

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 Docket No. UG-130138
Puget Sound Energy, Inc. Expedited Rate Filing**

ICNU DATA REQUEST NO. 02.19

ICNU DATA REQUEST NO. 02.19:

Please provide all documentation and evidence supporting Dr. Vilbert's assertion that state energy efficiency policies increase risk for utilities. MJV-1T at 32:14-20.

Response:

The Prefiled Direct Testimony of Dr. Michael J. Vilbert, Exhibit No. ___(MJV-1T), at page 32, lines 14-20, provides a possible explanation for the failure to reject the null hypothesis that there is no statistically significant effect on the cost of capital from the adoption of decoupling. Dr. Vilbert is not "asserting that state energy efficiency policies increase risk for utilities," although he believes that the statement is likely to be true. Instead, Dr. Vilbert is offering one explanation for the empirical result in the test of the effect of decoupling on the cost of capital. In Dr. Vilbert's view, the assertion that decoupling must reduce risk and therefore the cost of capital neglects to consider the reasons that decoupling was adopted in the first place. As noted on page 32, lines 15-17, of the Prefiled Direct Testimony of Dr. Michael J. Vilbert, Exhibit No. ___(MJV-1T), "decoupling is instituted as a policy response to support other important regulatory goals that may increase risk to utilities under traditional cost of service regulation."

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ICNU DATA REQUEST NO. 02.20

ICNU DATA REQUEST NO. 02.20:

Please provide all documentation and evidence supporting Dr. Vilbert's assertion that customer distributed generation increases risk for utilities. Id.

Response:

The Prefiled Direct Testimony of Dr. Michael J. Vilbert, Exhibit No. ___(MJV-1T), at page 32, lines 14-20, provides a possible explanation for the failure to reject the null hypothesis that there is no statistically significant effect on the cost of capital from the adoption of decoupling. Dr. Vilbert is not asserting that "customer distributed generation increases risk for utilities," although he believes that the statement is likely to be true. Instead, Dr. Vilbert is offering one explanation for the empirical result in the test of the effect of decoupling on the cost of capital. In Dr. Vilbert's view, the assertion that decoupling must reduce risk and therefore the cost of capital neglects to consider the reasons that decoupling was adopted in the first place. As noted on page 32, lines 15-17, of the Prefiled Direct Testimony of Dr. Michael J. Vilbert, Exhibit No. ___(MJV-1T), "decoupling is instituted as a policy response to support other important regulatory goals that may increase risk to utilities under traditional cost of service regulation."

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ICNU DATA REQUEST NO. 02.21

ICNU DATA REQUEST NO. 02.21:

Please provide all documentation and evidence supporting Dr. Vilbert's assertion that changing tastes of younger generations increase risk for utilities. Id.

Response:

The Prefiled Direct Testimony of Dr. Michael J. Vilbert, Exhibit No. ___(MJV-1T), at page 32, lines 14-20, provides a possible explanation for the failure to reject the null hypothesis that there is no statistically significant effect on the cost of capital from the adoption of decoupling. Dr. Vilbert is not asserting that "changing tastes of younger generations increase risk for utilities," although he believes that the statement is likely to be true. Instead, Dr. Vilbert is offering one explanation for the empirical result in the test of the effect of decoupling on the cost of capital. In Dr. Vilbert's view, the assertion that decoupling must reduce risk and therefore the cost of capital neglects to consider the reasons that decoupling was adopted in the first place. As noted on page 32, lines 15-17, of the Prefiled Direct Testimony of Dr. Michael J. Vilbert, Exhibit No. ___(MJV-1T), "decoupling is instituted as a policy response to support other important regulatory goals that may increase risk to utilities under traditional cost of service regulation."

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ICNU DATA REQUEST NO. 02.22

ICNU DATA REQUEST NO. 02.22:

Please provide all documentation and evidence supporting Dr. Vilbert's assertion that the requirement to integrate renewable energy resources increases risk for utilities. Id.

Response:

The Prefiled Direct Testimony of Dr. Michael J. Vilbert, Exhibit No. ___(MJV-1T), at page 32, lines 14-20, provides a possible explanation for the failure to reject the null hypothesis that there is no statistically significant effect on the cost of capital from the adoption of decoupling. Dr. Vilbert is not asserting that "the requirement to integrate renewable energy resources increases risk for utilities," although he believes that the statement is likely to be true. Instead, Dr. Vilbert is offering one explanation for the empirical result in the test of the effect of decoupling on the cost of capital. In Dr. Vilbert's view, the assertion that decoupling must reduce risk and therefore the cost of capital neglects to consider the reasons that decoupling was adopted in the first place. As noted on page 32, lines 15-17, of the Prefiled Direct Testimony of Dr. Michael J. Vilbert, Exhibit No. ___(MJV-1T), "decoupling is instituted as a policy response to support other important regulatory goals that may increase risk to utilities under traditional cost of service regulation."