

SUMMARY

In this item, the City Council is considering the Hearing Examiner's *Recommendation to Approve* two applications submitted by Puget Sound Energy for: 1) a Conditional Use Permit; and 2) a Shoreline Conditional Use Permit. These approvals are needed for PSE to construct a new 115 kV overhead transmission line connecting the existing Lake Hills Substation with the Phantom Lake Substation. The 2.89 mile route and approximately 39 new poles will be in the right-of-way along SE 16th Street, 148th Avenue SE and NE, and NE 8th Street. Work will include upgrades to existing substations and substantial restoration/mitigation measures to address tree removal and associated impacts caused by construction activities that will occur along the route.

1. BACKGROUND

PSE's Electrical Facilities Plan (known as the "System Plan") has included a proposal to link the Phantom Lake and Lake Hills Substations since 1993. The proposed link was reaffirmed in 2006, when PSE updated its System Plan. Under Comprehensive Plan Policy UT-32, the City defers to the serving utility regarding the implementation and sequencing of infrastructure facilities. In 2009, as part of the City's updates to its Comprehensive Plan, the Phantom Lake to Lake Hills transmission line link was specifically identified in the Utilities Element as a proposed new facility, and it is depicted as a facility requiring "Sensitive Siting" in the Utilities Element Figure UT5a.

In recent years, the City undertook a thorough study of electrical infrastructure needed to support current and future residents, businesses, and projected growth patterns throughout the city. The Electrical Reliability Study, prepared for the City by Exponent in February of 2012, specifically recommends additional transmission feeds to the Phantom Lake and Lake Hills substations. The Project File includes application materials, studies, and public hearing testimony, used by PSE to establish that the proposed transmission line is needed to improve system reliability, and reductions in power outages and their duration, which can be achieved with the "looping" provided with the new line.

As part of the City's "Sensitive Siting" requirements, PSE undertook a detailed "alternatives analysis" before submitting the pending applications. The alternatives analysis initially considered far more than three potential routes, exploring many east-west and north-south routes to connect the two substations. After public feedback and review of City policies that generally seek to reduce impacts on the greenbelt running through the center of the impacted area, three routes were thoroughly reviewed: 148th, 156th, and 164th. Ultimately, the 148th route was selected, largely because it would run along the busiest street; had the fewest impacts on residential neighborhoods and affected the fewest number of residential properties; and had better opportunities for mitigation – all factors establishing that the alignment along 148th was most consistent with the City Council's intended outcome derived from the hierarchy of preferred locations found in LUC 20.20.255.D(2)(d).

Between November 2007 and April of 2011, PSE held at least four public meetings/open house events before submitting its applications on December 11, 2011. In 2012-2013 the City (with the participation of applicant PSE) conducted two public meetings regarding the application, and three courtesy meetings with the East Bellevue Community Council.

The Public Hearing on the Conditional Use and Shoreline Conditional Use Permit Applications, and the Director's Recommendation of Approval, were noticed in the *Weekly Permit Bulletin* issued by mail to addresses located within 500 feet of the proposed transmission line on October 30, 2014. Written comments were received from 105 citizens. A summary of the comments and responses can be found on page 45 of the Development Services Department Staff Report.

Given the scale of the project, a number of other City review and approval processes occurred in association with the two permits addressed in this Recommendation. Specifically, the City thoroughly reviewed application materials for, duly noticed, sought and considered public feedback for, and issued:

1. a Mitigated Determination of Non-Significance (MDNS) under SEPA;
2. a Critical Areas Land Use Permit for aspects of the transmission line project; and
3. a Shoreline Substantial Development Permit.

Under the City's code, all three of these associated permits and approvals were Process II Land Use decisions, subject to appeal before the Hearing Examiner. None of these connected approvals were appealed, and stand unchallenged as support for the remaining two permits now before the City Council.

2. APPLICATION BEFORE EXAMINER

On Thursday, November 20, 2014, the Examiner received testimony under oath at the duly noticed public hearing for the underlying application at Bellevue City Hall, Council Chambers. At the hearing, Sally Nichols, Senior Land Use Planner, presented the Director's Recommendation of Approval/Staff Report and representatives for the applicant appeared in support of the application. Thirteen individuals provided testimony under oath at the hearing. Letters from PSE representatives, summarizing their testimony made on record during the public hearing, were admitted into the record as exhibits A-1 through A-7.

On December 19, 2014, the Hearing Examiner issued Findings of Fact, Conclusions and Recommendation that the applications should be approved by the City Council. The deadline for filing an appeal of the Examiner's Recommendation expired on January 2, 2015. No appeals were filed.

3. SITE CHARACTERISTICS and CHANGES TO THE PROPOSAL AS A RESULT OF CITY REVIEW

The transmission runs through multiple land use districts along the proposed alignment. These districts include:

- Single Family Land Use Districts: R-1, R-1.8, R-2.4, R-3.5, R-4 and R-5
- Multi-Family Land Use Districts: R-10, R-15, R-20 and R-30
- Non-Residential Land Use Districts: PO (Professional Office), O (Office), CB (Commercial Business), NB (Neighborhood Business)

As noted in Finding No. 34, on page 21 of the Examiner's Recommendation, a number of substantive changes were made to the initial proposal as a result of City review. These modifications include, without limitation:

- The line was shifted in at least three locations to avoid tree removal;
- The line was shifted to the south side of NE 8th Street to avoid Fire Station 3 and Crossroads Park;
- Proposed chain link fencing at the substations will not be allowed. Instead, PSE will need to provide sight-obscuring fencing and sight-obscuring landscaping at the substations;
- Construction of the SE 16th portion of the line will be deferred until the City constructs the identified Transportation Improvement Project for the street;
- PSE will not be allowed to place overhead lines along the entire southern side of SE 16th Street running from 148th Avenue SE to 156th Avenue SE (existing lines are already located along the north side of the street); and
- PSE will be required to pay the City more than \$850,000 as compensation for the loss of 295 trees along the route for the new transmission line.

4. COMMENTS

As noted in Section 2 above, public comments and testimony were received at the public hearing. A summary of comments are on pages 19 and 20 of the Examiner's Recommendation.

5. HEARING EXAMINER RECOMMENDATION

Based upon detailed Findings and Conclusions, the Hearing Examiner recommends that PSE's two applications for a Conditional Use Permit and a Shoreline Conditional Use Permit to construct a new 115 kV overhead transmission line connecting the existing Lake Hills Substation with the Phantom Lake Substation be **Approved**, subject to Conditions attached to the Examiner's Recommendation.