

Exhibit No. \_\_\_\_ (NEH-2)

Docket No. U-072375

Witness: Nancy E. Hirsh

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Joint Application of**

**PUGET HOLDINGS LLC**

**and**

**PUGET SOUND ENERGY, INC.**

**For an Order Authorizing Proposed Transaction**

**Docket No. U-072375**

**EXHIBIT TO TESTIMONY OF**

**NANCY E. HIRSH**

**ON BEHALF OF NW ENERGY COALITION**

*Response to NWECC Data Request No. 1.04*

**June 18, 2008**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Docket No. U-072375  
Puget Holdings LLC and Puget Sound Energy, Inc.  
Joint Application for an Order Authorizing Proposed Transaction**

**NWEC DATA REQUEST NO. 01.04**

**NWEC DATA REQUEST NO. 01.04:**

Has Mr. Leslie or any other management representative of a Consortium member testified, sponsored testimony, made public statements, or otherwise taken a position in any public forum with respect to any of the following subjects? If so, please summarize the position(s) taken with respect to the subject(s) and provide copies of all testimony, statements, comments, and written communications relating to such position(s).

- 1.4.1 Renewable energy portfolio standards.
- 1.4.2 Renewable generation assets.
- 1.4.3 Low-income energy services, e.g., bill assistance and low-income energy efficiency.
- 1.4.4 Energy efficiency.
- 1.4.5 Demand-side resources.
- 1.4.6 Greenhouse gas emissions regulation or limits.
- 1.4.7 Carbon dioxide emission standards.
- 1.4.8 Fish and wildlife issues relating to hydroelectric projects.
- 1.4.9 Residential rate design issues, e.g., customer charges, prepayment meters, and decoupling.

**Response:**

Each of the Joint Applicants objects to NWEC Data Request No. 01.04 on the grounds that it overly broad and burdensome to identify testimony, public statements, or public positions regarding certain issues taken by each management representative of a Consortium member. Without waiving this objection, the Joint Applicants provide the following response and have limited the response to those member representatives of the Investor Consortium who currently serve on the Board of Managers of Puget Holdings LLC (Christopher Leslie, Greg Osborne, Alan James, Graeme Bevans, Lincoln Webb, and William McKenzie).

Attached as Attachment A to Joint Applicants' Response to NWECA Data Request No. 01.04, please find the testimony of Christopher J. Leslie before the Pennsylvania Public Utility Commission in Docket Nos. Docket No. A-110150F0035 and A-311233F0002.

Attached as Attachment B to Joint Applicants' Response to NWECA Data Request No. 01.04, please find the testimony of Christopher J. Leslie before the State of Connecticut Department of Public Utility Control in Docket No. 06-06-18.

Attached as Attachment C to Joint Applicants' Response to NWECA Data Request No. 01.04, please find the testimony of Christopher J. Leslie before the State of Connecticut Department of Public Utility Control in Docket No. 07-05-19.

Please see Attachment A to Joint Applicants' Response to Public Counsel Data Request No. 3104 for the testimony of Christopher J. Leslie before the New Hampshire Public Utilities Commission.

Certain members of the Board of Managers, such as Alan James, have participated in public forums discussing topics listed in NWECA Data Request No. 01.04, but Puget Holdings LLC is unaware of any transcripts of those forums that can be provided as part of this response.

Please note that each of Attachments A, B, and C to Joint Applicants' Response to NWECA Data Request No. 01.04 are provided in electronic format only.

**Pages 1, 49 & 183-184 of Attachment B to Response to NWECC Data Request No. 1.04**

THIS TRANSCRIPT CONTAINS 231 PAGES  
NUMBERED 1 THROUGH 231

STATE OF CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITY CONTROL

Docket No. 06-06-18  
Application of Kelda Group, Incorporated  
and Macquarie Utilities, Incorporated  
for Approval of a Change of Control

Public Hearing held at the  
Department of Public Utility Control  
10 Franklin Square, New Britain, Connecticut,  
on August 4, 2006 at 9:25 a.m.

H e l d B e f o r e:  
JOHN W. BETKOSKI, Chairperson

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(p. 1)

1 indebtedness, there is no encumbrance on the assets  
2 of Aquarion. So there is -- there's no pledge of  
3 the assets as such.

4 Q (Adetona) And how does then Macquarie  
5 successfully manage the infrastructures?

6 A (Leslie) I'm sorry? How does Aquarion  
7 manage?

8 Q (Adetona) No Macquarie, how do they  
9 successfully manage the assets?

10 A (Leslie) I think it's through a  
11 reasonably active management style as opposed to a  
12 passive style of management. We like to maintain a  
13 very open dialogue with our CEOs if you like. In  
14 this case Mr. Firlotte. And also, you know, key  
15 personnel such as the CFO and Miss Discepolo on the  
16 regulatory side. So we're in very regular contact  
17 on a weekly basis. And we set strategic directions  
18 through agreeing business plans with the company.  
19 We assist where we can in development of those  
20 plans, and particularly on the financing side. And  
21 then we closely monitor the implementation of those  
22 plans, and obviously seek to see if we can assist  
23 to the extent that things go off track. But  
24 essentially, it's a very active management style,  
25 very open dialogue with the companies.

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1 it as our role to come down to the level of the  
2 assets themselves to suggest a new water treatment  
3 plan in Bridgeport or whatever it might happen to  
4 be. All of that first level of decision making  
5 rests with the company in terms of identification  
6 of the need. And then generally speaking, I would  
7 expect if it's a reasonable request, then it's  
8 something that we'll just go forward with in the  
9 ordinary course.

10 Q (Caruso) Okay. Well -- and I guess I'll  
11 focus on that last statement. Would it be in the  
12 form -- when you say request, request for money or  
13 request to do the work that requires approval --

14 A (Rollinson) Yeah, I think -- this will  
15 go through a process because it's an established  
16 process we have. And we do have a very rigorous  
17 business planning process. And I can say that  
18 Aquarion will have a business plan that is very  
19 detailed for the following year and will have a  
20 four-year outlook for capital operating and all of  
21 those things as it goes forward. That plan is  
22 developed between Macquarie and the company, very  
23 much led by the company because the company knows  
24 exactly what the business is, but Macquarie has  
25 clearly an understanding of the business, and we

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1 will know more about the business as we go forward.  
2 So that annual business planning process is, as it  
3 normally is in the company, a rigorous process  
4 where you determine what assets are required to be  
5 applied with capital, how you will do things, where  
6 you will apply that capital. That sets the  
7 blueprint, you know, for the following year for the  
8 company. And then if there are deviations from  
9 that, generally there will be some limitations on,  
10 you know, what additional ones can be put in, but  
11 very much left to the company to run that business  
12 in accordance with that plan. The plan obviously  
13 becomes both the plan of Macquarie, or MUI in this  
14 case, and becomes the plan of the company because  
15 we have both agreed on that. So we let the company  
16 run through that, but the real rigor comes in the  
17 business planning process.

18 Q (Caruso) Okay. Mr. Firlotte, do you  
19 have a dividend policy currently at the Aquarion  
20 Water Company?

21 A (Firlotte) We don't have a policy per  
22 say, Mr. Caruso. We have dividend to Kelda at 90  
23 percent.

24 Q (Caruso) At 90 percent. And that's --  
25 but that's just been historical, it's not part of

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