

**ATTACHMENT A to PSE's Response to
Bench Request No. 001**



TransAlta Centralia Generation LLC
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December 15, 2012

Puget Sound Energy, Inc.
10608 NE 4th St
Bellevue, WA 98004

Dear Puget Sound Energy representatives:

The purpose of this letter is to respond to the query posed by the commissioners during the December 12th Washington Utilities and Transportation Commission hearing. Approximately 255 people are currently employed at TransAlta's Centralia site. TransAlta has had a history of reducing the output from the facility during periods of maintenance and when surplus power is available in the market. There have been no layoffs of workers from Centralia on either a temporary or permanent basis as a result of periods when the output of facility has been reduced or curtailed for economic reasons.

As a prudent operator TransAlta redeploys labor during shutdown periods to work on major maintenance and other project activities at the facility. Use of our labor resources in this way, combined with the fuel cost saving realized as a reduced of lower amounts of coal being burned during periods of economic dispatch, help us to maintain a low cost structure. These operating practices give us the ability to offer the lowest possible long term stable pricing to customers, such as that found in the Coal Transition Power Purchase and Sale Agreement with PSE.

TransAlta has made significant investments which insure that TransAlta is significantly invested in the future viability of the Centralia facility:

- TransAlta's capital spend on Centralia between 2007 and 2012 totals approximately \$407 million;
- In the last three years we have installed mercury capture and SNCR technologies totaling \$22 million, which have helped to reduce the environmental footprint of the facility. Since TransAlta's purchase of the facility in 2000 the company has spent over \$300 million on environmental equipment and controls;
- In addition, TransAlta has kept our commitments with respect to the MOA with the State of Washington, including the installation of the SNCR technology and providing contributions of \$4.6 million to the community transition funds in December 2012.

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TransAlta believes that the terms of the Coal Transition Power Purchase and Sale Agreement as negotiated and signed by the parties, offers the right balance of interests to ensure both the lowest reasonable cost of power for consumers, and the financial viability of the Centralia facility leading to job stability and community funding to support the transition to cleaner fuel sources.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Taylor", with a long horizontal line extending to the right.

Paul Taylor
President
TransAlta Centralia Generation LLC