

# PSE Electrical Franchise

Mark Poch, Assistant Director  
Rick Logwood, Right of Way Manager  
Brian Rodan, Franchise Manager  
Transportation Department



# Agenda

- Background on PSE
- Regulatory Authorities
- Current Franchise Agreement
- Memorandums of Understanding (MOUs)
- Review Findings
- Staff Recommendations
- Questions

**Purpose of tonight's presentation is for direction regarding grant of Franchise**



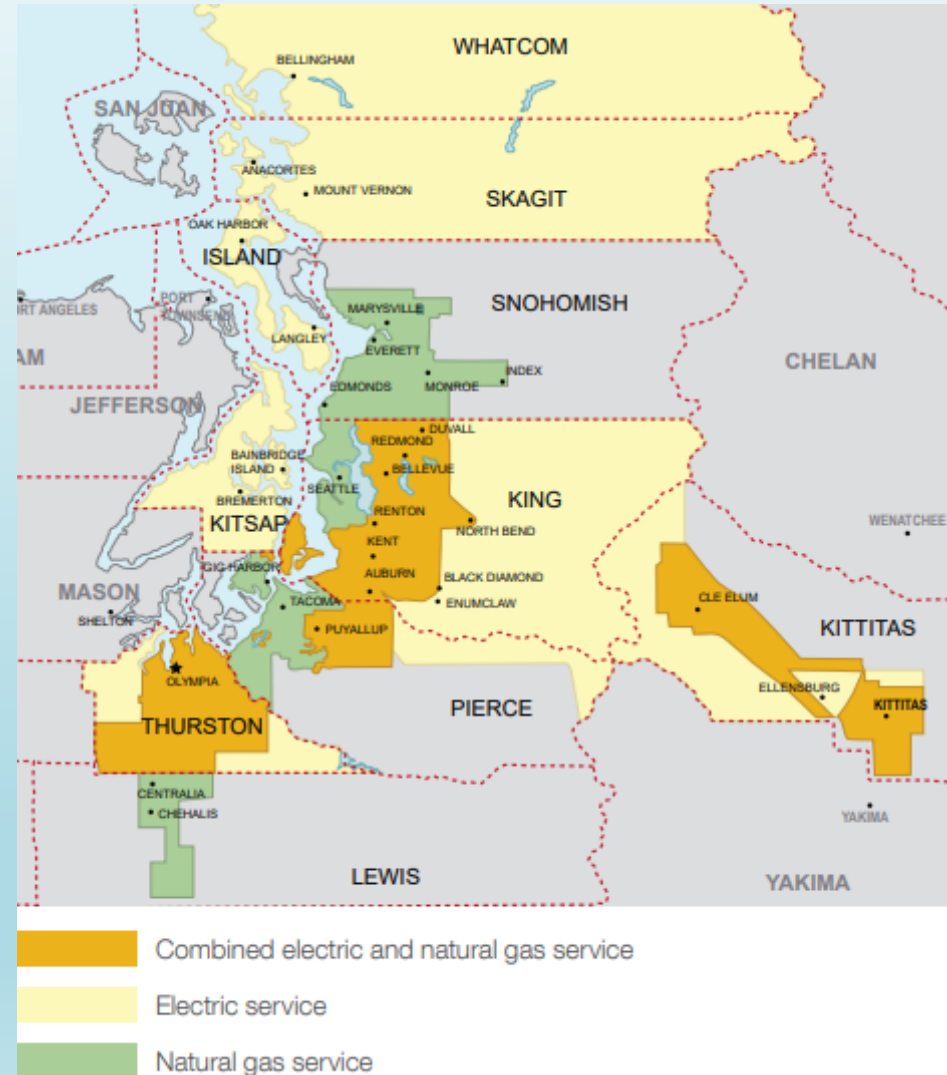
# Background on PSE

Washington's oldest energy utility with electric and gas service

Electric franchise agreement with City of Bellevue since 1953

Headquarters in Bellevue

Owned by Puget Holdings LLC including Macquarie Group LLC (Australia-based)



# Regulatory Authorities

Under State Law two public entities have joint jurisdiction over Puget Sound Energy (electric) within the City of Bellevue:

1. Washington Utilities and Transportation Commission (WUTC)



2. The City



# State's Authority

**WUTC is authorized to regulate:**

- \* Rates, services, facilities and practices
- \* Design of PSE systems or system expansion



# City's Authority



## **City is authorized to regulate:**

- \* Use of Right of Way

## **City is not authorized to regulate:**

- \* Rates, services, facilities, or system expansion

## **Undergrounding:**

- \* New facilities: Undergrounding required if 34.5 kV or less
- \* Existing facilities: WUTC Tariff rates may apply
- \* CIP- Costs negotiated

# Why is there a Franchise Agreement?

## RCW 35A.47.040

Bellevue grants PSE the right to install, operate and maintain facilities in City rights-of-way to distribute and sell electrical energy.

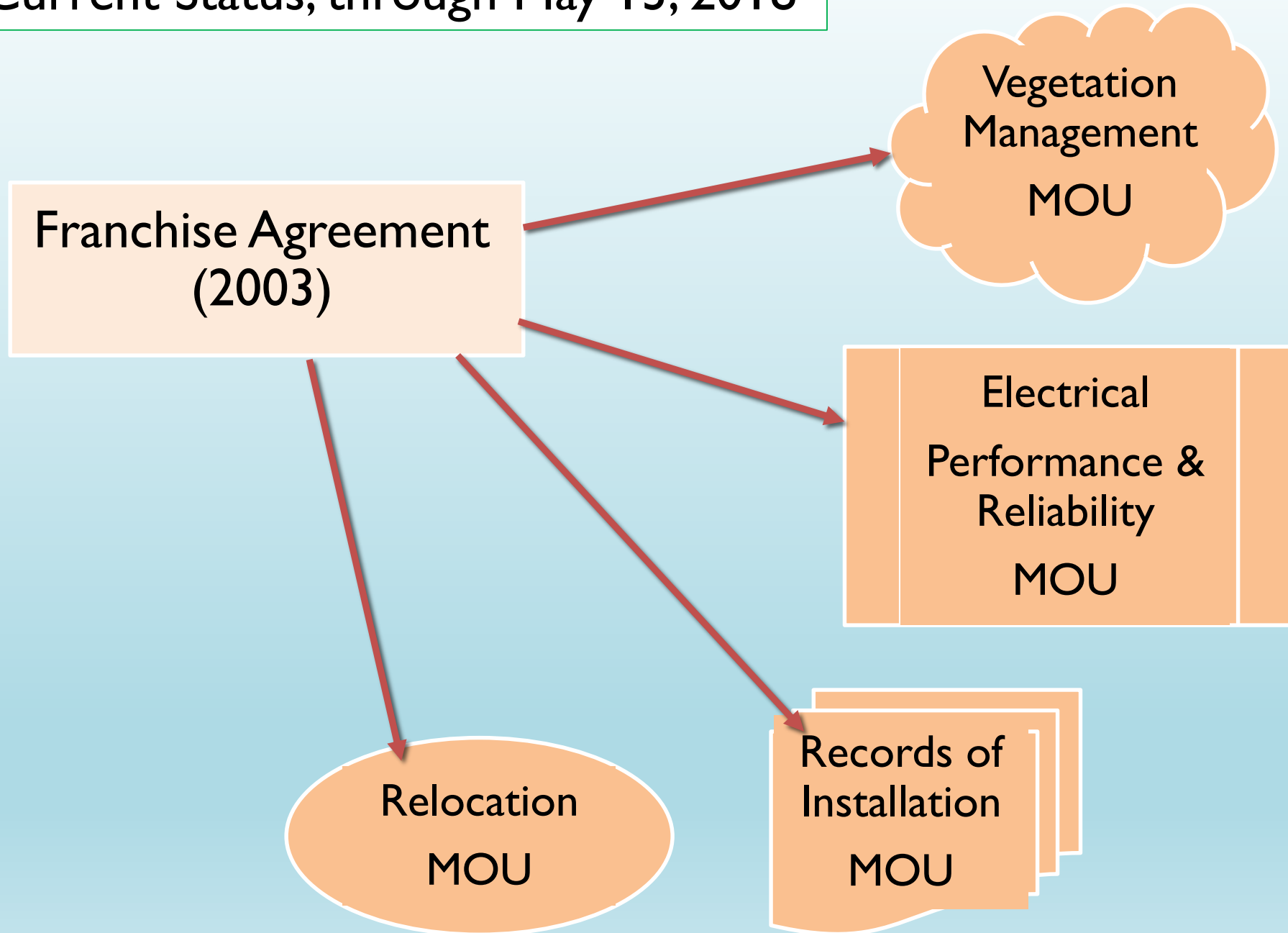


# Current Franchise Agreement

- Franchise agreement in place since 1953
- Ord. 5443, 2003 – 10 yr term
- May 2013 - extended 5 years
- Current franchise expires May 13, 2018
- Proposed franchise is 10 year term, per Code



# Current Status, through May 13, 2018



# Key Franchise Elements

The Franchise agreement protects the City in several ways:

**Permitting/Restoration** is guaranteed

**Relocation** of PSE's assets caused by CIP infrastructure.  
Supported by MOU.

**Undergrounding/Shared Excavations:** Provides for undergrounding (subject to state tariffs) & coordination for joint trenches

**Vegetation Management-** Coordination with PSE. Balancing reliability, aesthetics, canopy preservation. Supported by MOU.



# Additional Elements

Two Additional Elements are covered by MOU:

- **Electrical Performance and Reliability Reporting:**

  - Annual workshops/reporting of outage frequency & duration

- **Records of Installations:**

  - Agreement to report installations of PSE facilities to assist emergency response/damage prevention

# Franchise Review Elements

Staff reviewed the franchise agreement consistent with the criteria required in **BCC 14.20.080**:

- Service and safety record
- Nature of the proposed facilities and services
- Would the needs and interests of the public be adequately served?

# Review Findings

## Service Record:

- PSE reports electrical reliability yearly to WUTC & City
- PSE's Reliability in Bellevue is better than Systemwide

❖ shorter duration interruptions (SAIDI index – Avg Outage in Minutes)

❖ fewer frequency interruptions (SAIFI index – Avg customer interruptions)

	SAIDI		SAIFI	
	BELLEVUE	PSE	BELLEVUE	PSE
2012	52.4	245.0	0.40	0.92
2013	100.7	247.0	0.41	0.86
2014	160.2	312.0	0.60	1.04
2015	186.9	361.0	0.71	1.11
2016	107.0	148.0	0.74	1.06

- Ongoing follow through on 2011 independent Electrical Reliability Study (ERS)

# Review Findings (continued)

- ❖ No substantive changes to Franchise Agreement needed
- ❖ Revise/Update Memoranda of Understanding to better serve the public:
  - ✓ Update Vegetation & Electrical Reliability MOUs: To reflect current procedures. Expected by May 7
  - ✓ Relocation MOU: No change. Continues.
  - ✓ Records of Installation MOU: Re-execute. No changes
  - ✓ New MOU for Pole Removal: improve timeliness of removal of replaced poles.



# Staff Recommendations:

- \* Grant Franchise Agreement at May 7 Regular Session
- \* Direct Staff to Continue Work on MOUs as outlined





# QUESTIONS & DIRECTION

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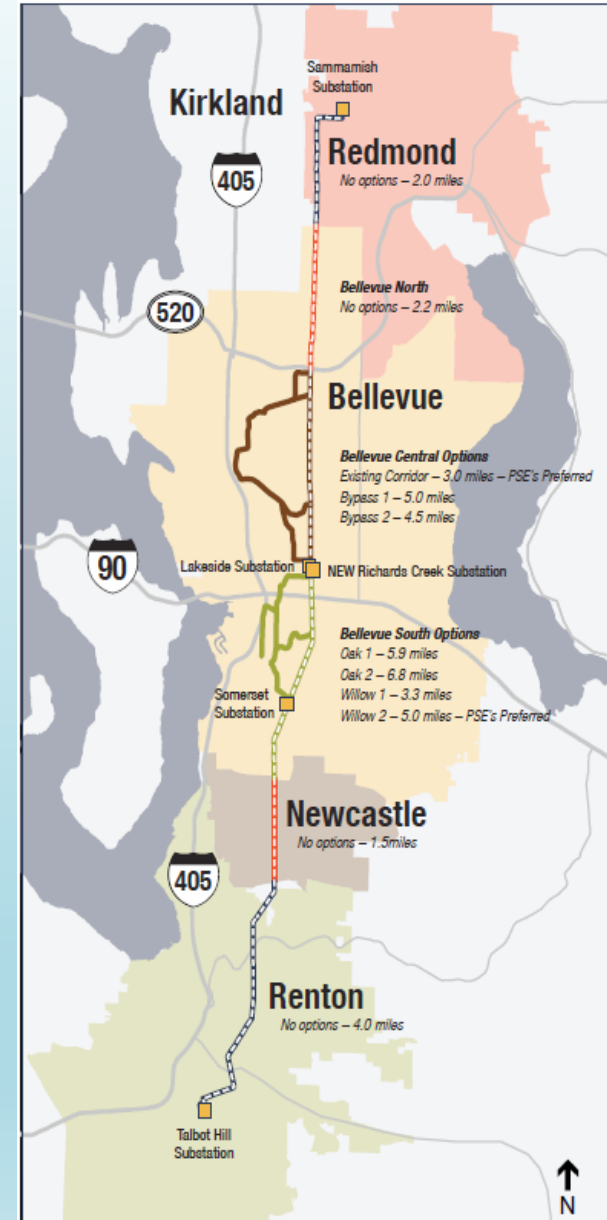
# ENERGIZE EASTSIDE

Upgrade existing PSE electrical lines Redmond to Renton. The final route across Bellevue is under review.

Located (mostly) in existing easements- NOT Right-Of-Way

WUTC regulates project, Not regulated by Franchise

Bellevue (and other affected cities) **require Land Use Permitting Approvals, and Public Hearings to approve final plans/route.**



# ENERGIZE EASTSIDE (continued)

City is lead agency in **Environmental Impact Statement** (2018) which evaluated alternative siting routes, compliance with land use requirements and mitigating impact to trees, neighborhoods, environment.

**Land Use Review:** City works with public and PSE through the Land Use permit procedures: (a) gather & respond public feedback; (b) mitigate impact to trees & neighborhoods

