

**EXH. JAP-34T  
DOCKETS UE-170033/UG-170034  
2017 PSE GENERAL RATE CASE  
WITNESS: JON A. PILIARIS**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-170033  
Docket UG-170034**

**PREFILED SUPPLEMENTAL DIRECT TESTIMONY  
(NONCONFIDENTIAL) OF**

**JON A. PILIARIS**

**ON BEHALF OF PUGET SOUND ENERGY**

**APRIL 3, 2017**

**PUGET SOUND ENERGY**  
**PREFILED SUPPLEMENTAL DIRECT TESTIMONY**  
**(NONCONFIDENTIAL) OF**  
**JON A. PILIARIS**

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1 **PUGET SOUND ENERGY**

2 **PREFILED SUPPLEMENTAL DIRECT TESTIMONY**  
3 **(NONCONFIDENTIAL) OF**  
4 **JON A. PILIARIS**

5 **I. INTRODUCTION**

6 **Q. Are you the same Jon A. Piliaris who submitted prefiled direct testimony on**  
7 **January 13, 2017 on behalf of Puget Sound Energy (“PSE”) in this**  
8 **proceeding?**

9 A. Yes, I filed prefiled direct testimony, Exh. JAP-1T, and thirty-two supporting  
10 exhibits, Exh. JAP-2 through Exh. JAP-33, on January 13, 2017. I sponsor the  
11 following exhibits in support of this prefiled supplemental direct testimony:  
12 Exh. JAP-35 through Exh. JAP-45.

13 **Q. What is the purpose of your supplemental testimony?**

14 A. My testimony presents the following:

- 15 1. An explanation of corrections made to the distribution rates  
16 for customers served under electric Schedule 40;
- 17 2. Quantification of corrections made to PSE’s natural gas  
18 weather normalization that impacts its pro forma natural  
19 gas revenue calculations;
- 20 3. Updated estimates of the third-block residential electric  
21 rates using data supporting PSE’s recently-approved  
22 Schedule 91;
- 23 4. Calculation of Schedule 95 rates to reflect updated power  
24 cost rates without the estimated loads of Microsoft served  
25 under Schedule 40;

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- 5. Updated base rates for electric and natural gas service reflecting the noted corrections and updated revenue requirements;
- 6. Updated decoupling calculations to reflect all of the above, including allowed fixed production revenue per customer assuming the loads of Microsoft served under Schedule 40 begin taking retail access service; and
- 7. Updated estimated rate impacts resulting from this proceeding that reflect the noted corrections and updates, as well as the recently-filed updates to PSE's natural gas and electric Schedules 120, 140 and 142.

**II. CORRECTIONS TO SCHEDULE 40 CALCULATIONS**

**Q. Please briefly recap the overall methodology used to calculate Schedule 40 rates.**

A. Schedule 40 has customer-specific distribution rates and a bundled energy and transmission rate that is based upon Schedule 49 after an adjustment for line losses. The distribution rate is designed to recover customer-specific distribution costs on a levelized basis. The bundled production and transmission energy and demand rates are linked to the parity-adjusted high voltage rates for Schedule 49 because the aggregated load of each of these customers is comparable to the load of high voltage customers. The basic charges under Schedule 40 are tied to the otherwise-applicable base charges for each location served under Schedule 40.

**Q. How are the customer-specific distribution costs calculated?**

A. As noted, the Schedule 40 Campus rate has distribution charges designed specifically around the distribution systems that serve an individual campus for each customer on Schedule 40. There are three components to this distribution

1 charge related to transformer, feeder and substation costs to serve each customer.  
2 The transformer component is determined by applying PSE's current transformer  
3 lease charges to the number and size of transformers serving each campus during  
4 the test year. The transformer rate is calculated by dividing the total transformer  
5 cost for the campus by the coincident demand of the campus during the test year.  
6 The feeder and substation components of the distribution rate use a load-based  
7 percentage to allocate the costs of the feeder and substation unique to each  
8 campus, with the resulting cost for each campus divided by the same test year  
9 coincident demand used to derive the transformer rates.

10 **Q. Has PSE identified errors in these calculations since filing its direct case?**

11 A. Yes. As discussed in PSE's Response to WUTC Data Request No. 101, which is  
12 provided as Exh. JAP-35, the customer specific distribution feeder and substation  
13 charges were initially calculated incorrectly. Specifically, the database used to  
14 calculate the load-weighted percentage for allocating feeder and substation costs  
15 in the original filing only contained a subset of the actual customer load data for  
16 each circuit and substation. As a result, the load share of various distribution  
17 feeders and substations attributed to many Schedule 40 campuses was overstated.  
18 This resulted in similarly overstated rates for many campuses.

19 **Q. Has PSE correctly recalculated the customer-specific distribution feeder and**  
20 **substation costs and associated rates?**

1 A. Yes. The results were provided to the parties in PSE's Response to WUTC Data  
2 Request No. 101 and are provided as workpapers supporting my supplemental  
3 testimony.

4 **Q. What are the implications of these corrected calculations for customers not**  
5 **served under Schedule 40?**

6 A. Since the feeder and substation costs were over-allocated to Schedule 40  
7 customers, and therefore included in their rates, a corresponding amount was  
8 under-allocated to other customers, and therefore not included in the rates of other  
9 customers. The net effect of the corrected calculations was to reduce the  
10 distribution rates for most customers<sup>1</sup> served under Schedule 40 and increase  
11 them slightly for other customers.

12 **Q. Has PSE reflected the correctly allocated costs in this supplemental filing?**

13 A. Yes. Along with the other changes being proposed as part of this supplemental  
14 filing, PSE incorporated the corrected allocations in the overall results presented  
15 later in this testimony.

16 **Q. Is PSE also filing corrected tariff sheets to reflect these corrected**  
17 **calculations?**

18 A. Not at this time. PSE proposes to update the allocation of costs to rate classes and  
19 the calculation of all rates, including those for Schedule 40, in its compliance

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<sup>1</sup> Several campuses are the only load on certain feeders; therefore, their costs calculated in the original filing are unchanged in this supplemental filing.

1 tariff filing to reflect the approved revenue requirement. However, PSE felt it  
2 was important to provide an update of the proposed rates and their calculations at  
3 this time to reflect these and other changes discussed in this testimony.

4 **III. UPDATE TO NATURAL GAS PRO FORMA REVENUE**

5 **Q. Has PSE discovered any errors that would impact its filed natural gas pro**  
6 **forma revenue?**

7 A. Yes. Subsequent to its filing on January 13, 2017, PSE discovered an error in its  
8 weather normalization calculations for natural gas service, where an incorrect  
9 historic period was used to estimate the natural gas weather normalization  
10 coefficients. This error was first reported in PSE's Response to WUTC Data  
11 Request No. 006 and was further explained in PSE's Response to WUTC Data  
12 Request No. 046, which are provided as Exh. JAP-36. As noted in part (b) of  
13 PSE's Response to WUTC Data Request No. 046, the impact of this error was to  
14 reduce PSE's natural gas pro forma revenue by \$50,044.

15 **Q. Has PSE reflected these corrected amounts in this supplemental filing?**

16 A. Yes. The updated natural gas pro forma revenue is reflected in this supplemental  
17 filing. For ease of reference, the updated natural gas pro forma revenue is  
18 presented in Exh. JAP-37, updating the amounts previously presented in Exh.  
19 JAP-4. These updated pro forma revenue are also used to calculate the new  
20 revenue deficiency discussed in the Prefiled Supplemental Direct Testimony of  
21 Ms. Susan E. Free, Exh. SEF-8T.

1                   **IV.     UPDATED ESTIMATES FOR RESIDENTIAL ELECTRIC**  
2   **THIRD-BLOCK RATES**

3   **Q.     Please provide an overview of how PSE developed its third-block electric**  
4           **residential rate.**

5   A.     The third-block electric residential rate calculated in PSE’s original filing was set  
6           at a level that reflects PSE’s long run avoided cost of power and delivery. This  
7           includes the avoided cost of generation, transmission and distribution capacity;  
8           energy costs; line losses; and an adder for conservation benefits. PSE used the  
9           then-current assumptions in these calculations.

10 **Q.     What did the results of this analysis show in the original filing?**

11 A.     It showed that the long run avoided cost for residential electric service was below  
12           the current second tier block rate, leading PSE to the conclusion that this may not  
13           be an appropriate time to implement a three-block rate structure.

14 **Q.     Have any of the assumptions used for this analysis changed since the original**  
15           **filing?**

16 A.     Yes. The original filing used, in part, assumptions tied to its Schedule 91 rate,  
17           which also reflects long-run avoided costs. At the time of the general rate case  
18           filing, a new set of rates for Schedule 91 was being considered by the  
19           Commission, and the assumptions underlying those proposed rates were used to  
20           support the third-block rate calculations in PSE’s direct filing. Subsequent to  
21           PSE’s rate case filing, it made changes recommended by Commission Staff to  
22           assumptions used to calculate the rates within Schedule 91. These changes



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related to the assumed avoided generation capacity costs, which raised them in the

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first five years of the projections and lowered them in the later years. These

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Schedule 91 rates were subsequently approved in Docket UE-161240.

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**Q. Has PSE updated its third-block residential electric rate calculations to reflect its updated avoided cost assumptions?**

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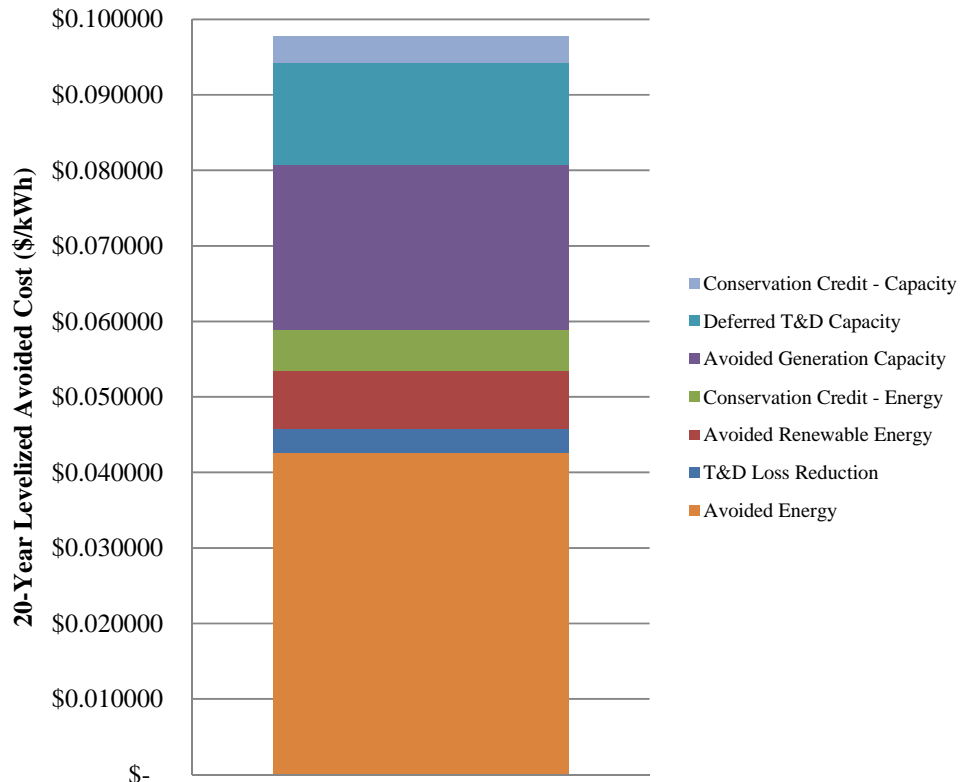
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A. Yes. A summary of the new results are presented in the graph below.

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**Figure 1**

**Long-Run Avoided Cost - Residential  
(\$0.097774/kWh)**



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1 **Q. What is the net effect of these updated third-block rate calculations?**

2 A. The net effect is that the calculated third-block rate increased from 8.9742 cents  
3 per kWh to 9.7774 per kWh. However, this continues to be below PSE's existing  
4 tail block rates for residential electric services. Therefore, PSE's fundamental  
5 conclusion that this is not the appropriate time to adopt a third-block rate structure  
6 remains unchanged.

7 **V. SCHEDULE 95 RATES FOR UPDATED POWER COSTS**

8 **Q. Were power costs updated as part of PSE's supplemental filing?**

9 A. Yes. The details of this power cost update are presented in the Prefiled  
10 Supplemental Direct Testimony of Mr. Paul K. Wetherbee, Exh. PKW-8CT.  
11 These power costs were updated under two different assumptions: (i) PSE  
12 continues to serve the load of Microsoft under Schedule 40; and (ii) PSE does not  
13 serve this load.

14 **Q. Why did PSE update its power costs with and without this Microsoft load?**

15 A. As noted in my prefiled direct testimony, the issue of whether Microsoft will be  
16 allowed to take retail access service for its loads that are currently served under  
17 Schedule 40 is the subject of ongoing discussion in Docket UE-161123. It is  
18 unclear at this time if this request will be granted and, if so, when Microsoft may

1 be in a position to begin taking retail access service.<sup>2</sup> However, the first  
2 uncertainty (i.e., whether it will be granted) should be resolved prior to the  
3 hearings in this general rate case proceeding.

4 **Q. Why is it necessary to address this issue at this time?**

5 A. If Microsoft takes retail wheeling service, there will be cost recovery  
6 implications. As PSE is proposing that remaining customers receive one hundred  
7 percent of the stranded cost payment that would be made by Microsoft in  
8 consideration of the higher power costs Microsoft is leaving behind, fairness  
9 dictates that remaining customers should also bear one hundred percent of those  
10 higher costs. In other words, the benefits should follow the burdens.

11 In order for this to occur, two things must occur simultaneously with Microsoft  
12 beginning to take retail service. First, customers should begin receiving the  
13 stranded cost payment made by Microsoft. Second, customers' rates should be  
14 increased to reflect the higher power costs that underlie the stranded cost  
15 payment. The power cost update without Microsoft load that is presented in the  
16 Prefiled Supplemental Direct Testimony of Mr. Paul K. Wetherbee, Exh. PKW-  
17 8CT forms the foundation for power costs that will need to be recovered from  
18 remaining customers after Microsoft begins taking retail wheeling service.

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<sup>2</sup> At the time of this supplemental filing, PSE is working with parties to convert the current tariff filing into a special contract for retail wheeling service pursuant to an all-party settlement in this proceeding. PSE expects this special contract, the settlement agreement and supportive testimony to be filed no later than April 11, 2017.

1 **Q. How will the rates of PSE’s remaining customers be changed as a result of**  
2 **Microsoft taking retail wheeling service?**

3 A. The rates of PSE’s remaining customers will need to reflect the impact the loss of  
4 Microsoft’s load will have on the recovery of PSE’s “fixed” and “variable”  
5 production costs.<sup>3</sup> PSE proposes to recover the updated fixed production costs  
6 through its electric decoupling mechanism. PSE further proposes to reflect the  
7 change in its variable production costs that results from Microsoft taking retail  
8 wheeling service through its Schedule 95, in much the same way PSE’s rates are  
9 adjusted to reflect changes to power costs between general rate cases.

10 **Q. Has PSE prepared an analysis showing the impact of Microsoft taking retail**  
11 **wheeling service on remaining customers’ rates?**

12 A. Yes, a preliminary estimate of the fixed production cost impacts was presented in  
13 Exh. JAP-33C, supporting my prefiled direct testimony. The update to this  
14 exhibit will be discussed later in my testimony. The impacts related to the  
15 recovery of PSE’s variable costs are presented in Exh. JAP-38. This exhibit  
16 allocates the approximately \$2.3 million revenue deficiency shown on line 11 of  
17 page 1 of Exh. KJB-16 using the peak credit allocation methodology and  
18 assumptions used to allocate power costs in this case.

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<sup>3</sup> For purposes of this discussion, “fixed” and “variable” power costs are defined consistent with the way they are presented in Exh. KJB-15 and Exh. KJB-16, supporting the Prefiled Supplemental Direct Testimony of Ms. Katherine J. Barnard, Exh. KJB-10T.

1 **Q. Is PSE requesting the Commission to approve these contingent rate**  
2 **calculations in this proceeding?**

3 A. While this is PSE's preference, it would also understand that the Commission  
4 may wish not to do so at this time. However, it is PSE's intent to give parties full  
5 opportunity to examine these proposed rates in this proceeding so as to facilitate a  
6 smooth and quick<sup>4</sup> update to these rates if and when Microsoft begins taking retail  
7 wheeling service after the conclusion of this rate case.

8 **VI. UPDATED BASE RATES**

9 **Q. Has PSE updated its proposed electric rates to reflect the corrections and**  
10 **cost updates noted earlier in your testimony?**

11 A. Yes. These proposed electric rates, set to recover the updated electric revenue  
12 requirement discussed in the Prefiled Supplemental Direct Testimony of Ms.  
13 Katherine J. Barnard, Exh. KJB-10T, are presented in Exh. JAP-39. Table 1  
14 below summarizes the results in Exh. JAP-39 and shows a comparison of the base  
15 rate changes proposed in this supplemental filing versus the initial filing. Table 1  
16 shows that proposed rate increases have dropped for all customers, largely as a  
17 result of the lower power costs. Notably, the proposed increases in the  
18 supplemental filing for the Schedule 40 customers are significantly lower than  
19 originally proposed. This is due in large part to the corrected allocation of certain  
20 distribution costs as discussed earlier in my testimony.

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<sup>4</sup> PSE intends for these filings to take effect no later than the 30 day from filing.

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**Table 1 - Proposed Electric Base Rate Increases in Initial and Supplemental Filings**

Customer Class	Rate Schedule	Proposed Base Rate Increases	
		Initial Filing	Supplemental Filing
Residential	7	8.3 %	8.2 %
General Service, < 51 kW	8/24	6.2 %	6.1 %
General Service, 51 - 350 kW	11/25/7A/29	6.2 %	6.1 %
General Service, >350 kW	12/26	6.2 %	6.1 %
Primary Service, Gen & Irr.	10/31/35	6.2 %	6.1 %
Primary Service, Schools	43	8.3 %	8.2 %
Campus Rate*	40	13.3 %	8.4 %
High Voltage	46/49	6.2 %	6.1 %
Lighting Service	50 – 59	8.3 %	8.2 %
Choice/Retail Wheeling	448/449	6.1 %	6.0 %
<b>Total Jurisdictional Retail Sales</b>	<b>n/a</b>	<b>7.6 %</b>	<b>7.3 %</b>
Firm Resale	5	128.4 %**	128.5 %**
<b>System Total/Average</b>		<b>7.6 %</b>	<b>7.3 %</b>

\*Campus Rate increase proposal reflects customer-specific distribution rates.

\*\*Reflects the rate increase necessary to move non-jurisdictional rates to parity.

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**Q. Has PSE also updated its rates for its Lighting customers as part of this supplemental filing?**

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A. No. As shown above, PSE proposes to increase the overall rates of Lighting customers by 8.17 percent based on the updated revenue requirement presented in this supplemental filing versus the proposed 8.32 percent overall increase in the initial filing. Given this small difference, the voluminous number of rates that would need to be updated and the fact that these rates will need to be updated yet

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1 again in PSE's compliance filing, the presentation of updated lighting rates have  
2 not been included in this supplemental filing. At compliance, PSE proposes to  
3 flow the final electric revenue requirement through its electric cost of service and  
4 rate design models, and ultimately through its updated lighting study presented in  
5 Exh. JAP-20 through Exh. JAP-23 to determine the final rates for Lighting  
6 customers.

7 **Q. Has PSE updated its proposed natural gas rates to reflect the corrections and**  
8 **cost updates noted earlier in your testimony?**

9 A. Yes. These proposed natural gas rates, set to recover the updated natural gas  
10 revenue requirement discussed in the Prefiled Supplemental Direct Testimony of  
11 Ms. Susan E. Free, Exh. SEF-8T, are presented in Exh. JAP-40. Table 2  
12 summarizes the proposed overall increases proposed to base rates and margin  
13 rates in Exh. JAP-40 and compares these results with PSE's initial filing. As  
14 shown in Table 2, the results are very similar, with only modest changes to the  
15 proposed rates of a few classes. These changes are the result of two factors, the  
16 lower revenue requirement presented in Exh. SEF-8T and a correction to the  
17 calculation of the base rate increase.<sup>5</sup>

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<sup>5</sup> The base rate increases were originally calculated relative to total revenues at proposed rates, rather than total revenue at existing rates.

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**Table 2 - Proposed Natural Gas Base and Margin Rate Increases in Initial and Supplemental Filings**

Customer Class	Rate Schedule	Proposed Initial		Proposed Supplemental	
		Base Rate Increase*	Margin Increase	Base Rate Increase*	Margin Increase
Residential	16/23/53	2.7 %	4.8 %	2.7 %	4.8 %
Commercial & Industrial	31/31T	3.5 %	7.3 %	3.6 %	7.2 %
Large Volume	41/41T	1.8 %	4.8 %	2.0 %	4.8 %
Interruptible	85/85T	2.3 %	4.8 %	2.5 %	4.8 %
Limited Interruptible	86/86T	0.9 %	2.4 %	0.9 %	2.4 %
Non-exclusive Interruptible	87/87T	2.5 %	7.3 %	2.6 %	7.2 %
Special Contracts		5.9 %	6.3 %	6.3 %	6.3 %
Rentals	71/72/74	0.0 %	0.0 %	0.0 %	0.0 %
<b>Total/System Average</b>		<b>2.8 %</b>	<b>5.3 %</b>	<b>2.8 %</b>	<b>5.2 %</b>

\* Includes gas costs

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**VII. UPDATED DECOUPLING CALCULATIONS**

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**Q. Has PSE updated its proposed electric decoupling mechanism to reflect the proposed rates in this supplemental filing?**

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A. Yes. The allowed revenue proposed in PSE’s electric decoupling mechanism, originally presented in Exh. JAP-30, has been updated to reflect the proposed electric rates in this supplemental filing. The updated electric decoupling analysis presented in my Exh. JAP-41 shows a modest difference from the original filing, with most classes seeing an approximate 0.5 percent (or less) increase in allowed revenue, except for the group containing Schedules 40, 46 and 49, which saw a

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1 decrease of about 3.5 percent. These changes largely reflect the corrections made  
2 to the Schedule 40 distribution rate calculations noted earlier in this testimony.

3 **Q. Has PSE updated its proposed natural gas decoupling mechanism to reflect**  
4 **the proposed rates in this supplemental filing?**

5 A. Yes. The allowed revenue proposed in PSE's natural gas decoupling mechanism,  
6 originally presented in Exh. JAP-31 have been updated to reflect the proposed  
7 natural gas rates in this supplemental filing. This updated gas decoupling analysis  
8 is presented in my Exh. JAP-42. As expected, with very little change to overall  
9 rates, this updated natural gas decoupling analysis shows equally small impacts to  
10 the allowed revenue per customer originally proposed, with the vast majority of  
11 customers seeing a small decrease in annual allowed revenues.

12 **Q. Has PSE updated its proposed electric decoupling mechanism to reflect the**  
13 **contingent calculations where Microsoft is assumed to take retail wheeling**  
14 **service?**

15 A. Yes. The allowed revenue proposed in PSE's contingent electric decoupling  
16 mechanism calculations where Microsoft is assumed to be taking retail wheeling  
17 service, originally presented in Exh. JAP-33 have been updated in Exh. JAP-43 to  
18 reflect the updated fixed production costs presented in Exh. KJB-16 in this  
19 supplemental filing and the reallocation of these costs to remaining customers.  
20 This updated electric decoupling analysis that assumes Microsoft has begun to  
21 take retail wheeling service shows results very similar to the original analysis,  
22 where most customers see a 0.3 percent to 0.4 percent increase in allowed revenue

1 and the decoupling group containing customers served under Schedules 40, 46  
2 and 49 see almost a three percent reduction in allowed revenue. As with the other  
3 electric decoupling analysis, the majority of the change in results is tied to the  
4 correction to the Schedule 40 distribution rate calculations noted earlier in this  
5 testimony.

## 6 VIII. UPDATED RATE IMPACTS

7 **Q. Has PSE updated its proposed electric rate impacts to reflect the proposed**  
8 **rates in this supplemental filing?**

9 A. Yes. The electric rate impacts originally presented in Exh. JAP-19 have been  
10 updated in Exh. JAP-44 to reflect the proposed electric rates in this supplemental  
11 filing that are presented in my Exh. JAP-39. They have also been updated to  
12 reflect the recent filing of three electric adjusting price schedules: Schedule 120  
13 (Electric Conservation Service Rider), Schedule 140 (Property Tax Tracker) and  
14 Schedule 142 (Revenue Decoupling Adjustment Mechanism). A summary of the  
15 updated overall electric rate impacts are presented in Table 3 below, where these  
16 results are compared with the initial filing. Table 3 shows that overall system-  
17 level impacts fell from 4.1 percent to 3.2 percent, largely as a result of lower  
18 power costs, as well as the updates to the other adjusting electric price schedules.  
19 However, the class-specific results are mixed, with most customers experiencing  
20 lower increases in the updated supplemental filing. These mixed results are  
21 primarily a function of the updates to the adjusting price schedules, particularly  
22 Schedule 142. As with Table 1 above, the largest difference was for customers

1 served under Schedule 40, largely due to the correction in the allocation of certain  
 2 distribution costs.

3 **Table 3 - Estimated Overall Impacts of Proposed Electric Rates in Initial and**  
 4 **Supplemental Filing**

Customer Class	Rate Schedule	Overall Impact	
		Initial Filing	Supplemental Filing
Residential	7	4.0 %	2.6 %
General Service, < 51 kW	8/24	2.8 %	3.8 %
General Service, 51 - 350 kW	11/25/7A/29	4.8 %	4.1 %
General Service, >350 kW	12/26	4.3 %	4.5 %
Primary Service, Gen & Irr.	10/31/35	4.2 %	4.4 %
Primary Service, Schools	43	6.7 %	5.5 %
Campus Rate*	40	12.1 %	6.1 %
High Voltage	46/49	4.6 %	3.0 %
Lighting Service	50 – 59	(3.4) %	(3.4) %
Choice/Retail Wheeling	448/449	0.6 %	0.6 %
<b>Total Jurisdictional Retail Sales</b>	<b>n/a</b>	<b>4.1 %</b>	<b>3.2 %</b>

\*Includes base rates, as well as Schedules 95, 141, 142 and 149.

5 **Q. Based on these updated results, what is the overall monthly bill impact on the**  
 6 **typical PSE residential customer taking electric service?**

7 A. The estimated overall monthly bill impact for the typical PSE residential customer  
 8 using 900 kWh per month fell from a \$3.73 per month increase in the initial filing  
 9 to \$2.41 per month in the supplemental filing.

1 **Q. Has PSE updated its proposed natural gas rate impacts to reflect the**  
2 **proposed rates in this supplemental filing?**

3 A. Yes. The natural gas rate impacts originally presented in Exh. JAP-28 have been  
4 updated in Exh. JAP-45 to reflect the proposed natural gas rates in this  
5 supplemental filing that are presented in my Exh. JAP-40. They have also been  
6 updated to reflect the recent filing of three natural gas electric adjusting price  
7 schedules: Schedule 120 (Natural Gas Conservation Service Rider), Schedule 140  
8 (Property Tax Tracker) and Schedule 142 (Revenue Decoupling Adjustment  
9 Mechanism). A summary of the updated overall natural gas rate impacts are  
10 presented in Table 4 below, where these results are compared with the initial  
11 filing. Table 4 shows that overall system-level impacts fell from 2.4 percent  
12 decrease to a 3.2 percent decrease. However, as with the electric impacts, the  
13 class-specific results are mixed for natural gas customers, with some customers  
14 experiencing higher or lower decreases, or no change at all. Again, these mixed  
15 results are primarily a function of the updates to the adjusting price schedules,  
16 particularly Schedule 142. For customers whose Schedule 142 rates proposed on  
17 March 31, 2017 increased, the overall decrease in Table 4 increased.

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**Table 4 - Estimated Overall Impacts of Proposed Natural Gas Rates in Initial and Supplemental Filing**

Customer Class	Rate Schedule	Overall Impact*	
		Initial Filing	Supplemental Filing
Residential	16/23/53	(2.9) %	(4.2) %
Commercial & Industrial	31/31T	(1.0) %	(0.3) %
Large Volume	41/41T	(0.9) %	(1.2) %
Interruptible	85/85T	(2.7) %	(2.7) %
Limited Interruptible	86/86T	(1.5) %	(1.7) %
Non-exclusive Interruptible	87/87T	(2.3) %	(2.3) %
Special Contracts		0.7 %	0.7 %
Rentals	71/72/74	(9.6) %	(9.5) %
<b>Total/System Average</b>		<b>(2.4) %</b>	<b>(3.2) %</b>

\* Includes base schedules, as well as Schedule 101, 141, 142 and 149.

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**Q. Based on these updated results, what is the overall monthly bill impact on the typical PSE residential customer taking natural gas service?**

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A. The estimated overall monthly bill impact for the typical PSE residential customer using 64 therms per month increased from a \$2.01 per month bill reduction in the initial filing to a \$2.93 per month bill reduction in the supplemental filing.

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**Q. Have the rates for the three updated electric and natural gas adjusting price schedules been approved by the Commission?**

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A. No. However, these are better estimates of the rates for these adjusting price schedules than presented in PSE's initial filing and, therefore, provide a more

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accurate estimate of the impacts of PSE's proposed rates at the conclusion of this rate case.

**IX. CONCLUSION**

**Q. Does this conclude your testimony?**

A. Yes.