUP permit application. As part of their review, Newcastle hired a consultant to—yet again—independently confirm project need. PSE's project team worked with the consultant for over eighteen months to answer their data requests, clarify all the work previously done to confirm the need, and met the consultant on site to answer their questions. The City of Renton also continued to review PSE's CUP application and hired a consultant to perform an EIS Consistency Analysis to confirm that no supplementation of the FEIS was required.

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[91] App. B-1 (Decision Approving Conditional Use Permit For The South Bellevue Segment Of The Energize Eastside Project, Puget Sound Energy, Applicant–File No. 17-120556-LB, Bellevue Hearing Examiner (Jun. 25, 2019)).

[92] App. H at 10 (2025 PIP) (describing appeal); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

In Q3 2019, PSE submitted the Richards Creek Substation construction permit applications to the City of Bellevue. The team continued to educate the City of Newcastle staff on Project details, but numerous staffing changes at the City of Newcastle added to the overall Project review time. In that same quarter, the City of Renton's consultant completed the EIS Consistency Analysis and confirmed that the project was within the range of alternatives and impacts identified in the EIS. The EIS Consistency Analysis also included proposed mitigation measures.[93]

On October 19, 2019, the City of Bellevue held the CUP appeal hearing. Weeks later, the Council voted 6-0 vote to deny the appeals. On December 2, 2019, the Bellevue City Council passed Ordinance No. 6494 in a 6-0 vote to finalize the City's approval. Project opponents then appealed the Bellevue CUP decision to King County Superior Court.

In early 2020, Renton held its CUP hearing, which resulted in another Hearing Examiner approval that was not appealed. The Renton CUP contained conditions substantially similar to those found in the Bellevue CUP.[94] Q1 2020 also saw the publication of DNV-GL updated studies reconfirming that operating the proposed transmission lines at equivalent voltages has lower AC interference effect on the co-located OPL facilities. This report also reconfirmed that the Project could operate safely within the collocated corridor.

As part of its formal budget governance process, PSE also documents budgetary project changes using a Project Change Request ("PCR").[95] In 2020, PCR #10 was approved to increase lifetime cost of Richards Creek substation and to start construction of Richards Creek substation

[93] App. B-3 at 73-81.

[94] *Compare* App. B-1 at 39-58 *with* App. B-2 at 73-81.

[95] A record of key post-2022 PCRs and CSAs for the Project were provided in Attachment F of PSE's Response to DR 338. *See* App. A-1 for Attachment F to the data response.

civil work.[96] Civil Construction contract for Richards Creek was awarded to Johansen Construction Co.[97]

In Q3 2020, PSE contractors began civil construction at the Richards Creek substation. This was initiated after taking the Richards Creek substation portion of the project through the Execution phase gate meeting on January 29, 2020.[98] PSE evaluated three construction scenarios to ensure that a least reasonable cost approach was implemented. These scenarios included: 1) the original scope inclusive of all civil work and foundations; 2) mass site grading with no transformer foundations or culvert work; and 3) the same scope as option 2, but with the addition of the driveway and culvert work. Ultimately, the overall cost differentials between the original 2020 scope and Options 2 and 3 were not greater than $500,000 including inflation and additional mobilization costs. However, schedule impacts were deemed a risk that was unacceptable as it would push the entire south half of the Project energization well past the scheduled in-service date. The team determined to proceed with the original 2020 scope. The EMC was briefed on this recommendation in February 2020.[99] In Q3 2020, the King County Superior Court rejected the appeal by the Bellevue Project opponents. These same opponents (including CENSE) appealed that decision to the Division I Court of Appeals, which they ultimately voluntarily withdrew.

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[96] App. G at 1-3 (PCR #10).

[97] App. H at 11 (2025 PIP); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

[98] *Id*.

[99] App. J (Feb. 2020 EMC briefing).

In early 2021, PSE submitted CUP applications for the two approvals needed for the North Phase: Bellevue (north) and Redmond.[100]

In Q3 2021, *almost four years after* the city began its permitting review, the City of Newcastle concluded that OPL's easements were in fact a regional utility corridor within PSE's larger regional utility corridor and that therefore, the Energize Eastside project would require a Variance (i.e., a new discretionary permit from the city).[101] PSE requested an official code interpretation of the City of Newcastle's municipal code as it related to Utility setbacks due to both the novelty of the city's late breaking interpretation and because the variance approval criteria were potentially problematic for the Project as Newcastle had made an earlier determination that the project was in tension with the City's Comprehensive Plan.[102] On June 30, 2021, the PSE officer team visited the Project site and was briefed on Project status.[103]

In Q3 2021, the Project team recommended that Wilson Construction be awarded the Project construction contract and on August 6, 2021, PSE executed a contract with Wilson and issued the Notice to Proceed a few weeks later.[104] Once the notice was in place, Wilson began Project construction scheduling. Wilson planned to complete the Renton portion of the Project in

[100] *See* Table 2 supra; *see also* App. B-4 and B-5 (final decisions on Redmond and North Bellevue CUP applications, both of which describe PSE application process).

[101] *See* App. L.

[102] *Id*.

[103] App. H at 14 (2025 PIP); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

[104] *See* App. F.

2021. Discussions with the PSE load office began for the outages necessary to start the rebuild of the line to 230kV. Construction of the Renton segment began in mid-September 2021.

On September 29, 2021, the Newcastle's Planning Director issued the Code Interpretation in response to PSE's request.[105] The City's maintained that the Project needed a Variance for the preferred design. PSE appealed this decision to the Hearing Examiner. The Newcastle Code Interpretation Appeal Hearing took place on December 14, 2021. In early 2022, the Newcastle Hearing Examiner issued a decision agreeing with PSE's interpretation of the Newcastle code, thereby overturning the city's erroneous interpretation.[106] This was important as it eliminated the need for PSE to obtain a Variance for the project, which ultimately reduced costs, avoided impacts to adjacent landowners, and worked to manage project schedule. Newcastle City staff then issued a Staff Report recommending permit conditions that were substantially similar to those found in the Bellevue CUP. PSE then proceeded to the Newcastle CUP Hearing on January 11, 14, 28, 31, and February 1, 2022.[107]

In mid-2021, Richards Creek PCRs #11 and #12 were prepared to address unforeseen contaminated soils at the site, construction civil bids being higher than the engineers' estimate, excessive storm and ground water management, and higher than expected costs for the transformer isolation foundations.[108] Additionally, the 2021 CSA established a lifetime budget of $236

[105] App. L (Newcastle Director's Code Interpretation).

[106] *Id*.

[107] *See* App. B-3 (providing a procedural history on PSE's Newcastle permitting effort).

[108] App. G (PCRs #11 and 12).

million.[109] Throughout 2021, the PSE Board—through its Asset Management Committee—received monthly updates on Project progress.[110]

In January 2022, PSE filed its first general rate case, and first multi-year rate plan under RCW 80.28.425. The Commission then initiated an adjudication and consolidated PSE's electric and natural gas rate case filings in Dockets UE-220066 and UG220067. The cost recovery sought in that case was $238 million exclusive of AFUDC.[111] This compares to the current forecast as shown in Table 3 below. The referenced $238 million is shown on line 8 column (c) of Table 3.

Table 3 Comparison of Amount in Rates to Current Budget[112]

Updated as of March 2025

Includes Richards Creek and AFUDC, amounts are in millions

Updated as of March 2025 Line	Year	Budget in rates	Current Forecast	Current > Rates
(a)	(b)	(c)	(d)	(e)
1	**By Year:**			
2	2023 (Actual)	$ 40.1	$ 203.3	$ 163.2
3	2024 (Actual)	$ 256.7	$ 233.1	$ (23.5)
4	2025 (Forecast)[1]	$ -	$ 19.0	$ 19.0
5	Total (Forecast)[1]	$ 296.8	$ 455.5	$ 158.7
6	**By Cost Type:**			
7	AFUDC	$ 59.0	$ 67.8	$ 8.8
8	Project Costs	$ 237.8	$ 387.7	$ 149.9
9	Project Totals	$ 296.8	$ 455.5	$ 158.7

[1] 2025 Forecast includes actuals through February.

[109] App. N at 67-85 (2021 CSA; the full CSA estimates a lifetime budget of $283 million, but this includes projects beyond the Energize Eastside transmission line and Richard's Creek substation).

[110] App. J at 1-2 (2021 through 2024 Energize Eastside Excerpts from AMC Report).

[111] Dockets UE-220066 and UG-220067, D. Koch, Exh-DRK-1T 78:7-8.

[112] Support for Table 3 can be found in App. Q.

Wilson Construction resumed construction on the south-phase transmission lines in February of 2022. Construction including clearing, grading, access development, foundation drilling, pole erection, and wire pulling worked from south to north and in multiple areas simultaneously. PSE continued to work with OPL to finalize construction access and safety measures. During this coordination, OPL required significant additional pipeline protection measures and PSE received its first major change order from Wilson Construction for additional, unanticipated, protective matting that was required in the corridor.[113] Although this 2022 change order shed some light on the potential for OPL's future pipeline safety requirements, variation in the proximity of the pipelines relative to the proposed 230 kV transmission lines (which generally relates to the pipeline safety measures required by OPL during construction), limited PSE's ability to infer that the cost increases in the South would necessarily result in the same (or greater) cost increases in the north.

On April 28, 2022, the Newcastle Hearing Examiner approved PSE's CUP for the 1.5-mile Newcastle segment of the Project.[114] No appeal was filed. The Redmond CUP Hearing took place on June 8, 2022, with the record closing on June 10, 2022.[115] The Redmond Hearing Examiner issued an Approval of the CUP on July 11, 2022, and no appeal was filed.[116]

In Q2 2022, system electric load exceeded the level of need for the project for the fifth time in six years. Although the Commission has already confirmed Project need, it bears recalling that

[113] App. D at 5 (summarizing CCAR 19).

[114] App. B-3 (City of Newcastle Hearing Examiner's Revised Findings of Fact, Conclusions of law, Decision and Conditions of Approval).

[115] App. B-4 (Redmond Hearing Examiner's Findings, Conclusions, and Decisions).

[116] *Id*.

the entire Project was needed for PSE's system to come into compliance with NERC planning requirements. And, because this part of the system was out of compliance with NERC criteria, areas in and around the Eastside could be subject to outages under certain load and contingency scenarios.[117] The fact that PSE's system came to regularly experience the electric load levels that put the system and customers at risk, meant that PSE was managing significant pressure to complete the Project.

In Q3 2022, PSE submitted construction permit applications for the Newcastle segment (the city would not accept these applications prior to the completion of the CUP process). In Q4 2022, Wilson completed the construction of the South Bellevue segment, including the I-90 crossing. Upon completion of the actual transmission line installation, PSE began restoration work, which continued through the end of 2022.

On September 28, 2022, the Commission held a virtual public hearing in the consolidated proceedings and on October 3, 2022, it conducted a virtual settlement hearing.[118] On October 31, 2022, PSE filed its Final Brief and, on December 22, 2022, the Commission issued a Final Order on the consolidated docket.[119] It is important to recall that at the time of the December 2022 Final Order, PSE was still waiting for final design and construction permits to issue in Newcastle, Redmond and North Bellevue.[120]

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[117] Dockets UE-220066 and UG-220067, D. Koch, Exh-DRK-1T at 49:13-50:21; 56:1-19; 64:30-66:17; D. Koch, Exh. DRK-10 (Independent Technical Analysis of Energize Eastside, V 1.3 (Utility System Efficiencies, Inc., Apr. 28, 2015).

[118] Final Order ¶ 40.

[119] Final Order ¶ 1.

[120] *See* Table 2 *supra*.

Throughout 2022, the PSE Board—through its Asset Management Committee ("AMC")—received monthly updates on Project progress.[121] The PSE Board was also updated on November 11, 2022, when members of the Board and PSE officers visited the Project site to be briefed on permitting and construction status.[122]

In Q1 2023, PSE took delivery of the Newcastle and Redmond poles at the Newcastle yard. This completed the delivery of all necessary South Phase construction materials.[123] PSE's telecommunications group worked to identify a solution to move PSE's existing fiber optic lines to a new location; therefore, facilitating more efficient construction of the transmission lines. A new CSA was approved on March 7, 2023, with an approved lifetime budget of $297MM (excluding AFUDC).[124] This was the first material increase since the Final Order.

In Q2 2023, Contract Change Order 2 was approved for Wilson Construction, which was inclusive of CCARs 23-41.[125] PSE also made the decision to move forward with T-line construction for the remainder of the South Phase.[126] This was based on indications from

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[121] App. J at 3-5 (2021 through 2024 Energize Eastside Excerpts from AMC Report); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-25r (Energize Eastside Asset Management Committee Meeting Books).

[122] App. H at 14 (2025 PIP); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

[123] *Id*.

[124] App. N at 86-102 (2023 CSA; note that additional projects were included in this CSA, but costs related to the Energize Eastside project total $297MM); *see also* Dockets UE-220066 and UG-220067, Koch, Exh. DRK-20 (PSE's Corporate Spending Authorization (CSA) for Energize Eastside).

[125] App. D at 1 (Wilson CCAR 2).

[126] App. H (Attachment C); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

Newcastle that necessary construction permits would be issued in early May; however, the Newcastle Pre-Construction meeting was pushed back and took place on May 30, 2023. The Newcastle construction permit was eventually issued on June 22, 2023. OPL provided their engineering review and approval related to access and pole removal for the Newcastle segment on June 19, 2023.

Later that quarter, PSE approved Wilson Contract Change Order 3, which encompassed foundation work for the Project's dead end poles located within the Sammamish substation.[127] Contract Change Order 4 was also approved (based on PCR #13), which was inclusive of CCARs 42-70.[128] PCR #13 increased the lifetime budget to approximately $298MM (excluding AFUDC).[129] As a result of the Newcastle construction permit being issued later than expected, Wilson developed a compressed construction plan for Newcastle that would maintain the early September completion date necessary for energization of the South Phase and continued system operations.[130] This plan was approved by PSE leadership.[131]

The Richards Creek substation and south half transmission lines were completed and energized on September 12, 2023.[132] The North Bellevue CUP hearing took place a few months

[127] App. D at 1 (Summary of Wilson CCAR 3); *see also* App. A-1 for Attach. G to PSE's Response to Staff Data Request No. 338 (containing full Wilson CCAR 3).

[128] App. D at 1 (Summary of Wilson CCAR 4); *see also* App. A-1 for Attach. G to PSE's Response to Staff Data Request No. 338 (containing full Wilson CCAR 4).

[129] *Id*.

[130] App. A-1 (Attach. G to PSE Resp. DR 338) (CCAR 62); *see also* App. D at 15.

[131] App A-1 (Attach. G to PSE Resp. DR 338) (CCAR 62); *see also* App. D at 15; and App. M (containing 5-Year Capital Budget Plans).

[132] App. K (October 2023 EE230 Leadership Report).

later on November 9, 2023. The Hearing Examiner issued his approval on December 22, 2023. No appeals were filed. Having incurred increased Project costs due to the protracted Newcastle permitting process,[133] PSE's internal team undertook significant efforts to ensure that the timing of the North Bellevue segment construction permit issuance did not impede construction. PCR #14 (transmission line) and PCR #14 (Richards Creek) were completed to update the Project's lifetime capital budget numbers to include costs related to a realignment on the timing of contractor invoicing.[134] This PCR increase the lifetime budget to $342MM (inclusive of both the transmission Lines and RIC substation; excluding AFUDC).[135] Throughout 2023, the PSE Board—through the AMC—received monthly updates on Project progress.[136]

By Q1 2024, PSE's internal staff had resolved all outstanding material issues related to the delivery of all critical transmission line components. Based on the construction methods and requirements of the south half of the Project, CCARs 71-74 were completed.[137] To complete transmission line construction in 2024, PCR #15 was executed, which increased the 2024 budget for the transmission line by $69 million to total of $120 million.[138] The lifetime budget for the

[133] *See, e.g.*, App. A-1 (Attach. G to PSE Resp. DR 338) (CCARs #72 and #73).

[134] App. A-1 (Attach. G to PSE Resp. DR 338) (containing both PCR # 14 (August 2022; Richards Creek); PCR #14 (November 2023; Transmission lines)).

[135] *Id*.

[136] App. J at 5-6 (2021 through 2024 Energize Eastside Excerpts from AMC Report); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-25r (Energize Eastside Asset Management Committee Meeting Books).

[137] App. H (Attach. D 2025 PIP) (Wilson EE North Phase SOV); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

[138] App. G (PCR 15).

transmission lines then increased to $374 million (excluding AFUDC).[139]

In Q2 2024, construction of the Redmond and north Bellevue segments (North Phase) of the transmission lines continued. PSE also undertook corridor restoration work throughout the south half of the Project. Wilson Construction installed the final Project poles in late August 2024. PSE leadership also approved CCARs 75 and 76.[140] Following the completion of construction, PSE decreased the Project's 2024 budget to reflect a release of contingency and reimbursement from Seattle City Light, which was to offset the small secondary regional system benefits that resulted from the completion of the Energize Eastside project and connection to the regional grid.[141] This reimbursement is the reason that PSE issue a Revised Response to DR 325.[142] PSE's lifetime transmission line budget went from $374 million as approved via PCR #15, down to $353 million.[143] CCARs 77 and 78 were also approved.[144] On December 12, 2024, PSE energized the North Phase of the Energize Eastside project.

V. PSE HAS DEMONSTRATED PRUDENCE

As outlined in the Commission's 2022 GRC Final Order, the test for prudence "is what would a reasonable board of directors and company management have decided given what they

[139] App. H (Attach. D 2025 PIP) (Budget Increase Memo); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

[140] App. A-1 (Attach. G to PSE Resp. DR 338) (CCARs 75 and 76).

[141] App. A-1 at 19-20 (PSE Resp. DR 338).

[142] *Id*.

[143] App. G (PCR #15).

[144] App. A-1 (Attach. G to PSE Resp. DR 338) (CCARs 77 and 78); *see also* App. D for summary thereof.

knew or reasonably should have known to be true at the time they made a decision." Although there is no "single set of factors," the Commission typically focuses on 1) the need for the resource; 2) the evaluation of alternatives; 3) communication with and involvement of the Board of Directors; and 4) the adequacy of project documentation. The Commission has already made a finding on factors one and two.[145]

A. PSE's Board was Regularly Updated on the Project.

As detailed above, PSE staff regularly kept PSE's Energy Management Committee, PSE's Asset Management Committee, and PSE's Board of Directors informed and involved in the consideration and construction of the Project.[146] As explained by the Commission in its Final Order, "[t]he utility should inform its board of directors about the purchase decision and its costs. The utility should also involve the board in the decision process."[147] The only party that previously challenged whether PSE adequately communicated with its Board of Directors was CENSE, to which the Commission stated they were "not persuaded" and lacked any credible evidence that PSE had not met this requirement.[148]

That conclusion remains true—there is no credible contention that PSE failed in its duty to keep its Board of Directors informed and involved in the consideration and construction of the

[145] Final Order ¶¶ 206-210 ("Regarding the first factor, we agree that PSE has demonstrated a need for Energize Eastside. We also agree that PSE sufficiently considered alternatives to the Energize Eastside project.").

[146] Dockets UE-220066 and UG-220067; D. Koch, Exh. DRK-23r2 (Excerpts of PSE Board updates and presentations regarding the Project); D. Koch, Exh. DRK-24 (Presentations to the Board's Energy Management Committee); D. Koch, Exh. DRK-25r2 (Presentations to the Asset Management Committee); *see also* App. K (Monthly Reports to the EE230 Leadership).

[147] Final Order ¶ 204.

[148] Final Order ¶ 212.

Project.[149] PSE kept the Board fully apprised of updates regarding the Project. PSE first began updating the Board on the Project in 2013.[150] PSE management continued to present reports and information to the PSE Board of Directors so it could evaluate the business case, and later, the development, decision to build, and construct the Project. PSE delivered dozens of presentations and reports to its AMC and the full Board of directors during the evaluation, development, and construction phase of the Project. Updates offered an ongoing assessment of Project benefits, risks, and costs and schedule, and sought multiple approvals at key points along the way.

Table 4 Board of Director Meetings–Project Updates

Date	Meeting	Summary
January 11, 2012	Board of Directors	Preliminary overview of the Project
November 8, 2013	Board of Directors (Governance and Public Affairs Committee)	Plan for public-facing communications
January 22, 2014	Board of Directors	Presentation on scope, purpose, and need of Project
February 28, 2014	Board of Directors	Public Affairs and Government Relations status update on the Project
May 5, 2015	Board of Directors	Public Affairs and Government Relations status update on the Project
May 29, 2014	Board of Directors (Business Planning Committee)	Presentation on Project update, risks, financial analysis, communications, and coordination amongst PSE teams
June 14, 2014	Board of Directors	Public Affairs and Government Relations status update on the Project
September 25, 2014	Board of Directors	Public Affairs and Government Relations status update on the Project
February 27, 2015	Board of Directors	Public Affairs and Government Relations status update on the Project
June 25, 2015	Board of Directors	Public Affairs and Government Relations status update on the Project

[149] Final Order at ¶¶ 211-219 (rejecting CENSE's arguments); *see also* App. M (containing 5-Year Capital Budget Plans).

[150] App. J (2013 Governance Committee Meeting).

Date	Meeting	Summary
August 8, 2015	Board of Directors	Public Affairs and Government Relations status update on the Project
April 29, 2019	Board of Directors	Status update on the Project

Additionally, between June 2020 through May 2024, PSE provided monthly Project updates and Project scorecards to the Board of Directors' Asset Management Committee.[151] The Project scorecards include a green (high) yellow, red (low) ranking based on five health areas: scope, schedule, budget, resources, and benefits.

PSE additionally notes that, although our Board of Directors approved financial plans included capital expenditures for the Project, pursuant to PSE's Major Projects governance process, PSE's Board of Directors does not review or approve all specific project level decisions. Rather, the Board delegated spending authorization authority to the Vice President of Operations. In accordance with PSE governance and approval policies, Project staff regularly updated PSE's executive management on cost increases in the Project's lifetime budget.[152]

B. PSE Maintained Contemporaneous Documentation throughout the Project's Lifecycle.

Finally, and as again detailed in the chronology above, PSE staff maintained extensive contemporaneous documentation during the design, permitting and construction of the Project. The Commission states that a utility:

> must keep adequate contemporaneous records that will allow the Commission to evaluate the Company's decision-making process. The Commission should be able to follow the utility's decision

[151] *See* App. J (containing Project Scorecards as individual files and in a combined file named "2021-2025 Strategic Scorecards Combined); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-25r Energize Eastside Asset Management Committee Meeting Books.

[152] App. A-1 (Attach. F to PSE Resp. DR 338) (PSE's Project Change Requests and Cost Spending Authorization).

> process; understand the elements that the utility used; and determine the manner in which the utility valued these elements.[153]

PSE maintained several forms of contemporaneous records. First, following the initiation of construction, PSE had Monthly Reports to EE230 Leadership, which were monthly reports from PSE project staff to Directors and Officers. These reports discussed key issues and provided updates on the project status.[154] Second, as discussed above, PSE also continuously met with, and provided updates to different levels of PSE's leadership. This included meetings with PSE's Board of Directors, its Governance and Public Affairs Committee, and Asset Management Committee. These materials detailed a variety of Project updates ranging from construction delays, complexities in permitting process, and public outreach.[155] Moreover, as part of its formal budget governance process, PSE also documents project changes using a Project Change Request ("PCR").[156] Relevant PCRs are attached to this memorandum in Appendix G and as Attachment F to PSE's Response to DR 338.[157] PCRs are submitted by the project manager (there are different project manager's for different portions of the Project) and can include a change in the project's scope (need, benefit, or intent), schedule (change in service date greater than one year), and/or

[153] Final Order ¶ 367.

[154] App. K (Monthly Reports to EE230 Leadership).

[155] App. J (Board Communication Documentation); *see also* Dockets UE-220066 and UG-220067; D. Koch, Exh. DRK-23r2 (Excerpts of PSE Board updates and presentations regarding the Project); D. Koch, Exh. DRK-24 (Presentations to the Board's Energy Management Committee); D. Koch, Exh. DRK-25r2 (Presentations to the Asset Management Committee); see also App. K (Monthly Reports to the EE230 Leadership).

[156] App. G (PCRs 10-15).

[157] App. A-1 (Attach. F to PSE Resp. DR 338) (PSE's Project Change Requests and Cost Spending Authorization); *see also* App. G (PCRs 10-15).

budget (change in cost beyond a certain threshold).[158] Each PCR must be approved by a manager, a director sponsor, and an executive sponsor.[159]

Third, PSE also has a 2025 Project Implementation Plan. The PIP provides the best summary document of PSE's extensive documentation and is a living contemporaneous document that is updated at each major decision-point or event in the project life cycle.[160] Each major event is updated by quarter in which it occurs and notes whether or not there was a PCR, and or an increase in the budget. A truncated summary is detailed in the Document Revision History and Chronological Summary.[161]

VI. CONCLUSION

The Energize Eastside project was complex and required engaging four different jurisdictions in highly technical conversations on transmission planning, pipeline safety, wire and non-wire alternatives, and a range of potential environmental impacts. These tough conversations resulted in protracted approval processes that appropriately prioritized safety, but challenged PSE's ability to plan for construction, particularly in a post-Covid development environment, and to forecast. That said, at every stage of the Project, PSE maintained standard procedures for controlling reasonable costs, updated an engaged executive team and Board, and completed required contemporaneous documentation. For those reasons, PSE respectfully requests that the

[158] *See, e.g.*, App. G.

[159] *Id*.

[160] App. H (2025 PIP) (documenting Project milestones, challenges, and authorizations since 2009); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

[161] App. H (2025 PIP) (documenting Project milestones, challenges, and authorizations since 2009); *see also* Dockets UE-220066 and UG-220067, D. Koch, Exh. DRK-21 (same).

Commission deem the amounts placed in service through 2024 for the Project prudent and that no refund is required associated with the Project.

List of Appendices in Attachment G

- Appendix A – PSE's Text Responses to WUTC Staff Data Requests No. 317 through 349 related to the Energize Eastside Project.
- Appendix A-1 - PSE's Full Revised Response to WUTC Staff Data Request No. 338 with Attachments
- Appendix B – Combined package of all Conditional Use Permit ("CUP") approvals
- Appendix B-1 – South Bellevue CUP
- Appendix B-2 – Renton CUP
- Appendix B-3 – Newcastle CUP
- Appendix B-4 – Redmond CUP
- Appendix B-5 – North Bellevue CIP
- Appendix C – Partner Cities' complete SEPA record
- Appendix C-1 – Final Environmental Impact Statement ("EIS") (March 2018)
- Appendix C-2 – Phase I Draft EIS (January 28, 2016); Phase 1 Draft EIS (July 30, 2015)
- Appendix C-3 – Phase 2 Draft EIS, Vol. 1 & 2 (May 8, 2017); Scoping Comment Summary Report, Part 1 April 14 – May 31, 2016 Scoping Period; Scoping Comment Summary Report, Part 2 June 30 – August 1, 2016 Scoping Period (Reopened)
- Appendix C-4 – 2023 SEPA Addendum (October 2023)
- Appendix D – Wilson Change Order Log Through 10/17/2024
- Appendix E – Olympic Pipe Line, LLC Approvals, Redacted (November 29, 2022)
- Appendix F – Contract Selection Memos, August 2, 2021; and June 1, 2020
- Appendix G – PSE Project Change Orders
- Appendix H – 2025 Project Implementation Plan with Attachments (January 8, 2025)
- Appendix I – 2013 Project Initial Approval
- Appendix J – Board Communication Documentation
- Appendix K – Reports to EE230 Leadership (2013-2015, 2018-2024)
- Appendix L – New Castle Code Interpretation
- Appendix M – 5 Year Capital Budget Plans

- Appendix N – CSA History
- Appendix O – Inflation Costs Email from Wilson Construction (March 26, 2025)
- Appendix P – Pipeline Damage Costs (July 16, 2024)
- Appendix Q – Support for Table 3 Comparison of Amount in Rates to Current Budget