

Memorandum of Understanding Electrical System Performance and Reliability Reporting

This Memorandum of Understanding ("MOU") is entered as of this ____ day of _____, 2018 ("Effective Date") by and between the City of Bellevue, a municipal corporation of the state of Washington (the "City") and Puget Sound Energy Inc., a Washington corporation ("PSE"), which are together referred to herein as the "Parties" and each individually as a "Party".

WHEREAS, Comprehensive Plan Policy UT-99 directs the City to "Work with and encourage Puget Sound Energy to plan, site, build and maintain an electrical system that meets the needs of existing and future development, and provides highly reliable service for Bellevue customers;" and

WHEREAS, Comprehensive Plan Policy UT-45 directs the City to "Coordinate with non-city utility providers to ensure planning for system growth consistent with the city's Comprehensive Plan and growth forecasts;" and

WHEREAS, providing highly reliable service is a critical expectation of the City for PSE given the importance of reliable and uninterrupted electrical service for public safety and health, as well as convenience. Highly reliable service means there are few and infrequent outages, and when an unavoidable outage occurs it is of short duration and customers are frequently updated as to when power is likely to be restored; and

WHEREAS, a highly reliable system should be designed, operated, and maintained to keep pace with the expectations and needs of residents and businesses as well as evolving technologies and operating standards as they advance over time; and

WHEREAS, in 2011 the City entered into a professional services agreement with Exponent to perform an electric system reliability assessment (the "Electrical Reliability Study") to assist the City in meeting its goals to be an informed stakeholder and to work with PSE to ensure a reliable electric power supply for the City; and

WHEREAS, the outcome of the Electrical Reliability Study was a set of recommendations that will support the City's efforts to meet its stated goals and be implemented so as to work continuously with PSE on maintaining and improving the City's electrical reliability; and

WHEREAS, the Parties recognize the value of defining, developing, and continuously improving their working relationship through cooperation, planning, communication and coordination; and

WHEREAS, the Parties desire to incorporate mutually agreed provisions for sharing performance information and implementation of recommendations from the Electric Reliability Study into this MOU which the Parties intend to replace any existing memorandum of understanding between the Parties on this subject;

NOW THEREFORE, it is hereby understood and agreed by and between the Parties as follows:

1. ANNUAL RELIABILITY WORKSHOP

The Parties will conduct an annual reliability workshop, and will mutually coordinate, schedule, and conduct the workshop with designated staff from the City and from PSE. The purpose of the workshop is for the Parties to continue to be informed stakeholders regarding the state of electric service reliability. In support of the workshop, PSE will provide a reliability report to the City for review no later than July 31. The City will invite electric reliability stakeholders to attend the workshop through information on its electric facilities planning web page and will post the report on the City web page as soon as it is available. The workshop will take place as early as possible in September of each year, but no earlier than the day after Labor Day. The Parties agree to participate in the reliability workshop as noted.

a) PSE's report will include:

- i. System Average Interruption Frequency Index ("SAIFI") and System Average Interruption Duration Index ("SAIDI") figures for electric service within the City for each of the previous five years using methodologies established for reporting to the Washington Utilities & Transportation Commission (WUTC). PSE will also provide comparisons of the SAIFI and SAIDI figures for the City with PSE's system-wide figures and Service Quality Indices established with the WUTC.
- ii. SAIFI and SAIDI figures for distribution circuits serving City customers for the prior year, identifying circuits that had a SAIFI and/or SAIDI exceeding the PSE system average SAIFI and/or SAIDI for the same period as reported to the WUTC, and for such circuits, an overview of strategies and actions planned by PSE to improve performance.
- iii. Performance trend information for circuits identified in the prior year's workshop as having performance below that of the PSE system average for that year, to assess and discuss the efficacy of steps taken to improve performance.
- iv. Information concerning all unplanned outages (and resulting service interruptions to customers) within the City, identifying the individual circuit, cause, equipment, duration, and number of customers affected for each outage. Such information shall be provided for the sole purpose of facilitating further inquiry by the City to PSE concerning such circuits and/or outages. The provision of such information by PSE shall not otherwise create or imply any other commitment or obligation by PSE.

b) At the reliability workshop PSE shall present:

- i. An overview of equipment and facility capital projects to improve system reliability in the City, including those intended to create redundancy, completed in the prior year, or intended to be completed in the following year, and
- ii. An overview of automation improvements completed in the prior year or intended to be completed in the following year, intended to increase two-way communication on the PSE system and move towards implementation of "Smart Grid" capabilities.

2. ANNUAL PLANNING MEETING

The Parties will conduct an annual planning meeting, and will mutually coordinate, schedule, and conduct the meeting with designated staff from the City and from PSE. The meeting will ideally occur before the end of the second quarter of each year. The purpose of the meeting is to provide information sharing around both the City's and PSE's independent conduct of mid- and long-range planning activities based on population and employment forecasts produced by the PSRC.

The meeting is intended as an opportunity to examine consistency of independent growth forecast assumptions, align activities under the City's Growth Management Act responsibilities to ensure that Bellevue will have adequate utilities to serve both existing development and future growth, and to maximize benefits from both Parties' infrastructure investments. The Parties agree to participate in the planning meeting as noted:

- a) The City will present the City's current growth projections and the current Major Projects Report, using the Report to document for the planning meeting awareness about additional City projects or other developments. The City will review anticipated regulatory and legislative actions and infrastructure vulnerability assessments which would be expected to have a significant impact on PSE or its plans.
- b) PSE will present an overview of PSE's latest system demand and supply projections; an overview of planned capital projects in the Bellevue service area along with their proposed facility siting and permitting timeframes; and early identification of other projects or plans expected to impact PSE's provision of electrical facilities service in the Bellevue service area.

3. COMMUNICATIONS and EMERGENCY OPERATIONS

The Parties will implement developed formal processes and procedures related to response and support emergency management activities to:

- a) Continue proactive communication around coordinating emergency response protocols including participation in emergency response tabletop exercises.
- b) Continue to implement the pre-event coordination model developed by City and PSE emergency operations staff for forecasted storm events including PSE staff assigned to the Redmond storm base during forecasted storm events and including PSE staff linked to dedicated city personnel staffing the City Emergency Operations Center (EOC) including the identification of staff contacts for communications and coordination between the Parties when the Bellevue Emergency Operations Center is activated and during other emergency situations.
- c) Continue monthly meetings of City Office of Emergency Management staff and PSE staff through Zone 1 Emergency Management Group and Emergency Management Advisory Committee (EMAC)/Region 6 Homeland Security Council.
- d) Continue to seek integration of public information opportunities between PSE's communications structure and the City Incident Command structure.

Annually, upon the request of the City, the Parties will meet to coordinate emergency management operations, and, at the request of the City, PSE personnel will actively participate in City emergency preparedness drills or planning sessions.

4. UNDERGROUNDING DISTRIBUTION FACILITIES

Comprehensive Plan Policy UT-59 and associated city code provisions apply. The Parties agree to use utility coordination meetings, the annual planning meeting, and, as appropriate from time to time, other opportunities such as Comprehensive Plan policy implementation to identify projects planned by either Party or third parties for undergrounding distribution facilities. This is intended to ensure only active identification and consideration of opportunities by the Parties and does not require undergrounding beyond any other applicable requirements of the City or PSE electric tariffs filed with the Washington Utilities and Transportation Commission.

5. SMART GRID STRATEGY

The Parties will update their Smart Grid planning and deployment initiatives during the reliability workshop.

- a) PSE will provide to the City a copy of the smart grid technology report pursuant to WAC 480-100-505.
- b) Both Parties will seek at any time to discuss deployment strategies for the use of Smart Grid technologies and infrastructure in the City and potential opportunities to pilot and test advanced Smart Grid equipment and technologies within the City.
- c) PSE staff will work with City staff to achieve the goals identified in the Bellevue Smart Plan. PSE staff will also work with City staff to periodically update the Bellevue Smart Plan.

6. OTHER AGREEMENTS

Except as specifically set forth herein, this MOU and the respective commitments, rights and obligations of the Parties hereunder are in addition to any of those set forth in any other agreements between the Parties, including other existing Memoranda of Understanding. Except as may be specifically set forth herein, nothing in this MOU shall be deemed to alter any of the existing terms and conditions of any other agreements between the Parties, including such other existing Memoranda of Understanding.

7. CONFLICT RESOLUTION

Any dispute, disagreement or claim arising out of this MOU must first be presented to and considered by the Parties. A Party who wishes to present such dispute, disagreement or claim will notify the other Party and pursue resolution of the dispute, disagreement or claim pursuant to the Dispute Resolution process set forth in the then current franchise agreement between the Parties. In the event the Parties are unable to reach an agreement, the parties are free to file suit, seek any available legal remedy, or agree to alternative dispute resolution methods such as mediation.

8. TERM

This MOU, will remain in full force and effect, as from time to time amended, for a period of ten years unless sooner extended or terminated by mutual agreement of the Parties.

9. MISCELLANEOUS

- a) Nothing in this MOU is intended to create any rights or interests as third-party beneficiaries. Each of the Parties reserves their right to terminate this MOU and to pursue remedies available under law. Each of the Parties reserves all their respective rights and interests with respect to the subject matter of this MOU. Any amendment shall be set forth in writing, signed by the Parties, and specifically state to what section or sections it is an amendment to this MOU.
- b) This MOU sets forth the entire agreement of the Parties and supersedes any and all prior agreements of the Parties with respect to the subject matters hereof. The invalidity or unenforceability of any provision of this MOU shall not affect the other provisions hereof, and this MOU shall be construed in all respects as if such invalid or unenforceable provisions were omitted. This MOU shall be governed by and construed in accordance with the laws of the State of Washington.

Agreed and accepted this _____ day of _____, 2018.

<p>CITY OF BELLEVUE</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Title: _____</p>	<p>PUGET SOUND ENERGY</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Title: _____</p>
<p>Approved as to form:</p> <p>_____</p> <p>BY: Monica Buck</p> <p>Assistant City Attorney</p>	