

**EXHIBIT NO. ___(JAH-2)
DOCKET NO. UE-04___/UG-04___
2004 PSE GENERAL RATE CASE
WITNESS: JAMES A. HEIDELL**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-04___
Docket No. UG-04___**

**FIRST EXHIBIT (CURRICULUM VITAE) TO
PREFILED DIRECT TESTIMONY OF JAMES A. HEIDELL
(NONCONFIDENTIAL) ON BEHALF OF PUGET SOUND ENERGY, INC.**

APRIL 5, 2004

Personal Profile

Name

James A. Heidell

Present Position

Managing Consultant – Wholesales Energy Markets Practice

Mr. Heidell has over 20 years experience in the energy and utility business. His responsibilities at PA include the analysis of wholesale energy markets in the United States to support the strategic development and financing and restructuring of individual and portfolios of generation assets. Mr. Heidell has extensive experience in financial analysis of major investments including his purchase and sale of generation assets. He also has extensive experience in regulatory policy including electric and gas cost-of-service, pricing, performance based regulatory mechanisms, and service quality. Mr. Heidell has prepared expert reports for civil litigation and provided testimony in regulatory proceedings.

PA Experience

James Heidell joined PA in October 2000, when Hagler Bailly joined PA Consulting Group.

Business Valuation for Merchant Energy Companies

Mr. Heidell led a PA team that valued the worldwide generation portfolio of a major merchant energy company that went into bankruptcy. The work on behalf of the creditors, valued the company, developed an analysis of cash flows, and advised the creditors on the viability of the debtor's plan of reorganization. The work also involved providing advice on the strategic plan with regards to which assets and markets the Company should shed and which ones to retain.

Mr. Heidell provided asset valuations to creditors for a number of different merchant generation projects in the U.S. that are either in bankruptcy, or in the process of consensual transfer to the creditors. These projects incorporated market modeling to develop short and long-term forecasts of gross margins, evaluation of contracts, due diligence on all aspects of the generation company's financials, and development of cash flow and valuation forecasts.

Mr. Heidell has provided advisory service to equity and debt funds with regards to valuation of generation assets to support asset and distressed debt acquisition.

Analysis of Wholesale Energy Markets

Mr. Heidell has worked on modeling energy prices using

PROSYM and PA proprietary volatility models to support the financing of generation assets and identification of new generation markets for a number of clients including Edison Mission Energy and KeySpan. He has also developed SAS models to analyze the market value of power contracts for Exelon. The work for Exelon was used to support a bond financing. In a separate transaction involving bond reinsurance, Mr. Heidell modeled distributions of prices to identify 95% and 97.5% probabilities of repayment.

Mr. Heidell has provided power market expertise to a large bank group in support of the restructuring of the NRG portfolio. The project involves identifying strategies for disposition of distressed assets, independent asset valuations to support the asset disposition process, and cash flow analyses to validate restructuring plans.

Mr. Heidell has worked with two retail electric utilities to develop least cost generation resource acquisition strategies. In one case the work involved analysis of wholesale markets and identifying the least cost alternative between build versus buy decisions. In the second instance Mr. Heidell developed probabilistic distributions of future market electric prices to identify how resource acquisition strategies are impacted by uncertainty.

Mr. Heidell has developed valuations of generation assets to support development of bids for the acquisition of major generation portfolios. In two separate transactions the valuation of assets involved developing distributions of asset values as well as valuing POLR load and merchant generation contracts.

Mr. Heidell led an evaluation of wholesale markets for MDU to support an investigation into the feasibility of building a new lignite coal plant to be included in utility rate base.

Risk Modeling

Mr. Heidell developed a model to analyze quarterly earnings risk associated with weather variation for a U.S. retail utility. The model incorporated correlations between weather, load, and wholesale energy prices to identify changes in retail revenue and associated changes in cost based upon historic temperature distributions.

Mr. Heidell developed a value at risk model for a U.S. retail utility to guide risk management decisions about the level of surplus power sales to target for long-term versus short-term positions. The model develops target long-term positions based upon risk preferences, earnings targets, and a combination of historical and simulated distributions of wholesale gas and electric prices.

Litigation Support

Mr. Heidell prepared cost-of-service and rate design testimony for

Pre PA Experience

PSE's 2001 electric rate case. Mr. Heidell developed a gas and electric cost of service model for PSE that is used to support regulatory filings.

Mr. Heidell provided complex financial modeling support in a tax case to identify levels of losses associated with utility power contracts that were not fungible.

Mr. Heidell has supported NRG in litigation pertaining to breach of contract claims. The analysis involves examining the value of certain merchant power opportunities in New York state through the development of market assessments and development of a financial analysis.

Mr. Heidell supported Firestone in the preparation of insurance claims for recovery of losses related to major injury claims associated with recalled tires. The work involved development of databases and analysis of claim rates.

Mr. Heidell was part of a team analyzing emissions from coal plants over the past two decades to defend a client against Federal prosecution in New Source Review litigation.

Financial Support

Mr. Heidell served as the interim Finance Manager for a New England gas fired combined cycle plant. Responsibilities included financial reporting, developing an annual budget, and preparing long run financial projections for an project to be turned back to the creditors.

Mr. Heidell worked in the energy business for eighteen years prior to joining PA. Prior to joining PA he worked at Puget Sound Energy, an investor-owned electric / natural gas utility in Washington state. He held multiple positions including Director of Financial Planning and Director of Federal & State Regulation. Prior to working at Puget Sound Energy, he was an energy consultant providing services to government agencies, investor owned utilities, and public utilities. Mr. Heidell has conducted numerous financial studies related to the purchase and sale of power plants, NUG contracts, and natural gas generation supply contracts. He has also worked on the valuation of utility distribution companies and determined the profitability associated with adding and disposing of electric and natural gas distribution service areas. Mr. Heidell has performed embedded and marginal cost of service studies and developed pricing for regulated and market-based electric services. Mr. Heidell has presented expert testimony on cost-of-service and pricing.

Sample Projects

- Valuation of the buy-out of NUG contracts by an investor owned utility.
- Valuation of the buy-out of long-term fixed price natural

| | |
|-------------------------|--|
| | <p>gas contracts for an investor owned utility.</p> <ul style="list-style-type: none"> • Financial analysis of fractional sales in coal plants. • Long and short term corporate financial modeling under alternative scenarios of generation ownership and power costs. • Analysis of stranded generation costs of an investor owned utility. • Preparation of bond rating agency reports for an investor owned utility and modeling of bond repayment for bondable conservation assets. • Valuation of utility property in instance of threatened condemnation. • Valuation of municipal natural gas distribution systems for potential purchase by an investor owned utility. • Preparation of electric and natural gas unbundled cost-of-service studies for an investor owned utility. • Preparation of rate studies for federal and state regulatory agencies including the preparation of cost-of-service studies, rate design, and expert testimony. • Preparation of testimony and support of state application to merge an electric and natural gas utility with overlapping service territories. • Development of an open-access pilot for electric utility customers. • Development and implementation of program to transition large electric power users from core utility service with bundled rates to market rates. |
| <p>Education</p> | <p>CFA - Chartered Financial Analyst, 1997 University of Washington, MBA, Finance and Accounting, 1989 Stanford University, MS, Engineering Economic Systems, 1982. Tufts University, BSE, Civil Engineering, 1979</p> |
| <p>Societies</p> | <p>Association of Investment Management Research</p> |