

**EXHIBIT NO. \_\_\_(RG-15)**  
**DOCKET NO. UE-07 \_\_\_**  
**2007 PSE PCORC**  
**WITNESS: ROGER GARRATT**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-07 \_\_\_**

**FOURTEENTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
ROGER GARRATT  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**MARCH 20, 2007**

Auction Transcript.txt

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In the Matter of:  
Goldendale Auction.  
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153 East 53rd Street  
New York, New York  
Monday, February 5, 2007  
9:00 a.m.

Reported by:  
Jennifer Ocampo-Guzman  
Job No: 11686

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A P P E A R A N C E S:

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BY: STEVEN ADAMS  
BLAKE M. CARLSON

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P R O C E E D I N G S

MR. SPIEGEL: Good morning. My  
name is Bennett Spiegel. I am a partner  
in the restructuring group at Kirkl and &  
Ellis, LLP, counsel for the debtors in  
the Calpine Energy Corporation and  
Page 2

Auction Transcript.txt

8 related Chapter 11 bankruptcy cases.

9 Welcome to the auction of the  
10 Goldendale facility.

11 Again, the jointly administered  
12 chapter 11 cases of Calpine Corporation,  
13 case number 05-60200. The relevant  
14 selling debtor is the debtor by the name  
15 of Goldendale Energy Center, LLC, and  
16 its separate Chapter 11 case number is  
17 05-60390.

18 I just wanted to do a couple of  
19 things, just some basic ground rules for  
20 mechanics of how we're going to handle  
21 the physical surroundings today, and of  
22 course, to remind everyone that the sale  
23 hearing for this auction is two days  
24 from today, Wednesday, February 7th at  
25 10:00 a.m. in the bankruptcy court here

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1  
2 in the Southern District of New York,  
3 and certainly we do as of this time  
4 expect that hearing to go forward on  
5 Wednesday, depending on today's results.

6 Again, briefly some ground rules  
7 with respect to the offices. You all  
8 have separate conference rooms that  
9 we've assigned to you. Everyone should  
10 have access to phones and whatever else  
11 you may need. There are a number of

12 Auction Transcript.txt  
13 receptionists on the floor who can  
14 assist you. If there is anything that  
15 you do need, please let me or any other  
16 K&E attorney know or certainly you may  
17 ask for assistance directly from any of  
18 our receptionists here on the 50th  
19 floor. We do ask, however, that out of  
20 courtesy to other clients, other deals  
21 that may be going on, that you not  
22 wonder about the floor or other floors,  
23 that you do stay as close to your  
24 assigned rooms as you can in the course  
25 of managing your business obligations.  
Now, let's speak about the auction.

♀

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1  
2 I'm going to layout some ground rules  
3 for the auction, none of these should be  
4 surprising to you, and the one rule you  
5 should all remember is that the rules  
6 are subject to change at any time.  
7 With that being said, Puget Sound  
8 Energy, LLC, which I will refer to  
9 generally during the day as Puget or  
10 PSE, and Goldendale Power Holdings, LLC,  
11 which we will refer to as GPH and their  
12 respective representatives are the only  
13 ones entitled to make subsequent  
14 qualifying bids during the auction  
15 today.

16 There will be some down time where  
Page 4

Auction Transcript.txt

17 we will need to confer with bidders and  
18 other interested parties outside this  
19 main bidding room. If you need to  
20 confer privately regarding a bid, please  
21 ask for a break, and we will try to  
22 accommodate you within reason.

23 The bidders are not permitted under  
24 any circumstances to discuss or confer  
25 with respect to their respective bids

6

1  
2 with any other bidder without the  
3 debtor's prior consent.

4 As you all know, there is a court  
5 reporter here. The proceedings in this  
6 room and all official bidding will be on  
7 the record. Thus, we ask that anyone  
8 speaking, each time they speak out of  
9 themselves and who they represent.

10 Also, we would request that each  
11 bidder only have one designated  
12 spokesperson in order to avoid confusion  
13 and ensure a clean record. And as we've  
14 done before we went on the record, we  
15 ask that anyone speaking provide a  
16 business card to the court reporter.

17 This is auction is going to be  
18 conducted in accordance with the order  
19 approving the bidding procedures in  
20 connection with the sale of the

21 Auction Transcript.txt  
22 Goldendale facility which was entered by  
23 the bankruptcy court on December 6,  
24 2006, and that is docket number 3217. I  
25 believe we have copies of the bidding  
procedures here in the room at the table

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1  
2 in front of the room, if anybody needs a  
3 copy.

4 The Kirkland attorneys who will be  
5 assisting and moderating will be myself,  
6 Bennett Spiegel, and my partners Gerry  
7 Nowak, Mitch Hertz and Kelly Frazier.

8 We are going to run the auction and  
9 recognize the bidders and other  
10 stakeholder's comments. We have  
11 reserved the right in the bidding  
12 procedures to adjourn the auction and  
13 recommence it at any time, both today  
14 and after today, although we hope that  
15 will not be necessary in terms of going  
16 beyond today.

17 Throughout the auction the debtors,  
18 together with their advisors, and in  
19 consultation with committees will  
20 determine which of the outstanding bids  
21 submitted is the highest and best offer.

22 As I said, the debtors will make  
23 that determination based on their  
24 business judgment in accordance with the  
25 terms of the bidding procedures and in

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1  
2 consultation with committees.  
3 Throughout the auction the debtors  
4 reserve their rights to reject any bids  
5 that are deemed either inadequate or  
6 insufficient, and not in conformance  
7 with the bid procedures or the terms and  
8 conditions of sale or contrary to the  
9 best interest of the debtors, their  
10 estate or their creditors.

11 As set forth in the bidding  
12 procedures, the debtors have reserved  
13 the right to impose such other terms and  
14 conditions with respect to the auction  
15 as the debtors determine may be in the  
16 best interest of the debtors, their  
17 estates and their creditors. The  
18 bidding will begin initially with the  
19 amount of the highest and best  
20 qualifying bid.

21 The debtors have determined that  
22 the highest and best qualifying bid at  
23 the commencement of the auction is that  
24 of GPH. Bidding will continue in  
25 minimum increments of at least \$5,000

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1  
2 higher than the previous bid, although



3 Auction Transcript.txt  
4 the debtors reserve the right to alter  
5 that increment.

6 MR. ADAMS: It's 500,000.

7 MR. SPIEGEL: Did I say 5,000? I  
8 apologize. Let me say that again  
9 clearly.

10 Bidding will continue in minimum  
11 increments of at least \$500,000 higher  
12 than the previous bid, although the  
13 debtors reserve the right to alter that  
14 increment.

15 Thank you.

16 Subsequent bids submitted by the  
17 proposed stalking horse purchaser,  
18 Puget, will be deemed to include a  
19 credit in an amount equal to the break  
20 up fee of \$2.5 million. Bidding will  
21 continue until such time as the debtors  
22 determine and announce the highest and  
23 best qualified bid.

24 Again that is subject to the need  
25 for breaks, if we need to speak off the  
record, if people need to confer, we can

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1  
2 do that within reason.

3 We want to remind bidders that as a  
4 condition for bidding that all bids not  
5 just the winning bid, and this was part  
6 of the discussions this morning, will  
7 remain open until the earlier of the

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8 closing with the successful bidder or  
9 75 days after the sale hearing. If  
10 parties are intending to bid on terms  
11 other than price as set forth in the  
12 purchase agreements provided, they  
13 should so advise us, and we shall take  
14 that into account.

15 I'm now going to recite, to the  
16 best of my ability, what I believe is a  
17 description of the highest and best  
18 qualified bid.

19 And if I need some help, I'm sure I  
20 will get it from my colleagues or from  
21 GPH.

22 It is the debtors' determination  
23 that the qualified bid submitted by GPH  
24 is the highest bid. And here is how the  
25 debtors arrived at that view.

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2 First, GPH's bid is for a total of  
3 \$103,624,000, which equals the purchase  
4 price offered by Puget, plus the \$2.5  
5 million break-up fee, plus the  
6 \$1.1 million initial overbid amount,  
7 plus \$24,000.

8 In addition, the GPH bid provides  
9 for a per diem increase in the purchase  
10 price of \$20,000 per day for the first  
11 30 days after February 2nd until the

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closing --  
A VOICE: 22nd.  
MR. SPIEGEL: Did I say 32nd?  
MS. FRAZIER: You said 2nd.  
MR. SPIEGEL: Thank you.  
For the first 30 days after  
February 22nd until closing, and \$25,000  
per day thereafter until the earlier of  
the closing or 75 days after the date of  
the sale hearing.  
GPH has modified section  
13.2(a)(IV) to allow termination by the  
seller on any date that is 75 days after  
the auction.

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Now, there are certain other  
modifications to the agreement that were  
not circulated in the markup that was  
circulated last Friday involving GPH's  
bid. We discussed them this morning off  
the record. I'm going to do my best to  
describe them right now so that we all  
understand what these changes are.

There are several places in the  
document which refer to the tax  
exceptions in section 11.1 of the  
agreement, and that needs to be  
incorporated into sections 1.4, 4.14 and  
14.10. Those are the sections that  
we've identified that would be the

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17 relevant to incorporating the 11.1  
18 exceptions. If there are more, we  
19 discover them later, we will let  
20 everybody know. Those are the ones  
21 we've identified.

22 Secondly, GPH has agreed that in  
23 section 10.1 of the document, they will  
24 shorten the time frame to file FERC and  
25 HSR applications to be within ten days

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1  
2 of today, ten days of February 5, 2007.  
3 In Article 13 of the agreement with  
4 respect to the seller's termination  
5 rights -- and I said this a moment ago  
6 but just to make clear -- that the  
7 seller has the right to terminate within  
8 75 days after the auction, which will  
9 include what is now a provision that  
10 otherwise would have given the bidder a  
11 90-day period beyond the initial 75 days  
12 if there had been no FERC approval. In  
13 other words, the 90-day extension is  
14 being deleted from that section,  
15 13.2(a)(IV).

16 Finally, I understand that PGH  
17 (phonetic) has agreed to the proposed  
18 language of KPUD and its objection on  
19 adequate assurance grounds. And GPH has  
20 agreed that it will either reach

21                   Auction Transcript.txt  
22                   agreement with BPA on its adequate  
23                   assurance concerns and if no consensual  
24                   agreement is reached, that GPH will  
25                   abide by whatever the bankruptcy court  
                    might order has the necessary adequate

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2                   assurance.

3                   And finally, I believe everyone is  
4                   agreed to language in the sale or which  
5                   would resolve the Symantec and Oracle  
6                   objections to the proposed sale order,  
7                   and that language was circulated last  
8                   Friday, again I believe to everyone's  
9                   satisfaction. When I say "everyone," I  
10                  mean Symantec, Oracle, and the two  
11                  bidders here today, Puget and GPH.

12                  At this time I would ask GPH's  
13                  representative to either ratify that my  
14                  description of their bid is accurate or  
15                  to speak on the record any changes that  
16                  I may have failed to acknowledge.

17                  MR. ADAMS: I am Steve Adams with  
18                  Wayzata Investment Partners. I confirm  
19                  that Mr. Spiegel's description of our  
20                  bid is correct.

21                  MR. SPIEGEL: At this point I would  
22                  ask if there are any further bids.

23                  MR. YOUNG: Yes, Mr. Spiegel, I'm  
24                  Bennett Young with LeBoeuf, Lamb, Greene  
25                  & MacRae, representing Puget Sound

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2 Energy, Inc., we do have a further bid.  
3 I will indicate the terms portion of the  
4 bid and then Mr. Roger Garratt, here on  
5 my right, from Puget will indicate the  
6 monetary amount of the bid.

7 First, Puget will agree to  
8 incorporate the per diem adjustment in  
9 the purchase price found in section 2.3  
10 of the GPH document.

11 Secondly, we will agree to the  
12 75-day seller termination right, 75 days  
13 after the auction date, which you  
14 described as being in section  
15 13.2(a)(IV).

16 MR. SPIEGEL: That's one place  
17 where it --

18 MR. YOUNG: I think what we  
19 discussed offline and I think is  
20 agreeable to Puget is that the term  
21 "seller termination date" can be a  
22 defined term as "75 days from the  
23 auction date."

24 In addition, Puget's bid will  
25 include a deletion of parcels 4 and 6

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2 from the real property schedule, and I

3                   Auction Transcript.txt  
4                   want to confirm that Puget is agreeable  
5                   to the Klickitat Public Utility District  
6                   language in the order and to the  
7                   proposed language regarding the Symantec  
8                   and Oracle objections which were  
9                   circulated on Friday.

10                  And with that, I will ask Mr.  
11                  Garratt to indicate the monetary part of  
12                  the bid.

13                  MR. SPIEGEL: Before we move to  
14                  Mr. Garratt, is Puget willing to say  
15                  that it will either reach consensual  
16                  agreement with EPA with any -- their  
17                  objection was not to your bid. I forgot  
18                  about that.

19                  MR. YOUNG: The EPA did not object  
20                  to terms -- so that's not an issue for  
21                  us.

22                  MR. GARRATT: I'm Roger Garratt  
23                  with Puget Sound Energy and we increase  
24                  our bid to \$104,500,000.

25                  MR. SPIEGEL: I'm going to go off  
26                  the record for a moment, confer with my

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2                  client.

3                  (Discussion off the record.)

4                  MR. SPIEGEL: Thank you, Mr.  
5                  Garratt.

6                  The debtor in the consultation with  
7                  committees deems this most recent bid by

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8 Puget to be the highest and best bid at  
9 this time.

10 Do we have any further bids?

11 MR. ADAMS: Steve Adams with  
12 Wayzata Investment Partners. We would  
13 like to ask to be able to confer among  
14 ourselves before responding.

15 MR. SPIEGEL: Sure. We will go off  
16 the record.

17 (Discussion off the record.)

18 (A brief recess was taken.)

19 MR. SPIEGEL: We're back on the  
20 record. Are there any further bids?

21 MR. CARLSON: Yes, Blake Carlson  
22 with GPH. 105 million.

23 MR. SPIEGEL: Before you speak,  
24 Mr. Garratt, I just want to go off the  
25 record and check with my committee, and

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2 then we will go forward pretty quickly.

3 (Discussion off the record.)

4 MR. SPIEGEL: Back on the record.

5 The Wayzata bid of \$105 million is  
6 at this time the highest and best bid.

7 Are there any further bids?

8 MR. GARRATT: 105.5.

9 MR. SPIEGEL: Again, please state  
10 your name.

11 MR. GARRATT: Roger Garratt, Puget



12 Auction Transcript.txt  
Sound Energy.  
13 MR. SPIEGEL: Thank you.  
14 105.5. Any further bids?  
15 MR. CARLSON: Blake Carlson, GPH.  
16 106, 106 million.  
17 MR. SPIEGEL: Are there any further  
18 bids?  
19 MR. GARRATT: Roger Garratt, PSE,  
20 Puget Sound Energy, 106.5.  
21 MR. SPIEGEL: 106.5 from Puget.  
22 Any further bids?  
23 MR. CARLSON: Blake Carlson, GPH.  
24 107 million.  
25 MR. SPIEGEL: 107 million from GPH.

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1  
2 Any further bids?  
3 MR. GARRATT: Roger Garratt, Puget  
4 Sound Energy, 107.5.  
5 MR. SPIEGEL: \$107,500,000 from  
6 Puget.  
7 Any further bids.  
8 MR. CARLSON: Blake Carlson GPH,  
9 108 million.  
10 MR. SPIEGEL: 108 million from GPH.  
11 Any further bids?  
12 MR. GARRATT: Roger Garratt, Puget  
13 Sound Energy, 108.5.  
14 MR. SPIEGEL: 108,500,000 from  
15 Puget Sound.  
16 Any further bids?

Auction Transcript.txt

17 MR. CARLSON: Blake Carlson, GPH.  
18 109 million.  
19 MR. SPIEGEL: 109 million from GPH.  
20 Any further bids?  
21 MR. GARRATT: Roger Garratt, Puget  
22 Sound Energy. 109.5.  
23 MR. SPIEGEL: \$109,500,000 from  
24 Puget Sound Energy.  
25 Any further bids?

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2 MR. CARLSON: Blake Carlson, GPH.  
3 110 million.  
4 MR. SPIEGEL: 110 million from GPH.  
5 Any further bids?  
6 MR. GARRATT: Roger Garratt, Puget  
7 Sound Energy. 110.5.  
8 MR. SPIEGEL: \$110,500,000 from  
9 Puget Sound Energy.  
10 Any further bids?  
11 MR. CARLSON: Blake Carlson, GPH.  
12 111 million.  
13 MR. SPIEGEL: 111 million from GPH.  
14 Any further bids?  
15 MR. GARRATT: Roger Garrett from  
16 Puget Sound Energy, 111.5.  
17 MR. SPIEGEL: 111,500,000 from  
18 Puget Sound Energy.  
19 Any further bids?  
20 MR. CARLSON: We are going to take

21 Auction Transcript.txt  
a couple of minutes to confer, if that's  
22 all right.

23 MR. SPIEGEL: That's fine. We will  
24 take a short break, and we will go off  
25 the record. Is this a short one? We

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1  
2 should all stay here and wait, or are we  
3 all going back to our rooms?

4 MR. ADAMS: We would want  
5 10 minutes.

6 MR. SPIEGEL: We will reconvene  
7 when our friends at GPH tell us they're  
8 ready.

9 (A brief recess was taken.)

10 MR. SPIEGEL: We're back on the  
11 record.

12 The last bid before the break was  
13 Puget Sound for \$111,500,000.

14 Do we have any further bids?

15 MR. CARLSON: Yes, Blake Carlson,  
16 GPH.

17 112 million.

18 MR. SPIEGEL: 112 million, GPH.

19 Do you have further bids.

20 MR. GARRATT: Roger Garratt, Puget  
21 Sound Energy. 112.5.

22 MR. SPIEGEL: 112,500,000 from  
23 Puget Sound Energy.

24 Do we have any further bids?

25 MR. CARLSON: Blake Carlson, GPH.  
Page 18

Auction Transcript.txt

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113.

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MR. SPIEGEL: 113 million from GPH.

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Do we have any further bids?

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MR. GARRATT: Roger Garratt, Puget

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Sound Energy. 113.5.

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MR. SPIEGEL: 113,500,000, Puget

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Sound Energy.

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Do we have any further bids?

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MR. CARLSON: Blake Carlson, GPH.

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114 million.

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MR. SPIEGEL: 114 million from GPH.

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Do we have any further bids?

14

MR. GARRATT: Roger Garratt, Puget

15

Sound Energy. 114.5.

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MR. SPIEGEL: 114,500,000 from

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Puget Sound Energy.

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Do you have further bids?

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MR. CARLSON: Blake Carlson, GPH.

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115 million.

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MR. SPIEGEL: 115 from GPH.

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Do we have any further bids?

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MR. GARRATT: Roger Garratt, Puget

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Sound Energy. 115.5.

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MR. SPIEGEL: 115,500,000 from

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Puget Sound Energy.

3                   Auction Transcript.txt  
Do we have any further bids?  
4                   MR. CARLSON: Blake Carlson, GPH.  
5                   116 million.  
6                   MR. SPIEGEL: 116 million from GPH.  
7                   Do we have any further bids?  
8                   MR. GARRATT: Roger Garratt, Puget  
9                   Sound Energy. 116.5.  
10                  MR. SPIEGEL: 116,500,000 from  
11                  Puget Sound Energy.  
12                  Do we have any further bids?  
13                  MR. CARLSON: Blake Carlson, GPH.  
14                  117 million.  
15                  MR. SPIEGEL: 117 million from GPH.  
16                  Do we have any further bids?  
17                  MR. GARRATT: Roger Garratt, Puget  
18                  Sound Energy, 117.5.  
19                  MR. SPIEGEL: 117,500,000 from  
20                  Puget Sound Energy.  
21                  Do we have any further bids?  
22                  MR. CARLSON: I think we are going  
23                  to take a couple more minutes to confer.  
24                  MR. SPIEGEL: Okay. We will go off  
25                  the record.

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2                   MR. ADAMS: Can we break for lunch.  
3                   MR. SPIEGEL: Sure. It's 12:30.  
4                   It's a fair hour to do that. Do you  
5                   need more than 45 minutes? You want to  
6                   come back at 1:15 or 1:30?  
7                   MR. ADAMS: 1:15 is fine.

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8 MR. SPIEGEL: We will back here at  
9 1:15. All right. Thank you everybody.  
10 (Lunch recess taken at 12:36 p.m.)

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2 A F T E R N O O N S E S S I O N  
3 (Time noted: 1:24 p.m.)  
4 MR. SPIEGEL: Back on the record.  
5 Good afternoon. Welcome back from  
6 our lunch break.  
7 The last bid prior to the lunch  
8 break was the amount of \$117,500,000 and  
9 that bid was made by Puget Sound Energy.  
10 Are there any further bids?  
11 MR. CARLSON: Yes, Blake Carlson,

Auction Transcript.txt

12           GPH.   118.  
13                   MR. SPIEGEL:   118 from GPH.  
14                   Are there any further bids?  
15                   MR. GARRATT:   Roger Garratt, Puget  
16           Sound Energy.   118.5.  
17                   MR. SPIEGEL:   118,500,000 from  
18           Puget Sound Energy.  
19                   Are there any further bids?  
20                   MR. CARLSON:   Blake Carlson, GPH.  
21           119 million.  
22                   MR. SPIEGEL:   \$199 million from  
23           GPH.  
24                   Are there any further bids?  
25                   MR. GARRATT:   Roger Garratt, Puget

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2           Sound Energy.   119.5.  
3                   MR. SPIEGEL:   \$119,500,000 from  
4           Puget Sound Energy.  
5                   Are there any further bids?  
6                   MR. CARLSON:   Blake Carlson, GPH.  
7           120 million.  
8                   MR. SPIEGEL:   120 million from GPH.  
9                   Are there any further bids?  
10                  MR. GARRATT:   Roger Garrett, Puget  
11           Sound Energy.   120.5.  
12                  MR. SPIEGEL:   120,500,000 from  
13           Puget Sound Energy.  
14                  Are there any further bids?  
15                  MR. CARLSON:   Blake Carlson, GPH.  
16           121 million.

Auction Transcript.txt

17 MR. SPIEGEL: 121 million from GPH.  
18 Are there any further bids?  
19 MR. GARRATT: Roger Garrett, Puget  
20 Sound Energy, 121.5.  
21 MR. SPIEGEL: 121,500,000 from  
22 Puget Sound Energy.  
23 Are there any further bids?  
24 MR. CARLSON: We are going to take  
25 a couple of minutes, if that's fine?

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2 MR. SPIEGEL: We are going to go  
3 off the record.  
4 (A brief recess was taken.)  
5 MR. SPIEGEL: Back on the record.  
6 Before we took the break, the last  
7 bid was from Puget Sound Energy in the  
8 amount of \$121,500,000.  
9 Do we have any further bids?  
10 MR. CARLSON: Blake Carlson, GPH.  
11 122 million.  
12 MR. SPIEGEL: 122 million from GPH.  
13 Do we have any further bids?  
14 MR. GARRATT: Roger -- excuse me --  
15 Roger Garrett, Puget Sound Energy.  
16 122.5.  
17 MR. SPIEGEL: \$122,500,000 from  
18 Puget Sound Energy.  
19 Do we have any further bids?  
20 MR. CARLSON: No further bids.



21 Auction Transcript.txt  
MR. SPIEGEL: Going once to Puget  
22 Sound Energy in the amount of  
23 \$122,500,000. Going twice, going three  
24 times.  
25 Sold to Puget Sound Energy in the

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1  
2 amount of \$122,500,000.  
3 Congratulations.  
4 Thank you all very much for  
5 participating.  
6 I want to repeat for the record  
7 that of \$122,500,000, there was a \$2 and  
8 a half million dollar credit bid built  
9 into that purchase price.  
10 MR. YOUNG: That is correct.  
11 MR. SPIEGEL: Anything else before  
12 we close the record?  
13 Thank you all very, very much for  
14 participating.  
15 (Time noted: 1:35 p.m.)

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C E R T I F I C A T E

STATE OF NEW YORK )

: ss.

COUNTY OF NEW YORK )

I, Jennifer Ocampo-Guzman, a Notary Public within and for the State of New York, do hereby certify that the within is a true and accurate transcript of the proceedings taken on February 5, 2007.

I further certify that I am not related to any of the parties to this action by blood or marriage and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of February 2007.

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JENNIFER OCAMPO-GUZMAN