

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Docket Nos. UE-090704 and UG-090705  
Puget Sound Energy, Inc.'s  
2009 General Rate Case**

**PUBLIC COUNSEL DATA REQUEST NO. 578**

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Reference page 12 of Mr. Garratt's rebuttal testimony. Is it PSE's position that it is appropriate to acquire resources which result in higher system production costs when other available power supply alternatives would result in significantly lower production costs for customers? If so, please explain why this is appropriate.

**Response:**

Puget Sound Energy, Inc. ("PSE") does not agree that it is appropriate to acquire resources that result in higher system production costs when other available power supply alternatives would result in significantly lower production costs for customers because, as Mr. Garratt's rebuttal testimony (Exhibit No. 53-HCT) explains, a resource cannot be acquired based solely on one quantitative statistic. PSE has an obligation to review all aspects of a bid – compatibility with resource need, risk management, public benefits, strategic considerations, resource cost and portfolio cost impact – and acquire the *lowest reasonable cost* resource. A myopic focus on one metric disregards both the comprehensive quantitative analyses conducted during the resource acquisition process and the comprehensive qualitative review completed by 20 internal review teams within PSE, not to mention the external contractors PSE retains for third party review. For a more in-depth discussion of PSE's process, see generally Exhibit No. RG-53HCT.