

**EXHIBIT NO. ___(RG-7HC)
DOCKET NO. UE-11___/UG-11___
2011 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-11___
Docket No. UG-11___**

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

**REDACTED
VERSION**

JUNE 13, 2011



RENEWABLE RESOURCE ACQUISITION

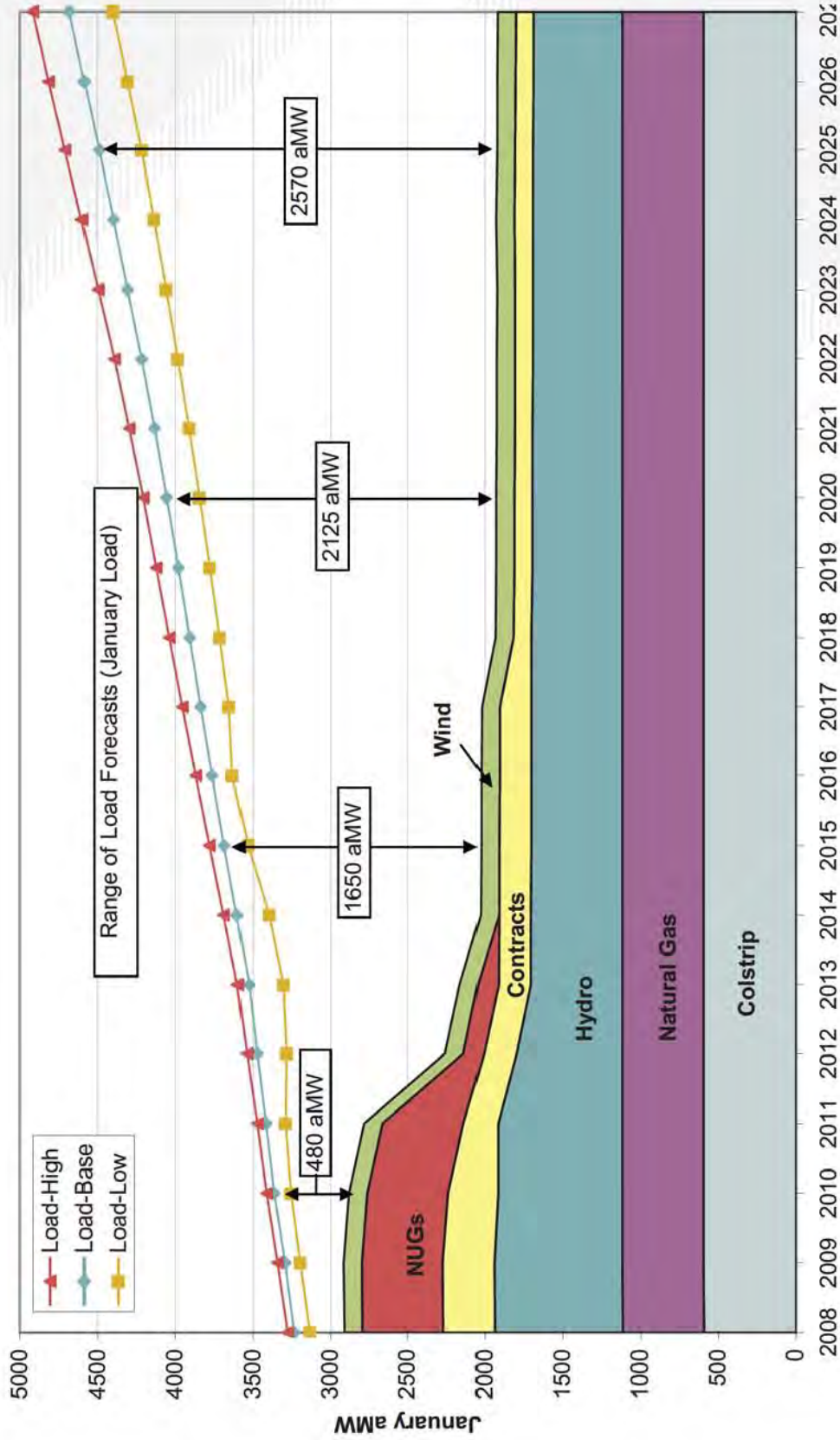
**PSE Board of Directors Retreat
August 3, 2007**

Roger Garratt
Director, Resource Acquisition

Agenda

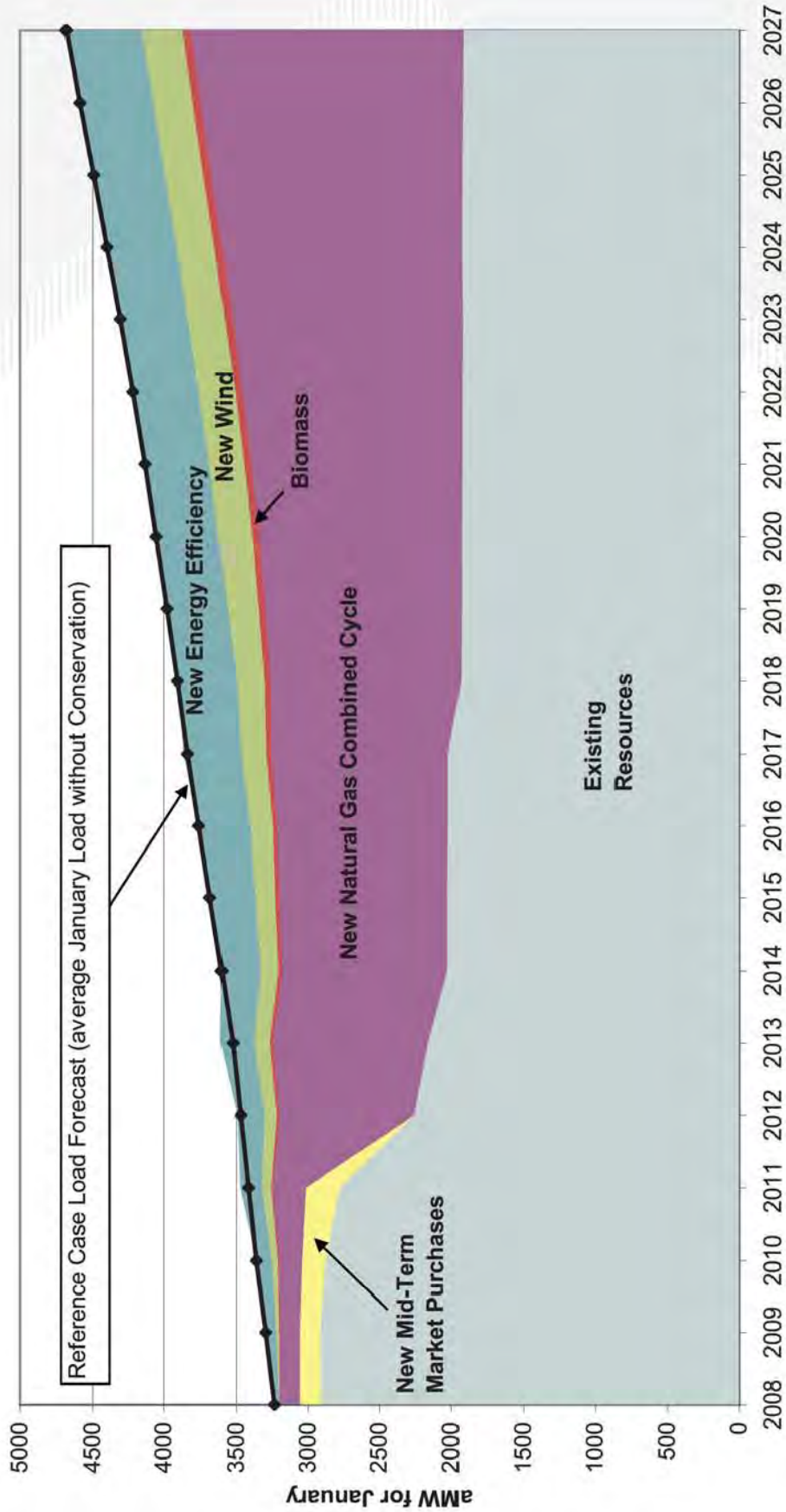
- Resource Need and Strategy
- Renewable Market Overview
- Renewable Opportunities
- Summary

Resource Need*



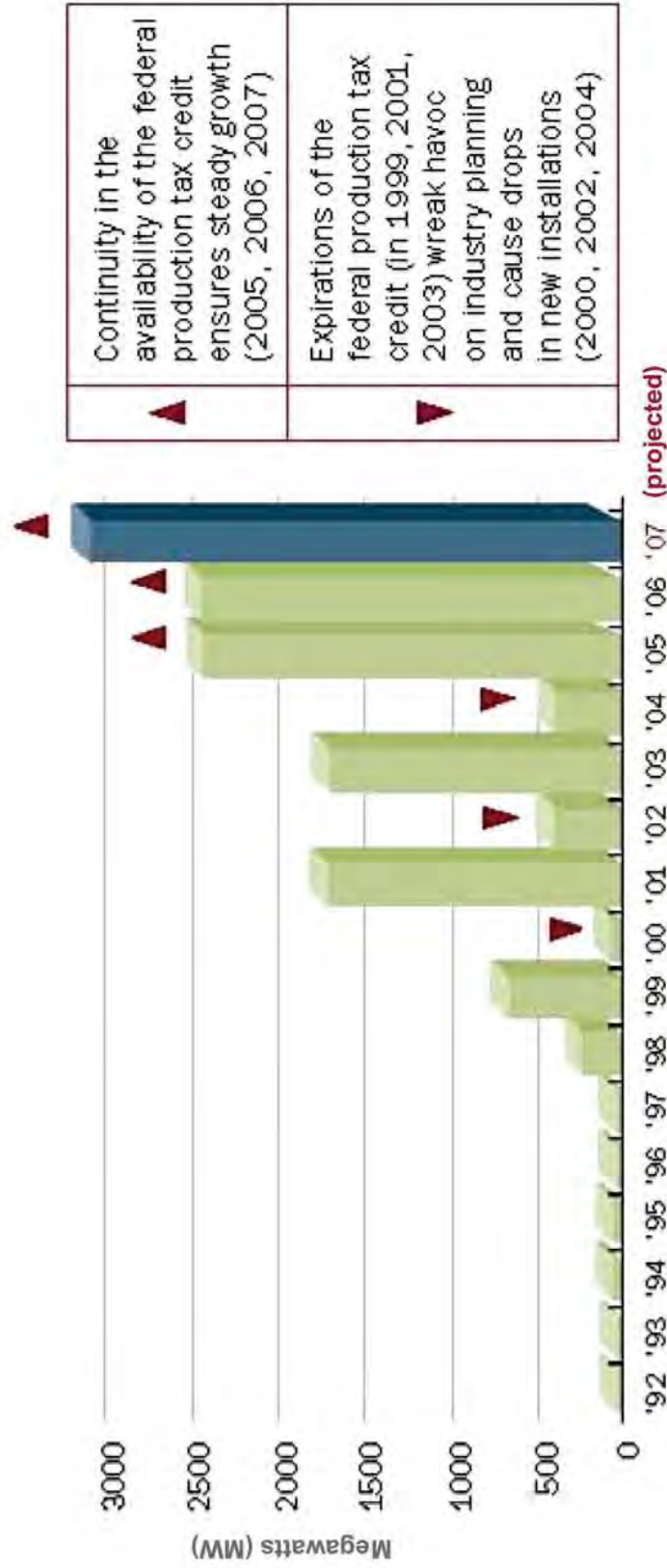
*As identified in PSE's 2007 Integrated Resource Plan

Resource Strategy*



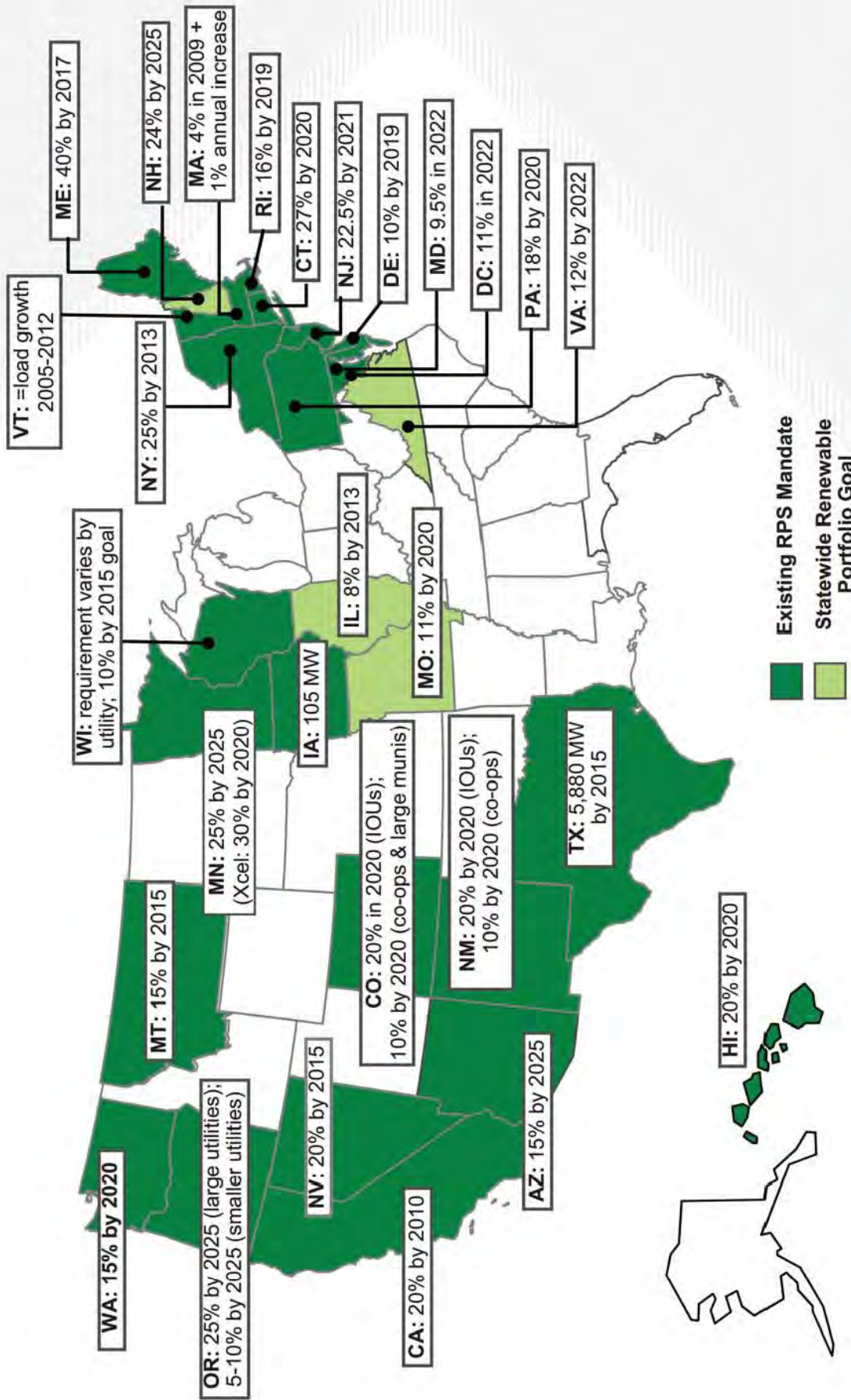
*As identified in PSE's 2007 Integrated Resource Plan

Annual Installed U.S. Wind Energy Capacity On the Rise



Source: American Wind Energy Association, "Wind Power Outlook 2007"

Renewable Portfolio Standards (RPS)

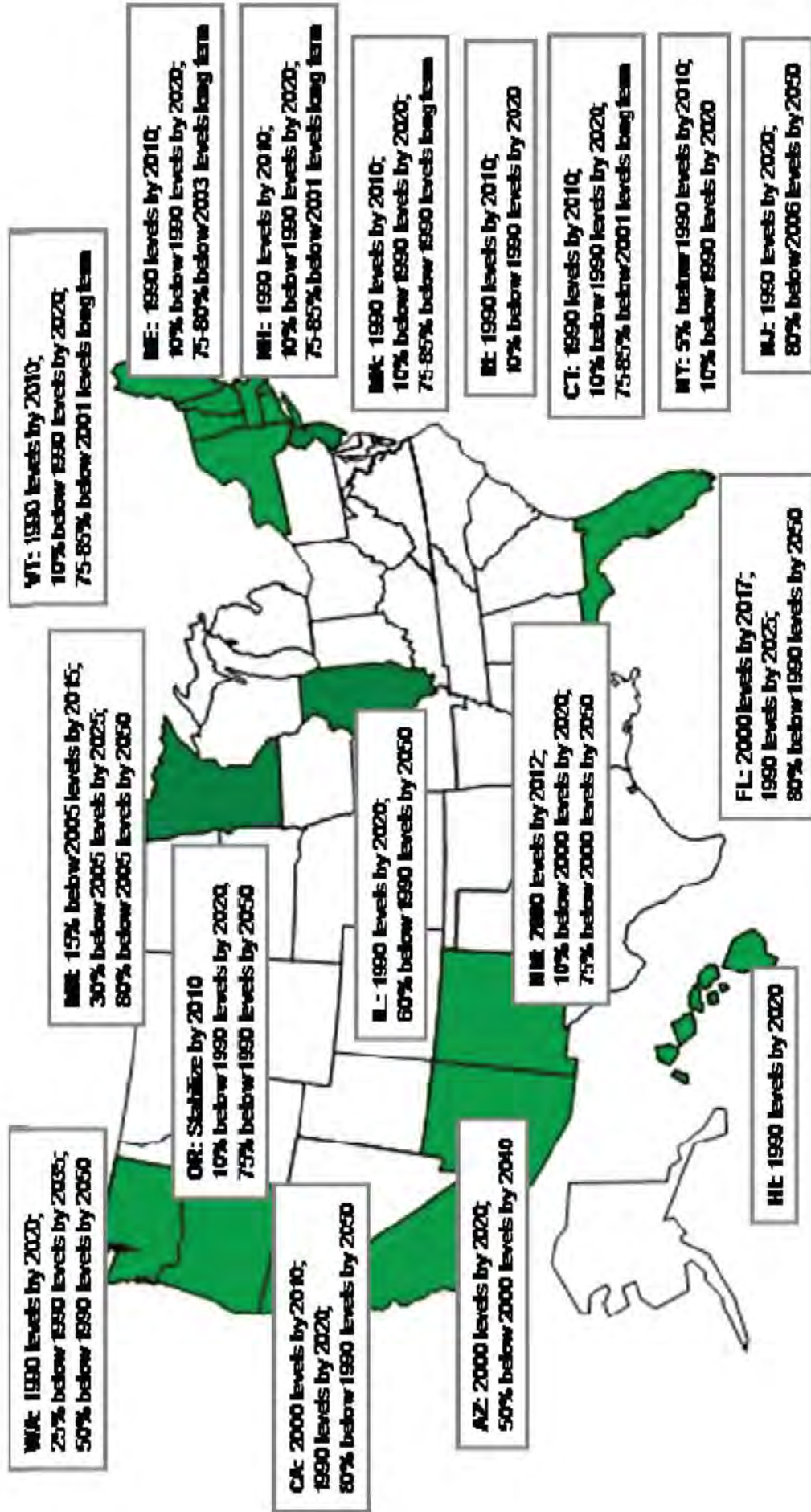


Existing RPS Mandate
 Statewide Renewable Portfolio Goal



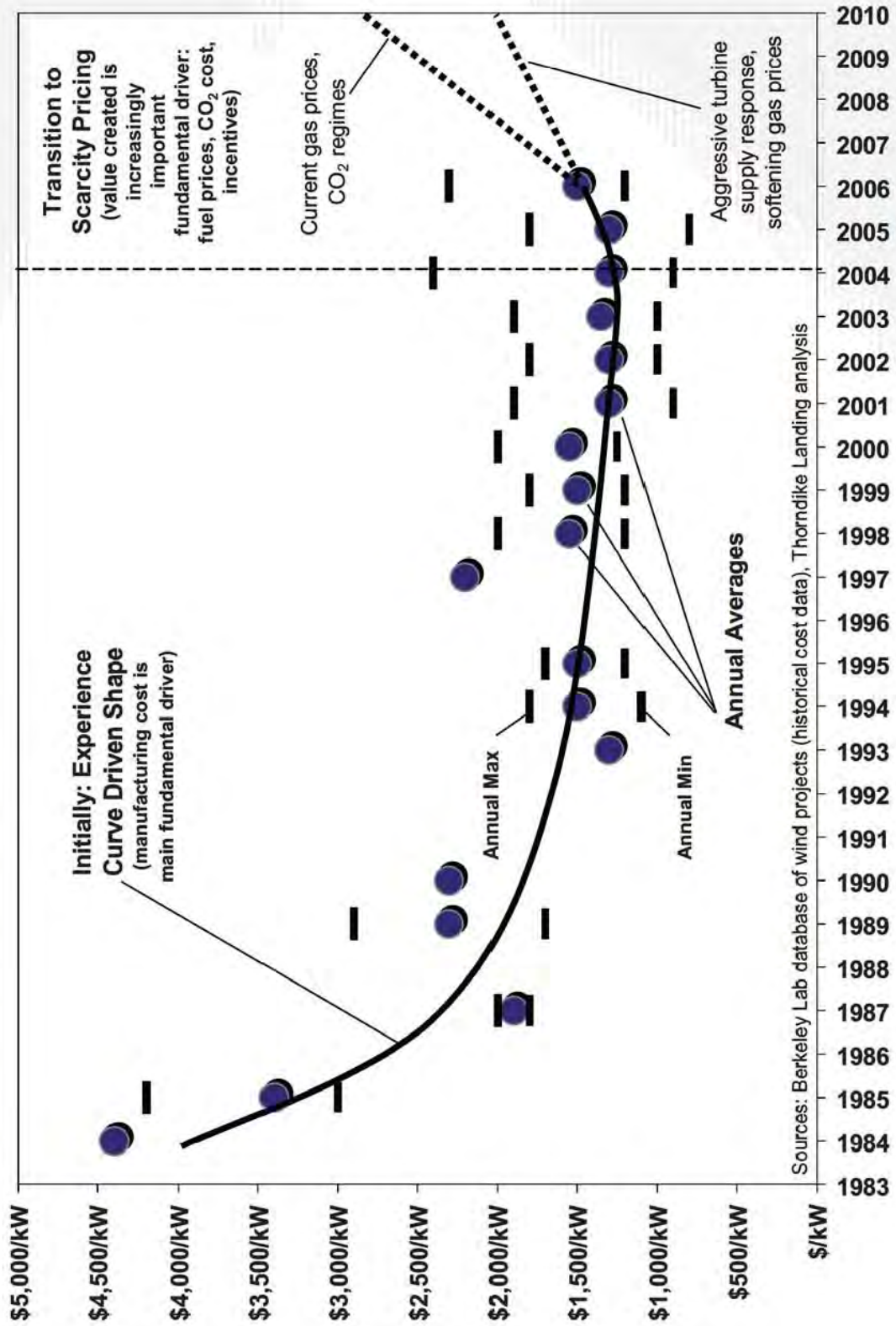
Sources: www.democrats.org and EEI, July 2007

Greenhouse Gas (GHG) Targets



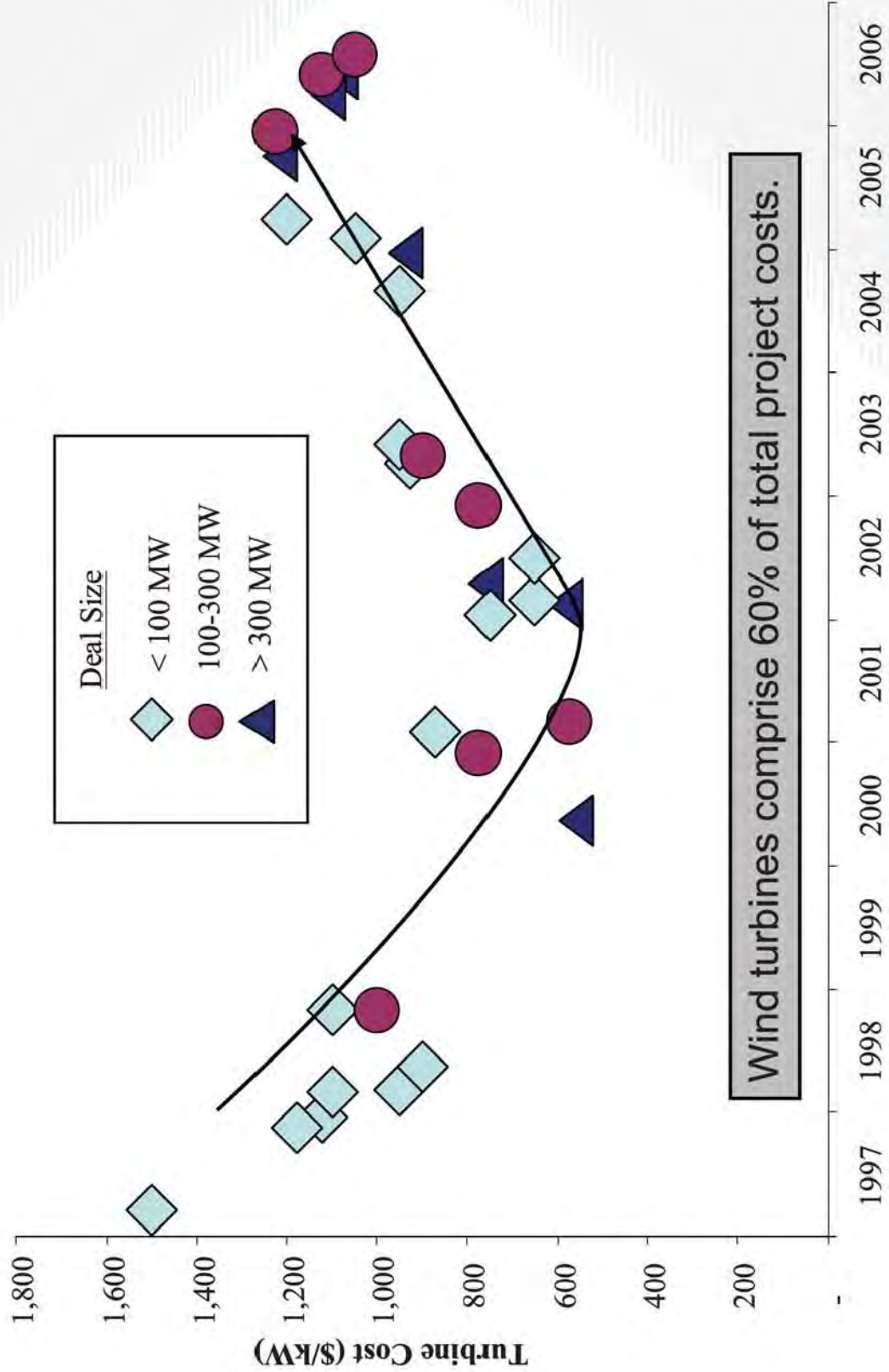
Source: www.pewclimate.org

Rising Installed Wind Project Costs



Source: Thorndike Landing analysis

Rising Wind Turbine Costs



Wind turbines comprise 60% of total project costs.

Source: Berkeley Lab database, Thorndike Landing analysis.



Developer Consolidation

Merger and acquisition activity among U.S. wind development companies*

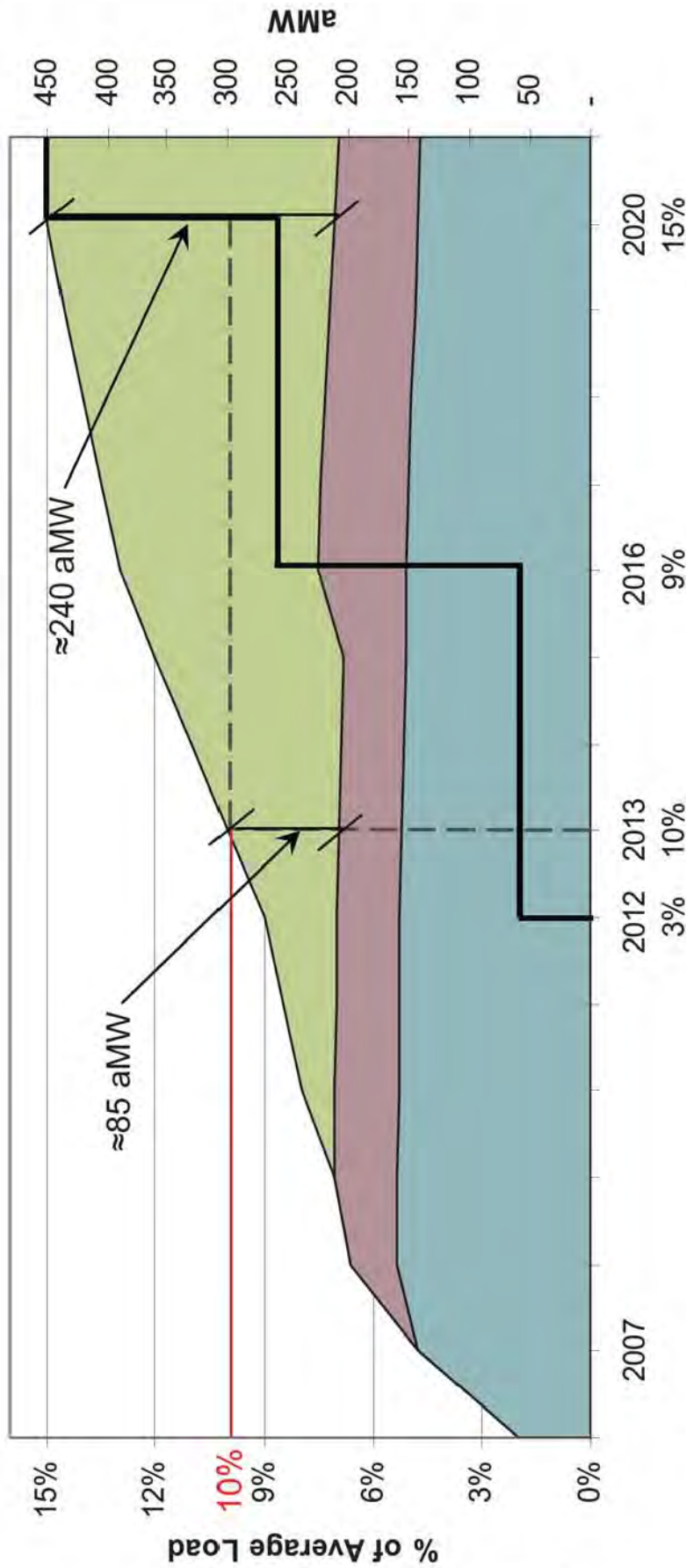
Investor	Transaction Type	Developer	Announced
EDF (SIIF Energies)	Acquisition	enXco	May-02
Gamesa	Investment	Navitas	Oct-02
AES	Investment	US Wind Force	Sep-04
PPM Energy	Acquisition	Atlantic Renewable Energy Corp.	Dec-04
AES	Acquisition	SeaWest	Jan-05
Goldman Sachs	Acquisition	Zilkha (Horizon Renewable Energy)	Mar-05
JP Morgan Partners	Investment	Noble Power	Mar-05
Arlight Capital	Investment	CPV Wind	Jul-05
Diamond Castle	Acquisition	Catamount	Oct-05
Pacific Hydro	Investment	Western Wind Energy	Oct-05
Greenlight	Acquisition	Coastal Wind Energy LLC	Nov-05
EIF U.S. Power Fund II	Investment	Tierra Energy, LLC	Dec-05
Airtricity	Acquisition	Renewable Generation Inc.	Dec-05
Babcock & Brown	Acquisition	G3 Energy LLC	Jan-06
Iberdrola	Acquisition	Community Energy Inc.	Apr-06
Shaw / Madison Dearborn	Investment	UPC Wind	May-06
NRG	Acquisition	Padoma	Jun-06
CPV Wind	Acquisition	Disgen	Jul-06
BP	Investment	Clipper	Jul-06
BP	Acquisition	Greenlight	Aug-06
Babcock & Brown	Acquisition	Superior	Aug-06
Enel	Investment	TradeWind	Sep-06
Iberdrola	Acquisition	Midwest Renewable Energy Corp.	Oct-06
Iberdrola	Acquisition	Gamesa's U.S. project pipeline	Oct-06
Iberdrola	Acquisition	PPM (Scottish Power)	Dec-06
BP	Acquisition	Orion Energy	Dec-06
EDP	Acquisition	Horizon Renewable Energy	Mar-07

*Select list of announced transactions; excludes joint development activity.

Source: U.S. Department of Energy, Annual Report on U.S. Wind Power Installation, Cost, and Performance Trends: 2006. Berkeley Lab and Black & Veatch.



PSE Renewable Acquisition Strategy



- PSE 10% Goal
- RPS Requirement
- Future Renewable Acquisitions
- Under Active Consideration: + Hopkins Ridge Infill + Wild Horse Solar +
- Existing Renewables: Hopkins Ridge + Wild Horse + Klondike 3



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Current PSE Position

- Strong commercial reputation
- Proven track record as closer and partner
- Demonstrated project management and construction management skill set

BUT

- Market is more competitive
- We don't control any options

Identified Opportunities for Future Acquisition & Improved Control

Acquisition and Development Opportunities

aMW	MW	COD	Project	Developer	County	State	C.F.	Notes
[REDACTED]								
92	300	TOTAL						

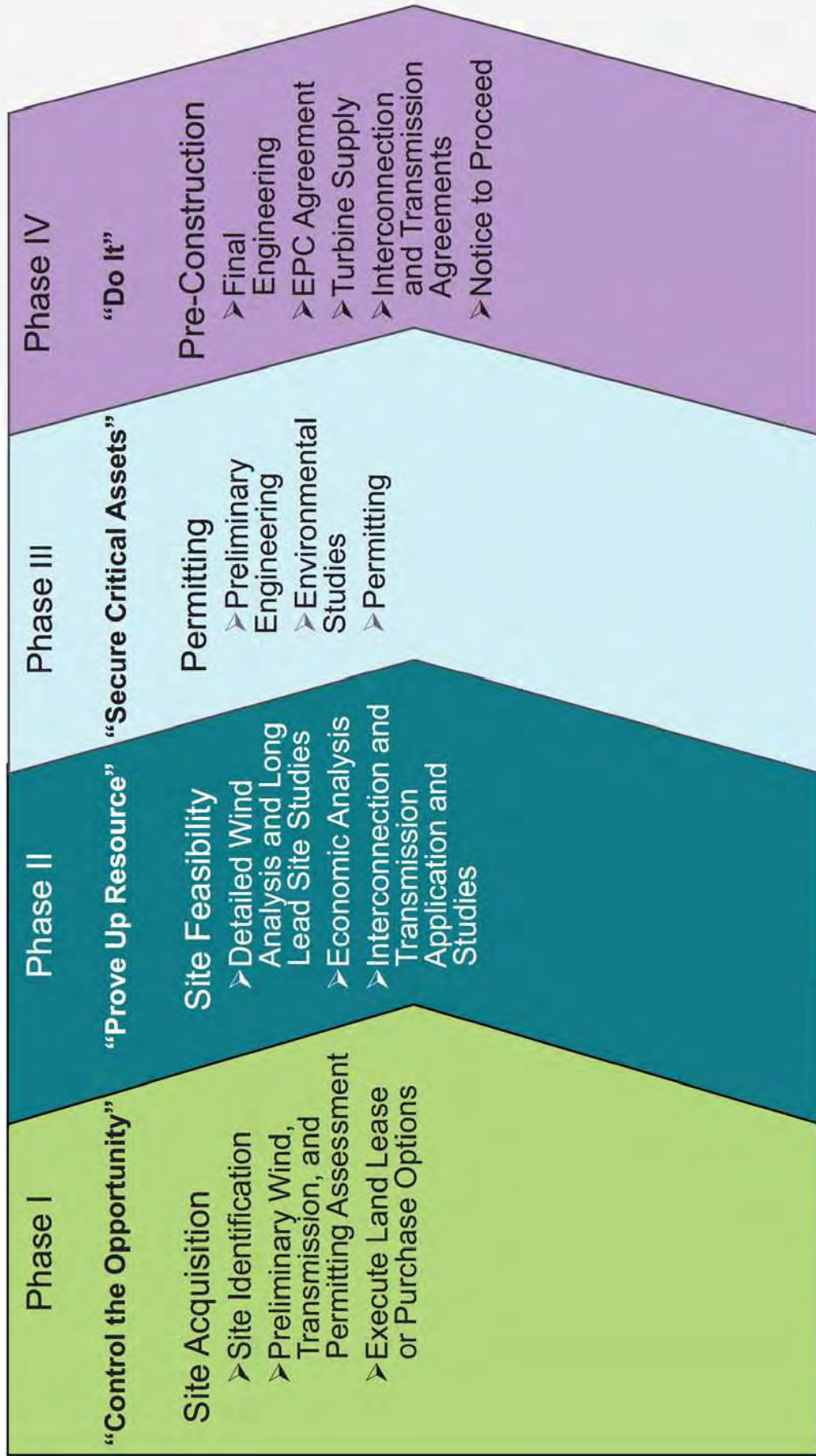
Joint Development Opportunities

aMW	MW	COD	Project	Developer	County	State	C.F.	Notes
[REDACTED]								
331	1,050	TOTAL						

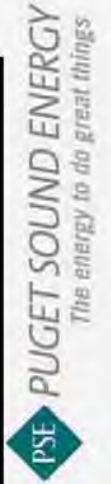
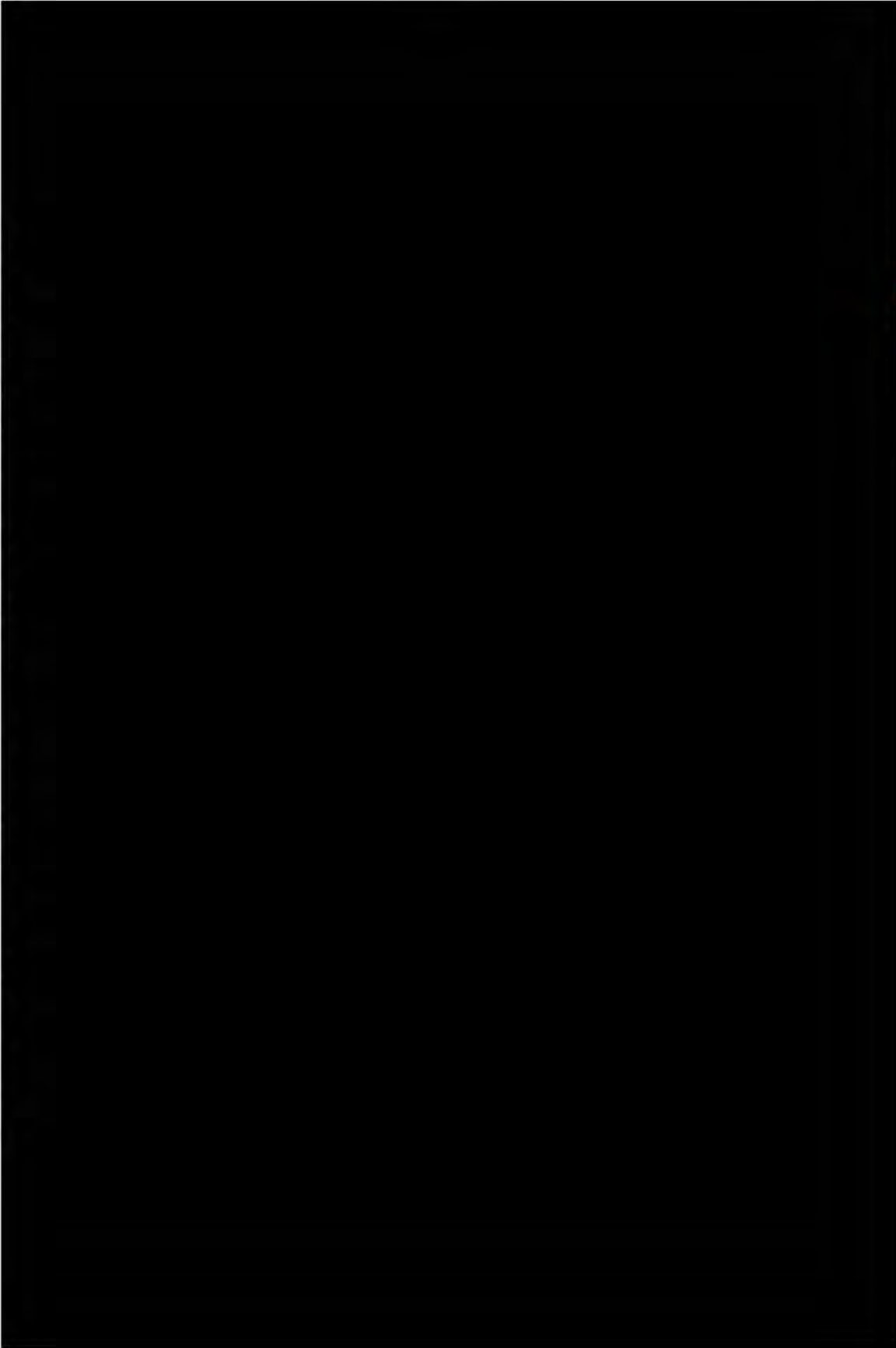
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Wind Development Activities



Wind Farm Value Chain



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Key Impacts

Deal and development team staffing	O&M expenditures
Project management staffing	Accounting treatment
Tax credit financing	Regulatory treatment

Summary

- Moving Up the Development Chain
- Pursuing Joint Development Opportunities