

8 **BEFORE THE**  
9 **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**  
10

11 WASHINGTON UTILITIES AND  
12 TRANSPORTATION COMMISSION,

13 Complainant,

Docket No. UE-031725

14 v.

15 PUGET SOUND ENERGY, INC.,

16 Respondent.

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18 **DIRECT TESTIMONY OF**  
19 **MICHAEL GRANOWSKI**  
20 **ON BEHALF OF PUGET SOUND ENERGY, INC.**

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**DECEMBER 22, 2003**

1 **PUGET SOUND ENERGY, INC.**

2 **DIRECT TESTIMONY OF MICHAEL GRANOWSKI**

3 **Q: Please state your name, business address and occupation.**

4 **A:** My name is Michael Granowski. My business address is: 175 W. Jackson Street,  
5 Suite 500, Chicago, Illinois 60604. I am employed as a Director of Navigant  
6 Consulting, Inc. (“Navigant”), which is a consulting firm retained by Puget Sound  
7 Energy, Inc. (“PSE”).

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9 **Q: What are your responsibilities in your current position?**

10 **A:** I provide strategic and competitive analysis for energy industry clients, using analytical  
11 modeling and valuation tools and techniques, as described more fully in **Ex. \_\_\_\_\_**  
12 **(MG-2).**

13  
14 **Q: What are your educational background and previous work experience?**

15 **A:** My educational background and previous work experience are described in **Ex. \_\_\_\_\_**  
16 **(MG-2).**

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18 **I. INTRODUCTION**

19 **Q: Did you assist in the preparation of PSE’s 2003 Least Cost Plan?**

20 **A:** Yes. PSE retained Navigant in November 2002 to develop a portfolio analysis tool that  
21 could analyze PSE’s existing resource portfolio (including thermal, hydro, and NUG  
22 assets) and also model the potential addition to the portfolio of generation assets and/or  
23 power purchase agreements under a wide range of technologies. As the Navigant  
24 project lead with respect to PSE’s 2003 Least Cost Plan (“LCP”), I worked with Mr.  
25 Charles Black and others at PSE to create the Portfolio Screening Model (“PSM”) that  
26 Mr. Black described in his direct testimony. I helped PSE review the assumptions that  
27 were used as inputs to the PSM, such as capital and operating cost of new units, fuel  
28 price forecasts, cost of capital for various developers, anticipated new builds in the

1 region, and load growth. At PSE's direction, I prepared and performed the PSM  
2 analysis in the LCP that PSE issued in April 2003. I also worked with Mr. Black and  
3 others at PSE to prepare several sections in the LCP.

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5 After PSE issued the LCP in April 2003, I assisted PSE in developing the methodology  
6 and approach that PSE used to analyze and determine the appropriate level of  
7 conservation in PSE's resource portfolio. At PSE's direction, I prepared and  
8 performed the PSM analysis in PSE's August 2003 Update to the LCP. I also worked  
9 with Mr. Black and others to prepare several sections in the Update.

## 11 II. PURPOSE OF TESTIMONY

12 **Q: What is the purpose of your testimony in this proceeding?**

13 **A:** I adopt portions of the following sections in Mr. Charles Black's direct testimony (**Ex.**  
14 \_\_\_\_\_ (**CJB-1T**)):

- 15
- 16 • **Section IV** – Pages 10 through 22 (all) and Page 23 (lines 1-2).
- 17 • **Section VIII** – Page 41 (lines 4-27); Page 42 (lines 1-20); Page 43 (lines 17-25);  
18 and Page 44 (lines 2-16).
- 19 • **Section IX** -- Page 46 (lines 20-26) and Page 47 (all).
- 20

21 **Q: Are you sponsoring any exhibits in this proceeding?**

22 **A:** Yes. I sponsor the following exhibits that Mr. Black had originally sponsored:

- 23
- 24 • **Exs.** \_\_\_\_\_ (**CJB-6 through CJB-20**).
- 25 • **Ex.** \_\_\_\_\_ (**CJB-37**).
- 26 • **Ex.** \_\_\_\_\_ (**CJB-39**).
- 27 • **Ex.** \_\_\_\_\_ (**CJB-42**).
- 28

1 **Q: Does this conclude your direct testimony?**

2 **A:** Yes, it does.

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