Serving Bainbridge Island

City of Bainbridge Island Council Study Session
April 19, 2016
Today’s conversation

• How PSE serves Bainbridge

  ✓ Reliable power

  ✓ Clean energy

• Three questions for the community
Kitsap Service team provides local response

Poulsbo Service Center
- 92 people (normal)
- 200+ people (storms)
- Engineers & system planners (PSE)
- Service crews (PSE)
- Substation crews (PSE)
- Line crews (Potelco)
- Tree crews (Asplundh)
Bainbridge Island Electric Service Map
All power lines in black
Bainbridge Island Electric Service Map

Underground lines in yellow
(55% of all Island power lines)
$21 million in Bainbridge Island neighborhood electric system improvements since 2010

Local reliability projects (2010-16)

- Tree wire
- Re-conductoring
- Pole replacement
- Tree trimming
- Additional undergrounding

Bainbridge 55% underground
A new transmission line would have prevented 7 major outages just since August 2015.

“New transmission line connecting substations in a loop, providing both with two sources of power.”

PSE Bainbridge Reliability Plan 2010

Benefits
- Adds 25 MW of capacity to meet capacity needs for 10–15 years, based on projected population growth
- Increases transmission reliability
- Enables deployment of automated switching and future incorporation of “smart grid” technologies
- Greatest benefit to distribution reliability
- New substation sites closer to the load center
- New substation sites easily screened

Drawbacks
- Greater impact to trees and vegetation
- Potentially sensitive environmental areas on City-owned site
- Challenging access on City-owned site
- PSE-owned site more visible to the general public than the City-owned site
- Impacts new property
PSE listened in 2010 when Bainbridge residents voiced concerns about a new power line project.

“PSE’s new transmission lines project will not address recent electricity outages on the island.”

Letter to the Editor, Feb. 19, 2010
PSE and Bainbridge partnered on new innovations in energy efficiency

• Island “Energy Meter”
• Partnership with RePower Bainbridge
• Home energy management pilot program
When our Bainbridge customers said they didn’t want coal power, we listened and took action.
Local leaders joined environmentalists in supporting PSE’s 2016 coal transition plan

Coal legislation supporters:

• Gov. Jay Inslee
• Sen. Christine Rolfes
• Rep. Sherry Appleton
• Rep. Drew Hansen
• 92-5 state legislature passage

“Please thank Kimberly Harris, the President of PSE, for making the right call to help Washington transition off coal.”
- Washington Conservation Voters

“We are pleased to see there is now a clear process that will ensure protection for Washington consumers and eliminate the carbon pollution from these coal units.”
- The Sierra Club
The City of Bainbridge is a green power leader

- City of Bainbridge carbon-free with PSE Green Power
- 11% of Bainbridge customers participate in PSE Green Power
- Solar challenge grants
  - Sakai Intermediate School
  - Waterfront Park Community Center
Bainbridge Island is a solar power leader

- 182 PSE solar customers on Bainbridge Island
- $443,000 incentives in 2015
- Incentive cut 75% for a Bainbridge-only utility
- State incentive based on utility’s total energy sales
Bainbridge and PSE can create new green choices together

EXISTING PSE PORTFOLIO
- All electric customers
- ~1.0 lbs. CO2 per kWh

EXISTING GREEN POWER PROGRAM
- REC purchases
- 44,000 customers
- residential, business, municipal

PROPOSED PREMIUM GREEN
Long-term partnership with PSE for dedicated energy resources

CUSTOMER OWNED PROJECTS
- Active ownership & management by customer
- Distributed generation
Three questions for the community

1. What happened in Jefferson County?
Jefferson PUD: the only new utility in 60 years

“Look what our neighbors at Jefferson PUD can say about public power. Wouldn’t it be great if we had this too?”

- IslandPower website
The Jefferson feasibility study was a poor guide

<table>
<thead>
<tr>
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<th>2008 Feasibility Study</th>
<th>2016 Reality Check</th>
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<tbody>
<tr>
<td>Startup costs</td>
<td>$47.1m ($27-66m)</td>
<td>$115.5m</td>
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<tr>
<td>Electric bills</td>
<td>Up to 20% lower</td>
<td>No net savings 2013-’16</td>
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<td>New jobs</td>
<td>67 new employees</td>
<td>33 employees</td>
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<tr>
<td>Customer experience</td>
<td>More reliable, better service</td>
<td>75% of PUD customers see no improvement</td>
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<tr>
<td>Green initiatives</td>
<td>Local renewables, more energy efficiency</td>
<td>Solar incentives cut, energy efficiency reduced</td>
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<tr>
<td>Feasibility Study costs</td>
<td>$28,000</td>
<td>$2.3m</td>
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One year after starting service, key questions were still unanswered

Port Townsend Leader April 2014

PUD kicks off cost study

Rate issue to follow; Friends poised to push PUD for 'strategic plan

By Allison Author of the Leader

How much is it costing Jefferson County Public Utility District to buy power, pay its debts, and serve its customers? And should some customers pay more — or less — for the power they receive?

These are questions for which EES Consulting, Kirkland, will crunch numbers in a $166,000 study starting now and due this summer. Public hearings on any rate changes are to come in September and October before a 2015 budget is approved.

The PUD took the rates of the electric utility from Pugent Sound Energy a year ago and has spent the first year in transition, hiring people, keeping the purchased system up and running. Now, officials say it's time to take a look at the true operational cost.

"We've got to figure out what it actually costs to run an electric utility," said PUD President Wayne King. "We've got to figure out what it actually costs to run an electric utility." - Wayne King

Jefferson PUD Commissioner

April 2, 2014

"We've got to figure out what it actually costs to run an electric utility."

Jefferson PUD, announced in a press release March 25 that it plans to ask commissioners at the April 1 board meeting to develop and adopt a strategic plan.

"It is important that the PUD continue to develop a strategic plan that can be presented to the customers and that is clear and consistent with our mission," stated Rick Shinkle, director of Friends of Jefferson PUD. "The strategic plan will outline the PUD's goals and objectives and how they align with our customers' needs."

"We've got to figure out what it actually costs to run an electric utility." - Wayne King

Jefferson PUD Commissioner

April 2, 2014

"We've got to figure out what it actually costs to run an electric utility." - Wayne King

Jefferson PUD Commissioner

April 2, 2014
Jefferson PUD example needs careful scrutiny

Port Townsend Leader Feb. 2016

“We've got a mess here. We're still floundering.”

Jefferson PUD Commissioner
Feb. 10, 2016

PUD braces for ‘findings’ by state auditors

Manager: Public agency struggled after buying power system

By Allison Arthur of the Leader

The Jefferson County Public Utility District (PUD) is bracing for a second year of findings by the Washington State Auditor’s Office.

A team of auditors has been at the PUD offices for the past two months looking at financial statements from 2013 and 2014.

“We're going to have several findings regardless, because we failed to file [financial statements] on time in 2013 and on time in 2014, so we'll have two findings, no matter what,” said PUD manager Jim Parker.

“And we’ll probably have some findings for controls that were in...
Three questions for the community

1. What happened in Jefferson County?
2. What’s your top priority?
What’s your top priority?

- Growth
- Police
- Fire
- Roads
- Human services
- Electric utility
- Schools
- Water
- Sewer
- Sakai property
- Traffic
- Ferry service
- Dog park
- Arts
Three questions for the community

1. What happened in Jefferson County?
2. What are your local priorities?
3. What can we do together?
PSE and Bainbridge: 2010-2016

- $21m in electric reliability projects
- More underground powerlines
- Increased tree-trimming
- Responding to storms with 200 Kitsap personnel
- Preparedness and safety training
- Transitioning from coal power
- 100% of City electricity carbon-free with Green Power
- Residential Green Power leadership
- RePower Bainbridge partnership
- $2m in home energy efficiency grants and rebates
- $1m in business energy efficiency grants and rebates
- $443,000 in 2015 solar incentives
- Solar systems at Sakai Intermediate School and Waterfront Park Community Center
- PSE Foundation grant of $50,000 for Island Church emergency shelter generator
- Sponsorship of more than two dozen arts, human services, education, parks, recreation and environmental organizations and events
PSE wants to work with Bainbridge

What can we do for **reliable** power?
What can we do for **clean** energy?
What can we do for the **community**?