

Exhibit No. ___ JLB-2C
Dockets UE-141335
Witness: Jason L. Ball
Redacted Version

**BEFORE THE
WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION**

DOCKET UE-141335

In the Matter of the

**Petition of King County, Washington,
BNSF Railway, Frontier Communications
Northwest, Inc., Verizon Wireless, and
New Cingular Wireless PCS, LLC. For a
Declaratory Order to address the
degradation of service from Puget Sound
Energy due to the physical deterioration
of the Maloney Ridge Line underground
cable.**

**EXHIBIT TO
TESTIMONY OF**

JASON L. BALL

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Economic Feasibility Analysis

November 19, 2014

**CONFIDENTIAL PER PROTECTIVE ORDER
*Redacted Version***

SUMMARY

Line No.

Replacement of Maloney Line

1			Present Value of Capital Costs for Replacement of Maloney Line	\$7,514,138
2			Amortization Period (Years)	35
3		Total Amortization Period	Annualized	
4	Present Value of Regulated Costs (Capital Only)	\$ 10,368,641	\$696,184	
5	Present Value of Regulated Costs (O&M)	\$ 6,709,748	\$450,514	
6	Total	\$ 17,078,389	\$1,435,255	

Based on Attachment B to PSE Response to Petitioners Data Request No. 001

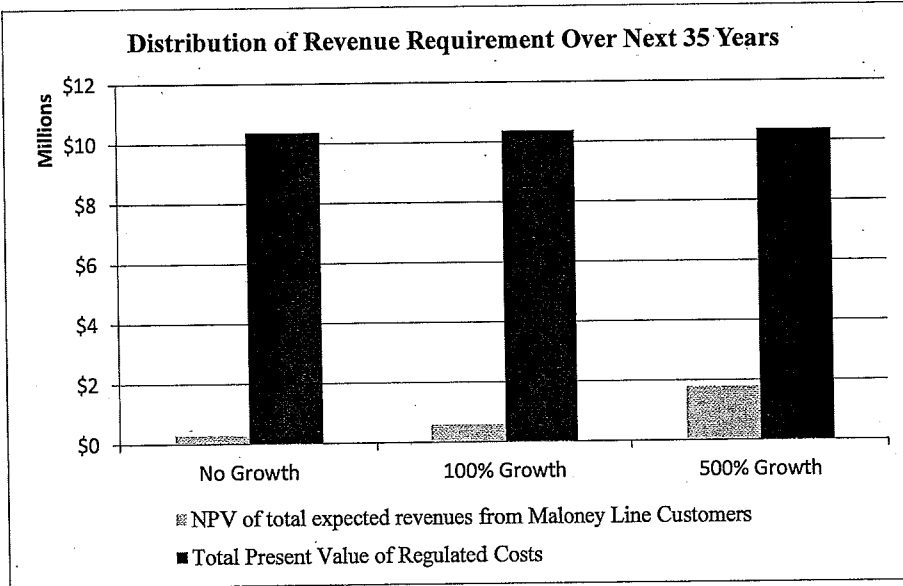
Expected Revenues from Customers

		Total Amortization Period	Annualized
9	PV Of Revenues From Maloney Ridge Customers	\$ 296,809	\$19,929
10	Difference From Regulated Costs (Capital Costs Only)	\$ 10,071,832	\$676,255
11	% relative recovery from rest of Schedule 24	97.137%	

Comparison of Growth in Expected Revenues from Customers

	No Growth	100% Growth	500% Growth	
15	NPV of remaining total Revenue Requirement assigned to Schedule 24	\$10,071,832	\$9,775,022	\$8,587,785
16	NPV of total expected revenues from Maloney Line Customers	\$296,809	\$593,619	\$1,780,856
17	Total Present Value of Regulated Costs	\$10,368,641	\$10,368,641	\$10,368,641

Distribution of Revenue Requirement Over Next 35 Years



Summary of Usage History by Year

Billed Rate Category SCH_24EC		
Bill Year	Sum of Total Billed Amount Incl Tax	Average of Billed Quantity

Usage History

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Calculation of Present Value of Expected Revenues from Customers

Line No.	Year	Discount Rate*	Avg Yearly Revenues	Growth Rate**	Total Nominal Revenues	NPV	No Growth	50%	100%	500%
1	2012	1.000								
2	2013	1.067	\$ 22,327	1.00283	\$ 22,327	\$20,922	\$ 20,922	\$ 31,383	\$ 41,844	\$ 125,533
3	2014	1.139	\$ 22,390	1.00000	\$ 22,390	\$19,661	\$ 40,583	\$ 60,875	\$ 81,167	\$ 243,500
4	2015	1.215	\$ 22,390	1.00000	\$ 22,390	\$18,424	\$ 59,008	\$ 88,511	\$ 118,015	\$ 354,046
5	2016	1.297	\$ 22,390	1.00000	\$ 22,390	\$17,265	\$ 76,273	\$ 114,409	\$ 152,545	\$ 457,636
6	2017	1.384	\$ 22,390	1.00000	\$ 22,390	\$16,179	\$ 92,451	\$ 138,677	\$ 184,903	\$ 554,708
7	2018	1.477	\$ 22,390	1.00000	\$ 22,390	\$15,161	\$107,612	\$ 161,418	\$ 215,224	\$ 645,672
8	2019	1.576	\$ 22,390	1.00000	\$ 22,390	\$14,207	\$121,819	\$182,728	\$ 243,638	\$ 730,914
9	2020	1.682	\$ 22,390	1.00000	\$ 22,390	\$13,313	\$135,132	\$202,698	\$ 270,264	\$ 810,792
10	2021	1.795	\$ 22,390	1.00000	\$ 22,390	\$12,475	\$147,607	\$221,411	\$ 295,215	\$ 885,644
11	2022	1.915	\$ 22,390	1.00000	\$ 22,390	\$11,690	\$159,298	\$238,947	\$ 318,595	\$ 955,786
12	2023	2.044	\$ 22,390	1.00000	\$ 22,390	\$10,955	\$170,253	\$255,379	\$ 340,505	\$1,021,515
13	2024	2.181	\$ 22,390	1.00000	\$ 22,390	\$10,266	\$180,518	\$270,777	\$ 361,036	\$1,083,109
14	2025	2.328	\$ 22,390	1.00000	\$ 22,390	\$ 9,620	\$190,138	\$285,207	\$ 380,276	\$1,140,827
15	2026	2.484	\$ 22,390	1.00000	\$ 22,390	\$ 9,014	\$199,152	\$298,729	\$ 398,305	\$1,194,914
16	2027	2.651	\$ 22,390	1.00000	\$ 22,390	\$ 8,447	\$207,600	\$311,399	\$ 415,199	\$1,245,598
17	2028	2.829	\$ 22,390	1.00000	\$ 22,390	\$ 7,916	\$215,515	\$323,273	\$ 431,031	\$1,293,092
18	2029	3.018	\$ 22,390	1.00000	\$ 22,390	\$ 7,418	\$222,933	\$334,400	\$ 445,866	\$1,337,599
19	2030	3.221	\$ 22,390	1.00000	\$ 22,390	\$ 6,951	\$229,884	\$344,826	\$ 459,768	\$1,379,305
20	2031	3.437	\$ 22,390	1.00000	\$ 22,390	\$ 6,514	\$236,398	\$354,597	\$ 472,796	\$1,418,387
21	2032	3.668	\$ 22,390	1.00000	\$ 22,390	\$ 6,104	\$242,502	\$363,753	\$ 485,003	\$1,455,010
22	2033	3.915	\$ 22,390	1.00000	\$ 22,390	\$ 5,720	\$248,221	\$372,332	\$ 496,443	\$1,489,329
23	2034	4.177	\$ 22,390	1.00000	\$ 22,390	\$ 5,360	\$253,581	\$380,372	\$ 507,163	\$1,521,488
24	2035	4.458	\$ 22,390	1.00000	\$ 22,390	\$ 5,023	\$258,604	\$387,906	\$ 517,208	\$1,551,624
25	2036	4.757	\$ 22,390	1.00000	\$ 22,390	\$ 4,707	\$263,311	\$394,966	\$ 526,621	\$1,579,864
26	2037	5.077	\$ 22,390	1.00000	\$ 22,390	\$ 4,411	\$267,721	\$401,582	\$ 535,442	\$1,606,327
27	2038	5.417	\$ 22,390	1.00000	\$ 22,390	\$ 4,133	\$271,854	\$407,781	\$ 543,709	\$1,631,126
28	2039	5.781	\$ 22,390	1.00000	\$ 22,390	\$ 3,873	\$275,727	\$413,591	\$ 551,454	\$1,654,363
29	2040	6.169	\$ 22,390	1.00000	\$ 22,390	\$ 3,629	\$279,357	\$419,035	\$ 558,713	\$1,676,139
30	2041	6.584	\$ 22,390	1.00000	\$ 22,390	\$ 3,401	\$282,757	\$424,136	\$ 565,515	\$1,696,545
31	2042	7.026	\$ 22,390	1.00000	\$ 22,390	\$ 3,187	\$285,944	\$428,917	\$ 571,889	\$1,715,666
32	2043	7.497	\$ 22,390	1.00000	\$ 22,390	\$ 2,986	\$288,931	\$433,396	\$ 577,862	\$1,733,585
33	2044	8.001	\$ 22,390	1.00000	\$ 22,390	\$ 2,799	\$291,729	\$437,594	\$ 583,459	\$1,750,376
34	2045	8.538	\$ 22,390	1.00000	\$ 22,390	\$ 2,622	\$294,352	\$441,528	\$ 588,704	\$1,766,111
35	2046	9.111	\$ 22,390	1.00000	\$ 22,390	\$ 2,457	\$296,809	\$445,214	\$ 593,619	\$1,780,856
36	2047	9.723	\$ 22,390	1.00000	\$ 22,390	\$ 2,303	\$299,112	\$448,668	\$ 598,224	\$1,794,673
37	2048	10.376	\$ 22,390	1.00000	\$ 22,390	\$ 2,158	\$301,270	\$451,905	\$ 602,540	\$1,807,620
38	2049	11.072	\$ 22,390	1.00000	\$ 22,390	\$ 2,022	\$303,292	\$454,938	\$ 606,584	\$1,819,753
39	2050	11.816	\$ 22,390	1.00000	\$ 22,390	\$ 1,895	\$305,187	\$457,781	\$ 610,374	\$1,831,123
40	2051	12.609	\$ 22,390	1.00000	\$ 22,390	\$ 1,776	\$306,963	\$460,444	\$ 613,926	\$1,841,777

*Discount rate is calculated by the Company in PSE response to Petitioners Data Request No. 001 Attachment B

	Structure	Cost	WACC	After-Tax
Long Term Debt	48.00%	6.22%	2.99%	1.94%
Short Term Debt	4.00%	2.68%	0.11%	0.07%
Common	48.00%	9.80%	4.70%	4.70%
Total	100.00%		7.80%	6.71%

**Growth rate is used to increase Maloney Ridge Customers relative revenues due to inclusion of Maloney Ridge line in Schedule 24 rates
Based on PSE last Cost-of-Service Study provided in PSE Response to Petitioner Data Request No. 007 Attachment B

Voltage Level	Schedule	kWh	Proforma Revenue	% Growth in RR/Rates from Maloney Ridge
Demand <= 50 kW	24	2594865426	\$245,723,262	0.283%

Maloney Line Maintenance Options

	Costs over Amortization Period	from Customers during Amortization Period	Expected Revenues from Customers as % of Total Costs
Option 1: Silicon injection to Sobiesky and Maloney cable and Install new poly cable whole project	\$10,368,641	\$296,809	2.86%
Option 2: Silicon injection to Sobiesky and Maloney cable and Install new poly cable down to Foss River Bridge	\$9,472,586	\$296,809	3.13%
Option 3: Replace 4 worst cable Segments (33546, 33547, 33548, 33549)	\$4,224,261	\$296,809	7.03%
Option 4: Install new cable from Foss River Bridge to BNSF OH Pole	\$2,688,166	\$296,809	11.04%
Option 5: Replace cables to Sobieski and Maloney (33550, 38338)	\$3,840,238	\$296,809	7.73%