EXH. DRK-23
DOCKETS UE-22___/UG-22___
2022 PSE GENERAL RATE CASE
WITNESS: DAN'L R. KOCH

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **PUGET SOUND ENERGY,** **Respondent.**	**Docket UE-22____** **Docket UG-22____**

TWENTY-SECOND EXHIBIT (NONCONFIDENTIAL) TO THE PREFILED DIRECT TESTIMONY OF

DAN'L R. KOCH

ON BEHALF OF PUGET SOUND ENERGY

JANUARY 31, 2022

Excerpt from the November 8, 2013 Governance and Public Affairs Committee meeting minutes.

Public Affairs Update

Mr. Simon then asked Ms. Odell and Mr. Bussey to provide an update regarding the Company's government affairs and public policy activities. Ms. Odell discussed the 2013 key state and federal elections impacting Puget Sound Energy. [redacted]

Mr. Bussey advised that on December 4 PSE will be rolling out its "Energize Eastside" campaign to communicate the upgrades needed for PSE's electric infrastructure to prepare for decades of growth on the Eastside. He discussed PSE's talking points, Eastside stakeholder outreach events, and described the Eastside 230 Project.

After their report, Ms. Odell and Mr. Bussey left the meeting.

January 22, 2014 Puget Sound Energy Board Meeting
Minutes Excerpt and Presentation

THE EASTSIDE 230 PROJECT

Ms. Hopkins, Ms. Gilbertson and Mr. Bussey then led a discussion on the Energize Eastside project. They advised the Energize Eastside project is a large multi-year project to add a new transmission line that is needed to serve PSE customers. The funds required for the project have been included in the 2014 Budget and 2014-2018 Business Plan. They discussed the need for the project, potential financial impact, risks, and company strategy. A copy of the Energize Eastside project presentation and pre-reading materials are filed with the records of the meeting.

Energize Eastside

East King County 230 KV Transmission Upgrade Project

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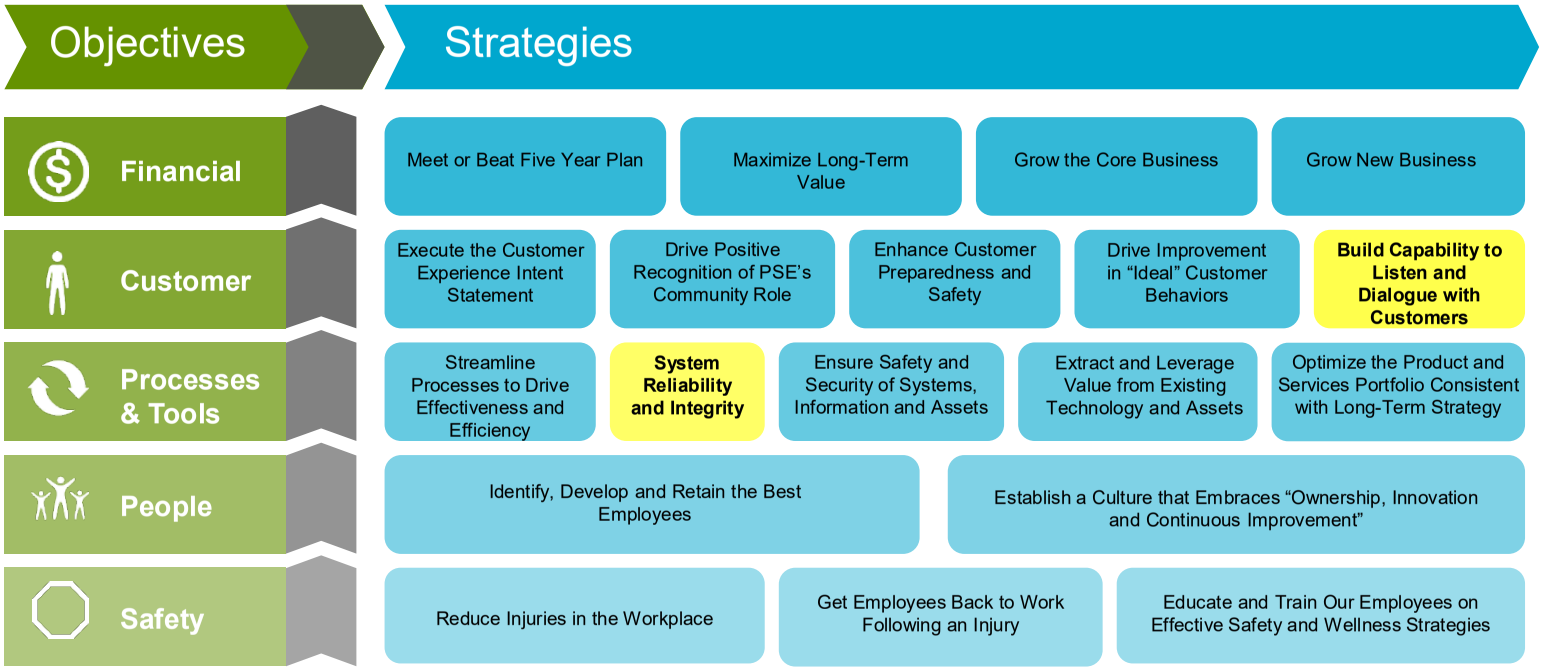
Safe. Dependable. Efficient.

What strategy does your presentation relate to?



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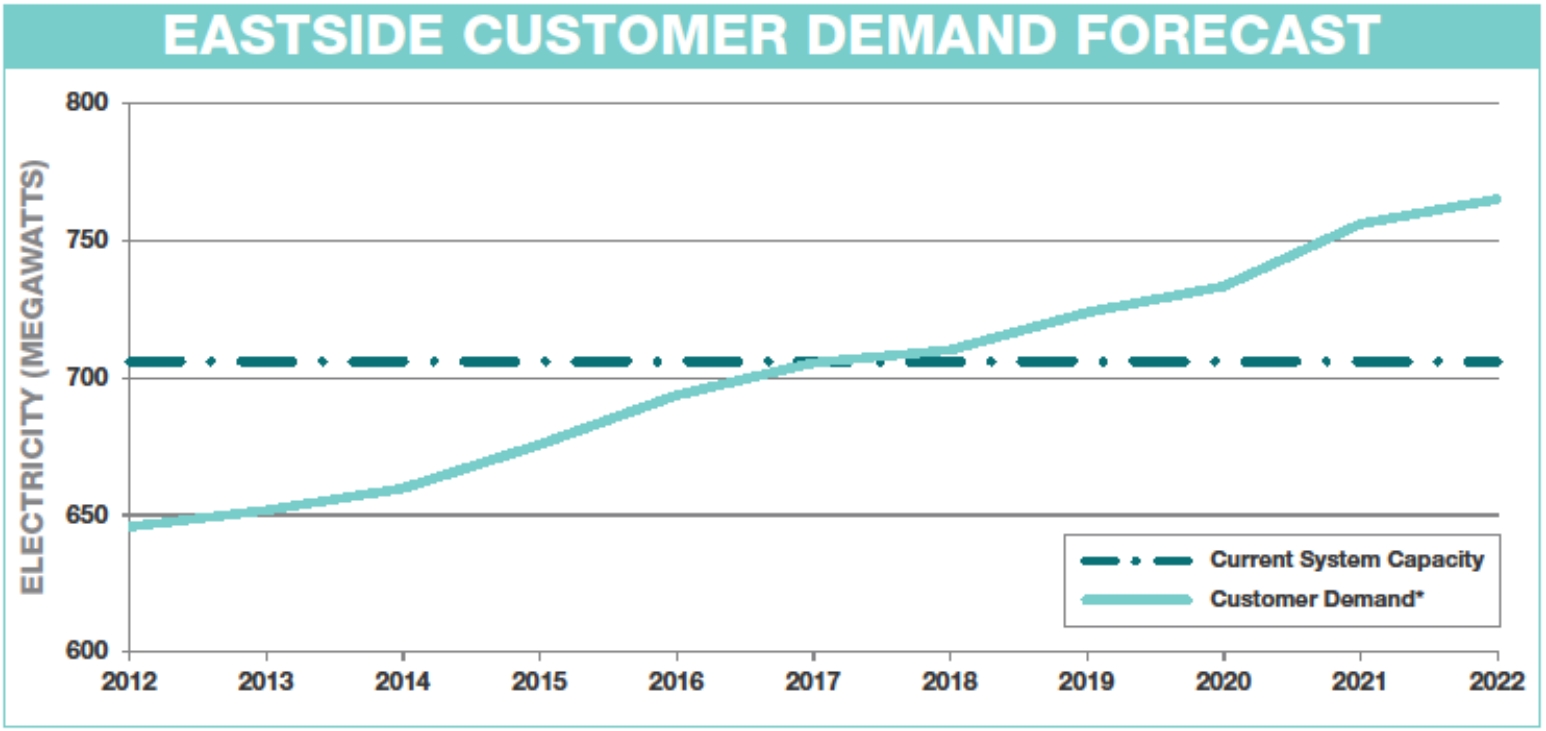
Background



*Customer Demand assumes 100% of conservation goals are met.

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Risks/Opportunities

RISK MATRIX – Early Development Phase

(prior to route selection, permits & design)

Risk	What (define risk)	Probability (high/medium/low)	Magnitude (high/medium/low)	Mitigation Plan to address risk
Financial	Estimated cost and timing of expenditures is dependent on route selected[1]	High	High: project estimates range between $150 - $300 M, depending on the route	Re-estimate when route is selected in 2014 and utilize project playbook strategy[2]
Political	City/County officials do not grant permits	Medium	High: permits have to be approved to launch construction phase	"Energize Eastside" Communication Advocacy strategy[3]
Reputational	Widespread customer/community opposition	Medium	Medium	"Energize Eastside" Communication Advocacy strategy[3]
	Frustration with power outages[4]	Low: until specific outages occur	Medium	Remedial operation plans[5] until new line is built
Legal	Project delays or lawsuits regarding permit process, property impacts, & EMF[6] Condemnation litigation to secure property rights.	High	Medium: could result in higher costs and delays in the schedule Low: risk of project not getting built	Ongoing legal participation on project team & early identification of property needs and equitable offers to current land owners.
Regulatory	Cost recovery in customer rates	Low	Medium	Prudency documentation, playbook strategy & regular regulatory updates
Compliance	Existing line overloads resulting in penalties	Low: Increases after 2017	Medium	Remedial operation plans[5] until new line is built

1. See slide 9 for additional detail on cost estimate range.
2. See appendix for details on project playbook strategy.
3. See appendix for details on communication/advocacy strategy.
4. As electric load grows, approximately 60,000 customers at risk from resulting power outages.
5. Temporary reconfiguration of the power system during times of high electric demand.
6. Electro Magnetic Field (EMF).

Public Affairs/Government Relations Update

	Goal/Issue	***Status/Update***
Local	[redacted]	
	"Energize Eastside"	Ongoing briefings and meetings with elected officials from King County and affected jurisdictions that will need to approve project permits. Questions to date have focused on the size of the transmission lines, the proposed route, costs, benefits and overall impact to customers.
[redacted]		

Public Affairs/Government Relations Update

	Link to PSE ISP	Status/Update
Local	[redacted]	
	System Reliability & Integrity	• **"Energize Eastside"** - More than 70 briefings have been held for elected officials, the King County Council, City Councils in Kirkland, Bellevue, Newcastle, and Renton, as well as Congressman Adam Smith and targeted influential civic leaders.
[redacted]		

Energize Eastside

East King County 230 KV Transmission Upgrade Project

May 29, 2014

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Previous Board Interaction

The Energize Eastside project was discussed during the:

Board meeting on January 11, 2012

- A preliminary overview of the project was provided in conjunction with a discussion on “Successfully Building Energy Infrastructure in Areas Transitioning from Rural-to-Urban”

Governance Committee meeting on November 7, 2013

- The project’s “Communications and Public Affairs Campaign” was discussed as part of the Public Affairs Update.

Board meeting on February 28, 2014

- The project need, initial risk assessment, anticipated schedule, project “playbook” strategy, and the 2014-2018 budget estimate was discussed.

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Background

Energize Eastside project: The Energize Eastside project will build a new, transmission line with greater capabilities to support customer growth and enhanced reliability.

In 2014, the project team is deploying an extensive community engagement process to build local stakeholder support, identify and mitigate stakeholder opposition, and obtain stakeholder input on potential transmission line route options prior to PSE selecting a final route.

PSE plans to select a route by early 2015 which is a prerequisite for the next phases of the project – final design and permitting – which in turn determines the estimated cost of the project. Once a route is selected, permitting will be secured and design finalized in 2015-16. Construction is planned for 2017-18. Initial plans envision an 18 mile transmission line with cost projections ranging between $150 million to $300 million.

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The Energy To Do Great Things

Risks/Opportunities

RISK MATRIX – Early Development Phase

(prior to route selection, permits & design)

Risk	What (define risk)	Probability (high/medium/low)	Magnitude (high/medium/low)	Mitigation Plan to address risk
Financial	Estimated cost and timing of expenditures is dependent on route selected[1]	High	High: Project estimates range between $150 - $300M, depending on the route	Re-estimate when route is selected in 2014 and utilize project playbook strategy[2]
Political	City/County officials do not grant permits	Medium	High: Permits have to be approved to launch construction phase	"Energize Eastside" Communication Advocacy strategy[2]
Reputational	Customer opposition	High: For customers adjacent to proposed routes Medium: For widespread opposition	Medium	"Energize Eastside" Communication Advocacy strategy[2]
	Frustration with power outages[3]	Low: Until specific outages occur	Medium	Remedial operation plans[4] until new line is built
Legal	Project delays or lawsuits regarding permit process, property impacts, & EMF[5]. Condemnation litigation to secure property rights.	High	Medium: Could result in higher costs and delays in the schedule Low: Risk of project not getting built	Ongoing legal participation on project team & early identification of property needs and equitable offers to current land owners.
Regulatory	Cost recovery in customer rates	Low	Medium	Prudency documentation, playbook strategy & regular regulatory updates
Compliance	Existing line overloads resulting in penalties	Low: Increases after 2017	Medium	Remedial operation plans[4] until new line is built

1. See slide 53 for additional detail on cost estimate range.
2. See appendix for details on project playbook and communication strategy.
3. As electric load grows, approximately 60,000 customers at risk from resulting power outages.
4. Temporary reconfiguration of the power system during times of high electric demand.
5. Electro Magnetic Field (EMF).

Financial Analysis

- The current estimated costs for the project is $150 - $300 million.
- The estimated total cost and year-to-year spend will change as route, permitting, schedule and design details are finalized.
- The estimate will be updated in late 2014 when the preferred route is selected.

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Appendix

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Project "Playbook" Strategy

- **Playbook Goal**: Align all disciplines to guide a coordinated effort.
- **Strategy**: Develop a holistic project playbook that incorporates all project aspects from planning to engineering to community involvement to construction, and execute through each stage with attention to the ***key messages***.
  - *Planning*: Detailed needs, solution & route alternatives assessment.
  - *Advocacy & Outreach*: Robust customer, community, political, and stakeholder outreach process – consistency in message.
  - *Permitting*: Planned in conjunction with and supported by political and community outreach.
  - *Engineering & Construction*: Support outreach and permitting with designs and information; execute traditional construction activities (surveying, mobilization, installation, commissioning).
  - *Real Estate & Vegetation Management*: Engage in outreach and mitigate impacts on tough issues e.g., property values, tree removal
  - Recommendations from the 2014 major projects initiative will be incorporated into the playbook strategy. Similarly, playbook strategy processes will be incorporated into the major projects methodology as appropriate.

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Communications/Advocacy Outreach Strategy

- **Outreach Goal**: Achieve necessary permits to construct transmission line while maintaining positive reputation with affected jurisdictions, customers and elected officials.
- **Strategy**: Engage in a robust customer and community engagement process that sets up a defensible and timely permit process.
  - *Pre-launch*: campaign on need and community engagement process – customers, elected officials and key community leaders
  - *Project Launch*: campaign on need, community engagement process and potential solutions/routes selection process – same audiences
  - *Community Advisory Group*: In-depth advisory process anchors outreach.
  - *Local Political Advocacy*: No surprises for electeds. Create support group of key community leaders

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Public Affairs / Government Relations Update

Link to PSE ISP	*Status/Update*
Local	[redacted]
System Reliability and Integrity	● **"Energize Eastside" –** As communities begin organizing themselves in opposition to various routes, we are working with our local officials to arm them with good data so that they can respond to their constituents with good PSE data.

[redacted]

Public Affairs / Government Relations Update

Link to PSE ISP	*Status/Update*
Local	[redacted]
Meet/Beat 5 Yr Plan --- Max Long Term Value	• **Energize Eastside:** In December and January, all five City Councils with permitting jurisdiction over PSE's Energize Eastside project unanimously approved the agreement defining how they would conduct and share costs on the environmental review of the project.
[redacted]	

Local

[redacted]

System Rel /Integrity

- **Energize Eastside -** The City of Bellevue's independent review of Energize Eastside was presented before Bellevue City Council in May. The review found that there is a need for the Energize Eastside Project to address growth and reliability.

[redacted]

Public Affairs / Government Relations Update

	Government Affairs and Public Policy Activities	Status	ISP
Local	[redacted]		Financial / Customer
	• **Energize Eastside:** The first public comment period on the Environmental Impact Statement (EIS) ended June 15. Comments are now being reviewed by cities conducting EIS.		
[redacted]			

energizeEASTSIDE

Energize Eastside project route

Overview

The project will add a new substation and upgrade existing transmission lines between Redmond and Renton to support growth in east King County while providing greater reliability.

Regional growth

By 2040, the residential population of east King County (the "Eastside") is forecasted to grow by 33% and employment is forecasted to grow by 70%.

Electric system constraints

The electric transmission system serving the Eastside was first built in the 1930s and last upgraded in the 1960s. Recent growth studies project that electric demand from Eastside residents and businesses will exceed PSE's ability to supply dependable power during times of peak demand as early as 2018.

Multiple options considered

PSE and industry experts have looked at many ways to solve the Eastside's electric delivery problem, including options like batteries, solar, conservation and new infrastructure. In addition, various route alternatives were studied. PSE has and continues to engage the community on the project.

Next steps

PSE filed permits for the selected route from the existing Lakeside substation south to the Talbot Hill substation. Construction is planned for 2019-2020. Plans envision a 16 mile transmission line with cost estimated at $300 million.

PSE PUGET SOUND ENERGY

energizeEASTSIDE

Where We Are Today - April 2019

PUGET SOUND ENERGY

The need remains the same – growth, responsibility and the right solution

- Growth and reliability are driving the need for the Energize Eastside project
- We've reviewed many options, and Energize Eastside is the right solution
- Peak demand threshold was reached a year earlier than previously forecasted
  - To meet reliability requirements, PSE has moved toward utilizing corrective action plans (CAPs) that include a load shedding plan to avoid equipment overloads for some scenarios
  - In 2018, PSE began the planning process for utilizing CAPs. Our work included limited and targeted stakeholder engagement, as well as table top exercises, to inform the development of the plan

Keeping the community informed

- Continue to provide targeted updates to elected officials (as appropriate), city staff and key stakeholders, including the UTC
- Continue to reach out to property owners and customers
- More than 2,000 touchpoints with community members have occurred up to this point

Opposition's conflation of PSE issues

- CENSE engagement: Small but loud; searching for empathetic and supportive venues and allies
- Conflation with other PSE projects
  - Continue to coordinate with other project teams
  - Work with IRP Team and other PSE staff to maintain consistency with discussions of Energize Eastside project in the IRP process, while being responsive to direct requests by the UTC
- Continue to work with Regulatory Affairs to brief UTC staff on project progress

Permitting duration

- Managing denials or appeals
  - Work with agency staff to understand proposed conditions prior to recommendation to hearing examiner
  - Build and uphold a strong record at each hearing, which includes having outside experts testify along with stakeholder support
  - PSE Technical and Legal teams will continue to work with each city to address questions and data gaps (if any) during the permitting process to help avoid a supplemental EIS
- Managing calls for additional analysis and process
  - Remind agency staff of the thoroughness of the analysis in the EIS process and produced by PSE
  - Maintain and communicate recent analysis on issues, like energy storage and non-traditional engineering options
  - Engage with agencies to address regulatory issues and their understanding of project need through peer review

Supply chain & construction approach

- Communicating with materials providers (e.g., impacts of steel availability and natural disasters)
- Short-list of qualified construction firms. Contract strategy will avoid surprises to mitigate execution risks
- Performing pre-fabrication design to shorten procurement lead time
- Proactively developing construction sequencing scenarios based on permitting schedule logic

Positives

- Major milestones continue to be achieved (i.e., First public hearing in Bellevue is complete, cities are processing permit applications)
- Engagement has produced strong base of support (CURE support is growing, strengthened relationships with city staff, positive engagement with property owners)
- Partnership with the Arbor Day Foundation on Energy-Saving Trees to meet our tree replacement goal
- Established new project norms (i.e., playbook approach, transparent study of alternatives, expanded outreach efforts, engineering innovations, etc.)