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**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY, INC.

Petition for Approval of a Power Purchase Agreement for Acquisition of Coal Transition Power, as Defined in RCW 80.80.010, and the Recovery of Related Acquisition Costs

Docket No. UE-12_____

Declaration of Roger Garratt in Support of PSE's Motion for Amended Protective Order With Highly Confidential Provisions

1. I, ROGER GARRATT, hereby declare under penalty of perjury under the laws of the State of Washington that the following are true and correct:

2. I am the Director of Financial Planning and Strategic Initiatives for Puget Sound Energy, Inc. ("PSE"). My responsibilities include overseeing the acquisition of electric resources for PSE, commencing with the request for proposal process and culminating in the execution and closing of all of the definitive agreements necessary to acquire a resource. In addition, I am responsible for contracts for long-term electric supply, the emerging technology program, PSE's five-year financial plan, and PSE's 20-year load forecast. I have personal knowledge of the matters set forth in this Declaration and, as to matters that call for an opinion, state such opinion on information and belief based on my experience in the industry and with PSE.

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Bellevue, WA 98004-5579
Phone: 425.635.1400
Fax: 425.635.2400

1 3. PSE is requesting a protective order with “highly confidential” provisions to
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3 protect certain material contained in its August 2012 petition for approval of a Power
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5 Purchase Agreement (“PPA”) for acquisition of coal transition power, as defined in RCW
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7 80.80.010, and the recovery of related acquisition costs filing (“2012 PPA Petition”),
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9 because inappropriate release of that material would impose a highly significant risk of
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11 competitive harm to PSE and to the owners and developers of power resources that
12
13 participated in PSE’s 2011 competitive bidding process under Chapter 480-107 WAC
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15 (“2011 RFP Process”).
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18 4. The 2011 RFP Process required entities that wished to sell power resources to
19
20 PSE to provide detailed, extensive information about their generation resources (some of
21
22 which were in the development stage) and the terms of the transactions they proposed to
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24 PSE. Such information is extremely commercially sensitive, because these owners and
25
26 developers are competing against each other to sell their projects or power from their
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28 projects, to obtain financing for their projects, and in some cases to obtain the necessary
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30 permits and real estate rights for their projects. In many cases, if the bidders were not
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32 successful in reaching an agreement with PSE to purchase the project, they planned to re-bid
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34 the project to other utilities.
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38 5. In recognition of the sensitivity of the information PSE was requesting, the
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40 Request For Proposals (“RFP”) the Commission approved for issuance in Docket UE-
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42 111405 included a confidentiality agreement under which PSE agreed to protect from
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44 inappropriate disclosure any confidential information submitted by entities responding to the
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1 RFP. PSE subsequently executed such agreements with project proposers. Among other
2
3 things, PSE agreed that if its decisions were at issue in a Commission proceeding, PSE
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5 would seek from the Commission a protective order with “highly confidential” provisions to
6
7 protect against disclosure of the information to competitors and the public.
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9

10 6. PSE and its customers also have an interest in protecting against disclosure of
11
12 such information to the public or to developers or owners who are competing or potentially
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14 competing against each other in the industry for at least two reasons: (1) because such
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16 developers or owners should not be put in the position of being able to “game” the RFP
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18 process by having access to confidential information about their competitors or potential
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20 competitors merely by intervening in the 2012 PPA Petition proceeding; and (2) because if
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22 PSE is to attract a broad slate of proposals in response to future RFPs, developers or owners
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24 considering submitting proposals must have confidence that the confidentiality of their
25
26 sensitive commercial information will be respected, notwithstanding the fact that PSE’s
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28 resource acquisitions are subject to some degree of public scrutiny through the regulatory
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30 process.
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34 7. In addition, PSE has marked a limited subset of additional information as
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36 “highly confidential” that was not submitted by project developers or owners, but that is
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38 highly commercially sensitive to PSE. Such information includes references to PSE’s
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40 negotiating strategies, detailed results of cost analyses performed by PSE, and detailed cost
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42 information about resources outside the RFP process. Release of such information to
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44 owners or developers of project resources, to PSE’s counterparties in those transactions, or
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1 to potential counterparties for additional such transactions, would harm PSE and its
2
3 customers because it would undercut PSE's negotiating position.
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5 8. The likely result of release of any of the "highly confidential" information to
6
7 owners or developers of energy resources, or to persons or entities that represent or advise
8
9 them, would be increased costs for PSE and, ultimately, its customers. This is because there
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11 would be a tendency on the part of project proposers and counterparties to use such
12
13 information to benchmark their transactions with PSE against these other transactions in a
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15 sort of "most favored nation" view of negotiations over their particular projects. Instead of
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17 being provided with the information that would give them such leverage, counterparties
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19 should be required to focus on the cost structures of their own projects when negotiating
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21 with PSE.
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24 9. These are significant and pressing concerns given PSE's ongoing need to
25
26 acquire additional electric resources to serve its customers. Indeed, PSE is in the process of
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28 negotiating with other counterparties for certain of the resources (in addition to the PPA that
29
30 is the subject of the 2012 PPA Petition) identified in response to its 2011 RFP. Discussions
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32 and negotiations with project developers will be ongoing over the next year or more
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34 regarding these resource acquisitions.
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38 10. PSE respects the concerns that the "highly confidential" designation should
39
40 not be applied lightly. PSE has been careful in its 2012 PPA Petition filing to minimize the
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42 amount of information designated "highly confidential." For example, PSE is releasing as
43
44 public information its analyses of the net present value benefits to PSE's electric portfolio of
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1 the PPA presented in the case. PSE does not believe that counterparties could “back into”
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3 commercially sensitive information from those figures, and they are helpful for other parties
4
5 to understand why PSE agreed to the terms of the PPA. In addition, PSE has sought to
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7 provide explanations in the text of its filing of the relative attractiveness of the PPA as to
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9 other alternatives available to PSE. Taken together, PSE believes that the public can
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11 understand and other parties can productively participate in the 2012 PPA Petition without
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13 access to the “highly confidential” information.
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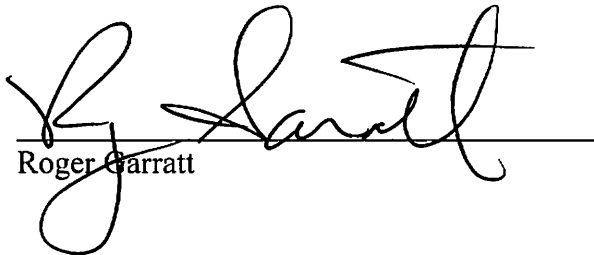
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17 11. For these reasons, PSE requests that the Commission issue a protective order
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19 with “highly confidential” provisions that permits PSE to designate information as “highly
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21 confidential” in its testimony, exhibits, workpapers, responses to data requests, briefing and
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23 in hearings. PSE is also asking that only the Commission Staff and Public Counsel have
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25 access to such “highly confidential” information. Any further release to experts for
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27 Commission Staff or Public Counsel, or to any other parties who intervene in the 2012 PPA
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29 Petition filing, should be subject to a showing that such persons or entities are not current or
30
31 potential owners or developers of energy resources or consultants or advisors to such owners
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33 or developers. The need for such limitation is not speculative. I understand that at least one
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35 of the intervenor experts in PSE’s 2011 general rate case provides consulting services to
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37 entitites that are potentially in a position to compete with other providers of energy
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39 resources.
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12. Finally, with respect to treatment of “highly confidential” material, PSE is asking for limitations on copying and handling of such materials by parties who are entitled to access such materials in order to reduce the risk of inadvertent disclosure.

Executed this 20th day of August, 2012, at Bellevue, Washington.



Roger Garratt

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