

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-121697 and UG-121705
Puget Sound Energy, Inc. and NW Energy Coalition
Joint Petition for Approval of a Decoupling Mechanism**

PUBLIC COUNSEL DATA REQUEST NO. 066

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Re: Testimony of Dr. Michael J. Vilbert, Exhibit No. MJV-1T, p. 28, II. 7-16.

- a) Does Dr. Vilbert agree that the March 2014 Brattle Group publication on the impact of decoupling on electric utility cost of equity capital studies qualifying electric companies from 2005 through 2012? (see p. 11 of that study)
- b) Does Dr. Vilbert agree that the March 2014 Brattle Group publication on the impact of decoupling on electric utility cost of equity capital finds that decoupling causes a reduction in the overall cost of capital of about 40 to 50 basis points? (see p. 18 of that study)
- c) Please explain why it was necessary to re-calculate for this proceeding the impact of decoupling on electric utilities though 2012, when Brattle had already calculated and published those data?
- d) Are the results of the March 2014 study cited anywhere in Dr. Vilbert's testimony in this proceeding?
- e) Please provide a complete copy of the March 2014 Brattle Group study on the impact of decoupling for electric utilities.
- f) Please provide the spreadsheet workpaper(s) that support the analysis contained in the March 2014 Brattle Group study on the impact of decoupling for electric utilities (similar in format to that provided in Dr. Vilbert's workpapers in this proceeding for the gas utility decoupling analysis: "UE-121697 et al PSE Vilbert direct workpapers - Gas_Brattle Sample Selection (PSE) (11.05.2014).XLSX").
- g) Is it correct that the March 2014 Brattle Group study on the impact of decoupling for electric utilities was filed by Brattle and Dr. Vilbert as testimony on behalf of Hawaiian Electric Utilities in Docket No. 2013-0141, filed on May 20, 2014?

Response:

- a) The period of study for the March 2014 publication was First Quarter of 2005 until the Fourth Quarter of 2012.
- b) Please see Puget Sound Energy, Inc.'s ("PSE") Response to Public Counsel Data Request No. 050(b).
- c) In the Hawaiian proceeding referenced in part g) of this data request, Brattle's study on the effect of decoupling on the cost of capital was criticized by the Hawaiian Consumer Advocate for a number of reasons. The update of the study for this proceeding was in part a response to address some of the concerns from that proceeding as well as to implement the test using the multistage version of the discounted cash flow ("DCF") model, add fixed-variable rates as decoupling, and add more data points by bringing the analysis up to date.
- d) No. The updated study results are reported in this proceeding because these results incorporate refinements to the model that Dr. Vilbert believes provide a more accurate estimate of the effect of decoupling on the cost of capital for the sample companies.
- e) Attached as Attachment A to PSE's Response to Public Counsel Data Request No. 066 is a copy of the March 2014 Brattle Group study on the impact of decoupling for electric utilities.
- f) Please see Attachment B to PSE's Response to Public Counsel Data Request No. 070.
- g) The March 2014 study by The Brattle Group was referenced in testimony filed by Dr. Vilbert and other Brattle partners in the Hawaiian proceeding and was attached as an exhibit in that proceeding.