

**EXHIBIT NO. ___(DWH-11)
DOCKET NO. UE-072300/UG-072301
2007 PSE GENERAL RATE CASE
WITNESS: DAVID W. HOFF**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-072300
Docket No. UG-072301**

**FIRST EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
DAVID W. HOFF
ON BEHALF OF PUGET SOUND ENERGY, INC.**

JULY 3, 2008

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-072300 and UG-072301
Puget Sound Energy, Inc.'s
2007 General Rate Case**

PUBLIC COUNSEL DATA REQUEST NO. 077

PUBLIC COUNSEL DATA REQUEST NO. 077:

Re: Testimony of David W. Hoff

Document the basis for your conclusion as to how customers would understand the impact of a fixed monthly charge and its relationship to weather, season, and the customer's actual usage. [page 50] Provide any studies that reflect your opinion.

Response:

As stated in the Prefiled Direct Testimony of David W. Hoff, Exhibit No. ____ (DWH-1T), at page 50, line 16, it is Mr. Hoff's belief that how customers would understand the impact of a fixed monthly charge and its relationship to weather, season, and the customer's actual usage is intuitively obvious. Mr. Hoff believes that customers can readily understand that a fixed monthly charge that recovers fixed costs should have no relationship to weather, season, and the customer's actual usage.

Analyses that support this opinion include observations of a number of pricing mechanisms that incorporate fixed monthly charges, such as the monthly charges for:

- cable TV
- internet service
- certain types of phone service
- bank accounts
- diaper service
- gyms
- rents
- leases
- garbage fees
- sewage fees
- monthly insurance premiums
- house cleaning
- yard work and
- bus passes.

Additional fees that include a fixed component, but are not necessarily monthly, include:

- site visits for plumbing
- appliance repairs
- consulting services
- retainer fees
- admission charges for activities
- cover charges
- sitting fees
- fixed financial fees
- annual memberships
- fulltime student tuition fees
- college room and board fees
- fixed price surgeries
- unlimited use software licenses and
- unlimited use travel plans.

Mr. Hoff does not believe such pricing mechanisms would be so prevalent in the market if they were not understandable. Mr. Hoff has also based his conclusion on his years of experience in designing utility rates.