

EXHIBIT NO. _____ (EMM-2)
DOCKET NO. _____
2003 POWER COST ONLY RATE CASE
WITNESS: ERIC M. MARKELL

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

Docket No. _____

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DIRECT TESTIMONY OF
ERIC M. MARKELL
ON BEHALF OF PUGET SOUND ENERGY, INC.

**PUGET SOUND ENERGY, INC.
QUALIFICATIONS OF ERIC M. MARKELL**

Current Position and Professional Experience

Since April 2003, I have served as Senior Vice President of Energy Resources at Puget Sound Energy, Inc. ("PSE"). I am responsible for PSE's production operations, electric and gas supply contracts and resource planning, and project development activities. Prior to holding this position, I served as Vice President of Business Development (from July 2002 to April 2003). As Vice President of Business Development, I led PSE's electric generation resource acquisition program.

I have over 25 years of experience in the energy / utility industry, with extensive experience in the areas of power industry finance, accounting, rate-making, operations and regulation. From 1974 to 1983, I worked with Energy Research & Development Authority/State of New York ("NYSERDA"), serving as Vice President & Treasurer from 1977 until 1983. From 1983 to 1990, I was with Central Hudson Gas & Electric Corporation ("CHG&E") in Poughkeepsie, New York, where I held various positions, ultimately serving as Vice-President of Regulatory Affairs, Financial Planning & Marketing. From 1990-2000, I was Vice President-Chief Financial Officer for United American Energy Corp. ("UAE") in Woodcliff Lake, New Jersey, where I led the company's business development and finance function, created a financial infrastructure to meet the company's need for future growth and expansion, redesigned the company's core financial processes (including accounting, tax administration and operational issues), led and directed accounting and finance operations, managed the company's acquisitions and risk analysis, and supported the company's program of developing and acquiring energy businesses. Prior to joining PSE, I served as Chief Financial Officer of Club One, Inc., a San Francisco company, from 2000 to 2002, where I effected the turnaround of the privately held fitness club company, effected a re-capitalization of the company, and built its acquisitions and financial management teams.

Education and Professional Activities

I earned a Master of Public Administration (Finance and Management) from The Maxwell School at Syracuse University in 1974. In 1973, I earned a Bachelor of Arts (Distinction in Economics) Cum Laude from Union College in Schenectady, New York.

Representative Accomplishments

- **United American Energy Corp.**

- UAE successfully pursued the acquisition of distressed and out-of-favor energy generation assets. These included: (1) an 82 MW gas-fired cogeneration project in default whose debt was controlled by Banque Paribas; (2) a 40 MW gas-fired cogeneration project in Oildale, California whose debt was controlled by Chemical Bank; (3) a 132 MW coal-fired project in Mecklenberg, Virginia being disposed of by Duke Energy North America; (4) a package of projects from the bankrupt estate of the Oxford Energy Company which included a 12.4 MW waste tire fired generating project in Modesto, California; (5) a 27 MW bio-mass fired project in Wadham, California; and (6) in a joint venture with Duke Energy North America, six waste-to-energy plants being disposed of by Air Products and BFI.
- We also performed extensive due diligence on many other distressed generation assets, including: (1) a peat burning power plant in Maine; (2) a manure-fired power plant in Southern California; (3) a package of waste-to-energy projects in the mid-Atlantic states; (4) a package of 60 small hydro projects in the eastern United States; and (5) a 160 MW cogeneration project in Bellingham, Washington.
- UAE operated a coal-fired plant, a rice hull burning plant, a waste tire-fired plant and a coal gasification plant that fed a combustion turbine, and investigated numerous other solid fuel projects. Also during my tenure at UAE, I was the officer responsible for overseeing the development, construction, and operation of an anthracite coal mine in Eastern Pennsylvania that is the nation's largest deep anthracite mine.
- UAE engaged in the greenfield development of cogeneration projects. For example, at the request of the Scott Paper Company, UAE pursued development of a 120 MW cogeneration project at Scott's Ft. Edward, New York paper plant and a 40 MW cogeneration project at its Everett, Washington paper plant.

- **Central Hudson Gas & Electric**

- As CHG&E's treasurer I was involved in the issuance of a range of corporate securities that included first mortgage bonds, common stock, and a variety of short-term bank and commercial paper facilities. Proceeds of such offerings were used to fund construction obligations related to construction of the 1100 MW Nine Mile Point Two nuclear plant, conversion of the 400 MW Danskammer coal plant to tri-fuel firing capability, and the conversion of the 1200MW Roseton Plant to dual-

fuel firing capability. While at CHG&E I was also a director of its unregulated subsidiaries engaged in investing in alternative energy projects and energy service company activities.

- **Energy Research & Development Authority**

- I participated with the Chairman and General Counsel of NYSERDA to devise a program to wind down nuclear operations at the Western New York Nuclear Fuel Services Center near Buffalo, New York. The wind-down program included, among other actions, federal legislation to fund the U.S. Department of Energy to implement a program to: (1) vitrify the liquid high-level wastes stored in underground tanks at such facility; (2) decontaminate and decommission the spent fuel reprocessing building; and (3) close and contain the low-level waste burial areas.
- I managed the Saratoga Research & Development Center where the General Electric and Olin Matheson companies developed many of the first rocket engines and liquid rocket propellant technologies during the 1950s. I led the conversion of such site to a multi-purpose energy technology center where companies such as General Electric, Exxon Nuclear, Mechanical Technologies Inc., Power Technologies Inc. and the Wright Malta Corporation developed technologies such as large scale fuel cells, centrifuge fuel enrichment, power plant heat recovery technology, high voltage transmission systems and biomass gasification technology.
- NYSERDA was the conduit issuing entity for all the tax-exempt bonds for New York's seven investor-owned utilities. While treasurer, I was involved in the issuance of approximately \$2 billion in financing for coal and nuclear projects. During the interest rate crisis of the early 1980s, NYSERDA became the first entity in New York to utilize floating rate, tax-exempt commercial paper as a financing technique.