

**EXHIBIT NO. ___(RG-12HC)
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___**

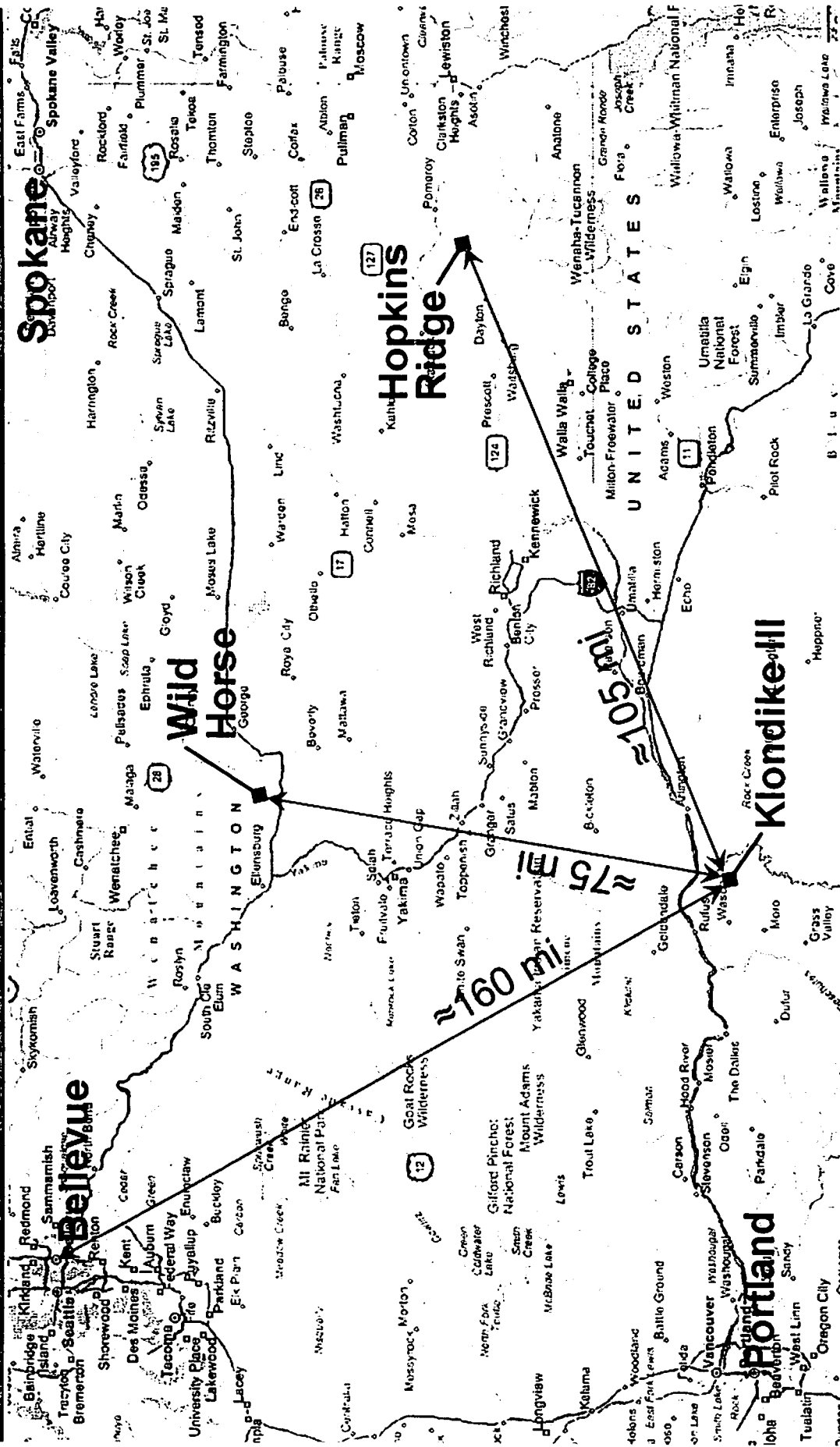
**ELEVENTH EXHIBIT (HIGHLY CONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
ROGER GARRATT
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED
VERSION**

DECEMBER 3, 2007

Klondike III Wind Project – PPM Energy

Location relative to PSE wind projects



Klondike III: Description

Developer: PPM Energy, Inc

Location: Sherman County, Oregon
Columbia River Gorge

Size: 225.7 MW

Capacity Factor: [Redacted]

Turbines: (83) – GE 1.5 MW, 77m rotor, 80m hub
(44) – Siemens 2.3 MW, 93m rotor, 80m hub

Real Estate: 14,500 acres leased, 12 landowners, cultivated wheat land

Interconnection: BPA John Day 230kV Sub

Transmission: Firm PTP to PSE-Covington⁽²⁾

Turnkey Offer: [Redacted]

Notes:

- (1) Phase I adjusted capacity factor by Global Energy Concepts (based on all GE turbines)
- (2) 75MW of firm transmission rights are confirmed; 150MW of transmission rights is in BPA request queue
- (3) PSE intends to structure deal similar to Hopkins Ridge with additional cost breakout with asset and EPC agreements

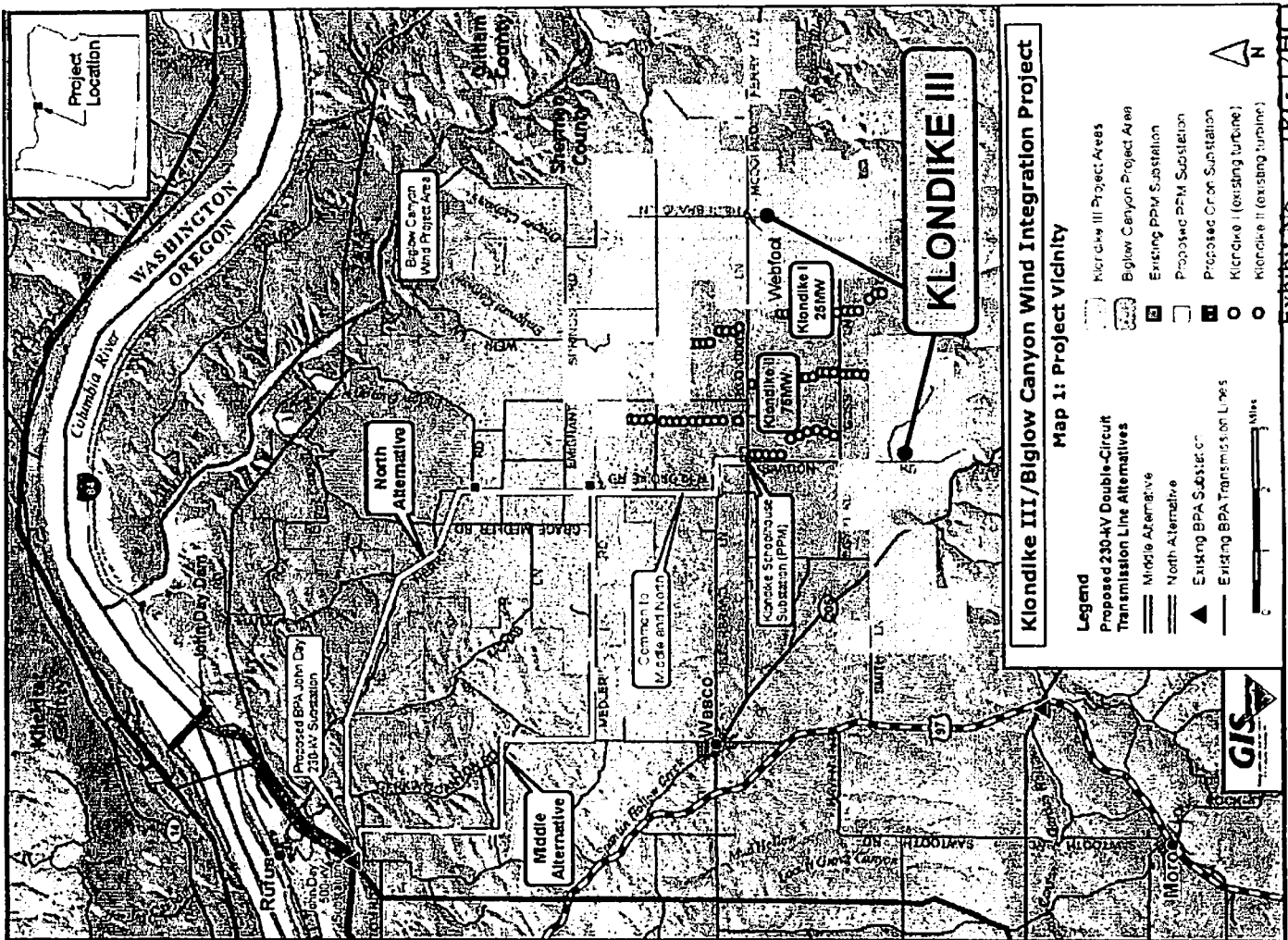


Exhibit No. ____ (KG-12HC)
Page 2 of 4

Clondike III: Key Findings

Strengths

- Most attractive wind project
 - ◆ Top ranked project for wind resource by wind consultant
- Turbine supply secured
- Experienced developer
- Financially strong counterparty
- Mature development status
- Strong local support
- Integrated into BPA's system with transmission delivery to PSE system
- Provides diversity to existing wind portfolio
- Continued first mover advantage
- Well-positioned to meet RPS
- On-line before current PTC expiration

Weakness

- High capital costs compared to 2004 RFP evaluation
 - ◆ Raw material costs such as concrete steel and copper have increased significantly
 - ◆ Turbine suppliers sold out until 2008
- 50% of the energy generated in summer months (May-September)
- Consideration of operational costs related to "downwind losses" to existing wind farms and future wind farms, i.e. Clondike I & II and Orion Energy
- Identifying workable hybrid project finance structure to capture full PTC value

Klondike III: Schedule & Next Steps

<u>Date</u>	<u>Milestone</u>	<u>Next Steps</u>
Jun 30, 2006	Oregon EFSC Permit Issued	PPM to provide updated wind analysis for new turbine selection and layout
Sep 12, 2006	PPM begins Construction	Global Energy Concepts to validate wind resource from raw wind data
Oct 26, 2006	Permit Amendment Issued ⁽¹⁾	PPM to provide capital cost break-out of [redacted]
Oct 27, 2006	BPA Record of Decision (ROD)	PPM to provide re-negotiated land royalty payments for ownership structure
Nov 17, 2006	BPA LGIA Executed	PPM & BPA to execute transmission release form
Nov 30, 2006	PSE Financial Close (earliest)	PSE to deliver first turn of Letter of Intent (LOI) to PPM
Feb 01, 2007	GE WTG Delivery Begins	PSE develop hybrid project finance structure and compare against PPA price
Mar 15, 2007	Siemens WTG Delivery Begins	PSE to continue qualitative and quantitative analysis in Phase II
Oct 01, 2007	BPA Energization	
Oct 15, 2007	Commercial Operation	

Notes:

1: EFSC permit amendment to allow for Siemens turbines