# BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

BELLINGHAM COLD STORAGE COMPANY and GEORGIA-PACIFIC WEST, INC., NO. UE-001014 NO. UE-000735

Plaintiff,

v. AFFIDAVIT OF WILLIAM A. GAINES
v. IN SUPPORT OF PHASE I MOTION FOR

**SUMMARY DETERMINATION** 

PUGET SOUND ENERGY, INC.,

Defendant.

STATE OF WASHINGTON ) ss: COUNTY OF KING )

I, WILLIAM A. GAINES, being first duly sworn on oath, depose and say:

- 1. I am the Vice President for Energy Supply, of Puget Sound Energy, Inc. ("Puget" or "PSE"). I make this affidavit in support of Puget's Phase I Motion for Summary Determination ("Motion").
- 2. Puget has to date delivered, and stands ready in the future to deliver, power to the Complainants at the price specified in the Special Contracts referenced in Puget's Motion. There is currently power available for Puget to supply to the Complainants.
- 3. Since early 1997, Puget has relied on the Commission's Merger Order and the Special Contracts approved by the Commission. Puget has configured and configures its power portfolio, including short-term purchases and sales of power, in anticipation of, on the one hand, its commitments to core customers and, on the other hand, in anticipation of future demand reflected in market-based or variable-price contracts. Under the Merger Order and Special Contracts, PSE has understood that its shareholders are at risk during the rate stability period if PSE's portfolio planning results in lost revenues, but PSE has also anticipated that its shareholders would benefit from increased revenues during the rate stability period obtained through wise or fortuitous portfolio planning. Puget has also relied on the Merger Order and the Special Contracts in making short-term purchases and sales of power and financial swap transactions to decrease the downside risk to PSE of power market volatility.
- 4. Consistent with the Commission's orders approving the Special Contracts with BCS and GP, Puget has not included and is not including power to be provided to BCS or GP under the Special Contracts in its long-term resource

planning, and Puget has understood that these customers are no longer core customers. In that regard, attached hereto as Exhibit A is a true and correct excerpt of Puget's 2000-2001 Gas and Electric Least Cost Plan ("LCP").

5. Puget's resource costs, including but not limited to the costs for operating its Whitehorn combustion turbine generation, are not the equivalent of any Dow Jones Mid-Columbia index, or any other market index. Moreover, the benefits from these resources, including but not limited to the Whitehorn combustion turbine generation, are already committed to PSE's core customers and shareholders.

William A. Gaines STATE OF WASHINGTON ) ) ss. COUNTY OF KING ) On this \_\_\_\_\_ day of \_ \_\_\_\_\_, 2000, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared William A. Gaines, to me known to be the individual who executed foregoing Affidavit, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned. GIVEN UNDER my hand and official seal hereto affixed the day and year in this certificate first above written. Print Name: **Notary** Public in and for the State of Washingt on, residing at My commissi

on expires:

DATED: July \_\_\_\_, 2000.



## 2000-2001 Gas and Electric Least Cost Plan

December 1999

Gaines Aff., Exhibit A

The CCCT prices and performance are based on a 250 MW class industrial units which is the predominate combined-cycle unit currently employed in power plant development. The Council used the Clark Public Utilities River Road power plant a the basis for the capital cost estimates of new CCCT facilities. River Road is a 248 MW General Electric 107FA CCCT plant that entered service in late 1997. As described in previous Council and BPA analyses these prices were adjusted to reflect differences in construction costs among geographic regions as well as anticipated future technological improvements in heat rates and operating costs.

### Regional Load Growth

PSE used the 1998 WSCC load as the basis for WSCC load growth. As mentioned above, this data was provided by EPIS Inc. as part of the on-going lease agreement. The long-term average annual growth rate for WSCC loads was assumed to be 1.5 percent based on previous Council studies.

#### Natural Gas Prices

Natural gas price assumptions are presented later in this Chapter in the natural gas planning discussion.

### PSE Loads and Resources

Forecasts of PSE's loads are discussed in Chapter II and the supply portfolio in Chapter IV. The following assumptions were made regarding PSE's portfolio loads and resources over the time horizon of the analyses.

- Schedule 48 and Special Contract loads were not included in the analysis since PSE is not required to acquire long-term resources to meet these loads.
- 2. All PSE owned hydro resources continue to operate at current levels of output.
- The contracts for purchase of power from the Mid-Columbia projects are renewed upon
  expiration for the same amounts of power. Medium northwest hydro conditions (medium
  water) are assumed for all years. The impact of critical water planning on these
  assumptions is evaluated.
- The lease agreements for the Whitehorn 283 combustion turbines are not renewed when they expire in 2004.
- PSE retains ownership of its interest in the Colstrip Projects. This assumption is made pencing resolution of this issue. (Please 5.29 WUTC Docket No. UE-990267 for the