Exhibit D

Presentation to the Energy Management Committee, Dated May 15, 2014

REDACTED
VERSION

Electron Hydroelectric Facility

EMC Decision

Anna Mikelsen Mills

Financial Planning and Strategic Initiatives

May 15, 2014

PSE PUGET SOUND ENERGY

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Recommendation

- Authorize Staff to execute Amendment No. 4 to the APA, which:
  - Reduces sales price from $13.7 million to $8.4 million
  - Extends contract termination date in APA from May 31, 2014 to July 31, 2014
  - Shortens term of PSE/Electron Hydro PPA from 20-year term to expiring on December 31, 2026
  - Establishes Electron Facility Operation Agreement (requires Electron Hydro to operate the facility in compliance with the REA)
  - Closing conditions require WUTC and FERC approval

Background & Prior EMC Approvals

- PSE evaluated alternatives for the future of Electron, which was nearing the end of its useful life. The evaluation team identified three general outcomes:
  1. Life extension (to 2026*) requiring capital investment of approximately $68.8 million
  2. Asset sale with power purchase agreement
  3. Retirement of the facility
- The EMC approved a recommendation to pursue an asset sale through a competitive bidding process in April 2012
  - Life extension was compared to other resources and ranked at the bottom of alternatives identified in the 2011 RFP process
  - Asset sale with power purchase agreement was most economical compared to life extension as well as other RFP resource alternatives
  - Asset sale avoids retirement costs and mitigates potential losses
- In May 2013, the EMC approved a recommendation to:
  - Seek WUTC approval for asset sale
  - Execute Asset Purchase/Sale agreement with Electron Hydro, LLC ("EH") for $13.7 million
  - Enter Power Purchase Agreement to buy output for $[redacted] per MWh (2012 $ escalated @ [redacted]% per year)
- In November 2013 and again in January 2014, the EMC was notified of ongoing issues related to obtaining Tribal consent to assignment of the REA

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*Life extension beyond 2026 considered infeasible due to additional capex investment and uncertain ability to extend REA

Background & Prior EMC Approvals

- In March 2014, Staff briefed the EMC concerning a long term lease arrangement (through Dec 2026) being discussed with Electron Hydro. [redacted]

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APA Terms & Conditions

- Purchase price of $8.4 million (previously was $13.7 million)
- Asset sale inclusive of real and personal property, contracts, books, and records
- PSE retaining 3 property parcels
  - 1 substation parcel
  - 2 parcels with known pre-existing environmental liabilities
- PSE providing limited environmental indemnifications to buyer
  - Buyer to provide satisfactory work scope and notice prior to disturbing potentially contaminated areas
- PSE will retain easement rights to both access retained parcels as well as construct and service transmission and distribution facilities located within the project boundary
- Conditions to closing include:
  - Waive Puyallup Tribe acceptance of new operating agreement (previously this was a condition to closing)
  - WUTC re-approval
  - FERC Section 203 re-approval
  - Concurrent signing of PPA/LGIA with PSE
  - Terminable if conditions to close not met by July 31, 2014 (replaces May 31, 2014)

PPA Terms & Conditions

- PPA term to expire after December 31, 2026 (previously was 20-year term)
- 2014 pricing equates to $[redacted] per MWh escalated by [redacted]% each calendar year
- Interconnection to PSE's 115 to 230 kV Electron Heights substation
- Facility owner retains benefit of environmental attributes and ancillary services
- Owner will coordinate outages and output projections with the PSE trade floor
- PSE termination rights:
  - If facility is offline for 36 consecutive months during performance of re-power activities
    - Planned upgrades to occur within five years of closing
  - If Electron Hydro fails to generate 70% of output as specified in monthly schedules for 24 consecutive months
  - If Electron Hydro fails to overcome force majeure events within one year (including court order enjoining operation)
  - Other standard termination rights
    - Material breach of agreement
    - Inability to meet ongoing obligations
    - Bankruptcy
    - Dissolution

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Facility Operation Agreement (FOA)

- PSE remains a party to the REA until such time as Tribe will consent to an assignment or enter into a new operating agreement with Electron Hydro
- FOA requires Electron Hydro to operate Project in compliance with REA requirements and to make required payments to Tribe (through PSE). Late payments may be offset against amounts owed by PSE under PPA
- FOA requires PSE to coordinate with Electron Hydro regarding any communication with Tribe pursuant to REA
- Indemnities under APA remain in place: PSE indemnifies Electron Hydro for claims relating to operations prior to closing, and Electron Hydro indemnifies PSE for claims relating to operations after closing
- Both parties have exposure to claims by the Tribe relating to lack of Tribal consent under the REA

Financial Analysis Summary

- Customers are [redacted] with the $8.4 million sales price (with a PPA term through December 31, 2026) – when compared to the $13.7 million sales price (with a PPA term of 20-years).
  - [redacted]
    - [redacted]
    - [redacted]

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Recommendation & Next Steps

- Authorize Staff to execute Amendment No. 4 to the APA, which:
  - Reduces sales price from $13.7 million to $8.4 million
  - Extends contract termination date in APA from May 31, 2014 to July 31, 2014
  - Shortens term of PSE/Electron Hydro PPA from 20-year term to expiring on December 31, 2026
  - Establishes Electron Facility Operation Agreement (requires Electron Hydro to operate the facility in compliance with the REA)
- Seek WUTC and FERC re-approval
- Staff to reconvene transition meetings with Electron Hydro in preparation for sale of asset

Appendix

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Electron Facility Overview

Plant Description

- Located on Puyallup River near Orting, WA
- Run-of river plant built in 1904
- Water conveyance via 10-mile wood flume (last rebuild in 1985)
- 4 generating units with combined 25.8 MW capacity
- Operations governed by agreement with Puyallup Tribe (REA). Agreement expires in 2026.

Current condition

- Flume is rapidly deteriorating, requires major investment to continue operation.
- Original (1904) penstocks are at risk of failure.
- Production currently limited to ~7 MW.
- Likely cannot continue to operate through 2013 without being rebuilt
- Uncertain costs and operational limits associated with any extension of REA beyond 2026

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Electron Disposition Milestones

- **May 16, 2013** – EMC authorized staff to proceed with Electron sale process
- **May 30, 2013** – Asset Purchase Agreement ("APA") signed
- **June 6, 2013** – PSE submitted request to WUTC to sell Electron
- **June 7, 2013** – FERC Form 203 filing submitted requesting sale approval
- **August 1, 2013** – Amendment No. 1 to APA executed, extending contract termination date from October 31, 2013 to December 31, 2013
- **August 5, 2013** – FERC authorized disposition of Electron
- **October 23, 2013** – WUTC order issued proclaiming sale of Electron is in public interest so long as there are no material changes to APA
- **December 31, 2013** – Amendment No. 2 to APA executed, extending contract termination date from December 31, 2013 to March 31, 2014
- **March 31, 2014** – Amendment No. 3 to APA executed, extending contract termination date from March 31, 2014 to May 31, 2014

Status of APA Closing Conditions

Asset Purchase Agreement Conditions Precedent:
WUTC/FERC approval – Obtain Re-approval
Operating permit granted from Puyallup Tribe – Not obtained – to be waived
PPA executed – Agreement in final format, pending closing
FCC license transfer approval – Obtained
Real estate matters (e.g. property separation, easements) – Parties in agreement, pending closing
PSE lien and security interest release – Pending closing
Personal property/fleet vehicle interest release – Pending closing
Transition plan agreement – Work scope outline complete
No legal issues or MAEs related to Electron – None known
Known Pre-Existing Release Zones delineated and access rights determined – Complete
Flume wood piles removed – Complete

Facility Options

- **Facilitate transaction with Electron Hydro**
  - Continue current course, with additional operating expense authorization
  - Lease facility to EH; APA closes after conditions precedent met
  - Sell as-is, without permit extension
  - Sell with contingent reward; partial payment now and remainder of $13.7MM after permit renewal
- **Re-open sale process**
- **Rebuild facility**
- **Retire facility**
  - Sell property as-is, without hydro rights
  - Remove hydroelectric equipment and then sell property, without hydro rights

Accounting and Regulatory Treatment

- Estimated December 2013 Electron unrecovered funds* ($ millions)

Remaining Book Value**	$27.11
Less Accumulated Deferred Taxes	$4.76
Unrecovered Regulatory Asset	$22.35

*** Assumes transaction fails to close in 2013**

**** Estimate may change based on ongoing Camp 1 service needs**

Retirement Cost Estimate

- The scope for retirement of the Electron facility includes meeting all obligations under the REA and complying with state and local regulations while managing PSE's risk of environmental and public safety liability

Electron retirement cost estimate	(thousands $)
Secure and mothball powerhouse	$384
Isolate and secure penstocks	$307
Remove forebay dike and gate structures	$1,536
Remove flume and settling basin	$19,195
Remove diversion dam and headworks	$845
Direct demolition/removal cost*	**$22,266**
Project management/engineering	$2,227
Permitting and related studies/mitigation	$490
Legal, real estate, and environmental	$557
PSE overheads	$223
AFUDC	$3,160
Total cost of plant shut-down	**$28,922**

*Cost estimates shown above include WA state sales tax

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2011 RFP Comparisons (from April 2012 EMC Presentation)

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Project Name	PB / kW-yr	PB / kW-yr Rank	Net Cost / kW-yr	Net Cost / kW-yr Rank	Benefit Ratio	Benefit Ratio Rank	20-Year Levelized Cost	Portfolio Benefit
Electron Sale and PPA	$ [redacted] / kW-yr	1	$ (16) / kW-yr	1	0.49	2	[redacted] / MWh	$ 24,999
Trans Alta PPA	$ [redacted] / kW-yr	2	$ 61 / kW-yr	4	0.23	4	[redacted] / MWh	$ 333,189
[redacted]	$ [redacted] / kW-yr	3	$ 53 / kW-yr	3	0.20	5	[redacted] / MWh	$ 49,986
[redacted]	$ [redacted] / kW-yr	4	$ 39 / kW-yr	2	2.17	1	N/A	$ 25,707
[redacted]	$ [redacted] / kW-yr	5	$ 64 / kW-yr	6	0.18	6	[redacted] / MWh	$ 25,329
[redacted]	$ [redacted] / kW-yr	6	$ 64 / kW-yr	5	0.26	3	[redacted] / MWh	$ 44,462
[redacted]	$ [redacted] / kW-yr	7	$ 146 / kW-yr	7	0.05	7	[redacted] / MWh	$ 129,569
Electron rebuild (100 CFS MIF)	$ [redacted] / kW-yr	8	$ 261 / kW-yr	8	(0.09)	8	$ [redacted] / MWh	$ (8,707)
Electron rebuild (130 CFS MIF)	$ [redacted] / kW-yr	9	$ 286 / kW-yr	9	(0.12)	9	$ [redacted] / MWh	$ (11,814)
Electron rebuild (160 CFS MIF)	$ [redacted] / kW-yr	10	$ 319 / kW-yr	10	(0.15)	10	$ [redacted] / MWh	$ (15,552)

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Electron rebuild scenarios shown are for a life extension to 2026. The cost of retiring the plant at that time is not included.