

1 **Q. Does PSE possess more current and complete cost data?**

2 A. Yes. Apart from the cost inputs used in PSE's Pricing Work Papers discussed
3 previously, Exhibit No. ___(MBM-15HC) details an average total cost invoiced
4 for a Tier 2 heat pump installations, based on over 996 rebate applications
5 received and processed by PSE for Tier 2 heat pumps installed in PSE's electric
6 service territory between January 1, 2015 through April 9, 2016. The average
7 cost for these installations, including equipment, labor, permits and taxes, is

8 [REDACTED].

9 **Q. How does this compare with the cost inputs used to inform PSE's lease rate
10 for comparable equipment?**

11 A. The cost inputs in PSE's Pricing Work Papers, including the capital cost for the
12 Tier 2 heat pump, is very comparable to the average actual installation costs
13 shown in Exhibit No. ___(MBM-1547HC). The capital cost input PSE used in its
14 pricing worksheet is \$ [REDACTED], which includes the equipment cost of \$ [REDACTED]
15 and the standard installation cost of \$ [REDACTED]. Adding an illustrative sales tax of
16 9.5% results in a hypothetical total cost of \$ [REDACTED]. This hypothetical total cost
17 is on par with the average cost of \$ [REDACTED] found in Exhibit No. ___(MBM-
18 15HC). This demonstrates that PSE's capital cost inputs used to develop its
19 tariffed rate for a Tier 2 heat pump is more accurate than the figures cited in Mr.
20 Cebulko's testimony.

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ORDER IN WUTC DOCKETS
UE-151871 AND UG-151872

REDACTED