

**EXHIBIT NO. \_\_\_(RG-40)**  
**DOCKET NO. UE-09\_\_\_/UG-09\_\_\_**  
**2009 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-09\_\_\_**  
**Docket No. UG-09\_\_\_**

**THIRTY-NINTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
ROGER GARRATT  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**MAY 8, 2009**

**PUGET ENERGY, INC.**  
**CERTIFICATE OF SECRETARY**

I, the undersigned, hereby certify that I am the Assistant Secretary of Puget Energy, Inc., a Washington corporation; and that the following is a true, correct and complete copy of a resolution duly adopted by the Board of Directors of said Company at a meeting of the Board of Directors duly convened and held on November 4, 2008, at which meeting a quorum was present and acting throughout.

I further certify that said resolution has not been amended or revoked and that the same is now in full force and effect.

**APPROVAL OF DEVELOPMENT AND CONSTRUCTION OF EXPANSION OF WILD HORSE WIND POWER FACILITY**

Mr. Reynolds then asked Ms. Harris, with the assistance of Mr. Garratt, to give the Board an update on the Wild Horse Wind Facility Expansion. Ms. Harris and Mr. Garratt reviewed and discussed with the Board a report on the Wild Horse Expansion. A copy of Ms. Harris' report was furnished the Board in advance of this meeting and is filed with the minutes.

Ms. Harris stated that management has determined that it is in the best interests of the Company, its customers, shareholders and other stakeholders to add energy resources into the Company's energy resource portfolio consistent with the Company's least cost planning and analysis. She stated management's review and analysis of a self-developed generation project has determined it to be a least cost resource for additional energy resource generation.

**APPROVAL OF GUARANTY IN CONNECTION WITH WILD HORSE  
EXPANSION**

WHEREAS, the Board of Directors of Puget Sound Energy, Inc. (“PSE”) has determined that it is in the best interests of PSE, its customers, shareholders and other stakeholders to develop and construct an expansion of PSE’s existing Wild Horse Wind Power Project;

WHEREAS, in connection with the completion of the expansion, known as the “Wild Horse Expansion,” PSE also will contract with Vestas-American Wind Technology Inc. (“Vestas American”) for the purchase of 22 wind tower generators (“WTGs”), and for the delivery, testing and commissioning of the WTGs pursuant to a Turbine Supply Agreement (the “TSA”);

WHEREAS, Vestas American is willing to enter into the TSA, and into a separate service agreement relating to the WTGs, only on the condition that Puget Energy, Inc. (the “Company”) guarantee PSE’s obligations thereunder pursuant to a corporate guaranty (the “Guaranty”);

WHEREAS, it will be to the direct benefit, advantage and best interests of this Company that the Guaranty be given and the TSA and other contracts with Vestas American be executed;

WHEREAS, the TSA and other principal transaction documents relating to the Wild Horse Expansion are described more fully in a memorandum provided to the Board of Directors in advance of this meeting and filed with the minutes (the “Wild Horse Expansion Proposal”); and

WHEREAS, the officers now seek Board approval of and authority to enter into the Guaranty;

IT IS, THEREFORE

RESOLVED, that the Board, after full consideration and due deliberation, deems it advisable and in the best interests of the Company to approve the Guaranty; and be it further

RESOLVED, that the Board hereby authorizes the Company’s Chief Executive Officer, its Chief Financial Officer, its Vice President Finance and Treasurer, its General Counsel, and any such other officers they deem appropriate (the “Authorized Officers”) to execute the Guaranty, which may include such further additions, amendments or changes to the terms thereof as are deemed necessary and appropriate by the Authorized Officers; and

RESOLVED, that the Authorized Officers are further authorized to waive any conditions precedent to the closing of the Guaranty in order to facilitate the closing of such agreement, provided that each of the Authorized Officers agree to such waiver and deem it to be in the best interest of the Company.

**GENERAL AUTHORITY**

RESOLVED, FURTHER, that any and all actions taken by the officers of the Company, or any of them, as deemed by such officers to be necessary or advisable to effectuate the transactions contemplated by the foregoing resolutions, including the filing of appropriate documentation with the Washington Utilities and Transportation Commission, whether prior to or subsequent to this action by this Board of Directors, are hereby authorized, approved and ratified, and the taking of any and all such actions and the performance of any and all such things in connection with the foregoing shall conclusively establish such officers' authority therefore from the Company and the approval and ratification thereof by this Board of Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and have affixed the corporate seal of said Company this 29<sup>th</sup> day of April 2009.



Assistant Secretary  
Puget Energy, Inc.

**PUGET SOUND ENERGY, INC.**  
**CERTIFICATE OF SECRETARY**

I, the undersigned, hereby certify that I am the Assistant Secretary of Puget Sound Energy, Inc., a Washington corporation; and that the following is a true, correct and complete copy of a resolution duly adopted by the Board of Directors of said Company at a meeting of the Board of Directors duly convened and held on November 4, 2008, at which meeting a quorum was present and acting throughout.

I further certify that said resolution has not been amended or revoked and that the same is now in full force and effect.

**APPROVAL OF DEVELOPMENT AND CONSTRUCTION OF EXPANSION OF WILD HORSE WIND POWER FACILITY**

Mr. Reynolds then asked Ms. Harris, with the assistance of Mr. Garratt, to give the Board an update on the Wild Horse Wind Facility Expansion. Ms. Harris and Mr. Garratt reviewed and discussed with the Board a report on the Wild Horse Expansion. A copy of Ms. Harris' report was furnished the Board in advance of this meeting and is filed with the minutes.

Ms. Harris stated that management has determined that it is in the best interests of the Company, its customers, shareholders and other stakeholders to add energy resources into the Company's energy resource portfolio consistent with the Company's least cost planning and analysis. She stated management's review and analysis of a self-developed generation project has determined it to be a least cost resource for additional energy resource generation. After full discussion, on motion duly made and seconded, the following was unanimously approved:

WHEREAS, this Board of Directors of Puget Sound Energy, Inc. (the "Company") has determined that it is in the best interests of the Company, its customers, shareholders and other stakeholders to add energy resources into the Company's energy resource portfolio consistent with the Company's least cost planning and analysis;

WHEREAS, the Company's review and analysis of a self-developed generation project has determined it to be a least cost resource for additional energy resource generation;

WHEREAS, the facility to be developed and constructed consists of a 44 MW wind powered electric generation facility to be situated on a portion of approximately 1400 acres of Company-owned land located in Kittitas County, Washington adjacent to the Company's Wild Horse Wind Power Facility, and to consist of 22 2.0 MW wind turbine generators (each, a "WTG") and associated electrical collection systems and other interconnection facilities (collectively, the "Wild Horse Expansion Project");

WHEREAS, the Company's management has negotiated with Vestas-American Wind Technology, Inc. ("Vestas American"), the WTG supplier, the terms and conditions of the purchase of the WTGs and the ongoing operation and maintenance of the wind farm, and is in the process of negotiating with other counter-parties the construction of the wind farm facility, pursuant to the principal definitive transaction documents (the "Principal Transaction Documents") described below:

1. PSE will contract with Vestas American for the purchase of the 22 WTGs, and for the delivery, testing and commissioning of the WTGs pursuant to a Wind Turbine Supply Agreement (the "TSA"). The contract price under the TSA is approximately \$63 million, subject to currency exchange risk prior to hedging, payable by PSE pursuant to a payment schedule tied to the manufacturing, shipment, commissioning and final completion of the Project. Because the majority of the purchase price of the WTGs is in euros, shortly after execution the parties will enter into a forward hedge contract with a major bank to fix the euro-based amount of the contract in dollars. Consequently all payments to Vestas American over the course of the contract will be made in dollars regardless of subsequent exchange rate movements. A guaranty of the obligations of Vestas American under the TSA will be provided by its parent, Vestas Wind Systems A/S of Denmark.
2. Once the WTGs are placed into service, Vestas American will provide an availability warranty and a two-year mechanical warranty pursuant to the TSA and will provide five years of maintenance, operation, spare parts and service of the WTGs under a separate Service Agreement ("Service Agreement") between PSE and Vestas.
3. Upon completion of analyses of bids submitted in response to a request for proposals, PSE will contract with a qualified contractor (a "BOP Contractor") to perform, or cause to be performed, all engineering, procurement and construction relating to the balance of plant for the Wild Horse Expansion Project pursuant to a fixed-price Balance of Plant, Engineering, Procurement and Construction Agreement (a "BOP Agreement"). PSE expects to pay the BOP Contractor an amount currently estimated to be approximately \$18.6 million for performing its scope of work (which will consist of the civil and electrical engineering of the Project such as the roads, WTG foundations, the electrical collection system, and the project's interconnection with

existing substation transmission facilities), which amount will be payable by PSE as the BOP Contractor reaches certain scheduled milestones on the construction schedule.

WHEREAS, the Principal Transaction Documents, the current development status and development plan of the Wild Horse Expansion Project, its anticipated budget, and the primary risks relevant to its development, construction and operation are described more fully in a memorandum provided to the Board of Directors in advance of this meeting and filed with the minutes (the “Wild Horse Expansion Proposal”); and

WHEREAS, the officers now seek Board approval of and authority to enter into the Principal Transaction Documents and all other contracts and actions described in the Wild Horse Expansion Proposal and relating to the development, construction and operation of the Wild Horse Expansion Project;

IT IS, THEREFORE

RESOLVED, that the Board, after full consideration and due deliberation, deems it advisable and in the best interests of the Company, its customers, shareholders and other stakeholders to approve the continued development, construction and operation of the Wild Horse Expansion Project pursuant to the Principal Transaction Documents, and any related agreements and the other transactions described in the Wild Horse Expansion Proposal and in accordance with the budget and other materials set forth therein; and be it further

RESOLVED, that the Board hereby authorizes the Company’s Chief Executive Officer, its Chief Financial Officer, its Chief Resource Officer, its General Counsel, and any such other officers they deem appropriate (the “Authorized Officers”) to execute the Principal Transaction Documents and all other agreements or contracts described in the Wild Horse Expansion Proposal, which may include such further additions, amendments or changes to the terms thereof as are deemed necessary and appropriate by the Authorized Officers; and

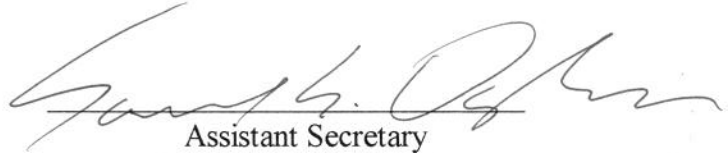
RESOLVED, that the Authorized Officers are further authorized to waive any conditions precedent to the closing of any of the Principal Transaction Documents in order to facilitate the closing of such agreement, provided that each of the Authorized Officers agree to such waiver and deem it to be in the best interest of the Company.

#### **GENERAL AUTHORITY**

RESOLVED, FURTHER, that any and all actions taken by the officers of the Company, or any of them, as deemed by such officers to be necessary or advisable to effectuate the transactions contemplated by the foregoing resolutions, including the filing of appropriate documentation with the Washington Utilities and Transportation Commission, whether prior to or subsequent to this action by this Board of Directors, are hereby authorized, approved and ratified, and the taking of any and all such actions and the performance of any and all such things in connection with the foregoing shall conclusively establish such

officers' authority therefore from the Company and the approval and ratification thereof by this Board of Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and have affixed the corporate seal of said Company this 29<sup>th</sup> day of April 2009.



Assistant Secretary  
Puget Sound Energy, Inc.