EXHIBIT NO. ___(RG-10HC) DOCKET NO. UE-06__/UG-06___ 2006 PSE GENERAL RATE CASE WITNESS: ROGER GARRATT

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

Docket No. UE-06____ Docket No. UG-06____

PUGET SOUND ENERGY, INC.,

Respondent.

NINTH EXHIBIT (HIGHLY CONFIDENTIAL) TO THE PREFILED DIRECT TESTIMONY OF ROGER GARRATT ON BEHALF OF PUGET SOUND ENERGY, INC.

REDACTED VERSION

FEBRUARY 15, 2006

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May 22, 200



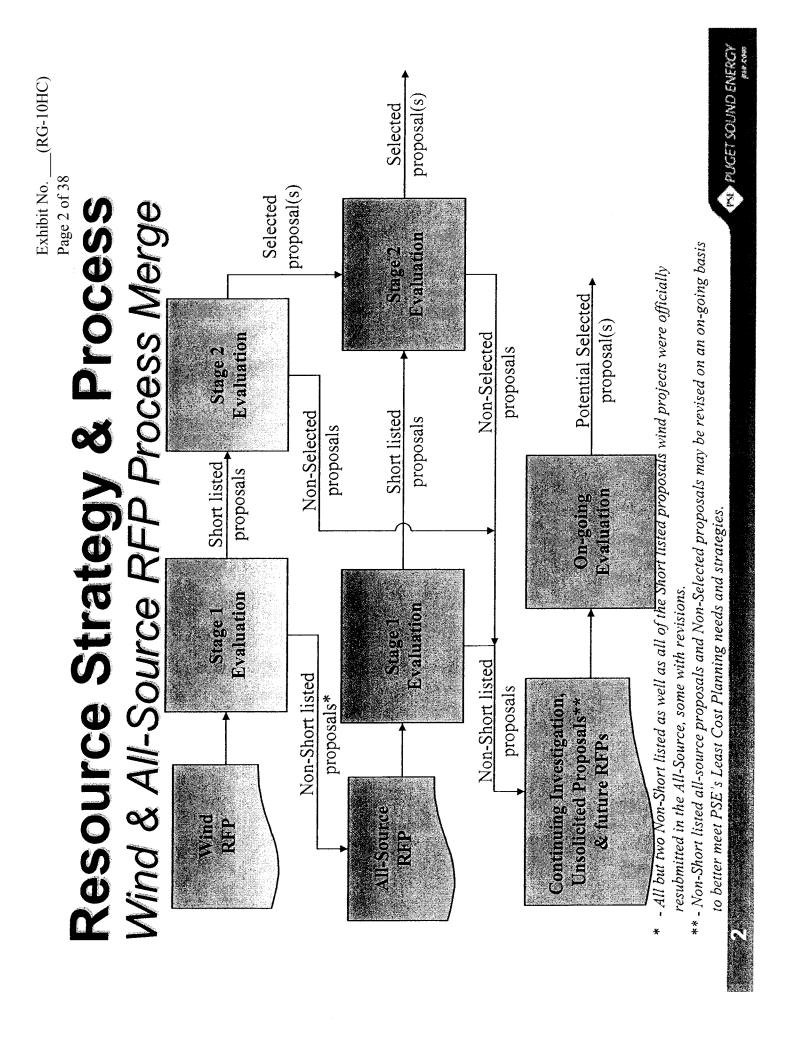


Exhibit No(RG-10HC) Page 3 of 38	
uation	Merge
RP Eval	Schedule &
ll-Source	P Milestone

Wind RFP

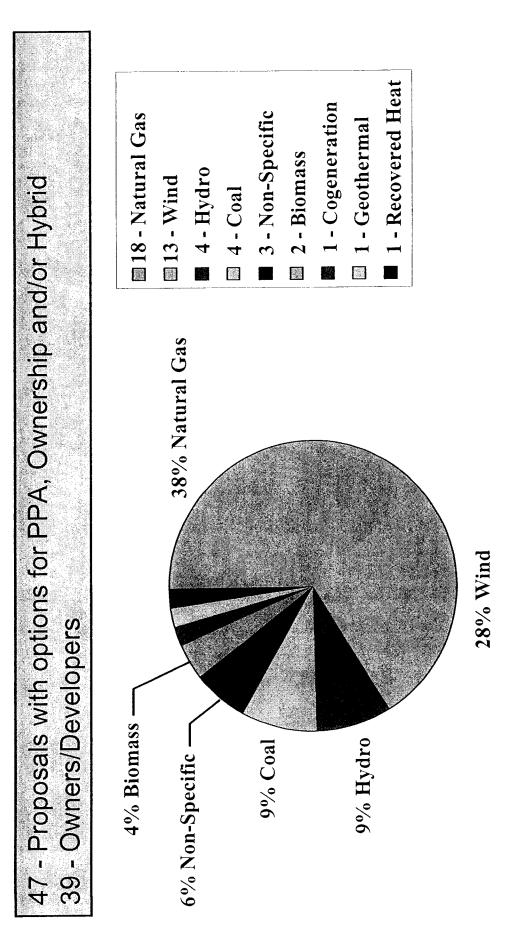
WUTC Approval of RFP	Nov 12, 2003
Issue Final RFP	Nov 17, 2003
Pre-Proposal Conference	Dec 3, 2003
Proposal Responses Due	Jan 16, 2004
Stage 1 Evaluation Begins	Jan 16, 2004
Select Short Listed Proposals	Feb 13, 2004
Stage 2 Evaluation Begins	Feb 13, 2004
WUTC Staff Review Meeting	Mar 10, 2004
Order Ranking of Proposals	Mar 23, 2004
Wind RFP Merge with All-Source RFP	May 13, 2004

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All-Source RFP
WUTC Approval of RFP
Issue Final RFP
Pre-Proposal Conference
Proposal Responses Due
Stage 1 Evaluation Begins
Select Short Listed Proposals
Stage 2 Evaluation Begins
WUTC Staff Review Meeting
Board of Directors Update
Selection of Best Alternatives(s)

2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
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(RG-10HC) Exhibit No. Page 4 of 38 All-Source RFP Evaluation Summary of Proposals



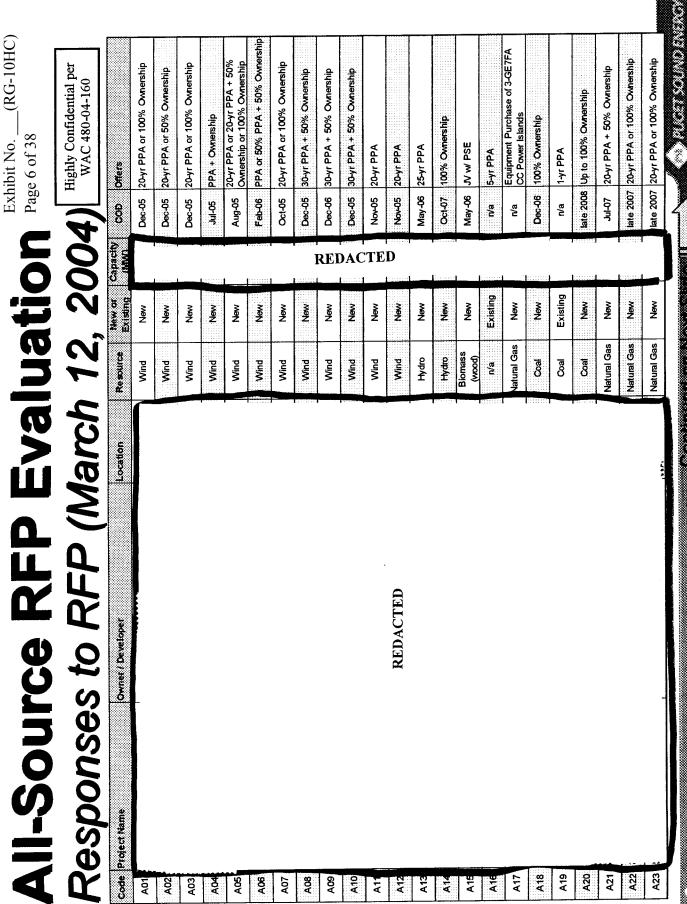
Summary is based on initial draft figures from bid opening. 411 figures are not final and subject to change and revision at any future date.

(RG-10HC) Exhibit No.___ Page 5 of 38 All-Source RFP Evaluation Summary of Proposals

•	Proposi 18 - 1 10	6 13 14	4 6 1 1 2	4	α α - 	2	
	- Total Proposals with options for PPA, Ownership and/or Hybrid	 Different Owners/Developers Total Proposal Options 	- New Projects - Existing Projects	- Suspended Projects	- Wind Projects Re-Submitted - New Wind Project	Options Breakdown 24 - PPA and/or Ownership 13 - PPA only	- Ownership only
	47	39 89	33 12	ุณ	₩ ~	24 0 0 0 0 0 0 0	ຉ

Jon-specific Power Purchases Biomass (wood) Projects Recovered Heat Project Cogeneration Project latural Gas Projects Geothermal Project Breakdown lydro, Projects ind Projects Soal Projects -Existing -Suspended -Existing -Existing -New -New -New Vew

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All-Source RFP Evaluation Responses to RFP (continued)

(RG-10HC) Exhibit No. Page 7 of 38

Highly Confidential per WAC 480-07-160

Code	Code Project Name Code Aroject Name	Resource	New or Car Existing (1	Capacity (MW)	COD 1	Office
A24		Natural Gas (PPA Coal)	Ľ		Aug-02	10-yr PPA of 100% Ownership of
A25		Natural Gas	Existing		n/a	5-уг РРА
A26		Natural Gas	Suspended		Nov-05	100% Ownership
A27		Natural Gas	New		Late 2005	20-yr PPA or 100% Ownership
A28		Natural Gas	New		Sep-07	25% or 50% or 70% Ownership (PPA option available)
A29		Natural Gas	New		Dec-05	50% Ownership
A30		Hydro	Existing		late 2006	22-yr PPA
A31		Natural Gas	New	 	May-07	20-yr PPA + Partial Ownership or 50% Ownership
A32		Natural Gas	Existing		Oct-03	1-yr PPA or 3-yr PPA or 100% Ownership
A33	REDACTED	Natural Gas	New		Nov-06	20-yr PPA or 20-yr PPA + Ownership or 100% Ownership
A34		Natural Gas	New		Apr-08	20-yr PPA or 100% Ownership
A35		Natural Gas	Suspended		late 2005	100% Ownership
A36		Natural Gas	Existing	ļ	n/a	5-yr PPA (25 MWh)
A37		Natural Gas	Existing		Feb-09	100% Ownership or 7.5-yr Lease Renewal
A38		Cogen	New		Jan-07	100% Ownership
A39		Recovered Heat	New		De 2005	20-yr PPA or 100% Ownership
A40		Hydro	New		Mar-05	25-yr PPA
A41		n/a	Existing		n/a	1-yr PPA (100 MWh)
A42		Geothermal	New		Sep-07	20-yr PPA (potential partial ownership)
A43		Natural Gas	Existing		n/a	PPA assignments
A44		Wind	New		Nov-05	20-yr PPA
A45		Biomass (wood)	New		Jun-06	20-yr PPA or 100% Ownership
A46		n/a	Existing		n/a	3 Tolling-based Proposals
A47		Coal	Existing	_	n/a	Capacity w/ associated energy from

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(RG-10HC) Exhibit No. Page 8 of 38 Stage 1: Evaluation Criteria & Teams All-Source RFP Evaluation

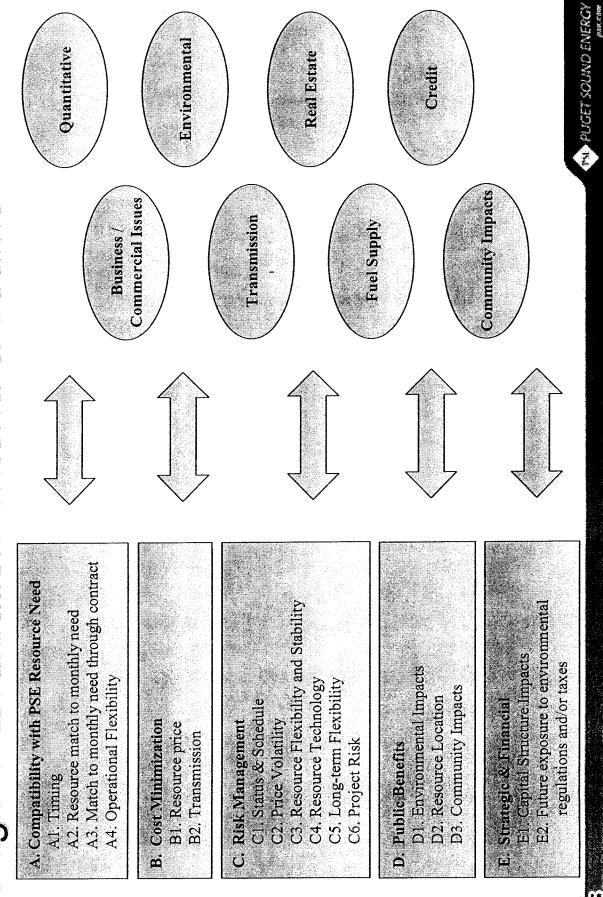
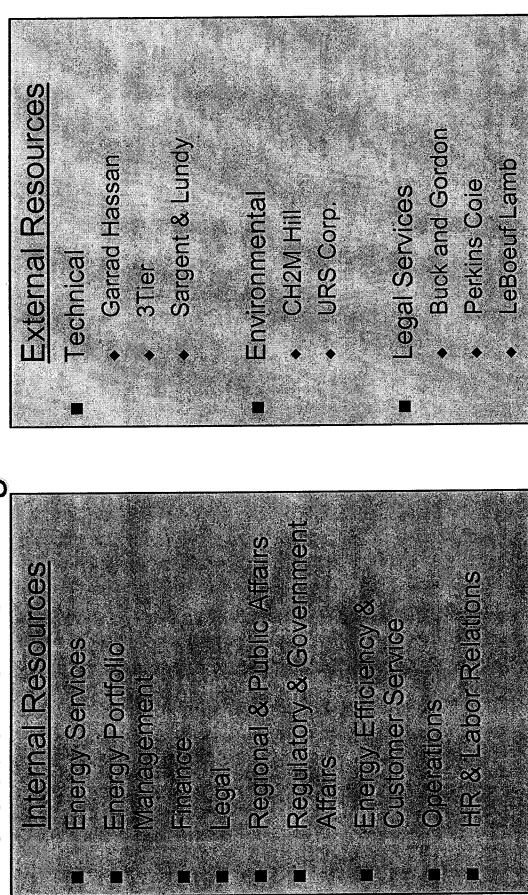


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Resource Strategy & Process Evaluation & Due Diligence Resources

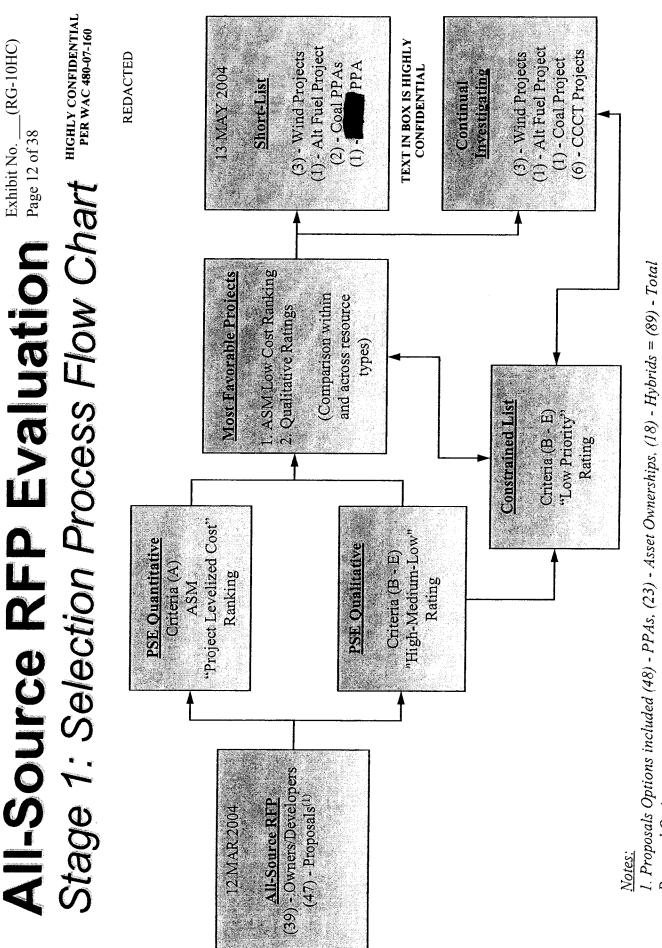


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Resource Strategy & Process Evaluation Process & Analysis Flow Chart	Stage 2 Evaluation ———	PER WAC 480-07-160 PER WAC 480-07-160 Portolio CostRisk Ranking REDACTED	PSE Oualintive "High-Medium-Low" Rating 3. Due Diligence	Due Dilfreence PSE Internal & Outside Consultants	Continuiting Investigations (3) · Wind Projects (1) - Alt Fuel Project (1) - Coal Projects (6) - CCCT Projects
tegy & Anal	1	TEXT IN BOX IS HIGHLY CONFIDENTIAL	Short List (3) - Wind Projects (1) - Alf Fuel Project (2) - Coal PPAs (1) - PPA		
e Stra	/aluation –	TEXT IN CON	Stace I Screëning 1 ASM Ranking 2 Qualitative Raings 3. Wind Assessment		w Priority" Reting
ource	Stage 1 Evaluation	PSE Ou antitathe ASM Cost Ranking	ESE Oualitative High-Medium-Low	Garrad Hassen "Wind Dala & Energy Assessment" Analysis	Constrained List "Low Priority" Rating
Res Evalu			Proposals Wind RUP & All-Source RFP		9

 All-Source RFP Evalua Stage 1: Short List Selection I Level 1 Screening "Constrained" Lis Acquisition Screening Model (ASM) Acquisition Screening Model (ASM) Qualitative Evaluation Ratings Combined the review and ratings of ASM Cost Ranking ASM Cost Ranking Asmort Favorable" Project Review of "Most Favorable" Project Selection to "Short-List" vs. "Continu 7 Projects selected for Stage 2 Eval 	 All-Source RFP Evaluation Regination Regination Reginations Stage 1: Short List Selection Process Level 1 Screening "Constrained" List Acquisition Screening Model (ASM) Cost Ranking Qualitative Evaluation Ratings Combined the review and ratings of each: ASM Cost Ranking AsM Cost Ranking Berliative Evaluation Ratings Combined the review and ratings of each: Asm Cost Ranking Berliative Evaluation Ratings Combined the review and ratings of each: Selection to "Short-List" vs. "Continual Investigating" List 7 Projects selected for Stage 2 Evaluation 	
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Proposal Options.

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_(RG-10HC) Exhibit No.

Page 13 of 38 Stage 1: Level 1 Screen "Constrained" List All-Source RFP Evaluation

A13 H		C B2	Relies on nonfirm transmission through Quality of the developer/proposer and overall commercial feasibility of the deal.	Low Priority
A14 H		C C 6	he water	Low Priority
		04 0	This proposal is for equipment only. While the basic technology appears solid, there is L considerable permitting, operational, and completion risk.	Low Priority
A18 IG		5	feasibility of the deal	Low Priority
A20 C		B2	Transmission solution is not mature.	HOLD - Pending resolution of Transmission
		B2	, scant mention of exchange option	HOLD - Pending resolution of
A27 G		ပ ပ်	T T Bankruptcy.	Transmission and resolution of Bankruptcy filing
A31 G	REDACTED	B2	West of McNary; No firm transmission available at this time	HOLD - Pending resolution of
	- -		West of McNary: No firm transmission available at this time	HOLD - Pending resolution of
A33 G		B2		Transmission
		_		*Review Fuel Supply Offer
A34 G		B2	Only 2 routes for connection to grid; 1 rejected and other a viable option	Low Priority
				Low Priority
A37 G		C C	The units are 23 years old and have engine controls and emission controls of that wintage. Retrofit of modern engine controls would cost approximate	
A40 H	1	ö	l or will expire in	Low Priority
			o provide	Low Priority - Energy Portofolio
A41 0		A3		Management Review ranks
	•••		generally suited for winter reliability. Option premiums significantly above KW3000 "	"LOW" and recommeds "Not to Pursue"
A44 W		ñ	West of McNary; No firm transmission available at this time	HOLD - Pending resolution of
	·	2		Transmission
A45 BG		ប	eam to host no longer viable. Timing and	HOLD - Pending resolution of
	· ·	ຮຶ	anteed.	host and fuel supply
A47 C		B2	Transmission solution is not mature	HOLD - Pending resolution of Transmission
<u>NOTES:</u> 1 Ren	1 Removed A16: The second and the se	The PPA wi	will not be evaluated by the EPM group.	
2 Ren	Removed A19: APS 1-year Centralia Coal PPA for 85MW. T	MW. The	find the proposal exceptional.	Highly Confidential per

		Acquisition Screening Model (ASM) Definitions	Definition
ASI year	ASM Resource Project Cost: Levelized cost of acquisition or PPA over twenty years of length of proposal / project which is based upon the following inputs:	ed cost of acquisition or Pl ch is based upon the follov	PA over twenty wing inputs:
Plan	Plant characteristics:	PPA Cost Data:	
	Capacity Heat rate	 PPA fixed prices and escalation PPA variable prices and or variable 	scalation of or variable
	Maintenance outage schedule Forced outage rate	adders Transmission costs fixed and variable	ed and variable
	Sample 8760 hour generation profile for wind projects	 Tolling: fixed and varia transportation. variable 	ible gas O&M strike price
	Book and tax depreciation rates Emission rates for SO2, NOX, and CO2	seasonal and maintenance outage forecast, forced outage rate.	ance outage Frate.
Plan	Plant Cost Data:	Other Assumptions:	
	Capital cost including AFUDC and deal transaction costs	Uses the weighted average cost of capital for levelizing costs.	or and equity capital. rage cost of capital
	Fixed O&M per kw of capacity.		same as input to
	Variable O&M ner MWh	Power price = hourly output from AURORA5	utput from
	Fuel transportation costs including fixed pipeline and lateral charnes as well as	 Trading values of emissions Imputed debt risk percentage 	sions
	pipeline commodity charges plus fuel use (losses) and Washington State use tax.	 Production tax credits for qualifying renewable projects 	or qualifying
	Fixed and variable transmission costs including wheeling, ancillary services and		

Rank Code T. 1 A19 1 2 A03 1 3 A07 1 5 A24b 1 7 A05 1	Type Project	e Owner/ Daveloper	n PA Ownership PPA or 100% Ownership Ownership Ownership	Location Location	Status Capacity (MW) Operating		
A19 A03 A07 A02b A24b A15 A06			2-yr PPA 100% Ownership 20-yr PPA or 100% Ownership 100% Ownership 10-yr PPA 100 to 200 MW		Operating		<u></u>
A03 A07 A02b A24b A15 A06	≥ ≥ ≥ ∪ Ω ≥ μ ≥		100% Ownership 20-yr PPA or 100% Ownership 100% Ownership 10-yr PPA 100 to 200 MW	<u>}</u> }- }- }-	Development	n/a	(5/ MWh) (5// MWh)
A07 A02b A24b A15 A06	× × ∪ Ω × Π ×		20-yr PPA or 100% Ownership 100% Ownership 10-yr PPA 100 to 200 MW	+		Dec-05	
A02b A24b A15 A06	≥ ∪ [∞] ≥ ^π ≥		100% Ownership 10-yr PPA 100 to 200 MW	<u>₩</u>	Development	Oct-05	
A24b A15 A06			10-yr PPA 100 to 200 MW	 	Development	Dec-05	
A15 A06	° ° ° ° ° ° ° ° ° ° ° ° ° °				Operating	n/a	
A06	≥ <u>T</u> ≥		JV W/ PSE		Development	May-06	
	⊈ ≥		50% PPA + 50% Ownership	<u> </u>	Development	Feb-06	÷
A39	3		100% Ownership		Development	Dec-05	+
A08	T	DEDACTED	30-yr PPA + 50% Ownership		Development	Dec-05	+
10 A01	3	WEDAO LED	100% Ownership		Development	Dec-05	
>5 A10	3		30-yr PPA + 50% Ownership		Development	Dec-05	
A09	3		30-yr PPA + 50% Ownership	<u>+</u>	Development	Dec-06	
A32c (U		3-yr Tolling PPA Shaping	<u>+</u>	Operating	Oct-03	-
A16	0		6-yr Seasonal Shaped PPA	<u></u>	Operating	n/a	+
A32b (U		1-yr Tolling PPA Shaping		Operating	Oct-03	
A20 0	0		100% Ownership		Development	late 2008	- -
A05 V	3		20-yr PPA or 20-yr PPA + 50% Ownership or 100%	1	Development	Nov-05	
A02a V	3		50% Ownership		Development	Dec-05	
A04 V	>		PPA1 Busbar		Development	Jul-05	-
A25b 0	0		5-yr PPA October - March		Operating	n/a	

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e Dog	Type	Name	Option	ocation	Status	(MM)	8	Cost Cost Capacity (s / MWh) (s / MWh) Factor
A25a	ს		5-yr PPA Sept - March		Operating	250	n/a	-
A45	BG		20-yr PPA Energy Pricing		Development	18	90-unr	
A46	0		Jan05 - Mar08 Baseload tolling		Operating	n/a	n/a	
A29	თ		50.2% Ownership w BPA Transmission		Development	269	Dec-05	
A26	U		100% Ownership		Suspended	250	No4-05	
A44	W		20-yr PPA		Development	63	Nov-05	
A35	თ		100% Ownership		Suspended	550	late 2005	
A24a	U		100% Ownership and 10-yr PPA 100		Operating	242	Aug-02	
A28	U		70% Ownership		Development	385	Sep-07	
A30	I	DEDACTED	2-yr Bridge + 20-yr Seasonal On-Peak PPA		Operating / Development	183	late 2006	
A32a	IJ	KEUACIED	- 100% Ownership		Operating	520	Oct-03	1
A47	o		Sept-Mar 5-yr Unit Contigent		Operating	150	n/a	1
A42	GT		20-yr PPA + potential partial ownership		Development	50	Sep-07	1
A43	U		PPA assignments		Operating	25	n/a	1
A22	U		100% Ownership		Development	260	tate 2007	I
A36	U		5-yr Tolling PPA (25 MWh)	 	Operating	25	Jan-05	1
A21	ပ		20-yr PPA + 50% Ownership		Development	250	Jul-07	1
A23	ს		100% Ownership		Development	120	late 2007	1
A38	0		100% Ownership		Development	49	Jan-07	1
A12	8		20-yr PPA		Development	33	Nov-05	1
A11	>		20-yr PPA		Development	66	NOVEDS	1

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(RG-10HC) Stage 1: Evaluation Summary Matrix by Type All-Source RFP Evaluation Page 17 of 38 Exhibit No.

Ranked by ASM 'Project Levelized Cost'

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Code Code TypeTypeProject Levelized20-yr LevelizedLevelized Suppy	ROPO.	PROPOSALS		STAGE 1 EVA	STAGE 1 EVALUATION SUMMARY	MARY by TEAM	AM						
REDACTED LOW LOW-MEDIUM MEDIUM LOW REDACTED LOW LOW MEDIUM HIGH LOW MEDIUM LOW LOW MEDIUM MEDIUM MEDIUM	ode	Туре	Project Name	Project Levelized Cost (\$ / MWh)	20-yr Expected Cost (\$ / MWh)	Levelized Capacity Factor	Business / Commercial [A-B-C-D-E]	Fuel Supply [C1-C2-D2]	Transmission [B2 - C1 - D2]	Technical [C4]	Real Estate [C1-C6-D2]	Environmental [C1-C6-D1-E2]	Community [D3]
BG LOW LOW LOW-MEDIUM MEDIUM LOW-MEDIUM MEDIUM LOW MEDIUM HIGH LOW-MEDIUM HIGH LOW LOW LOW LOW GT LOW LOW NADIUM LOW MEDIUM MEDIUM MEDIUM H LOW N/A LOW MEDIUM MEDIUM MEDIUM MEDIUM	TERN	ATE FI	UEL										
HR BG GT F H HCH HIGH HIGH HIGH HIGH HIGH HIGH HIG	415	BG					гом	row	LOW-MEDIUM	MEDIUM	гом	лол	НОН
BG LOW LOW LOW MEDIUM LOW LOW GT MEDIUM LOW MEDIUM MEDIUM MEDIUM H LOW N/A LOW LOW LOW	4 39	ц					MEDIUM	HIGH	LOW-MEDIUM	нісн	row	нІдн	нон
GT MEDIUM LOW MEDIUM MEDIUM MEDIUM MEDIUM MEDIUM MEDIUM MEDIUM MEDIUM	945	BG		REDACTJ	ED		гом	гом	MEDIUM	LOW	MOT	LOW-MEDIUM	MEDIUM
LOW N/A LOW LOW LOW	42	GТ					MEDIUM	гом	MEDIUM	MEDIUM	MEDIUM	нвн	N/A
	4	Ι					гом	N/A	лом	row	row	гом	A/A

Highly Confidential per WAC 480-07-160

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	N N	All-Source RFP Evaluation Exhibit No. (RG-10H Stage 1: Evaluation Summary Matrix by Type	Ъ Ц	<i>ce</i> alua	RF afol			FP Evaluation on Summary Matri	ion <i>Natr</i>	Exhib Page 1	Exhibit No(RG-10HC) Page 18 of 38 by Type	10HC)
ů C	sts	Costs Very Attractive	e		Ra un	Rating mainly reflects undeveloped status of	nly reflec ed status	Rating mainly reflects undeveloped status of the proposal	posal	K		
PROPC	PROPOSALS		STAGE 1 EVA	STAGE 1 EVALUATION SUMMAR	MARY by TEAM	W			\setminus			
Code	Type	Project Name	Project Levelized Cost (\$ / MWh)	20-yr Expected Cost (\$ / MWh)	Levelized Capacity Factor	Business / Commercial [A-B-C-D-E]	Fuel Supply [C1-C2-D2]	Transmission [B2 - C1-02]	Technical [C4]	Real Estate [C1-C6-D2]	Environmental [C1-C6-D1-E2]	Community [D3]
ALTER	ALTERNATE FUEL	FUEL		*								
A15	BG	1				гом	LOW	LOW-MEDIUM		гом	(MOT	НОН
A39	HH					MEDIUM	нон	LOW-MEDIUM	нон	гом	HIGH	ндн
ł	0		REDACTED	ED			1 0101		T OW	1.01		MEDIUM
ŧ						Highe	Higher Costs and/or	and/or	MEDIUM	MEDIUM	1011	4114
					Sec. 1	on "C	on "Constrained" List	ed" List	T DW	LOW	L CVA	N/A

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(RG-10HC) Stage 1: Evaluation Summary Matrix by Type All-Source RFP Evaluation Page 19 of 38

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CodeTypeProject20-yrLevelizedBusinessCodeNameLevelizedExpectedCommercialCommercialProjectLevelizedExpectedCapacityCommercialProverS. (MMth)S. (MMth)S. (MMth)HighProjectCProjectLevelizedCommercialA30HA30HHighA43CA43LowLowA43CA43CLowA43CA43CLowA44CA44CLowA45CA46MeDlumA46CA46MeDlumA47CA46MeDlumA48CMeDlumMeDlumA44CHighloMeDlumA45CHighloMeDlumA46OHighloMeDlumA47CHighloLowA48OHighloLowA44OHighloLowA46OHighloLowA47OHighloLowA48OHighloLowA49OHighloLowA44OHighloLowA46OHighloLowA47OHighloLowA48OHighloLowA49OHighloLowA44OHighloLowA44OHighloLow </th <th>PROPOSALS</th> <th><i>u</i></th> <th>STAGE 1 EVALUATION SUMMARY</th> <th>N SUMMA</th> <th>KY DY IEAM</th> <th>N</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>	PROPOSALS	<i>u</i>	STAGE 1 EVALUATION SUMMARY	N SUMMA	KY DY IEAM	N						
ACTED ACTED	Type				velized ipacity actor	Business / Commercial [A-B-C-D-E]	Fuel Supply [C1-C2-D2]	Transmission [B2-C1-D2]	Technical [C4]	Real Estate [C1-C6-D2]	Environmental [C1-C6-D1-E2]	Community [D3]
ACTED ACTED	ER PURCI	1ASE - Long-Term (>10							44			
ACTED ACTED				-		нідн	нон	VERY НІGН	A/Z	N/A	MEDIUM-HIGH	нОн
ACTED Highly Confidential per					<u> </u>	HIGH	N/A	MEDIUM	A/N	N/A	МЕРІИМ-НІСН	A/A
DACTED Highly Confidential per						MEDIUM	MEDIUM	LOW-MEDIUM	A/N	N/A	MEDIUM-HIGH	HOIH
DACTED						LOW	N/A	ИЕКҮ LOW	MEDIUM	MEDIUM	LOW-MEDIUM	N/A
DACTED					ل	LOW	N/A	LOW-MEDIUM	LOW	гом	мот	MEDIUM
G G G G G Highly Confidential per	ER PURCI	HASE - Short-Term (<10	yrs)									
G G C C Highly Confidential per						HIGH	нісн	VERY HIGH	нон	A/A	MEDIUM-HIGH	нон Н
G G C C Highly Confidential per						нвн	MEDIUM	MEDIUM	нөн	N/A	HGH	нон
G G C G G G G Highly Confidential per						нвн	N/A	NON	N/A	N/A	нен	N/A
G C G G Highly Confidential per					ل	нен	MEDIUM	MEDIUM	нісн	A/A	нон	нон
G G Highly Confidential per		–	LEDACTED			MEDIUM	меріим-нідн	row	N/A	A/A	MEDIUM	нон
C G Highly Confidential per						-	MEDIUM-HIGH	NON	A/N	A/N	MEDIUM	HOH
G G Highly Confidential per					I	MEDIUM	MOL	N/A	A/A	A/N	нон	N/A
G Highly Confidential per					1	нідн	нівн	VERY LOW	∀/N	N/A	LOW-MEDIUM	N/A
highly Confidential per		,				MEDIUM	NOT	MEDIUM	гом	A/A	нсн	N/A
			Highly Confide	stiel so		гом	N/A	N/A	A/N	A/A	MEDIUM	N/A
Gray Shade = C	୍ରା	Gray Shade	WAC 480-07	7-160							NUGET SOUND ENERGY	VD ENERCY

Stage 1	Stage 1: Evaluation Summary Matrix by Type	latio	n Su	MMM	ary N	Aatr	Q XI	V I YG	Ø
On-Peak Product (See Next Slide)	TEXT IN BOX IS HIGHLY CONFIDENTIAL	г	RC	tosts Ver latings ar	Costs Very Attractive and Ratings are Highly Favorable	e and avorabl	9		
PROPOSALS	STAGE 1 EVALUATION SUMMARY by		TEAM						
Code Type Project Name	Project 20-yr Levelized Expected Cost Cost (\$ / MWh) (\$ / MMh)	Leverized Capacity	Business / Commerciat [A-B-C-D-E]	Fuel Supply [C1-C2-D2]	Transmission [B2 - C1 - D2]	Technical [C4]	Real Estate [C1-C6-D2]	Environmental [C1-C6-D1-E2]	Community [D3]
POWER PURCHASE - Long-Term (>hbyrs)		/							
A24b C			HIGH	нен	ИЕКҮ НІСН	A/N	A/A	MEDIUM-HIGH	н ПСн
АЗО Н			н Юн	A/N	MEDIUM	N/A	N/A	MEDIUM-HIGH	A/N
A43 6	REDACTED		AF DU INA	MEDILIAA	L OW/ AAEDILIAA	V//V	MVA	MEDIUM HICH	HICH
A13 H			Highe	Higher Costs and/or	ind/or	MEDILIAA	MEDILIM	LOW MEDUUM	V/V
11 010			on "C	on "Constrained" List	ed" List 📙	NO T	LOW	L OW	MEDIUM
POWER PURCHASE - Short-Term (<10yrs	<10yrs)								
A19 C			нідн	HIGH	VERY НІGН	нон	N/A	MEDIUM-HIGH	HIGH
A32e G			нон	MEDUAA	MEDIUM	нсн	D1/A	HIGH	HOI H
A16 0			Highe	Higher Costs and/or	and/or	VII4	V/N	HICH H	V IA
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	WAC 480-07-160	7-160							Sust

All-Source R Stage 1: Selectio	All-Source RFP Evaluation Exhibit No. (RG-10HC) Page 1: Selection of A30: Powerex PPA
 Acquisition Screening Source proposals doe some non-standard of 	Acquisition Screening Model (ASM) used to quantify costs of All- Source proposals does not seem adequate to address value of some non-standard offers (e.g., PPA).
	offered On-Peak power during September through March.
 Recommendation to ta evaluated by Portfolio 	Recommendation to take this offer through to "Short-List" to be evaluated by Portfolio Screening Model (PSM).
 In support of rec September - Ma contract prices. 	In support of recommendation, On-Peak market prices during September - March were compared to the compared to the contract prices.
 On a PV basis the assumed market prices. 	sis the contract is about \$ ///// lower than arket prices.
Given this, evaluation; therefore,	PPA merits further consideration in Stage 2 herefore, selected for "Short-List".

Exhibit No. (RG-10HC) Stage 1: Evaluation Summary Matrix by Type Page 22 of 38 All-Source RFP Evaluation

PROPOSALS	ALS		LUATION SUN	MARY by TE	STAGE 1 EVALUATION SUMMARY by TEAM						
Code	Type Project Name	Project Levelized Cost (\$ / MWh)	20-yr Expected Cost (\$ / MWh)	Levelized Capacity Factor	Business / Commercial [A-B-C-D-E]	Fuel Supply [C1-C2-D2]	Transmission [B2 - C1 - D2]	Technical [C4]	Real Estate [C1-C6-D2]	Environmental [C1-C6-D1-E2]	Community [D3]
HERMA	THERMAL (Natural Gas, Coal, Cogen)	en)									
A20	Ü				MEDIUM	ΓOM	VERY LOW	гом	row	нон	A/N
A29	ڻ				MEDIUM	MEDIUM-HIGH	LOW-MEDIUM	LOW	MEDIUM	MEDIUM-HIGH	N/A
A26	U				LOW	MEDIUM-HIGH	row	MEDIUM	A/N	MEDIUM	HIGH
A35	U				MEDIUM	MEDIUM	row	нон	A/N	MEDIUM	MEDIUM
A24a	U				нісн	MEDIUM	ИЕКҮ НІСН	MEDIUM	N/A	LOW-MEDIUM	HIGH
A28	U	REDACTED	ED		MEDIUM	н9н	MEDIUM-HIGH	MEDIUM	мот	МЕДІИМ-НІСН	ΓΟΜ
A32a	U				HIGH	MEDIUM	MEDIUM	нон	A/A	нон	HIGH
A22	U				MEDIUM	MEDIUM-HIGH	LOW-MEDIUM	MEDIUM	MEDIUM	MEDIUM	HOH
A21	U				MEDIUM	MEDIUM	нон	HIGH	нсн	MEDIUM-HIGH	н Вн
A23	U				MEDIUM	MEDIUM-HIGH	LOW-MEDIUM	гом	MEDIUM	MEDIUM	HIGH
A38	0				MEDIUM	гом	MEDIUM	мот	MEDIUM	MEDIUM	MEDIUM
A17	U				row	N/A	N/A	гом	A/N	MEDIUM	MEDIUM
A18	<u>o</u>		10 miles - 10 miles - 10 miles		row	row	HIGH	лол	MEDIUM	۲OW	гом
A27	Ø	Highly (Highly Confidential per	per	row	гом	VERY LOW	гом	MEDIUM	гом	N/A
A31	Q	WAC	WAC 480-07-160		MEDIUM	HIGH	VERY LOW	N/A	LOW	HIGH	N/A
A33	Q				MEDIUM	MEDIUM-HIGH	VERY LOW	MEDIUM	row	MEDIUM	N/A
A34	U				row	HGH	гом	MEDIUM	MEDIUM	MEDIUM-HIGH	LOW
A37					row	HIGH	нвн	гом	N/A	нојн	н Юн
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(RG-10HC) All-Source RFP Evaluation Exhibit No. (RG-10HC Stage 1: Evaluation Summary Matrix by Type

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Code Type	Project Name	Project 20-yl Leveltzed Expected Cost Cost (\$ / MWhb	Levelized Capacity Factor	Business / Commercial [A-B-C-D-E]	Fuel Supply [C1-C2-D2]	Transmission [B2 - C1 D2]	Technical [C4]	Real Estate [C1-C6-D2]	Environmental [C1-C6-D1-E2]	Community [D3]
HERMAL (Na	THERMAL (Natural Gas, Coal, Cogen)					*				
A20 C				MEDIUM	Non	VERY LOW	D LOW	ROW	н Юн Т	N/A
A29 G	*****			MEDIUM	MEDIUM-HIGH	LOW-MEDIUM	гом	MEDIUM	MEDIUM-HIGH	A/N
A26 G	*****			гом	Mr.			A.	MEDIUM	U U H
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_(RG-10HC) Stage 1: Evaluation Summary Matrix by Type All-Source RFP Evaluation Page 24 of 38

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STAGE 1 EVALUATION SUMMARY by TEAM

PROPOSALS

Highly Confidential per	WAC 480-07-160
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Code Type VIND A03 W A03 W A03 A02b W M A02b W M A05 W M A06 W M A01 W M A03 W M A04 W M A05 W M A05 W M A05 W M A04 W M A04 W M	Name	Leveitzed Cost Cost (5 / MWhh	Expected (S. Mwh)	Levelized Capacity Factor	Business / Commercial (A-B-C-D-E] MEDIUM MEDIUM MEDIUM MEDIUM MEDIUM MEDIUM	Fuel: Supply (C1-C2-D2) MEDIUM MEDIUM LOW LOW LOW LOW	Transmission [B2.c1.D2] LOW LOW HIGH MEDIUM-HIGH MEDIUM-HIGH MEDIUM-HIGH LOW LOW MEDIUM	Tachnical [C4] HIGH HICH MEDIUM MEDIUM MEDIUM MEDIUM LOW LOW	Real Estate (C1-CG-D2) MEDIUM MEDIUM MEDIUM MEDIUM HIGH MEDIUM MEDIUM	Ervironmental [C1-C6-D1-E2] MEDIUM-HIGH HIGH HIGH HIGH MEDIUM HIGH HIGH LOW-MEDIUM	Community (D3) (D3) HIGH HIGH HIGH HIGH HIGH HIGH HIGH
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W 50% PPA + 50% Ownership 30-yr PPA + 50% Ownership 100% Ownership 100% Ownership					svelopment	Dec-05	
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W Developments			PPA + 50% Ownership		svelopment	Dec-05	I
				Ŏ	svelopments	Dec-05	

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(RG-10HC) Stage 1: Significant Comments & Decision All-Source RFP Evaluation Exhibit No._____ Page 27 of 38

DECISION	"Continual Investigating"	"SHORT-LIST"	
Significant Comments	*Very early stages of development *Fuel Supply Plan not fully developed *Very little emissions data. Assumes that only cleanup will be paticulates. *BFB supposed to cut NOx and convert CO to CO2.	*Need to decide if PSE Ownership is a feasible option *PPA is not attractively priced	
Owner / Projact Owner / Levelized Developer (S / MWh)	REDACTED		
Code Type Project LTERNATE FUEL	0 8	HR	
Code	A15	A39	

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(RG-10HC) Stage 1: Significant Comments & Decision Exhibit No. Page 28 of 38 All-Source RFP Evaluation

	*Reviewed & Evaluated by EPM *Recommendation is to Pursue *Product has many benefits: provides reliability, good exchange value, and loss *Price is DJ Mid-C Index minus	PA "SHORT-LIST"	*On Peak PPA is worth evaluating in the Portfolio Model *May be about 3 hower than assumed market prices	
Cost Digitation Contraction	*Reviewed & Evaluated by EPM *Recommendation is to Pursue *Product has many benefits: provides reliabi savings *Price is DJ Mid-C Index minus	*Low Cost & Low Risk PPA	*On Peak PPA is worth *May be about 9 Tower	
Code Type Numer Cost Developer Cost POWER PURCHASE	REDACTED			
ype URCI	U	U	I	

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_(RG-10HC) Stage 1: Significant Comments & Decision All-Source RFP Evaluation Page 29 of 38

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DECISION		"Continual Investigating"	"Continual Investigating"	"Continual Investigating"	"Continual Investigating"	"Continual Investigating"	"Continual Investigating"	"Continual Investigating"
		"Not expected to get service agreement without improvements through West of Hatwai. "Must assume that PSE can live with non-firm transmission or walt for more Cross Cascades transmission "Contains a coal supply proposal from the adjacent mine "Contains a coal supply proposal from the adjacent mine plant owner(s) to operate the mine as well	*The trunchement (optional) makes transaction look like a tolling deal *The turbine represents a major development effort on the part of the to resolve combustion and cooling issues; this turbine may present significant risks to long-term operation.	The transmission request in BPA queue; Cross Cascades path is expected to sell out before contract is offered	*Project attractively priced *Fixed fuel charges of approx. The month *No transmission request in; two constraints on I-5, others in queue will use capacity	*LM6000 units with quickstart capability may have optionality and/or capacity value *Concern with	*PSE Interconnection will be extremely expensive erry high in queue, should receive a transmission offer shortly. Their path to John Day has higher impacts than delivering the power to PSE *CT technology is a concern; Users are just getting to the first combustion inspections and only one has reached the hot gas path interval. None have reached the 48k hour major inspection yet	Highly Confidential per
Significant Comments		"Not expected to get service agreement without improver Hatwai. "Must assume that PSE can live with non-firm transmissi Cascades transmission "Contains a coal supply proposal from the adjacent mine "The extent of reserves are plant owner(s) to operate the mine as well	involvement (optional) (The turbine represents a resolve combustion and cooling is long-term operation.	ankruptcy in No transmission request in BPA queubefore contract is offered	*Project attractively priced *Fixed fuel charges of approx,	*LM6000 units with quickstart car *Concern with	*PSE Interconnection will be extremely expensive ery high in queue, should receive a transmission offer sho John Day has higher impacts than delivering the power to PSE *CT technology is a concern; Users are Just getting to the first c inspections and only one has reached the hot gas path interval. the 48k hour major inspection yet	*Attractive plant
Levelized Cost (\$ / MWh)		52.77	60.26	62.10	62.62	63.43	63.70	64.12
Project Owner / Name Developer	THERMAL (Natural Gas, Coal, Cogen)			REDACTED				
Type	IAL (Natu	Q	ۍ ن	U	U	U	Ú	U
Code	S S	A20	A29	A26	A35	A24a	A28	A32a

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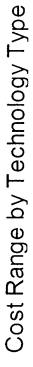
_(RG-10HC) Stage 1: Significant Comments & Decision All-Source RFP Evaluation Page 30 of 38

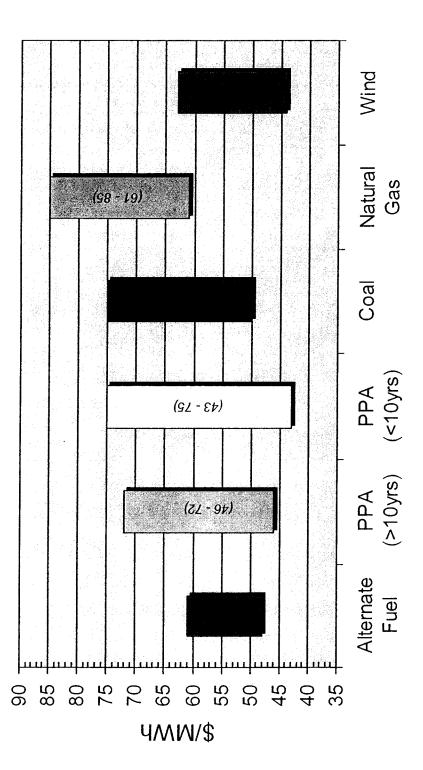
Code	Type	Project Owner / Developer	Project Levelized r Cost (\$ / MWh)	Significant Comments	DECISION
QNIM					
A03	>			Transmission Constraints: Wrong side of the 'West of McNary' cutplane; Not expected to get service agreement without completion of McN - JDA. The project is too low in the transmission queue to have any certainty of receiving firm transmission.	"SHORT-LIST"
A07	3			* <u>Non-Financable</u> : Rated "LOW" in the Wind Data and Energy Assessment evaluation *No transmission requested on BPA, way down in queue; Cross Cascades path is expected to sell out before contract is offered *No formal easements or leases in place for	"Continual Investigating"
A02b	>	REDACTED		*Second Ranked Project in Wind RFP *Most significant issue is likelihood of	"SHORT-LIST"
A06	3			 *First Ranked Project in Wind RFP *Currently pursuing through due diligence *Began commerical discussions 	"SHORT-LIST"
A08	>		•	* <u>Non-Financable</u> : Rated "LOW" in the Wind Data and Energy Assessment evaluation	"Continual Investigating"
A01	>			Permit Obstables:	"Continual Investigating"
		TEXT IN BOX IS HIGHLY	H	Highly Confidential per WAC 480-07-160	
		CONFIDENTIAL			

PUGET SOUND ENERGY

Exhibit No. _____(RG-10HC) Page 31 of 38

Levelized Costs Evaluation Results Short List Review

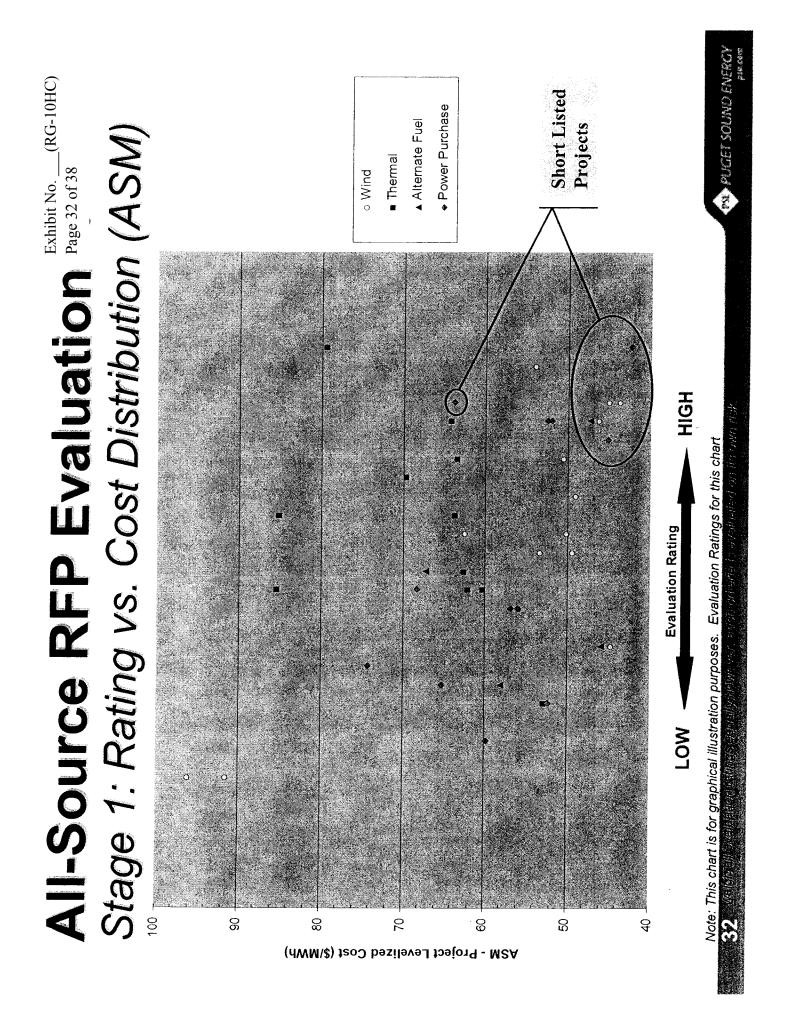




Notes:

- l. Acquisition Screening Model (ASM8) 20-yr Levelized Costs
 - 2. Transmission solution is not mature
 - 3. Does not include credit
- 4. All delivered to PSE System

PLICET SOUND ENERGY



Sta	Stage 1: Continuing Investigation Selection
	"Continuing Investigation" list defined as those projects that PSE's Stage 1 evaluation has shown as being attractive, but currently face obstacles such as transmission constraints.
	PSE will continue to monitor status of these projects as Stage 2 progresses and depending on negotiations with those "Short listed".
	It is possible these projects could advance.
	Current and forward gas prices render the natural gas projects uneconomical as compared to other resource alternatives identified in "Short List".
	PSE will continue investigating these projects with ongoing discussions with developers/owners.

(RG-10HC) Stage 1: Continuing Investigation Selection Exhibit No. Page 34 of 38 All-Source RFP Evaluation

	Project COD Levelized Cost (\$ / MWh)		May-06		ate 2008	Dec-05	Nov-05	late 2005	Aug-02	Sep-07	Oct-03		Dec-05	Oct-05	Dec-05	
	Capacity (MW)															
	Status		Development		Development	Development	Suspended	Suspended	Operating	Development	Operating		Development	Development	Development	
Ì	Location															
	Proposal Option		JV w/ PSE		100% Ownership	50.2% Ownership w BPA Transmission	100% Ownership	100% Ownership	1100% Ownership	70% Ownership	100% Ownership		30-yr PPA + 50% Ownership	20-yr PPA or 100% Ownership	100% Ownership	
	Owner / Developer															
	Type Project Name	-UEL						MEDACIED .	1							
		ALTERNATEFUEL	BG	AL	O.	U	U	U	U	U	U		3	3	3	
	Code	ALTER	A15	THERMAL	A20	A29	A26	• A35	A24a	A28	A32a	DNIM	A08	A07	A01	

Highly Confidential per WAC 480-07-160

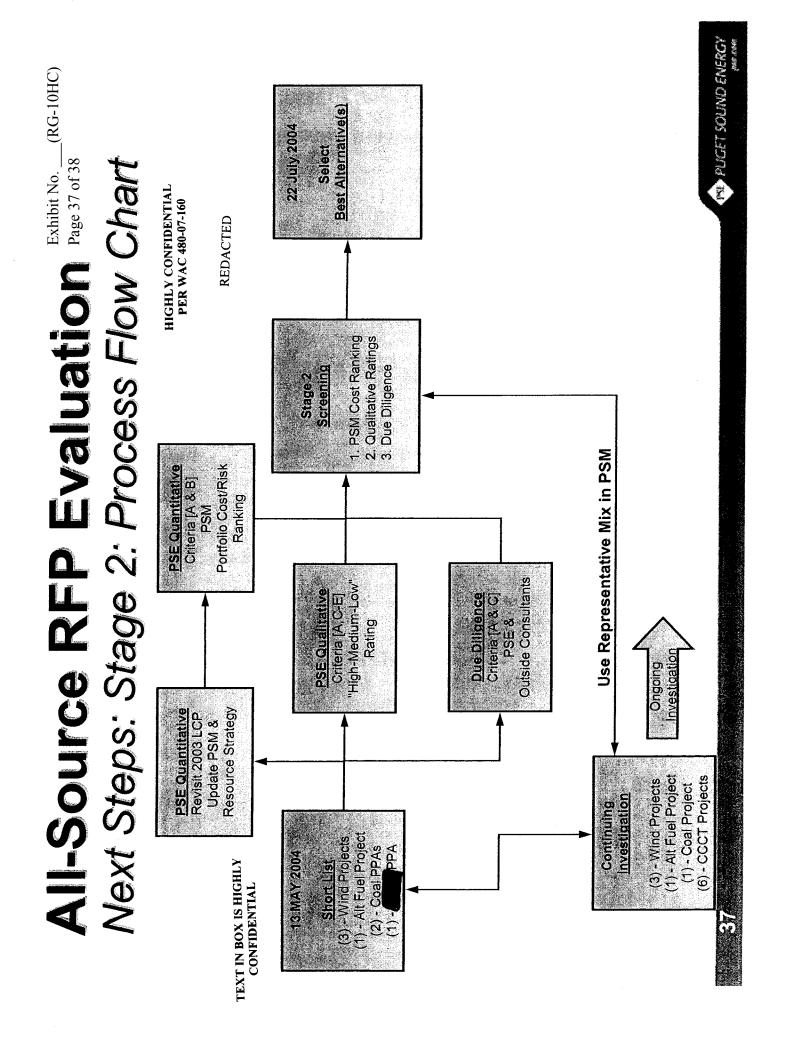
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Al-Source RFP Evaluation Exhibit No. (RG-10HC) Page 36 of 38	(RG-10HC) 8
Stage 1: Short-List Selection Summary	
 (1) Alternate fuel (gas compressor recovered heat) 	

- (2) Coal PPAs (10-yr & 2-yr terms)
 (1) PPA (22-yr On-Peak)
 (3) Wind project (3 of 4 from Wind RFP)

Code	Code Type Project Owner / Developer Name	Proposal Option	Location	Capacity (MW)	coD	Project Levelized Cost (\$ / MWh)
ALTERI	ALTERNATE FUEL					
A39	Н	100% Ownership	Development	ent	Dec-05	
POWEF	POWER PURCHASE					
A19	U	2-yr PPA	Operating	0	n/a	
A24b	C REDACTED	10-yr PPA 100 to 200 MW	MW Operating	თ	n/a	
A30	T	2-yr Bridge + 20-yr Seasonal On-Peak PPA	A Cperating /	g / ent	late 2006	
MIND						
A03	>	100% Ownership	Development	ent	Dec-05	
A02b		100% Ownership	Development	ent	Dec-05	
A06	\sim	50% PPA + 50% Ownership	Development	ent	Feb-06	
	TEXT IN BOX IS HIGHLY CONFIDENTIAL	Highly Confidential per WAC 480-07-160	tial per -160			
	36				NGET SOUN	N PUCET SOUND ENERGY



All-Source RFP E	FPEValuation Page 38 of 38
Next Steps: Quantitative A	Next Steps: Quantitative Analysis-Process & Strategy
 Revisit LCP 2003 Generic Resource Strategy 	esource Strategy
Step 1	
 Update supply tester to create reportfolios for testing in PSM 	to create representative scenarios of generic n PSM
 Update PSM model 	
 Add wind variability logic (simila 	Add wind variability logic (similar to Stage II of wind evaluations)
 Update generic plant assumptio 	nt assumptions (all-in cost, O&M, FOR, heat rate, etc.)
 Update variability of power price 	of power price and gas price
 Update coal market prices 	
Step 2	
 Run Aurora optimization with ne 	Run Aurora optimization with new generic plant assumptions
 Step 3 	
 Run PSM with new commodity paid and wind variability for the gene 	Run PSM with new commodity prices, generic assumptions and price and wind variability for the generic portfolios to update LCP 2003
strategy	
 Determine optimum combination 	Determine optimum combination of all-source short-list projects
Documentation of models and process	nd process
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