

## 2008 All Generation Sources RFP Frequently Asked Questions

<b>Credit</b>	<p>Q. Does PSE have a sense of how the McQuarrie acquisition is likely to impact PSE's credit rating?</p>
	<p>A. PSE will not speculate as to which credit rating actions, if any, may be taken by the major ratings agencies in response to the merger. However, maintaining an appropriate level of creditworthiness is an important goal of the Company.</p>
<b>Transmission</b>	<p>Q. What is PSE doing about transmission?</p>
	<p>A. PSE merchant is participating in the BPA Open Season. We can tell you about what PSE Transmission is doing based on what is posted on the Columbia Grid website. This includes a cross Cascades alternative, with an online date sometime between 2011 and 2015. (BPA is also considering two cross-Cascades alternatives with later online dates.) The rest of PSE Transmission's efforts are directed at meeting internal system needs.</p>
<b>Transmission</b>	<p>Q. Is PSE willing to rely on Conditional Firm transmission?</p>
	<p>A. PSE's use of Conditional Firm transmission depends on the resource and the season when BPA may need to call for transmission curtailment. Wind works well with Conditional Firm, since PSE does not count on 100% of the wind output for its capacity planning. Natural gas projects however will need to be looked at on a case by case basis. If BPA's curtailment season is during the winter, PSE can not count on the project for capacity, diminishing the project's value.</p>