

**Exhibit I, All Generation Source RFP – Stage I Evaluation Criteria**

<b>Evaluation Criteria</b>		<b>Explanation of Criteria</b>	<b>Summary Evaluation</b>
<b>Compatibility with PSE Resource Need</b>			
	1) Timing	Proposals which are available early in the acquisition time period (2005 through winter '07/'08) are preferred. Proposals which provide substantial assurances of being commercially available in 2005 are preferred.	
	2) Resource match to monthly need	Proposals where generation from the underlying generation asset closely match PSE's monthly energy requirements or whose output can be controlled by PSE are preferred over those which rely on shaping through short- or long-term arrangements.	
	3) Match to monthly need through contract	Proposals that provide a fixed annual price to shape the underlying generation asset output to PSE monthly energy requirements are preferred. PSE will not consider proposals for contractual shaping that are tied to an energy price index. Contracts for a term of 3 or more years are preferred.	

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Compatibility with PSE Resource Need (Cont'd)			
	4) Operational Flexibility	Proposals which provide PSE control of project output acceptable to PSE to respond to seasonal & real-time fluctuations in load/resource balance and system reliability events are preferred. This includes, for example, dispatch or displacement of the project in real-time and, for jointly-owned projects, the ability for PSE to elect to use for reliability purposes generation output that would otherwise have been displaced by the other owner.	

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<b>Evaluation Criteria</b>		<b>Explanation of Criteria</b>	<b>Summary Evaluation</b>
<b>Cost Minimization</b>			
	1) Resource price	PSE prefers those proposals which satisfy its other evaluation criteria at the lowest cost throughout the project life.	
	2) Transmission	PSE prefers firm delivery of energy to its service area (particularly at points on its system at which the deliveries may be effected and used to serve load with no or limited transmission congestion). In the absence of assurance at the time of proposal of such firm delivery, PSE prefers proposals that provide a high likelihood of acquiring adequate transmission rights to such points. Proposals that do not include firm transmission to such points, that would produce congestion or that would increase PSE's transmission costs will be compared unfavorably with other proposals and/or will be assessed the additional cost to PSE.	

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<b>Evaluation Criteria</b>		<b>Explanation of Criteria</b>	<b>Summary Evaluation</b>
<b>Risk Management</b>			
	1) Status & Schedule	All other things being equal, PSE prefers operating projects first, projects under construction second, and development projects third. With respect to development projects, respondent proposals that are able to demonstrate they have the experience and financial resources to complete the project and have made significant progress in securing necessary permits, property rights, equipment, regulatory approvals, water rights, wastewater and disposal rights, project agreements and all other rights or arrangements necessary for a completely commercially operational project within the time proposed for commercial operation are preferred.	
	2) Price Volatility	Proposals that provide significant long-term control of fixed and variable costs are preferred.	
	3) Resource Flexibility and Stability	Proposals that provide flexibility to expand to meet PSE’s growing needs or to be deferred as required are preferred. Proposals that include project agreements and all other rights and arrangements coterminous with power purchase delivery periods or project life are preferred.	

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<b>Risk Management (Cont'd)</b>			
	4) Resource Technology	Proposals that are based on commercially proven technology with demonstrated long-term reliability and performance history are preferred. Proposals that are based on technologies whose output may be controlled are preferred.	
	5) Long-term Flexibility	Proposals that provide PSE the flexibility to adjust its position in a resource long-term up to and including termination are preferred.	
	6) Project Risk	Proposals that involve minimal risk for timely plant completion within cost projections are preferred. Proposals that minimize exposure to environmental risk or other potential liability are preferred.	

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<b>Public Benefits</b>			
	1) Environmental Impacts	Proposals with lower environmental impacts are preferred. Environmental impacts refer to the full range of issues evaluated in an environmental impact statement (EIS) or environmental assessment (EA).	
	2) Resource Location	Proposals that are located such that they provide benefits to the regional and PSE transmission system or require minimal or no transmission upgrades are preferred. Proposals that are not dependent upon constrained transmission or fuel transportation paths are preferred. Proposals that are located such that they are within PSE's control area are preferred.	
	3) Community Impacts	Proposals that demonstrate support from public, local, state and federal government entities and Native American nations, if applicable, are preferred.	

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<b>Strategic &amp; Financial</b>			
	<p>1) Capital Structure Impacts</p> <p>2) Future exposure to environmental regulations and/or taxes.</p>	<p>Proposals are preferred that do not increase PSE's exposure to adverse impact on its financial position (e.g., by requiring PSE to impute debt, by otherwise adversely affecting PSE's financial leverage, operating leverage, credit rating, cash flow, income statement or balance sheet, or by imposing credit requirements).</p> <p>Proposals for resources with lower potential exposure to future environmental regulations and/or taxes are preferred.</p>	