

## **Amended and Restated Memorandum of Understanding Electrical System Performance and Reliability Reporting**

This Amended and Restated Memorandum of Understanding (MOU) is entered by and between the City of Bellevue (the “City”) and Puget Sound Energy (“PSE”), which are together referred to herein as the “Parties”.

WHEREAS, on May 14, 2003, the Parties entered into a Franchise Agreement, authorized through Ordinance No. 5443 (the “Franchise Agreement”), and renewed May 13, 2013 with Resolution No. 8582; and

WHEREAS, on May 14, 2003, the Parties entered into a Memorandum of Understanding relating to Performance and Reliability Reporting (the “Existing MOU”) through Ordinance No. 5443, and renewed May 13, 2013 with Resolution No. 8582; and

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 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 will 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 (ERS) 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 ERS into this amended and restated

electrical reliability MOU which will replace the existing Memorandum of Understanding for Performance and Reliability Reporting in the Franchise Agreement, approved and executed in accordance with the laws of the State of Washington;

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 City will invite stakeholders to attend the workshop. The workshop ideally will occur before the end of the third quarter of each year. The purpose of the workshop is for the Parties to continue to be informed stakeholders regarding the state of electric service reliability. The Parties agree to participate in the reliability workshop as noted:

- a) PSE will provide a report to the City for review in the reliability workshop to include, no later than ten business days prior to the scheduled reliability workshop, to 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: a) as single year figures for SAIFI and b) on a five-year rolling average for SAIDI. PSE will also provide comparisons of the SAIFI and SAIDI figures for the City with PSE's system-wide figures as well as the system averages of other comparable utilities for the same periods.
  - ii. SAIFI and SAIDI figures for distribution circuits serving City customers for the prior year, identifying circuits that had a SAIFI and/or SAIDI greater than 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 and cause for each outage, as well as actions taken or planned to prevent recurrences. 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.

The City will make the report publicly available at least five days before the workshop.

## **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 about City projects or other developments. The City will review anticipated regulatory and legislative actions 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 continue to implement developed formal processes and procedures related to response and support emergency management activities:

- a) Continue proactive communication around coordinating emergency response protocols.
- 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.

The Parties will continue to implement Section 16 of the Franchise Agreement regarding annual coordination meetings of emergency management operations and active PSE participation at the request of the City in emergency preparedness drills or planning sessions.

## **4. UNDERGROUNDING DISTRIBUTION FACILITIES**

Comprehensive Plan Policy UT-58, associated city code provisions, and Section 6.3 of the Franchise Agreement 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 and as outlined in Section 6.3 of the Franchise Agreement.

**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 IT staff to achieve the City Council's Vision priorities for its High Quality Built and Natural Environment Strategic Target area to develop a Smart City strategy which also includes high-speed data options to support business and residents and determine implementation steps.

**6. OTHER AGREEMENTS**

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

- 7. CONFLICT RESOLUTION.** Any dispute, disagreement or claim arising out of this Memorandum of Understanding 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 consistent with Sections 11 and 12 of the Franchise Agreement and as limited by Section 25 of the Franchise Agreement. All negotiations pursuant to these procedures for the resolution of disputes will be confidential and will be treated as compromise and settlement negotiations for the purposes of the state and federal rules of evidence.

**8. THIRD PARTY BENEFICIARIES**

Nothing in this Memorandum of Understanding is intended to create any rights or interests as third-party beneficiaries.

Agreed and accepted this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

PUGET SOUND ENERGY, INC.

CITY OF BELLEVUE

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
(Title)

Approved as to form:

\_\_\_\_\_  
Deputy City Attorney

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