

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
 RESPONSE TO DATA REQUEST

DATE PREPARED: December 11, 2014                      WITNESS:                      Thomas E. Schooley  
 DOCKETS:                      UE-121697, et al.                      RESPONDER:                      Thomas E. Schooley  
 REQUESTER:                      Public Counsel                      TELEPHONE:                      (360) 664-1307

**Re: Direct Testimony of Thomas E. Schooley, Exhibit No. TES-6T, p.7, ll. 2-8.**

**REQUEST NO. 15:** Mr. Schooley testifies that in 2013 PSE’s decoupling mechanism resulted in a refund to customers of \$16 million on the electric side and \$5 million on the gas side and in the first half of 2014, the electric delivery revenues owed to the Company exceeded revenues collected by customers by over \$25 million while natural gas delivery revenues exceed customer collections by about \$10 million, which may result in surcharges in 2015. Please answer the following questions related to this testimony:

- a. Does Mr. Schooley believe that the magnitude of the refunds and surcharges under PSE’s decoupling mechanism are direct evidence of the revenue volatility dampened by the decoupling program? If no, please explain why not.
- b. Does Mr. Schooley agree that the refunds and surcharges experienced under PSE’s decoupling mechanism in 2013 and 2014 demonstrate that revenue volatility has been reduced or dampened due to decoupling? If no, please explain why not.

**RESPONSE:**

- a. This is one type of evidence I expected to collect in evaluating the effects of decoupling. I do not consider the under or over collection of the decoupled revenues to be the sole contribution to earnings stability. It remains to be seen if the dampening of revenue volatility translates into improved earnings, or reduced risk.
- b. Yes, but compared to total revenues the “dampening” is a minor factor. The table below indicates the degree of any smoothing in the six month periods identified above.

PSE Results	One-half of Annual Revenues	Decoupling refund or surcharge for 6 months	Decoupling adjustment as percentage of revenue
Electric - calendar year 2013	\$1,049,709,952	-\$15,705,474	-1.5 percent
Gas - calendar year 2013	509,928,290	-\$5,403,572	-1.1 percent
Electric -12 months ending June 30, 2014	\$1,042,160,885	+\$25,384,215	+2.4 percent
Gas - 12 months ending June 30, 2014	\$508,757,211	+\$10,090,441	+2.0 percent