INTERAGENCY AGREEMENT BETWEEN THE CITIES OF BELLEVUE, KIRKLAND, NEWCASTLE, REDMOND, AND RENTON REGARDING COORDINATED ENVIRONMENTAL REVIEW OF PUGET SOUND ENERGY'S PROPOSED ENERGIZE EASTSIDE 230 kV TRANSMISSION LINE PROJECT

This INTERAGENCY AGREEMENT is entered into by the cities of Bellevue, Kirkland, Newcastle, Redmond, and Renton (collectively "PRINCIPAL JURISDICTIONS").

RECITALS

1.1 WHEREAS, Puget Sound Energy ("PSE") has represented that there is a need to construct a new 230 kV bulk electrical transmission corridor and associated electrical substations (the "Proposal") through the Principal Jurisdictions connecting two existing bulk energy systems as necessary to supply future electrical capacity and improve eastside electrical grid reliability; and

1.2 WHEREAS, preliminary discussion between the Principal Jurisdictions and PSE has identified that the Proposal is likely to have probable significant adverse environmental impacts and issuance of a State Environmental Policy Act ("SEPA") Threshold Determination of Significance ("DS") is appropriate as outlined in WAC 197-11-360 ; and

1.3 WHEREAS, PSE has made application to Bellevue under file number 14-139122-LE for review and processing of an Environmental Impact Statement ("EIS") under SEPA codified at Chapter 43.21C of the Revised Code of Washington ("RCW"); and

1.4 WHEREAS, Bellevue was identified as the lead agency under section 197-11-932 of the Washington Administrative Code ("WAC"), and issued a letter of lead agency status to the Principal Jurisdictions on September 15, 2014; and

1.5 WHEREAS, the members of the Principal Jurisdictions are agencies as defined in WAC 197-11-714 and 762. SEPA allows agencies to enter into interagency agreements to share or divide responsibilities of the SEPA lead agency under WAC 197-11-944. The Principal Jurisdictions desire to collaboratively manage environmental review of the Proposal through the EIS process; and

1.6 WHEREAS, the Principal Jurisdictions have determined that it is in the best interest of their respective jurisdictions to collectively study siting and development of the Proposal, including determining if reasonable alternatives to the Proposal exist that may include, but are not limited to different modes, alignments and infrastructure sites throughout the Principal Jurisdictions; and

NOW, THEREFORE, in consideration of the terms and provision contained herein, the Principal Jurisdictions agree as follows:

AGREEMENT

1.0 Purpose of the Agreement

The purpose of this Agreement is to establish how the Principal Jurisdictions will work cooperatively to review and respond to the Proposal under SEPA.

1.1 Cooperation and Good Faith Efforts

The Parties understand and agree that the processes described in this Agreement depend upon timely and open communication and cooperation between the Parties. In this regard, communication of issues, changes, or problems that arise with any aspect of the performance of terms of this Agreement should occur as early as possible in the process rather than before explicit due dates or deadlines. Each Party agrees to work cooperatively and in good faith toward resolution of any such issues and agree that time is of the essence in resolving issues among the Parties.

1.2 Production

The Parties acknowledge that this Agreement contemplates the execution and delivery of a number of documents, the final form and contents of which are not presently determined. The parties agree to provide the necessary resources and to work in good faith to diligently and timely develop the final form and contents of such documents.

2.0 Associated Projects

The Principal Jurisdictions agree to work cooperatively and collaboratively towards processing of an EIS and researching issues associated with the Proposal. To assist in this process, the Principal Jurisdictions agree that it is in the best interests of their respective communities to collectively engage consultants to assist with the research, development and analysis of an EIS addressing the Proposal.

2.1 Processing of EIS

The Principal Jurisdictions will work together, under Bellevue's lead, to complete the necessary steps of a phased EIS as detailed in Chapter 197-11 WAC. The first phase of the Proposal to be analyzed in a Draft Environmental Impact Statement ("DEIS") shall include analysis of the need, methods, and general feasibility of the Proposal. The second phase of the Proposal to be analyzed in a DEIS shall be the construction level impacts of the Proposal. Following the completion of both phases of the DEIS, a Final Environmental Impact Statement shall be issued. The Principal Jurisdictions shall cooperate jointly and with PSE to identify a reasonable number and range of alternatives. The list of alternatives to be analyzed shall include those agreed to by PSE, as well as those alternatives proposed by at least two Principal Jurisdictions.

After publication of the DEIS and the opportunity for public comment, the Parties shall consult as to identification of a preferred alternative and as to the alternatives to be included in the FEIS. Consensus shall be the preferred method to select a preferred alternative. Designation of a preferred alternative shall require approval of (i) Bellevue and (ii) any other Principal Jurisdiction where the preferred alternative would be located. If no proposed preferred alternative obtains such approval, the FEIS may be issued without a preferred alternative.

3.0 Definitions

The following capitalized terms used in this Agreement have the meanings set forth in this Section:

Co-Lead Jurisdiction: Each Principal Jurisdiction except the City of Bellevue.

Nominal Lead Jurisdiction: The City of Bellevue.

DEIS: Draft Environmental Impact Statement for the Proposal under SEPA.

FEIS: Final Environmental Impact Statement for the Proposal under SEPA.

Principal Jurisdictions: All of the Jurisdictions listed on Exhibit A to this Agreement, which is incorporated herein by reference. Principal Jurisdictions are generally known to be the cities of Bellevue, Kirkland, Newcastle, Redmond, and Renton; provided the jurisdiction remains a party to this Agreement.

Participating Jurisdiction: Any Principal Jurisdiction that is added to this Agreement by amendment, so long as it remains a Party.

Parties or Party: The "Parties or Party" include all Principal Jurisdictions and any other Jurisdictions that have become Participating Jurisdictions by amendment as provided in this Agreement, except that "Parties or Party" shall not include any Principal Jurisdictions that have withdrawn from this Agreement.

Proposal: The reasonable alternatives for the actions necessary to establish a new Puget Sound Energy 230 kV electrical transmission corridor and associated electrical substation infrastructure with capacity to serve the Principal Jurisdictions, within the range of alternatives identified by the PSE and the Principal Jurisdictions for study under SEPA. A complete description of the Proposal is included with this Agreement as Attachment A.

SEPA: The Washington State Environmental Policy Act and its implementing regulations.

Alignment: A potential location for the Proposal.

Site(s): The potential location(s) for the Proposal.

Working Day: A day that is not a Saturday, Sunday, or City of Bellevue legal holiday.

4.0 Co-Lead Agencies

Each Principal Jurisdiction is a co-lead agency for the Proposal as permitted pursuant to WAC 197-11-944. Bellevue is designated the nominal lead agency for the Proposal. Each Principal Jurisdiction shall have responsibility, in reliance on the work of consultants and experts retained by Bellevue under this Agreement, for content of environmental documents. Bellevue's "SEPA responsible official" shall have the duty to determine the adequacy of the DEIS and FEIS under SEPA.

4.1 Designated Representatives

A. Designated Representatives. Each Principal Jurisdiction shall designate the name, title, address and electronic contact information for: (i) a staff representative who will serve as the primary contact person for purposes of this Agreement; (ii) the official(s) authorized to approve matters under this Agreement for that jurisdiction; (iii) the representatives who will serve on the project EIS Steering Committee for that jurisdiction; and (iv) the representative who will serve on the EIS Collaboration Team for that jurisdiction, subject to any limitations on authority imposed by that jurisdiction. The designee for each Principal Jurisdiction is contained below as the signatory to this Agreement. A Principal Jurisdiction may designate, by written notice to all Parties, an alternate staff representative or official to act instead of the designated person if that person is unavailable or if so desired by the Principal Jurisdiction. A Principal Jurisdiction may designate the same person for different purposes as identified in this subsection. A Principal Jurisdiction may change the designated person for these purposes by written notice to all Parties.

B. Committees. The following committees shall be formed and charters developed to assist with processing the EIS:

(i) EIS Steering Committee

a. Purpose: Represent the respective jurisdiction by providing guidance to the EIS Collaboration Team in the development of the project EIS and study of other Proposal issues and topics.

b. Membership: Department Directors and management staff with appropriate level of decision making authority, access to elected officials, and access to jurisdiction resources

c. Responsibilities: Provide general project oversight, maintain communication across jurisdictions, meet to address issues raised by the EIS Collaboration Team, and report on EIS progress to elected officials, appointed officials, and jurisdiction management.

d. Conflict Resolution: The EIS steering Committee will engage to resolve inter-jurisdictional conflicts and conflicts with PSE in accordance with Section 10.0.

(ii) EIS Collaboration Team

a. Purpose: The purpose of the EIS Collaboration Team is inter-jurisdictional collaboration in the development of the EIS under SEPA rules for the Proposal, including information collection, scoping, consultant selection, consultant management, document development and editing, process implementation, public outreach, and quality control.

b. Membership: Senior level planning and development department or utilities and engineering staff with experience in SEPA and EIS process and with knowledge specific to the Proposal.

c. Responsibilities: EIS Collaboration Team members will commit time to regular meetings and can oversee development of the EIS for their respective jurisdiction, including information collection, scoping, consultant selection, consultant management, document development and editing, process implementation, public outreach, and quality control. Team members will provide the necessary resources and to work in good faith to diligently and timely develop the final form and contents of the Proposal EIS.

d. Conflict Resolution: Unresolvable conflicts identified by the EIS Collaboration Team will be elevated to the EIS Steering Committee for resolution in accordance with Section 10.0.

4.2 Bellevue Responsibilities

A. Bellevue shall designate a single staff person who will serve as the primary point of contact between Bellevue and the other Primary Jurisdictions. Bellevue will also designate an alternate staff person who will serve as the point of contact if the primary staff contact is unavailable.

B. As the nominal lead agency, Bellevue shall be responsible for the following SEPA activities with respect to the Proposal:

(i) Providing all notices required by SEPA and Bellevue ordinances and regulations, and any additional notice requirements under ordinances and regulations of the Co-Lead Jurisdictions that are identified by Co-Lead Jurisdictions by written notice to Bellevue;

(ii) Holding public meetings required by SEPA;

(iii) Providing required opportunities to comment on SEPA documents;

(iv) Causing the preparation of environmental documents required by SEPA;

(v) Making all filings and publications required by SEPA;

(vi) Defending any administrative and/or court challenge to the adequacy of the environmental documents, subject to the terms of this Agreement; and

(vii) Identifying the actions, as defined in SEPA that would be necessary to establish the Proposal, except for actions under the planning documents, ordinances or regulations of local jurisdictions other than Bellevue; and

(viii) General SEPA process administration, project management, and project oversight.

C. Bellevue shall contract with consultants, environmental scientists, engineers, and others for the preparation of the DEIS, FEIS, and related technical reports and for the other work contemplated by the anticipated project scope. Bellevue shall solicit, consistent with State law, the services of a qualified professional in the preparation of an EIS consistent with the determinations as to the scope and coverage of the DEIS and FEIS. Bellevue shall also contract with an independent third-party consultant for the completion of preliminary analysis supporting the Proposal need and method in advance and parallel to the EIS work requested under this Agreement.

D. Bellevue further agrees, regarding circulation of drafts of SEPA documents, to:

(i) Provide each Co-Lead Jurisdiction a draft of the scoping notice **15 working days** prior to issuance;

(ii) Issue the scoping notice only with the approval required in Section 5.0;

(iii) Provide the Parties with a draft of the proposed first and second phases of the DEIS and supporting technical memoranda and discipline reports no less than **30 working days** prior to scheduled issuance of each phase of the DEIS;

(iv) Coordinate any comments or requested changes to the proposed DEIS from the Parties that are received within **20 working days** after the proposed DEIS was sent to the Parties, and bring the comments and requested changes to the Co-Lead Jurisdictions for discussion and recommendation;

(iv) Issue the DEIS only after approval as required under Section 5.0 except that the published DEIS may include corrections and changes not so approved and not previously provided to the Parties if they do not fundamentally alter conclusions in the DEIS and do not materially change information with respect to any Site;

(v) Provide the Parties with copies of comments received on the DEIS;

(vi) Provide the Parties a draft of the proposed FEIS, including its technical memoranda and discipline reports and response to DEIS comments;

(vii) Coordinate any comments or requested changes to the proposed FEIS from the Parties that are received within **15 Working days** after the proposed FEIS was sent to the Parties, and bring the comments and requested changes to the Co-Lead Jurisdictions for discussion and recommendation; and

(viii) Determine adequacy and issue the FEIS, and any supplement or addendum to the FEIS, only after approval under Section 5.0 provided that the published FEIS and any supplement or addendum may include corrections and changes not so approved and not

previously provided to the Parties if they do not fundamentally alter conclusions in the FEIS and do not materially change information with respect to any Site.

(ix) Bellevue reserves the right to issue any documents in electronic format.

E. Bellevue shall provide the Parties with an estimated schedule consistent with the time periods identified in subsection D of this Section.

F. Bellevue shall be responsible for development of project messaging through development of one common message regarding the status of the EIS process, including development of common literature generic to the project.

G. Bellevue shall be responsible for development and maintenance of a consolidated website to host the multijurisdictional EIS process. This website will serve as the primary portal to the project for public information and project management, including information and document sharing.

I. Bellevue shall be responsible for development of a project outreach strategy, including use of consultants; and the number and location of open houses, community meetings, or other events.

4.3 Co-Lead Jurisdiction Responsibilities

Each Co-Lead Jurisdiction agrees that it shall:

A. Provide technical support and staff at a level sufficient to meet project deadlines;

B. Dedicate staff resources to regularly attend scheduled EIS Steering Committee and EIS Collaboration Team meetings;

C. Review the draft scoping notice and provide comments or notify Bellevue of its approval within **10 working days** of receipt of the draft;

D. Review preliminary draft discipline reports and technical memoranda and provide comments to Bellevue within **30 working days, the review time for subsequent drafts shall be 15 days**;

E. Review preliminary drafts of the phases of a DEIS or portions thereof, and any supplement or addendum thereto, and provide comments or approval within **30 working days, the review time for subsequent drafts shall be 15 days**;

F. Review drafts of a FEIS or portions thereof, and any supplement or addendum thereto, and provide comments or approval within **30 working days, the review time for subsequent drafts shall be 15 days**;

G. Promptly provide access to data and studies reasonably available to the Co-Lead Jurisdiction with respect to any Site within its boundaries, and promptly provide the cooperation of experts on the staff of relevant Jurisdiction departments, to Bellevue and to consultants;

H. Identify, and consult with Bellevue and consultants with respect to, (i) all actions, within the meaning of SEPA, that would be required of the Co-Lead Jurisdiction for purposes of participating in the review of the Proposal that is included in the DEIS, and (ii) all notice requirements under the ordinances and regulations of that Jurisdiction; and

I. Any other provision notwithstanding, if the Principal Jurisdictions determine that the FEIS shall be part of a phased review, then the Co-lead Jurisdictions shall not have any obligations under this Agreement for any phase after the FEIS.

5.0 Approvals

A. Except as otherwise stated in this Section, the approval of a majority of Principal Jurisdictions, one of which must be Bellevue, is required and is sufficient for any of the following:

(i) Issuance of the determination of significance and scoping notice;

(ii) Determination of whether and to what extent SEPA review for the Proposal will be phased, and of the types of impacts to be analyzed in detail in the DEIS and FEIS;

(iii) Issuance of the DEIS, and any supplement or addendum to the

DEIS;

(iv) Issuance of the FEIS, and any supplement or addendum to the FEIS;

(v) Any decision with respect to the settlement of any appeal or with respect to action to be taken upon any adverse decision or remand resulting from any appeal;

(vi) Amendments adding Participating Jurisdictions as Parties to the Agreement; and

(vii) Selection of a consultant or consultants to assist with the performance of this Agreement.

B. If at any time there shall be three or fewer Principal Jurisdictions that remain Parties to this Agreement, the approval of two Principal Jurisdictions, one of which must be Bellevue, shall be necessary and sufficient for any of the actions listed in subsection A of this Section.

C. Approval for designation of a preferred alternative in the FEIS is governed by subsections 2.1 and 5.0 of this Agreement.

6.0 Costs

A. Consultant costs associated with developing the EIS shall be funded by PSE and paid through the City of Bellevue Development Services Department permit fee structure. The City of Bellevue shall have the sole responsibility of negotiating PSE's payment of EIS consultant and processing costs.

B. Each Principal Jurisdiction shall have the responsibility of coordinating and negotiating reimbursement from PSE for their own respective staff resource costs incurred with project and

EIS analysis.

7.0 Appeals

A. Unless otherwise provided by applicable law, timely appeals of the adequacy of the FEIS and compliance with applicable SEPA procedural requirements shall be heard by the Washington State Superior Court in accordance with Chapter 22.02 Bellevue City Code. Bellevue shall have sole responsibility to defend the adequacy of the FEIS, as to the actions covered by the FEIS, in any appeal before a court with jurisdiction, to the extent such appeal relates to the adequacy of the FEIS or compliance with the applicable SEPA procedural requirements.

B. The costs of such defense including any appeal of a decision by a court on the adequacy of the FEIS, including without limitation costs of in-house attorneys, outside counsel if deemed necessary by Bellevue, staff support and costs of experts, shall be considered costs allocable hereunder.

C. Prior to the commencement of any appeal proceedings, the Principal Jurisdictions shall enter into agreement stipulating proportional cost sharing related to legal defense not recoverable from PSE. Costs shall be distributed among those Principal Jurisdictions to which the issues raised in the appeal pertain. Where the issues pertain to more than one Principal Jurisdiction, costs shall be distributed among the affected Principal Jurisdictions based on the proportional distribution of EIS alternative alignments located within each Principal Jurisdiction to which the issues raised in the appeal pertain.

D. Subject to the execution of a satisfactory common interests and confidentiality agreement, Bellevue shall keep the Co-lead Jurisdictions reasonably informed of the status of the appeal and shall consult with them regarding any major decisions.

E. Any administrative appeal or court challenge to a substantive action, including without limitation a change in development regulations or project permit decision, whether or not joined with a challenge to be defended under subsection A and whether or not involving issues of SEPA compliance or exercise of SEPA authority, is outside the scope of this Agreement.

8.0 Effectiveness; Additional Parties; Termination; Withdrawal of a Party

A. Effective Date. This Agreement will become effective upon signing and delivery of the Agreement by all Principal Jurisdictions.

B. Change of Party Status. Any Principal Jurisdiction may become a Participating Jurisdiction under this Agreement by amendment approved under Section 12.0, without need for action of the legislative bodies of the existing Parties. Participating Jurisdictions will not have authority over decisions under this Agreement, but will have the same rights and responsibilities for review and comment on draft documents as Co- Lead Jurisdictions.

C. Termination. This Agreement shall remain in effect until the FEIS, and any supplements or

addenda to the FEIS that may be required as a result of any appeal proceeding, have been issued, and either the time for any appeal of Bellevue's decision on the adequacy of the FEIS shall have expired or a final decision on an appeal of that determination, in which Bellevue has responsibility for defense under Section 7.0 of this Agreement, shall have been issued by a court or other administrative tribunal with jurisdiction to hear an initial appeal on the adequacy of the FEIS.

D. Withdrawal. Any Party, may, upon thirty (30) days written notice to the other Parties, withdraw from this Agreement without cause. If a Co-Lead Jurisdiction or Participating Jurisdiction withdraws from this Agreement, then the Agreement shall remain in effect among the remaining Parties.

(i) The withdrawing Party, as of the date of termination, shall not have any rights of a Party, or of a Principal Jurisdiction or Co-Lead Agency, under this Agreement, and no consent of that Party shall be required for any purpose under this Agreement. The withdrawing Party is released from any obligation to perform its obligations pursuant to the Agreement..

(ii) Any Party that withdraws from this Agreement shall remain obligated for its share of costs allocable under this Agreement that are incurred through the date of termination of this Agreement.

(iii) If a Co-Lead Jurisdiction withdraws from the Agreement, any Site in that Jurisdiction shall remain among the alternatives for the Proposal unless and until the remaining Parties unanimously agree otherwise, and the withdrawing Party shall remain obligated to cooperate in providing information required for environmental review with regard to that Site.

(iv) If Bellevue withdraws from this Agreement, then this Agreement shall terminate on the effective date of withdrawal.

9.0 Remedies

Except as provided in Sections 7.0 above, this Agreement shall not result in any monetary liability, in damages or otherwise, from any Party to another. No Party shall be liable for any damages to, or costs incurred by, other Parties resulting from any actual or alleged error, misstatement or omission in any SEPA document or related to any SEPA process, or any ruling regarding failure to comply with SEPA, whether or not the result of the negligence of a Party. Except for monetary obligations under Section 6.0 of this Agreement, any suit to enforce the terms of this Agreement or any obligation under this Agreement shall be limited to equitable remedies not involving payment of money.

10.0 Dispute Resolution

A. The Parties agree that cooperation and communication are essential to resolving issues efficiently. The Parties agree to exercise their best efforts to resolve any disputes that may

arise through this dispute resolution process. In the event of a dispute between the Parties regarding this Agreement, the Parties shall attempt to resolve the dispute informally and resolve potential sources of conflict at the lowest level. All parties to the dispute shall participate in a good faith mediation effort to resolve their differences before bringing any legal action.

B. The Parties agree to use their best efforts to resolve disputes arising out of or related to this Agreement using good faith negotiations by engaging in the following dispute escalation process should any such disputes arise:

(a) Level One – The EIS Collaboration Team designated representatives shall meet to discuss and attempt to resolve the dispute in a timely manner. If they cannot resolve the dispute within fourteen (14) calendar days after referral of that dispute to Level One, either party may refer the dispute to Level Two.

(b) Level Two – The EIS Steering Committee shall meet to discuss and attempt to resolve the dispute, in a timely manner. If they cannot resolve the dispute within fourteen (14) business days after referral of that dispute to Level Two, either party may refer the dispute to Level Three.

(c) Level Three – The services of an independent facilitator provided by the EIS consultant shall be engaged to resolve or adjudicate the dispute in a timely manner.

C. If the dispute involves a claimed breach of this Agreement and the Parties are not able to resolve the dispute informally, then the Party may bring suit against the other Party in King County Superior Court.

D. As an alternative to the above, the Parties may agree in writing to mediation, or some other alternative dispute resolution process.

E. If the dispute includes PSE, the issue(s) shall be taken to an independent project facilitator provided by the EIS consultant who will seek resolution with PSE.

11.0 Notices

The Parties' addresses for notices under this Agreement shall be the physical and electronic addresses of the primary contacts as set forth below the signature of each Party on this Agreement or on the amendment adding that Party, as the case may be, in each case until a Party shall have provided written notice of substitute primary contact information to the other Parties hereunder.

Notice and copies of documents may be provided by email, and if so provided shall be effective on the day received if received on a Working Day by 5:00 PM Pacific time, and if later then effective on the next Working Day. If provided by U.S. mail, any notice or other communication shall be effective on the second Working Day after deposit in the U.S. mail, postage prepaid, addressed in accordance with this Section.

12.0 Counterparts

This Agreement may be executed in counterparts; each of which shall constitute an original and which together shall constitute a single agreement, and shall be binding and effective when each Principal Jurisdiction has signed at least one counterpart, regardless whether all Principal Jurisdictions shall have signed the same counterpart. Any amendment adding a Participating Jurisdiction may be executed in counterparts, each of which shall constitute an original and which together shall constitute a single amendment, and shall be binding and effective when each Principal Jurisdiction and the Participating Jurisdiction being added each has signed at least one counterpart that has been delivered to the City of Bellevue, regardless whether all of them shall have signed the same counterpart.

13.0 Severability

If any provision of this Agreement shall be held by a court to be invalid or unenforceable, or if this Agreement or a provision hereof shall be held by a court not to be binding or enforceable against a particular Party, then the remaining provisions, or the provisions hereof as applied to all other Parties, as the case may be, shall remain in full force and effect. To the extent that the obligation of any Party to contribute to costs as described herein shall be finally determined by a court to be invalid or unenforceable, that Party's share of costs shall be reallocated among the remaining Parties in proportion to their respective shares under this Agreement.

14.0 Entire Agreement, Modification

This Agreement is the entire agreement of the Parties with respect to SEPA matters involving the Proposal. This Agreement does not supersede, and unless expressly so agreed in writing shall not be affected by, any other agreement among any of the Parties regarding any aspects of the Proposal other than SEPA matters. This Agreement may be modified only by written agreement of all Parties, but any written agreement affecting only the rights and obligations as among two or more Principal Jurisdictions shall be valid without agreement of any other Parties.

15.0 No Partnership

This Agreement does not establish any partnership or joint venture, nor authorize any Party to incur a liability or obligation binding on another Party or Parties.

16.0 Interpretation

The legal presumption that an ambiguous term of this Agreement should be interpreted against the party who prepared the Agreement shall not apply.

17.0 Ratification and Confirmation

All acts taken prior to the effective date of this Agreement that are consistent with the intent and purpose of the same are hereby ratified and confirmed retroactive to ~~December XX, 2014.~~ February 20, 2015

18.0 Miscellaneous

A. This Agreement is for the benefit only of the Parties, and shall not give rise to any claim or remedy for any other person.

B. Nothing in this Agreement shall delegate, diminish or modify the statutory or regulatory authority of the Parties.

C. Time is of the essence of the terms of this Agreement.

[signature pages follow]

Principal Jurisdictions

THE CITY OF BELLEVUE, a
Washington municipal corporation

By: _____ Date: 2/20, 2015 ~~2014~~

Name: MICHAEL A. BRENNAN Title: DIRECTOR DSD

(i) Agreement primary contact:	(ii) Authorized Official
Name: David Pyle Title: Senior Land Use Planner Address: 450 110th Ave NE, Bellevue Phone: 425-452-2973 Email: dpyle@bellevuewa.gov	Name: MICHAEL A. BRENNAN Title: DIRECTOR DSD Address: 450 110TH AVE NE Phone: 425-452-4113 Email: MBRENNAN@BELLEVUEWA.GOV
(iii) EIS Steering Committee Designee	(iv) EIS Collaboration Team Designee
Name: Carol Helland Title: Land Use Director Address: 450 110th Ave NE, Bellevue Phone: 425-452-2724 Email: chelland@bellevuewa.gov	Name: David Pyle Title: Senior Land Use Planner Address: 450 110th Ave NE, Bellevue Phone: 425-452-2973 Email: dpyle@bellevuewa.gov

THE CITY OF KIRKLAND, a
Washington Municipal Corporation

By: Marilynne Beard, Deputy City Mgr Date: 12/18/14, 2014
Name: for Kurt Triplett Title: City Manager

COPY 4/29/1

(i) Agreement primary contact:	(ii) Authorized Official
By: Robin S. Jenkinson	By: [signature]
Name: Robin S. Jenkinson	Name: Eric R. Shields, AICP
Title: City Attorney	Title: Planning Director
Address: 123 5th Avenue, Kirkland, WA 98033	Address: 123 5th Avenue, Kirkland, WA 98033
Phone: 425.587.3031	Phone: 425.587.3226
Email: rjenkinson@kirklandwa.gov	Email: eshields@kirklandwa.gov
(iii) EIS Steering Committee Designee	(iv) EIS Collaboration Team Designee
By: [signature]	By: Nancy Cox
Name: Eric R. Shields, AICP	Name: Nancy Cox, AICP
Title: Planning Director	Title: Development Review Manager
Address: 123 5th Avenue, Kirkland, WA 98033	Address: 123 5th Avenue, Kirkland, WA 98033
Phone: 425.587.3226	Phone: 425.587.3228
Email: eshields@kirklandwa.gov	Email: ncox@kirklandwa.gov

THE CITY OF NEWCASTLE, a
Washington Municipal Corporation

By: _____ Date: 01/09/2015,
2014

Name: Robert Wyman Title: City Manager

(i) Agreement primary contact: Name: Tim McHarg Title: Community Development Director Address: 12835 Newcastle Way, Suite 200 Newcastle, WA 98056 Phone: 425-649-4444, ext. 112 Email: timm@ci.newcastle.wa.us	(ii) Authorized Official Name: Robert Wyman Title: City Manager Address: 12835 Newcastle Way, Suite 200 Newcastle, WA 98056 Phone: 425-649-4444, ext. 107 Email: robw@ci.newcastle.wa.us
(iii) EIS Steering Committee Designee Name: Title: Address: Phone: Email:	(iv) EIS Collaboration Team Designee Name: Title: Address: Phone: Email:

Final Executed Copy
Effective February 20, 2015

Attachment A

THE CITY OF REDMOND, a
Washington municipal corporation

By: MCOEBG for 2014 Date: 2/6/2015,

Name: John Marchione, Mayor Title:

(i) Agreement primary contact:	(ii) Authorized Official
Name: Cathy Beam Title: Principal Planner Address: PO Box 97010, Redmond, WA 98073 Phone: 425-556-2429 Email: cbeam@redmond.gov	Name: John Marchione Title: Mayor Address: PO Box 97010, Redmond, WA 98073 Phone: 425-556-2101 Email: jmarchione@redmond.gov
(iii) EIS Steering Committee Designee	**(iv) EIS Collaboration Team Designee**
Name: Rob Odle Title: Planning Director Address: PO Box 97010, Redmond, WA 98073 Phone: 425-556-2417 Email: rodle@redmond.gov	Name: Cathy Beam Title: Principal Planner Address: PO Box 97010, Redmond WA 98073 Phone: 425-556-2429 Email: cbeam@redmond.gov

THE CITY OF RENTON, a
Washington municipal corporation

By: _____ Date: _____,
2014

Name: _____ Title:_____

(i) Agreement primary contact: Name:_____ Title:_____ Address:_____ Phone: _____ Email: _____	(ii) Authorized Official Name:_____ Title:_____ Address:_____ Phone:_____ Email: _____
(iii) EIS Steering Committee Designee Name:_____ Title:_____ Address:_____ Phone:_____ Email:_____	(iv) EIS Collaboration Team Designee Name:_____ Title:_____ Address:_____ Phone:_____ Email:_____

THE CITY OF RENTON, a
Washington municipal corporation

By: Denis Law Date: 2/11/15
2014

Name: Denis Law Title: Mayor

(i) Agreement primary contact:	(ii) Authorized Official
Name: GREGG ZIMMERMAN Title: PUBLIC WORKS ADMINISTRATOR Address: 1055 SOUTH GRADY WAY RENTON, WA 98057 Phone: (425) 430-7311 Email: gzimmerman@rentonwa.gov	Name: DENIS LAW Title: MAYOR Address: 1055 SOUTH GRADY WAY RENTON, WA 98057 Phone: (425) 430-6520 Email: dlaw@rentonwa.gov
(iii) EIS Steering Committee Designee	(iv) EIS Collaboration Team Designee
Name: CHIP VINCENT Title: COMMUNITY & ECONOMIC DEV. ADMIN Address: 1055 SOUTH GRADY WAY RENTON WA, 98057 Phone: Email: cvincent@rentonwa.gov	Name: Jennifer Henning Title: PLANNING DIRECTOR Address: 1055 SOUTH GRADY WAY RENTON, WA 98057 Phone: (425) 430-7286 Email: jhenning@rentonwa.gov

Attest: J. A. Seth 2/11/15
Jason A. Seth, City Clerk

CITY OF RENTON * SEAL * INCORPORATED SEPT. 8, 1901

Approved as to Legal Form:

Lawrence J. Warren
Lawrence J. Warren, Renton City Attorney

Final Executed Copy
Effective February 20, 2015

THE CITY OF REDMOND, a
Washington municipal corporation

By: [signature] for Date: 2/6/2015,
2014

Name: John Marchione Title: Mayor

(i) Agreement primary contact:	(ii) Authorized Official
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ATTACHMENT A
PROPOSAL DESCRIPTION

Proposal Description

PSE has determined that projected electrical load growth in the Eastside area of Puget Sound Energy's operating system is outstripping the capacity to deliver reliable sources of electricity to the region. This encompasses the area east of Lake Washington between the cities of Redmond and Renton. A detailed description of the electrical system problem is provided in PSE's Needs Report (2012). PSE's transmission system backbone in the Eastside area comprises four 230 kV – 115 kV transformers. These transformers, under certain operational conditions (i.e., cold winter days), are operating near capacity and system studies and models have shown that they are expected to exceed that capacity as early as the winter of 2017/2018. In addition to these transformers at PSE's Talbot Hill and Sammamish substations, several 115 kV lines are also subject to overloading. These overloads show that there is a need for additional 230 kV transmission supply to support the Eastside area. This situation creates operational conditions that do not comply with mandatory reliability requirements. Furthermore, electric generation facilities located in this area of King County provide less than 10% of the peak electric load; therefore, the area is quite dependent on the electric transmission system. Electrical system studies performed independently and by PSE have demonstrated that different parts of the transmission system will not meet minimum mandatory reliability requirements for given system conditions under contingent operation. These minimum reliability requirements are mandated by the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC).

A number of solutions were identified and analyzed to assess viable ways of solving the transmission supply problem. Viable solutions have to solve the various power flow issues in the Eastside area as well as satisfying longevity criteria, be constructible, and cost effective. A ten year study horizon was used between 2012 and 2022. To develop the potential solutions, the following categories were identified: demand side reductions; generation; transformer additions with minimal reinforcement, and transformer with new transmission line. Each solution type was then subjected to power flow analysis using the base cases described in the Needs Report as well as an extensive list of contingencies. Based on the results of the power flow analysis, the most promising solutions were further evaluated from the perspective of overall system performance, operational flexibility, and longevity. Additional details regarding the solutions considered to solve the problem are provided in PSE's Solutions Report (2012) and other supporting documents.

Demand Side Reduction/Non-Wire Technologies

Description: The addition of demand side reduction or conservation measures was evaluated by PSE's Energy Efficiency Group. These include energy efficiency, demand response, and distributed generation measures. Energy efficiency measures include things such promoting the installation of more efficient appliances, changing out incandescent light bulbs for LED, updating windows and insulation, as well as numerous others. PSE has extensive programs to promote such efficiency improvements, but cannot require that customers implement them. Demand response entails energy reduction programs where specialized devises are installed that can be used to

control users electrical uses to better accommodate and manage peak usage. PSE has run pilot projects using this technology, but such programs have not been popular and cannot be required by the utility. Installing roof top solar panels, small scale wind turbines, and waste digesters are all forms of distributed generation, again all which cannot be required by a utility's customers.

These solutions do not represent a permanent alternative to avoid the need for infrastructure improvements and upgrades necessary to operate the system at the required reliability levels; however they are a necessary component of the solution (PSE Screening Study 2014).

Generation

Description: It has been determined that a 300 MW natural gas fired power plant located within the Eastside could potentially solve the identified problem. This size plant would be comparable to the 325 MVA nameplate capacities of PSE's 230 kV – 115 kV transformers. In addition to the construction of the power plant, more than 30 miles of new and upgraded 115 kV transmission lines would be required as would possibly a new natural gas pipeline and/or water pipeline. The number and length of supporting infrastructure transmission lines and pipelines would be dependent upon where a generation facility could be developed. Other generation technologies were evaluated, but determined to be inadequate or inappropriate for the project area. New generation would have to be sited so that it could relieve the 230 kV – 115 kV substation transformers and 115 kV transmission lines that were identified as being at risk of overload in the 2013 PSE Eastside Needs Assessment Report.

New Transformer – Existing Substation

Description: The PSE planning team evaluated installing only a new 230 kV – 115 kV transformer at an existing substation, such as the existing Sammamish substation, Talbot Hill substation, and Lake Tradition substations. It is anticipated that this alternative would not require the installation of new 230 kV transmission lines since all three sites considered currently have nearby 230 kV sources. However, when electric system models and studies were performed, this scenario showed numerous 115 kV transmission system overloads, which indicated that a substantial amount of new 115 kV lines would need to be constructed and still with less than ideal system operational results.

New Transformer and Transmission Line

Description: The most viable solution type considered was a combination of adding a new substation with a 230 kV transformer and connecting it with the Talbot and Sammamish substation via a new 230 kV transmission line. This solution would provide a new 230 kV transmission source and improve reliability for the Eastside area. To provide the greatest system efficiency, the new transformer would need to be located somewhere between SR520 and I-90.

No Action

Description: Under the SEPA rules, when evaluating alternatives, the "no action" alternative also needs to be considered and compared to the other reasonable alternatives (WAC 197-11-440(5)(b)(ii)). In this instance, the no action alternative equates to not making improvements to the electrical transmission system. This would put the operation of the transmission system as risk and PSE out of compliance with FERC and NERC requirements.

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