

**EXHIBIT NO. \_\_\_(DEM-7C)  
DOCKET NO. UE-07\_\_\_/UG-07\_\_\_  
2007 PSE GENERAL RATE CASE  
WITNESS: DAVID E. MILLS**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

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

**SIXTH EXHIBIT (CONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
DAVID E. MILLS  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED  
VERSION**

**DECEMBER 3, 2007**



**WSPP Agreement Service Schedule C - Confirmation**

Confirmation Date May 24, 2007  
Deal Number TLF0357 & TLF0358

**1. Transaction Specific Agreements**

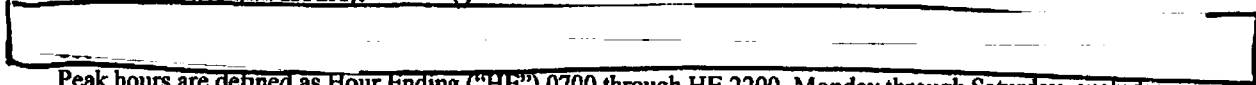
The undersigned Parties agree to a simultaneous physical daily Firm-for-Firm energy exchange pursuant to the WSPP Agreement, Service Schedule C, and the Master Confirmation Agreement under the WSPP Agreement between the Parties as further provided below:

**Seller:** TransAlta Energy Marketing (US) Inc. ("TEMUS"), sometimes referred to herein as Seller, Party or collectively with PSE, Parties.

**Purchaser:** Puget Sound Energy, Inc. ("PSE"), sometimes referred to herein as Purchaser, Party or collectively with TEMUS, Parties.

**Period of Delivery:** From Sunday, July 1, 2007 through Friday, December 31, 2010

**Schedule (Days and Hours):**

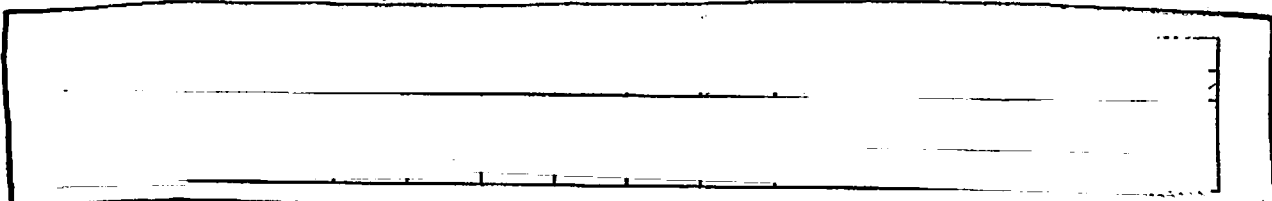


Peak hours are defined as Hour Ending ("HE") 0700 through HE 2200, Monday through Saturday, excluding NERC observed holidays. Off-Peak hours are defined as HE 0100 through HE 0600 and HE 2300 and H3 2400, Monday through Saturday, all day Sunday and NERC observed holidays.

**Pre-scheduling:**

At the Seller and Purchaser PODs, respectively, TEMUS and PSE shall pre-schedule the Delivery Rate each hour in accordance with the WECC ISAS daily scheduling calendar and the WECC Business Practices. If at anytime the generation is from a source other than Centralia, TEMUS will notify PSE of such prior to 0800 PPT on the preschedule day.

**Seller and Purchaser Delivery Rate:**



Seller will deliver Seller Product to the Seller Point of Delivery ("Seller POD") in an amount and quality equal to the Delivery Rate in exchange for the simultaneous delivery from Purchaser of Purchaser Product to the Purchaser Point of Delivery ("Purchaser POD") in an amount and quality equal to the Delivery Rate. Seller will have the ability to replace deliveries at Puget's System.

**Seller POD:**

CW Paul Substation

**Purchaser POD:**

Mid-C

**Seller Product:**

WSPP Schedule C, as amended from time to time

**Purchaser Product:**

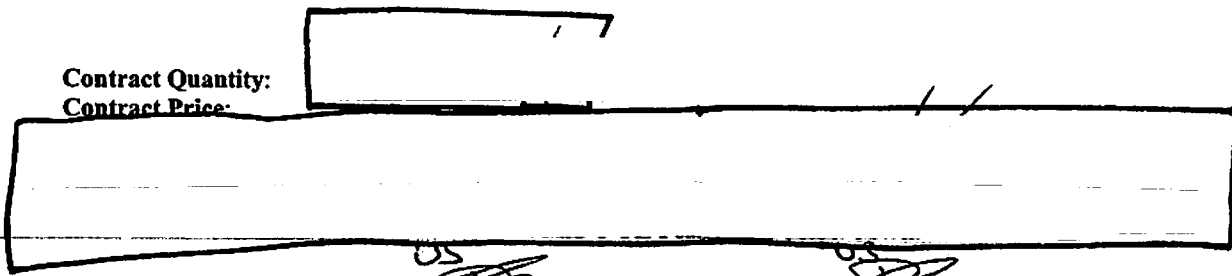
WSPP Schedule C, as amended from time to time

**Redacted**

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WAC 480-07-160

Text in box is Confidential

Contract Quantity:  
Contract Price:



Date of Agreement if different: May 24, 2007

Approved by \_\_\_\_\_

TransAlta Energy Marketing (US) Inc.

Naomi Gardner

Name/Signature of Seller/Party Settlement Analyst

(403) 267-7343

Authorized Signature

Date

*Naomi Gardner*  
May 31/07

Puget Sound Energy, Inc.

Name/Signature of Purchaser

David Mills

Director

Authorized Signature  
Power & Gas Supply Operations

Date

*David Mills*  
5/24/07

Puget Sound Energy, Inc. P.O. Box 97034, PSE-11, Bellevue, WA 98009-9734

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**Puget Sound Energy, Inc.**  
**Minutes of the**  
**Energy Management Committee**  
**Meeting on May 17, 2007**

**Attendees**

The following members of the Energy Management Committee (EMC) attended the meeting in person: Bert Valdman, Kimberly Harris, Jennifer O'Connor, and Eric Markell.

The following non-voting members of the EMC attended the meeting: Paul Wiegand, Jim Eldredge, Steve Secrist, Don Gaines, John Story, Mike Stranik, David Mills, Chris Janak, Salman Aladin, and Tom DeBoer.

Guests included: Aliza Seelig, Connie Mander, Tricia Fischer,

**Call to Order**

The meeting was called to order at 3:30 p.m.

**Standards of Conduct Requirements and Guidelines**

A reminder of the Standards of Conduct was distributed by the EMC secretary in advance of the meeting. That reminder stated:

Meeting attendees are reminded that the FERC Standards of Conduct prohibit discussion or sharing of non-public transmission information. Specifically, attendees are reminded of the "no conduit" rule that prohibits an employee who has knowledge of non-public transmission information from acting as a conduit to transfer that information to merchant employees.

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**New Matters**

1. **TransAlta Exchange Agreement:** Tricia Fischer presented a recommendation to enter 3.5 year locational exchange with TransAlta Energy Marketing (US) Inc. (TEMU) where PSE will deliver firm energy to TEMU at Mid-C and simultaneously take delivery of like energy at CW Paul (Centralia), a non-constrained path west of Cascades. The term is from July 1, 2007 through December 31, 2010 and [REDACTED]. Following discussion, the Committee unanimously approved the recommendation subject to legal review by Steve Pope.

*Meeting Postscript: On Thursday, May 17 at 4:18 p.m., Kimberly Harris via email informed the EMC that Steve Pope found the agreement to meet the FERC requirements.*

**Next Meeting**

The next meeting of the Energy Management Committee is scheduled for 2:30 p.m. on Thursday, June 21, 2007 in the Meydenbauer Conference Room, PSE-12.

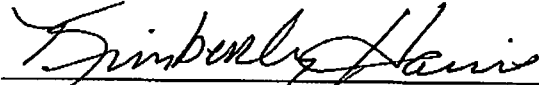
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There being no further business, the meeting was adjourned at 4:00 p.m.

**Respectfully submitted:**

  
\_\_\_\_\_  
Jim Elsea or David Mills, Secretary

**Accepted by the Energy Management Committee:**

  
\_\_\_\_\_  
Eric Markell, Bert Valdman, or Kimberly Harris

**Redacted**

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**PUGET SOUND ENERGY**

*The energy to do great things*

**LT Locational Exchange  
EMC Meeting May 17, 2007**

Tricia Fischer  
Energy Trader

# Recommendation

EMC approval to enter 3.5 year locational exchange with TransAlta Energy Marketing (US) Inc. where PSE will deliver firm energy to TEMU at Mid-C and simultaneously take delivery of like energy at CW Paul (Centralia), a non-constrained path west of Cascades

# Key Commercial Terms

Term: July 1, 2007 through December 31, 2010

Delivery rate:

[Redacted]

Schedule:

[Redacted]

Contract Price:

[Redacted]

PSE POD:

Mid-C

TEMU POD:

CW Paul/Tono

Total Energy:

[Redacted]

Total Dollars:

[Redacted]

Text in box is Confidential

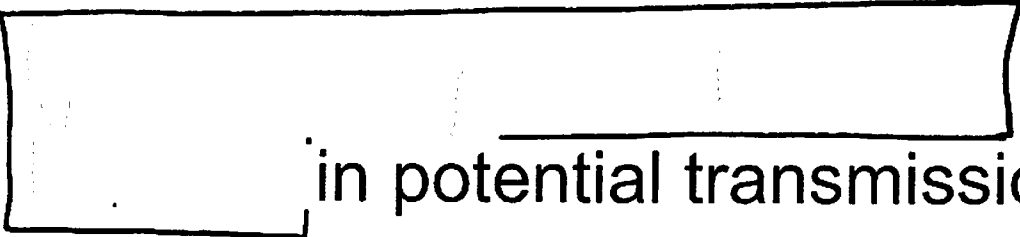
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# Benefits to PSE

- Aids in serving load reliably
  - ◆ Mitigates risk of curtailment on West of Cascades path
  - ◆ Able to designate resource as DNR and use Firm NT transmission



- [Redacted]
- [Redacted] in potential transmission cost savings
- Exchange Book transaction
- Expected credit exposure within currently established credit limits
- Transacted under WSPP Agreement

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