

June 9, 2014

Dear Community Advisory Group Members and Alternates,

Thank you for participating in our third Community Advisory meeting on Wednesday. At the meeting there were a few questions that we either did not have the information to answer or we would like to further clarify. The questions were about PSE's ability to utilize the Seattle City Light utility corridor, revenues from power wheeling, and cost of undergrounding or submarining power lines from two out-of-state projects. Below we address each of these issues.

1. Seattle City Light

There were repeated questions regarding PSE not exploring the use of the Seattle City Light (SCL) utility corridor as an alternative to site the new transmission line, as well as a request for documentation from SCL. To be clear, early on PSE identified the SCL transmission line and corridor as an option to solve the problem; this alternative is addressed in our Solutions Report. (See [Solutions Report Executive Summary](#) and the [Solutions Report](#) for Energize Eastside.) Specifically, PSE identified re-building SCL's existing double circuit 230 kV transmission line as an option to address our local customers' needs. We have asked SCL for permission to use their line. SCL has been clear that the corridor is a key component of the company's transmission system and is not available for our use. While PSE has eminent domain authority from the state, it does not extend to condemning property from a public agency that serves a public use. In other words, PSE cannot compel SCL to allow us to use the line, and, thus, the SCL line was removed from contention as a possible solution.

The City of Bellevue contacted SCL to confirm their position on the use of the SCL line. SCL confirmed that PSE could not utilize their line. (See attached letter.)

2. Wheeling power

There was a question about potential revenue that PSE receives for "wheeling" power around the region. PSE makes no profit on wheeling power. (Wheeling is the transportation of electric power over transmission lines by an entity that does not own or directly use the power it is transmitting.) All revenue obtained from wheeling contracts is passed directly back to our customers in the form of lower rates. PSE does have contracts to wheel power across the region; those contracts bring in revenue of roughly \$28 million a year. **One hundred percent** of this revenue is returned to our customers in the form of a rate reduction.

As we stated in our presentation, 92-97% of the power flows on the Energize Eastside line will deliver electricity to local Eastside customers. The power flow studies show that the power used for regional purposes on the Energize Eastside project is 3 to 8% - not 38% (as was incorrectly stated at the meeting). This is the natural consequence of connecting a transmission line into an interconnected system.

3. Other undergrounding and submarine projects

A few people asked us to look into an underground project in New Jersey and a submarine cable project in San Francisco. We have provided a summary and links to project information below.

The North East Grid Reliability Project

Public Service Electric & Gas Company (PSE&G), a New Jersey utility, is upgrading its power service in the northern part of New Jersey from its current 138 kV to 230 kV. This project includes both overhead and underground lines. Specifically, they are:

- Upgrading 50 miles of 230 kV overhead line
- Installing 18.5 miles of new 230 kV underground cable

The project is estimated at \$907 million. However, the project cost is not broken down by overhead and underground. We have contacted the project team at PSE&G and asked for a break down. Unfortunately, they declined to provide that as it is not public information.

Here's the link to the project site: <http://www.psegtransmission.com/reliability-projects/northeast-grid-reliability-project>

Embarcadero/Potrero Transmission Project (the San Francisco project)

Pacific Gas and Electric (PG&E), a California utility serving the San Francisco area, is constructing a new 230 kV underground and submarine transmission line in San Francisco between its Embarcadero substation and the Potrero switch yard, which are located within the city of San Francisco. The transmission line is 3.5 miles in total, broken down as:

- 2.5 miles of 230 kV submarine cable (installed in the San Francisco Bay)
- 1.0 miles of underground 230 kV

The cost of this project is \$196.8 million, which averages out to \$56.2 million per mile. Here is the link to the project description http://www.cpuc.ca.gov/Environment/info/asp/enbarcadero/potrero/fmnd/4_project_description.pdf.

What is important to remember is that regardless of whether the cost to underground/submarine the transmission lines is \$13 million or \$56 million per mile, it is the decision of the community – and not PSE – whether to invest in underground/submarine power lines. If the community is amenable to undergrounding the power lines and provides the funds upfront, PSE will initiate the engineering and design of the underground lines.

We hope this information clarifies some of the questions asked. We'll be bringing additional information about completed underground transmission line project costs to the next meeting. Again, we would like to thank you for your participation in this important project for the community, and we will see you on June 25th.

Cordially,

Leann Kostek, Senior Project Manager
Gretchen Aliabadi, Communications



City of Seattle

Seattle City Light

June 2, 2014

Mr. Nicholas Matz
Planning & Community Development Department
450 110th Avenue NE
P.O. Box 90012
Bellevue, WA 98009

Dear Mr. Matz:

Seattle City Light (SCL) has transmission facilities that run through the City of Bellevue and other jurisdictions on the east side of Lake Washington. The SCL transmission lines in Bellevue were installed in the early 1940's to transfer power from hydro-generation in the North Cascades to the west side of Lake Washington. Puget Sound Energy (PSE) has lines in the same general vicinity which primarily serve the PSE customer load east of Lake Washington.

SCL's double circuit 230kV transmission lines are used to meet current and future operating needs. Specifically, SCL needs the connectivity and capacity of these transmission lines to:

- Maintain a contiguous Point of Delivery for transmission service from BPA;
- Serve existing load growth and maintain reliability;
- Provide for future SCL growth;
- Support regional transmission flows; and
- Meet NERC reliability requirements.

SCL foresees current and future uses of these existing east side facilities and prefers not to utilize SCL's transmission lines for PSE's native load service needs.

Please contact me via email at uzma.siddiqi@seattle.gov if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Uzma Siddiqi".

Uzma Siddiqi, PE
System Planning Engineer

cc: Phil West
Tuan Tran



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Seattle City Light is the 10th largest publicly owned utility in the nation dedicated to exceeding our customers' expectations in safely producing and delivering power that is low cost, reliable and environmentally responsible.