

**EXH. SLT-13
DOCKETS UE-22___/UG-22___
2022 PSE GENERAL RATE CASE
WITNESS: SUZANNE L. TAMAYO**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-22___
Docket UG-22___**

**TWELFTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

SUZANNE L. TAMAYO

ON BEHALF OF PUGET SOUND ENERGY

JANUARY 31, 2022

DC/DR Hardware Refresh
Execution to Close-Out Gate

No Phase Change – Project Continues in Execution
Corporate Spending Authorization (CSA)

Before starting: Contact the Capital Budget team (CSA-TeamMail@pse.com) for any clarification needed and review the [CSA Standard](#) when completing this template.

The sections provided expand / are not limited to one row. **Ensure you provide adequate information and back-up documentation to support your business case.** If a section or item is not applicable, enter N/A; if unknown, enter TBD. The gray fields are provided as prompts; do not leave these fields with instructions visible.

Date Submitted:	11/18/2021
Officer Sponsor:	Margaret Hopkins
Project Director:	Jeff Neumann
Responsible Cost Center:	1213

I. Project Overview

Update each section with high level information as applicable, noting any changes from the previous request/Gate.

Business Need: PSE constructed two Data Centers in the 2017-2018 time frame to support ongoing IT Operations and Data Processing. The primary data center is commonly referred to as Snoqualmie (SQE), and the secondary data center is known as Cascade (CAS). Most of the daily data processing needs of PSE are performed in the SQE center, with the CAS center supporting both real-time failover as well as disaster recovery if a catastrophic event occurs.

IT networking, storage, and data processing equipment typically has a service life of 3 to 5 years. Most of the equipment running in these data centers was purchased in 2017, and went live (used and useful) in early 2018. As such, the equipment will be reaching the end of its useful life in the 2021-2023 time frame.

The business need is simply to refresh the equipment in place with updated hardware, associated software, and new service agreements as required.

Proposed Solution:

All equipment has been inventoried in both Data Centers to determine what needs to be included within this replacement strategy. Considerations include the useful life of the equipment, the original in-service date, and vendor requirements to keep support agreements intact.

In Q1 2021, there will be a 3 month planning and design phase to schedule the procurement and installation of the replacement hardware over a 3 year period. Any required engineering changes will be documented in the Design Phase.

The Execution Phase will encompass most of the 2021-2023 time frame based on equipment end of life dates. This phase will cover procurement, installation, configuration, and testing of the new equipment. Much of the equipment can be “hot-swapped” in place with minimal disruptions of running applications.

Project Outcome/Results:

The project will yield several desirable outcomes. First, we will be keeping our data processing equipment current and taking advantage of technology gains that have materialized since 2017.
Second, we will be updating all related software and support agreements to keep them current. This will help to minimize downtime when incidents do occur.

Finally, the Data Centers will maintain the very high level of reliability and redundancy that our customers have come to expect.

OCM, Process & Training Impact:

 N/A Low Impact Medium Impact Significant Impact

There will be no OCM impact. The business customers of the Data Centers should experience no perceptible change in operations, with the possible exception of improved performance.

Primary ISP Alignment:

Processes & Operations [ISP strategy descriptions](#)

Portfolio Description:

Risk Mitigation [Capital Allocation Definitions](#)

Project Complexity:

 Straightforward and well understood Complex and well understood Complex and not well articulated

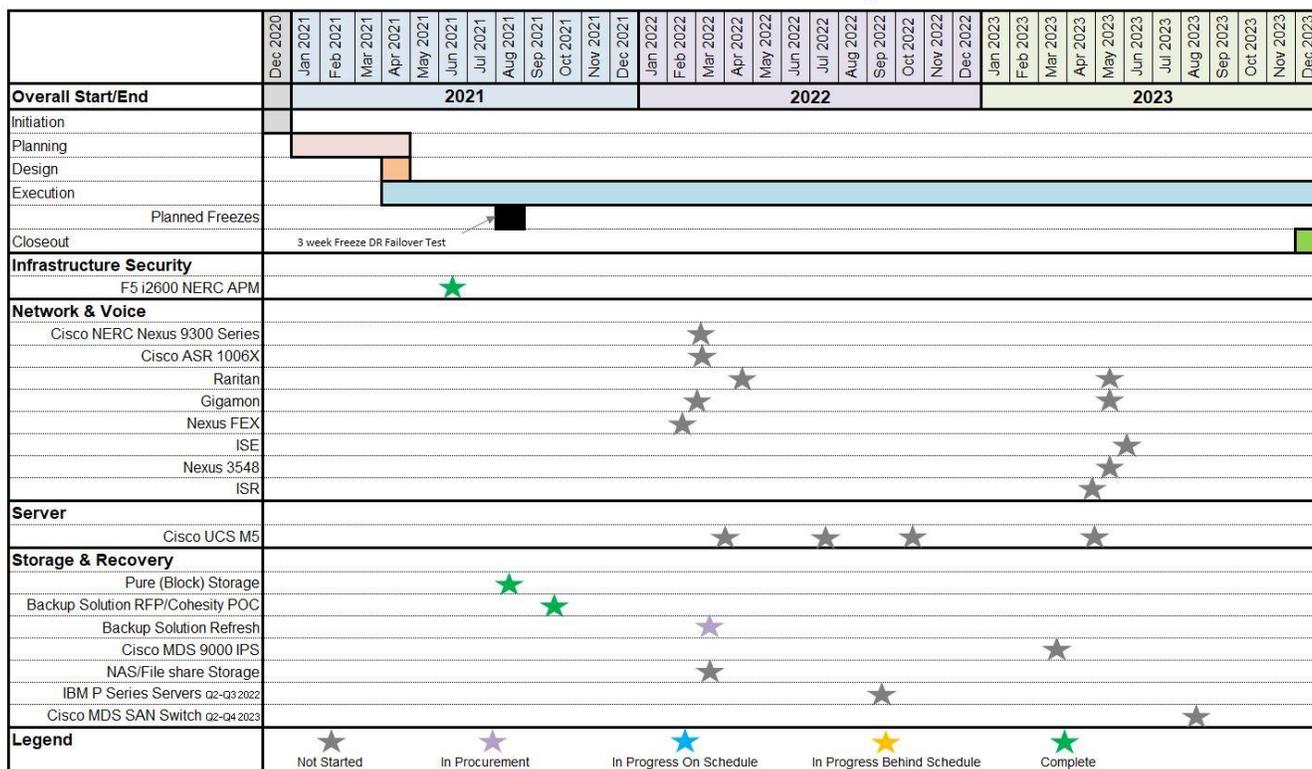
II. Key Schedule and Financial Information

Expected Start Date If Funded:	01/2021
Expected In-Service Date:	Enter Date MM/YYYY There will be various in-service dates starting in Q2 of 2021 through Q4 of 2023 as new hardware is refreshed based on the associated obsolescence dates.

High-Level Schedule *Enter Expected # of Years and Months*

Duration				
Planning	Design	Execution	Total Project	Anticipated Closeout date
2 months	1 month	2 years 9 months	3 years	12/2023

F.10003.02.01.07 Data Center Hardware Refresh Project Timelines/Milestones



Initial Estimated Funding % by Phase as of 01/4/2021: Enter values to include both O&M and Capital in the cells below for percentage of funding to be used in each phase of the project.

Initiation	Planning	Design	Execution	Closeout
0%	7%	2%	90%	1%

Initial Grand Total Estimate (contingency included and in \$000s): Contingency Standard	Capital: \$19,908,267	OMRC/Project O&M: \$ (Not including O&M Tail)
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Estimated Five Year Allocation: Enter values in the cells below for years anticipated, up to five years, plus any expected future years. Change "Year 1, Year 2, etc. to the relevant years for this project. Ongoing O&M begins after project close-out.

Initiation to Planning

Category:	Year 1 - 2021	Year 2 - 2022	Year 3 - 2023	Year 4 - 2024	Year 5 - 2025	Total
Capital (contingency included)	\$7,847,822	\$6,925,062	\$5,135,383	\$	\$	\$19,908,267
OMRC / Project O&M	\$	\$	\$	\$	\$	\$

Planning to Design to Execution: [DCSN0001166](#) 2021 Capital Budget deferral of \$4.5 million to 2022, [PCR 01](#)

Category:	Year 1 - 2021	Year 2 - 2022	Year 3 - 2023	Year 4 - 2024	Year 5 - 2025	Total
Capital (contingency included)	\$3,347,822	\$11,425,062	\$5,135,383	\$	\$	\$19,908,267
OMRC / Project O&M	\$	\$	\$	\$	\$	\$

Execution: [DCSN0001331](#) DCHR 2022 Capital Budget deferral of \$2 million to 2023, [PCR 02](#)

Category:	Year 1 - 2021	Year 2 - 2022	Year 3 - 2023	Year 4 - 2024	Year 5 - 2025	Total
Capital (contingency included)	\$3,347,822	\$9,425,062	\$7,135,383	\$	\$	\$19,908,267
OMRC / Project O&M	\$	\$	\$	\$	\$	\$

Execution to Closeout :

Category:	Year 1 - 2021	Year 2 - 2022	Year 3 - 2023	Year 4 - 2024	Year 5 - 2025	Total
Capital (contingency included)	\$3,347,822	\$9,425,062	\$7,135,383	\$	\$	\$19,908,267
OMRC / Project O&M	\$	\$	\$	\$	\$	\$

III. Ongoing Benefits

Summary Benefits (see Benefits realization plan for details):	This project is primarily a “keep running” initiative and is not designed to produce direct monetary benefits. We are simply pursuing continued reliability of our Data Centers. Any quantification of additional benefits would be highly speculative and based on assumptions that cannot be tested in a practical way.
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Category:	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Ongoing O&M (to be funded by business)	\$	\$	\$	\$	\$	\$
Ongoing O&M (requesting \$'s)	\$	\$	\$	\$	\$	\$
Benefits	\$	\$	\$	\$	\$	\$
Net impact (= Benefits – O&M)	\$	\$	\$	\$	\$	\$
* Payback in Years	Not Applicable					

* No net new ongoing OM

IV. Risk Management Summary

Identify high level risk categories expected for the project. Consider Project Dependency, Project Timing and Resourcing, as well as Regulatory Risk.

Summary of high level risks sentence:	This project, while complex, should be relatively low risk for PSE. With a 3 year time frame, there is ample time to plan the procurement of new equipment in advance, and make any engineering changes that are necessary. There should be low Regulatory Risk, because keeping IT equipment current is a prudent expenditure as long as we keep the costs at or below the level we spent on the existing equipment.
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V. Phase Gate Change Summary

Use this section for changes from: **Planning to Design, Design to Execution or Execution to Closeout** phases. To have a history of the changes at each phase gate change, **copy/paste the table below above the previous table.**

Phase:	Execution to Close
Scope:	No Change to overall scope.
Budget:	Click or tap here to enter text.
Schedule:	
Benefits:	No Change

Prepared by:	Hema Pritamani, Sr. IT Project Manager																				
Phase:	Execution to Close No Phase Change – Project Continues in Execution																				
Scope:	No Change to overall scope.																				
Budget:	<p>DCSN0001331 DCHR 2022 Capital Budget deferral of \$2 million to 2023, PCR 02</p> <table border="1"> <tr> <td>2021 CAPITAL Budget</td> <td>\$3,347,821.93</td> </tr> <tr> <td>2022 CAPITAL Budget</td> <td>\$11,425,061.70</td> </tr> <tr> <td>This PCR</td> <td>-\$2,000,000.00</td> </tr> <tr> <td>Updated 2022 Capital Budget</td> <td>\$9,425,061.70</td> </tr> <tr> <td>2023 CAPITAL Budget</td> <td>\$5,135,383.25</td> </tr> <tr> <td>This PCR</td> <td>+\$2,000,000.00</td> </tr> <tr> <td>Updated 2023 Capital Budget</td> <td>\$7,135,383.25</td> </tr> <tr> <td>Overall Budget</td> <td>\$19,908,266.87</td> </tr> <tr> <td>This PCR</td> <td>No change</td> </tr> <tr> <td>Updated Overall Budget</td> <td>\$19,908,266.87</td> </tr> </table>	2021 CAPITAL Budget	\$3,347,821.93	2022 CAPITAL Budget	\$11,425,061.70	This PCR	-\$2,000,000.00	Updated 2022 Capital Budget	\$9,425,061.70	2023 CAPITAL Budget	\$5,135,383.25	This PCR	+\$2,000,000.00	Updated 2023 Capital Budget	\$7,135,383.25	Overall Budget	\$19,908,266.87	This PCR	No change	Updated Overall Budget	\$19,908,266.87
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Schedule:	No Change																				
Benefits:	No Change																				

Prepared by:	Hema Pritamani, Sr. IT Project Manager
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Phase:	<p>Planning to Design Design to Execution</p> <p><u>DCSN0001131</u> – Kathie Hopkins/Mikel Milton approved DCHR project can go from Planning to Execution since there is no real Design efforts as the project scope is limited to like for like refresh of the technologies hence no change to the Design. Any future exceptions/design change will have the needed artifacts, approvals and decisions documented</p>												
Scope:	No Change to overall scope. Part of 2021 scope deferred to 2022 to support budget deferral												
Budget:	<p><u>DCSN0001166</u> 2021 Capital Budget deferral of \$4.5 million to 2022, <u>PCR 01</u></p> <table border="1"> <tr> <td>2021 CAPITAL Budget</td> <td>\$7,847,821.93</td> </tr> <tr> <td>Change</td> <td>-\$4,500,000.00</td> </tr> <tr> <td>Updated 2021 Capital Budget</td> <td>\$3,347,821.93</td> </tr> <tr> <td>2022 CAPITAL Budget</td> <td>\$6,925,061.70</td> </tr> <tr> <td>Change</td> <td>\$4,500,000.00</td> </tr> <tr> <td>Updated 2022 Capital Budget</td> <td>\$11,425,061.70</td> </tr> </table>	2021 CAPITAL Budget	\$7,847,821.93	Change	-\$4,500,000.00	Updated 2021 Capital Budget	\$3,347,821.93	2022 CAPITAL Budget	\$6,925,061.70	Change	\$4,500,000.00	Updated 2022 Capital Budget	\$11,425,061.70
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2022 CAPITAL Budget	\$6,925,061.70												
Change	\$4,500,000.00												
Updated 2022 Capital Budget	\$11,425,061.70												
Schedule:	<p>Planning Phase extended to April 9 2021 with No Change overall schedule</p> <p><u>DCSN0001109</u></p>												
Benefits:	No Change												

Prepared by:	Hema Pritamani, Sr. IT Project Manager
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Phase:	Initiating to Planning
Scope:	Describe the Scope changes since last submission/Phase Gate.
Budget:	Describe the Budget changes since last submission/Phase Gate.
Schedule:	Describe the Schedule changes since last submission/Phase Gate.
Benefits:	Describe the Benefits changes since last submission/Phase Gate.

Prepared by:	Paul Johnson, IT Infrastructure Architect
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VI. CSA Approvals

Add/remove rows as needed in the table below. Email approval is acceptable. To maintain a history of the changes at each phase gate change, **copy/paste the table below above the previous table**. Send to the

Capital Budget team at CSA-TeamMail@pse.com. For a project in the Strategic Project Portfolio (SPP) review the [Escalation Criteria](#) for appropriate escalation and approvals.

For guidance on approval authority levels, follow [CTM-07 Invoice Payment Approval Exhibit I Invoice/Payment Approval Chart](#)

Project Phase	Execution (no change in Phase)			
Approved By	Title	Role	Date	Signature
Jeff Neumann	Director – IT Infrastructure Services	*Director Sponsor	November 18, 2021	 Jeff Neumann Approval PCR02 and
Margaret Hopkins	Sr. Vice President Shared Services and Chief Information Officer	Executive Sponsor	November 29, 2021	 FW PCRs and CSAs for the week of 11 1
		Choose an item		
		Choose an item		
		Choose an item		

Project Phase	Planning to Design Design to Execution			
Approved By	Title	Role	Date	Signature
Jeff Neumann	Director – IT Infrastructure Services	*Director Sponsor	May 25 2021	 Jeff Neumann Approval for F.1000:  ACTION NEEDED Request Steering Cc
Margaret Hopkins	Sr. Vice President Shared Services and Chief Information Officer	Executive Sponsor	May 27 2021	 Margaret Hopkins Approval FW CSAs a
		Choose an item		
		Choose an item		
		Choose an item		

Project Phase	Initiation Funding			
Approved By	Title	Role	Date	Signature
Jeff Neuman	Director-IT Infrastructure Services	*Director Sponsor		 RE Sync on DC HW CSA Progress.htm
Margaret Hopkins	Sr. Vice President Shared Services and Chief Information Officer	Executive Sponsor		 FW CSAs ready for your review and approval - Week of 51820.htm
		Choose an item		
		Choose an item		
		Choose an item		

*Director Sponsor attests that all considered documentation has been approved.

Please direct any questions to either:

1. The Capital Budget team at CSA-TeamMail@pse.com, or
2. The Enterprise Project and Performance Project Practices team at EPP-ProjectPracticesTeam@pse.com