

**EXHIBIT NO. \_\_\_(RG-8HC)  
DOCKET NO. UE-07\_\_\_/UG-07\_\_\_  
2007 PSE GENERAL RATE CASE  
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\_\_\_  
Docket No. UG-07\_\_\_**

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

**REDACTED  
VERSION**

**DECEMBER 3, 2007**

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2005 RFP  
Phase II Project Ratings

Project Code	Project Name	Capacity MW	Phase II Quantitative Analysis B/DOS Levelized \$/MWh	Unit Metric	BBC	Trans	Tech	Fuel Supply	Enviro	Legal	Real Estate	Insurance	Plant Ops	Power Supply (Community Opt)	Credit	Accounting
HYDRO																
<b>GEOTHERMAL</b>																
547(a)			8.139	0.177												
<b>WIND</b>																
502-b									Other Included							
527(a-c)									Other Included							
530a			95.499	0.187												
530b			106.292	0.216												
553 (a&b)									Other Included							
<b>NATURAL GAS</b>																
501 (a-c)			133.054	0.225												
524 capacity			40	0.0032												
516			54.928	0.063												
525a			116.959	0.119												
522	Governance Energy Center (Commercial)	277	170.820	0.158	High	High-Med	High	High	High	High	Med-High	Med-High	Med-Low	High	High	Med
GOAL			101.961	0.061												
506a																
520c																

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2005 RFP  
Phase II Project Ratings

Project Code	Project Name	Capacity MW	Levelized Cost of Energy	Phase II Quantitative Analysis (RIS) - 2005		B&C	Time	Tech	Fuel Supply	Environ	Legal	Real Estate	Insurance	Plant Ops	Power Supply/Community	Credit	Accounting
				Portfolio Benefit	Unit Metric												
518-539																	
517(1)				8.139	0.177												
522-b																	
521(a-c)																	
520a				95,499	0.197												
520b				106,292	0.216												
523 (A-B)																	
NATURAL GAS																	
521 (b-d)				131,084	0.225												
524 capacity				40	0.0682												
516				54,928	0.083												
525a					0.119												
522	Geopac Energy Manufacturing	277		179,820	0.159	High	High/Med	High	High	High	High	Med-High	Med-High	Med-Low	High	High	Med
GOAL																	
506a				101,981	0.081												
526c																	

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2005 RFP  
Phase II Project Ratings

NON-PRECING PPA's		Leveling Cost (\$/MWh)	Ratio	BBC	Power Supply Ops	Credit	Accounting
Project Code	Project Name	MW					
522-C							
522-O							
Ending after 2009							
511-a							
511-b							
511-c			0.318				
511-d							
522-A			0.421				
522-B			0.290				
554e			0.282				

(1) From an accounting perspective, it is impossible to provide a rating without seeing an actual contract. The specific terms of a contract and the net position when it is signed will have a large impact on the accounting. Refer to the accounting tab for details/comments about each project.

HQ = More Favorable / Less Risk  
M = More Favorable  
L = Less Favorable / More Risk

- proposed short-term selection
- proposed continuing investigation selection

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Business Commercial

Business/Commercial Evaluation Criteria	B/C Rating	
		536-539
		547(b-c)
		502-b
		530a
		530b

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Business Commercial

Code	File Type	Project Name	Owner	Location	Size (MW)	B/C Rating	Business/Commercial Evaluation Criteria
501(a-d)	NG						
504	NG						
516	NG						
525(a-c)	NG						
552	CCCT	Goldendale Energy Center (ownership)	Calpine	Goldendale, WA	277	Sep-04	High * Due diligence completed in November 2006 - Calpine filed for bankruptcy in early December 2006 - PSE is still working with Calpine to be established as staking horse bid; conference call set for 7/13 to provide counteroffer to Calpine. Q4, 2006 close is estimated
506	Coal						
520(a-c)	Coal						
NS PPA's Ending							
522-C	PPA						
522-D	PPA						
NS PPA's Ending							

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Business Commercial

Code	B/C Rating	Business/Commercial Evaluation Criteria
511-a	PPA	
511-b	PPA	
511-c	PPA	
511-d	PPA	
522-A	PPA	
522-B	PPA	
5543	PPA	

KEY  
 HIGH Favorable / Less Risks  
 MED Favorable  
 LOW Favorable / More Risks

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Transmission

		Transmission Evaluation Criteria	
	Trans Rating		
536-539	Hydro		
547(a-c)	Geo		
502-b	Wind		
530	Wind		
501(a-d)	NG		
504	NG		
516	NG		
525(a-c)	NG		
552	CCCT	Goldendale, WA	High-Med
506	Coal	Calene	Sep-04
520(e-c)	Coal	Goldendale Energy Center (ownership)	277
The same as High but needs confirmation on the COD			

KEY  
 HIGH = More Favorable / Less Risks  
 MED = Favorable  
 LOW = Less Favorable / More Risks

Transmission Evaluation Criteria:

- High Transmission available. No major problems, capable, Mature & Ready
- High-Med The same as High but needs confirmation on the COD
- Med The same as High but with possible multiple wheels or one or more factors uncertain
- Med-Low Regional issues unknown. Possible some transmission limitations, trans. technology unknown
- Low Risky & Not doable. Major problems. No transmission available, trans. technology unknown, & regional issues unknown



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Technical

Fuel Code	Fuel Type	Tech Rating	Technical Comments	Technical Evaluation Criteria									
				Timing	Operational Feasibility	Resource Technology Risk	Fit with PSE's Existing Portfolio	Resource Cost	Status and Schedule	Resource Flexibility and Stability	Project Risk	Enviro Risk	
530	Hydro	5		Med	Med	High	High	Med	N/C	High		High	
547	Geo			High	Med-Low	Med-Low	High	Med	Med-High	Med	Med	Med-High	Med
527	Wind			Med	High	High	Med	Med	Med	Med	Med	High	
530	Wind			Med	High	High	Med	Med	Med	Med	Med	High	
530	Wind			Med	High	High	Med	Med	Med	Med	Med	High	

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Technical																				
Code	Project Type	Project Name	Developer	Location	SW	COO	Tech Rating	Tech Comments	Timing	Operational Feasibility	Fit with existing Portfolio	Resource Mix / Diversity	Resources Cost	Status and Schedule	Resource Flexibility and Stability	Resource Technology	Project Risk	Environment Milling Risk	Ability to Deliver	
501	NG									Med	Med	Med	Med	Med	Med	Med	Med	Med	Med	Med
504	NG									Med	Med	Med	Med	Med	Med	Med	Med	Med	Med	Med
516	NG									Med	Med	Med	Med	Med	Med	Med	Med	Med	Med	Med
525	NG									Med	Med	Med	Med	Med	Med	Med	Med	Med	Med	Med
532	CCCT	Undersea Energy Converter	Capone	Undersea	277	3p-04	High	See End of document for a SEP process		Med	Med	Med	Med	Med	Med	Med	Med	Med	Med	Med

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Technical

Proj. Type	Project Name	Obj. Code	Tech. Rating	Technical Comments	Timing	Operational Feasibility	Resource Technology Risk	See Also Diversity	Fit with Other Programs	Resources Cost	Status and Schedule	Resource Feasibility and Stability	Project Risk	Environment Risk	Ability to Deliver	
SC6	[Redacted]	[Redacted]	[Redacted]	[Redacted]	Med	Med	Med	Med	Med	Med	Med	Med	Med	Med	Med	Med
\$20(e)	Coa	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

- More Favorable / Less Risk  
 - Co  
 MED  
 - Less Favorable / More Risk

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Fuel Supply

Well ID	Hydro Variation (purely relative)	Dispatchability	Fuel Supply Rating	Fuel Supply Evaluation Criteria
536-539	Hydro			Thomas Bay has about 3000 acre feet of storage

Dispatchability	Hydro Variation (purely relative)
High (5): Reservoir - Allows seasonal energy storage	A long period / little annual hydro variation
Med (3): Pondage - Diurnal energy	Moderate Seasonal Variation
Low (1): No storage - run of river	Little Seasonal Variation

Well ID	Proven Resource	Impurities / By-Products	Fuel Supply Rating	Fuel Supply Evaluation Criteria
54718-c	Geo			

Proven Resource	Impurities / By-Products
High (5): Resource proven by existing production wells. 3rd party assessment has proven 20-yr viability	Impurities are fully known and easily mitigated
Med (3): Resource has nearby production wells. 3rd party assessment has not been	Impurities are somewhat unknown but a mitigation plan is in place
Low (1): Test wells are inconclusive and / or have not been drilled	Hazardous impurities are or may be present, where mitigation would prove a significant burden

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Fuel Supply

Wind Key	Wind	Quality and Quantity of Wind Data	Appropriateness and completeness of methodology	Expected long-term most-likely case energy production relative to the stated estimate	Numeric Risk	Fuel Supply Rating
502-b	Wind					Mid-High
530	Wind				4	

Wind Key	High	5
Med-High	4 <td></td>	
Med	3 <td></td>	
Med-Low	2 <td></td>	
Low	1 <td></td>	

Fuel Supply Rating	Fuel Supply Evaluation Criteria
501(a-d) NG	
504 NG	
516 NG	
525(a-c) NG	
528(a-c) NG	
552 CCCT	Goldendale Energy Center (ownership)   Colpine   Goldendale, WA   277   Sep-04   Mid-High   Project can be served by a variation on the plan developed for providing gas transport to Goldendale during previous due diligence effort
508 Coal	
520(a-c) Coal	

Gas and Coal Key  
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LOW = Less Favorable / More Risks

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### Hydro Variability

#### Annual Hydro Variability

Year	Annual (MWh)
1	
2	
3	
4	
5	
6	
7	
8	
Avg	
StDev	
Min/Avg	
StDev / Avg	

Year	Annual (aMW)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
Avg	
StDev	
Min/Avg	
StDev / Avg	

YEAR	Total
1950	
1951	
1952	
1953	
1954	
1955	
1956	
1957	
1958	
1959	
1960	
1961	
1962	
1963	
1964	
1965	
1966	
1967	
1968	
1969	
1970	
1971	
1972	
1973	
1974	
1975	
1976	
1977	
1978	
1979	
1980	
2002	
2003	
2004	
2005	
Avg	
StDev	
Min/Avg	
StDev / Avg	

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**Environmental**

												Enviro Rating	Environmental Evaluation Criteria
536-539	Hydro												
547(a-c)	Geo												
502-b	Wind												
530	Wind												
501(a-c)	NG												
504	NG												
516	NG												
525(a-c)	NG												
552	CCCT	Goldendale Energy Center (ownership)	Calpine	Goldendale, WA	277	Sep-04	High						Plant is currently operating and there are no apparent compliance issues. Due diligence has been completed.
506	Coal												
520(a-c)	Coal												

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Legal

Code	Energy	Legal Team	Legal Evaluation Criteria
536-539	Hydro		
547(a-c)	Geo		
502-b	Wind		
530	Wind		
501(a-d)	NG		
504	NG		
516	NG		
525(a-c)	NG		
552	CCCT	Goldendale Energy Center (Columbia)	Goldendale, WA 277 Sep-04 High No construction risk. Bkruptcy auction process risk.
506	Coal		
520(a-c)	Coal		

KEY  
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Redacted



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Real Estate

Real Estate		Real Estate Rating	Real Estate Evaluation Criteria
536-539	Hydro		
527(a-c)	Geo		
502-b	Wind		
530	Wind		
501(a-d)	NG		
504	NG		
516	NG		
525(a-c)	NG		
552	CCCT		
		Godendale Energy Center (ownership)	Calbine
		Godendale, WA	277
		Sep-04	Med-High
			Previously evaluated

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Real Estate

Real Estate		Real Estate Rating	Real Estate Evaluation Criteria
506	Coal		
520(e-c)	Coal		

**KEY**  
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Insurance

		Ins Rating	Insurance Evaluation Criteria			
536-539	Hydro					
547(e-c)	Geo					
502-b	Wind					
530	Wind					
501(e-d)	NG					
504	NG					
516	NG					
525(e-c)	NG					
552	CCCT		Goldendale Energy Center (ownership)	Calpine	Goldendale, WA	277
						Sep-04
						Med-High
Plant can be easily folded into PSE's property insurance program. \$485,000 est. max. in insurer loss control recommendations will result in \$60,000 reduction in annual property insurance premium.						
506	Coal					
520(e-c)	Coal					

KEY  
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Plant Operations

		Plant Ops Rating	Plant Operations Evaluation Criteria
536-539	Hydro		
547(e-c)	Geo		
502-b	Wind		
530	Wind		
501(e-d)	NG		
504	NG		
516	NG		
525(a-c)	NG		
552	CCCT	Med - Low	Modern technology that is familiar to PSE plant operations staff. Isolated from PSE service territory. Moderately difficult location to coordinate heavy maintenance activities.
506	Coal	Sep-06	277
520(e-c)	Coal	Goldendale, WA	Calpine
		Goldendale Energy Center (ownership)	

KEY  
 = More Favorable / Less Risks  
 HIGH = Favorable  
 MED = Less Favorable / More Risks  
 (L/W)



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Power Supply Operations

Power Supply Operations Evaluation Criteria		PSO Rating
PPA		
522-C	PPA	
522-D	PPA	
Ending at 6/30/02		
511-b	PPA	
511-b	PPA	
511-c	PPA	
511-d	PPA	
522-A	PPA	
522-B	PPA	
554a	PPA	

KEY  
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MED Favorable  
LOW Favorable / More Risks

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Community Relations

Item ID	Category	Community Relations Comments	Community Rating
536-639	Hydro		
547(a-c)	Geo		
502-b	Wind		
530	Wind		
501(e-d)	NG		
504	NG		
516	NG		
525(e-c)	NG		
552	CCCT	Discussions with the Mayor and City Manager of Goldendale demonstrate a high desire to keep this project active and viable. PSE would be welcomed into the community if it chose to pursue the project. Tax impacts to the city budget was the only concern.	High
506	Coal		
520(e-c)	Coal		

KEY  
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 MED Favorable  
 LOW Favorable / More Risks

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Credit

Account Name	Account Type	Account Balance	Account Status	Account Rating	Credit Comments
Ending before 200	PPA				
522-C	PPA				
522-D	PPA				
Ending after 200					
511-a	PPA				
511-b	PPA				
511-c	PPA				
511-d	PPA				
522-A	PPA				
522-B	PPA				
554a	PPA				

KEY  
 HIGH Favorable / Less Risks  
 MED Favorable  
 LOW Favorable / More Risks

Redacted

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Accounting

	Accounting & Rating	Accounting Comments
536-539	Hydro	
547(a-c)	Geo	
502-b	Wind	
530	Wind	
501(a-d)	NG	
504	NG	
516	NG	
525(a-c)	NG	
552	CCCT	
505	Coal	
520(a-c)	Coal	

Goldendale Energy Center (ownership)  
 Colpine  
 Goldendale, WA  
 277  
 Sep-04  
 \*

No. Issues identified

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Accounting

		Accounting B Rating	Accounting Comments
Ending before 2008			
522-C	PPA		
522-D	PPA		
Ending after 2008			
511-a	PPA		
511-b	PPA		
511-c	PPA		
511-d	PPA		
522-A	PPA		
522-B	PPA		
554a	PPA		

\* It is impossible to make a determination such as a ranking without seeing an actual contract. I have used terms such as "probable", "expected" and "potential" because there are many variables. The specific terms of a contract and the net position when it is signed will have a large impact on the accounting. Accounting will not dictate which bids will be moved to the final stage. This will be an executive decision based on all respective merits.

KEY  
 HIGH / orable / Less Risks  
 MED Favorable  
 LOW orable / More Risks

Redacted

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