

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**

**Docket Nos. UE-130137 and UG-130138
Puget Sound Energy, Inc. Expedited Rate Filing**

PUBLIC COUNSEL DATA REQUEST NO. 108

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Re: Dr. Michael J. Vilbert Rebuttal Testimony, p. 21.

Is it Dr. Vilbert's testimony that the accuracy of the cost of capital estimate used in the Brattle Group's decoupling studies is not important in assessing the reliability of those studies?

Response:

Public Counsel Data Request No. 108 misstates the Prefiled Rebuttal Testimony of Dr. Michael J. Vilbert, Exhibit No. ____ (MJV-18T). Dr. Vilbert believes that it is always important to estimate the cost of capital as accurately as possible. At page 21 of the Prefiled Rebuttal Testimony of Dr. Michael J. Vilbert, Exhibit No. ____ (MJV-18T), Dr. Vilbert is responding to the assertion that the cost of capital estimates used in the gas local distribution company study of the effect of decoupling must somehow be biased because they were submitted on behalf of regulated companies in cost of capital proceedings. Dr. Vilbert's point in the referenced portion of his rebuttal testimony is that the estimates for those proceedings were done carefully and identically for each sample company and without consideration of whether companies had decoupling policies in place or not. Under those circumstances, Dr. Vilbert does not believe that there could be any bias in the cost of capital estimates for purposes of estimating the effect of decoupling on the cost of capital irrespective of whether some may consider the estimates to be too high or too low on average.