

**EXHIBIT NO. ___(JAP-10)
DOCKET NO. UE-132027
WITNESS: JON A. PILIARIS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of
PUGET SOUND ENERGY, INC.
For an Accounting Order Approving the
Allocation of Proceeds of the Sale of
Certain Assets to Public Utility District
#1 of Jefferson County.**

Docket No. UE-132027

**FIRST EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
JON A. PILIARIS
ON BEHALF OF PUGET SOUND ENERGY, INC.**

APRIL 22, 2014

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: April 14, 2014 WITNESS: EJ Keating
DOCKET: UE-132027 RESPONDER: EJ Keating
REQUESTER: PSE TELEPHONE: (360) 664-1312

PSE Data Request No. 004 to WUTC Staff:

RE: Keating, Exh. No. EJK-1T, 3:23-25

Please provide the following:

- a. All analyses undertaken by or on behalf of WUTC Staff, or relied on by WUTC Staff, relating to how much of the accumulated depreciation associated with facilities located inside Jefferson County was paid by PSE customers located outside of Jefferson County.
- b. All analyses undertaken by or on behalf of WUTC Staff, or relied on by WUTC Staff, relating to how much accumulated depreciation associated with facilities located outside of Jefferson County was paid by PSE customers located inside of Jefferson County.
- c. Where in its case does WUTC Staff reflect the amount in part (b) of this request?

RESPONSE:

- a. Staff relied on the direct testimony of Company witness Jon Piliaris at page 14, lines 13-17, stating: "The Company's rates are uniform throughout its service area. As such, all customers share in the recovery of PSE's overall depreciation expense. The amount paid by any given customer or group of customers is not tied to specific assets used to provide service within any particular city or county within PSE's service area." See also Mr. Piliaris's direct testimony at page 14, lines 21-22, stating that "The data required to calculate a precise allocation of accumulated depreciation over the entire life of the depreciable assets is not available."

PSE's DATA REQUEST NO. 001 to ICNU:

RE: Gorman, Exh. No. MPG-1T 3.

Please provide all analyses undertaken by or on behalf of ICNU, or relied on by ICNU, relating to determining or quantifying the amount of accumulated depreciation paid by PSE's former Jefferson County customers.

RESPONSE TO PSE's DATA REQUEST 001 to ICNU:

Mr. Gorman has not attempted to estimate the amount of depreciation expense paid directly by Jefferson County customers. Nor does he believe this to be a useful exercise, given that PSE's customers pay depreciation expense on a total-company basis. Rather, Mr. Gorman's analysis instead reflects the amount of accumulated depreciation recovered and recorded by PSE on its audited books and records. PSE's recovery of annual depreciation expense and accumulation of depreciation reserves was considered by Mr. Gorman in recommending his proposed allocation of the gross sale proceeds.

Date: April 14, 2014
Respondent: Michael P. Gorman (636-898-6725)
Witness: Michael P. Gorman

PSE's DATA REQUEST NO. 003 to ICNU:

RE: Gorman, Exh. No. MPG-1T 4.

Please provide all analyses undertaken by or on behalf of ICNU, or relied on by ICNU, relating to determining or quantifying:

- a. costs (if any) incurred to provide electrical service to PSE's former Jefferson County customers that were not recovered from PSE's former Jefferson County customers.
- b. revenues received from customers (other than PSE's former Jefferson County customers) used to pay for costs incurred to provide electrical serve to PSE's former Jefferson County customers.

RESPONSE TO PSE's DATA REQUEST 003 to ICNU:

ICNU objects to this data request on the basis that it is vague and ambiguous. Notwithstanding this objection, ICNU responds as follows:

- a. Mr. Gorman has not performed the requested analysis, nor does he believe it to be a useful exercise. Please also see ICNU's response to PSE's Data Request No. 001.
- b. Mr. Gorman has not performed the requested analysis, nor does he believe it to be a useful exercise. Please also see ICNU's response to PSE's Data Request No. 001.

Date: April 14, 2014
Respondent: Michael P. Gorman (636-898-6725)
Witness: Michael P. Gorman

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**Petition of Puget Sound Energy, Inc. for an Accounting Order Approving the Allocation of
Proceeds of the Sale of Certain Assets to
Public Utility District #1 of Jefferson County
Docket UE-132027**

RESPONSE OF PUBLIC COUNSEL TO PSE DATA REQUEST NO. 5

Request No: 5
Directed to: Lisa W. Gafken, Assistant Attorney General
Date Received: April 4, 2014
Date Produced: April 14, 2014
Prepared by: James Dittmer

PSE DATA REQUEST NO. 5 TO PUBLIC COUNSEL:

Re: Dittmer, Exh. No. JRD-1T, 15-19

Please provide all analyses undertaken by or on behalf of Public Counsel, or relied on by Public Counsel, relating to the following:

- a. The cost of service of PSE's prior service territory in Jefferson County.
- b. The revenue requirements for serving PSE's prior service territory in Jefferson County.
- c. Revenues collected from PSE's former customers in Jefferson County.
- d. "Stranded costs" (of the nature referred to at p. 16, line 3 of Mr. Dittmer's testimony) incurred as a result of the sale of the Jefferson County service area to JPUD.
- e. Differences in the cost of service among subsets of regions of customers within PSE's service area, of the nature referred to at p. 17, 6-9, within PSE's service area (including, but not limited to, PSE's former Jefferson County Service Area).

OBJECTION AND RESPONSE:

Public Counsel objects to PSE Data Request No. 5 to the extent it seeks information that would reveal information protected by the attorney work product doctrine or any other privilege. Without waiving the objection and subject thereto, Public Counsel responds as follows:

- a – c) In preparing the testimony that was filed on March 28, 2014, Public Counsel and Mr. Dittmer reviewed the data, work papers and exhibits provided by PSE through the testimony and exhibits of Mr. Jon Piliaris, as well as various data request responses provided by PSE regarding Mr. Piliaris' analysis with respect to the cost of service, revenue requirement, and revenues collected from the former customers in Jefferson County.

- d) With regard to non-power supply costs, Mr. Dittmer did no additional or incremental analysis to quantify what level of stranded costs existed on PSE's system following Jefferson County's departure, beyond that identified and quantified by PSE. Specifically, Mr. Dittmer does not take exception to the \$3.2 million of non-power supply stranded costs that existed on PSE's following Jefferson County's departure. He has accepted, as PSE pointed out in response to Public Counsel Data Request No. 34, that PSE's shareholders are currently absorbing the \$3.2 million of contributions toward common fixed costs previously paid by Jefferson County electric customers.

Regarding stranded power supply costs, Mr. Dittmer largely relies upon the early years of the 20 year power supply study sponsored by Mr. Piliaris within Exhibit No. JAP-7. As discussed within pages 31 – 33 of Mr. Dittmer's testimony, the stranded cost values set forth in the early years of Mr. Piliaris' study were incorrect inasmuch as foregone PCA revenues were not properly calculated and synchronized with forecasted increases in production costs. That mismatch has been corrected and revised results can be observed within Exhibit No. JRD-4 affixed to Mr. Dittmer's testimony.

- e) No other analysis of the cost of providing service to other regions of PSE's service territory have been undertaken as no such analysis was necessary.