

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-151871 UG-151872
Puget Sound Energy's
Electric and Natural Gas Equipment Lease Service**

WUTC STAFF DATA REQUEST NO. 091

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How does PSE guarantee that the Company and its shareholders bear the risk of under recovery of the leasing program, not the non-participating customers, as stated in LYN-1T 21:13-23? Is it limited to the Company's pledge in its testimony? Please explain.

Response:

As Puget Sound Energy ("PSE") has previously indicated, the assets and associated program costs will be separately tracked, and in the context of a general rate case, the Company will remove both the revenue and costs associated with the program from the test year results thus ensuring that non-participating customers will not bear any risks associated with the program. Furthermore, as PSE will only recover costs from those customers who choose to participate in this optional lease service, and because the lease rate for a participating customer is fixed for the entire term of that customer's lease, should the Company realize under-recovery for that customer class, it has no mechanism in which to retroactively recover such losses and would not fully realize its authorized rate of return. Additionally, any future rate modifications to the leasing schedule will be presented to the Commission for approval before such future rates can be charged to new leasing customers. As such, the Commission and Commission Staff will review the rates and rate making methodology to confirm that PSE is not seeking to recover any under-recovery related to prior lease rates.