

Exhibit No. ___ DN-4T
Dockets UE-141335
Witness: David Nightingale

**BEFORE THE
WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION**

DOCKET UE-141335

In the Matter of the

**Petition of King County, Washington,
BNSF Railway, Frontier Communications
Northwest, Inc., Verizon Wireless, and
New Cingular Wireless PCS, LLC. For a
Declaratory Order to address the
degradation of service from Puget Sound
Energy due to the physical deterioration
of the Maloney Ridge Line underground
cable.**

CROSS-ANSWERING TESTIMONY OF

DAVID NIGHTINGALE

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Assignment of Costs for Maloney Ridge Distribution Line Replacement

December 17, 2014

TABLE OF CONTENTS

I. INTRODUCTION 1

II. SCOPE AND SUMMARY OF TESTIMONY 1

III. DISCUSSION 1

1 I. INTRODUCTION

2
3 Q. Please state your name and business address.

4 A. My name is David Nightingale. My business address is the Richard Hemstad
5 Building, 1300 South Evergreen Park Drive SW, Olympia, Washington, 98504-
6 7250.

7
8 Q. Are you the same David Nightingale that previously testified in this docket on
9 behalf of the Washington Utilities and Transportation Commission staff?

10 A. Yes.

11
12 II. SCOPE AND SUMMARY OF CROSS-ANSWERING TESTIMONY

13
14 Q. Please explain the purpose of your testimony.

15 A. My testimony addresses specific points raised in the Pre-Filed Testimony of Michael
16 P. Gorman which supports Joint Pre-Filed Testimony by the Petitioners.

17
18 III. DISCUSSION

19
20 Q. Do you agree with pages 13 and 14 of Mr. Gorman's testimony where he refers
21 to PSE's Tariff G, Schedule 85 where it states that "all electric distribution
22 facilities installed by or for the Company under this schedule including
23 replacement of such facilities if necessary so long as such replacement is not

1 **inconsistent with this schedule or a contract governing such facilities” and**
2 **suggests that this provision applies to the Maloney Line replacement?**

3 A. No, I do not agree that this part of Schedule 85 applies to the replacement of the
4 Maloney Line. This part of the tariff is focused on actions that the Company must
5 take to maintain a line extension including replacement. However, the language in
6 this section including replacement only apply when a distribution line was installed
7 “under this schedule”. The Maloney Line was not installed “under this schedule”,
8 rather, it was installed under a separate contract between PSE and General Telephone
9 Company.¹ Consequently, the responsibilities outlined in the section of Schedule 85
10 that Mr. Gorman cites, including replacement of distribution facilities, simply does
11 not apply to the Maloney Line.

12
13 **Q. Does this part of Schedule 85 cover items other than replacement of facilities?**

14 A. Yes. This part of Schedule 85 includes “replacement of such facilities” as a subpart
15 of the more general duty for PSE to “operate, maintain and repair all distribution
16 facilities” of PSE for line extensions.

17
18 **Q. Under the original or successor agreements was there any ambiguity regarding**
19 **the responsibility for what party was responsible for to “operate, maintain and**
20 **repair all distribution facilities” of the Maloney Line?**

21 A. No. It is clear that the responsibility for the total cost to “operate, maintain and
22 repair all distribution facilities” has always been with the Maloney Line customers.

¹ Petitioners’ Petition for Declaratory Order, attachment “Agreement Relating to Extension of Electrical Service” dated September 23, 1971 between Puget Sound Power and Light Company and General Telephone Company of the Northwest, Inc.

1 And the costs of operation and maintenance being assigned to the Petitioners is
2 consistent with the Schedule 85 because the Maloney Line was installed under a
3 separate contract, not under Schedule 85. It is important to remember that the
4 Maloney Line would have never been built without such a contract. The original
5 project was not economic for PSE to build. So, the original contract was the only
6 route available to PSE's initial counterparty (GTE) for construction of the project.

7 A new Maloney Line replacement project also fails the economically feasible
8 test. As described by Mr. Jason Ball, the revenues expected to be generated from the
9 project do little to offset its costs. Thus, PSE would have to look to other ratepayers
10 to recover its return of and on this project.² This would be an unfair result that could
11 establish a precedent entirely inconsistent with PSE's tariffs³ and treatment of
12 uneconomic distribution system investments. To me, this case is not a close call. The
13 Maloney line utterly fails to economically justify its construction. The remainder of
14 PSE's ratepayers should not be asked forced to subsidize this project.

15 **Q. Given that the Maloney Line replacement does not fall under the subpart of**
16 **Schedule 85 cited above, if there was no contract regarding repair or**
17 **replacement of the line, or the contract was found to be invalid, are there other**
18 **parts of Tariff G that indicate who is responsible for the cost of replacing the**
19 **Maloney Line?**

² See Opening Testimony of Mr. Jason Ball in this docket.

³ Tariff G, Schedules 80 and 85.

1 A. Yes, as mentioned in my previous testimony, the petitioners, as a “requesting entity”
2 for improved reliability of the line, are responsible for all the costs of that increased
3 reliability.⁴

4
5 **Q. Does this change your opinion of who is responsible for any replacement of the**
6 **Maloney Line?**

7 A. No. Fundamentally, the Maloney Line came into existence explicitly by the
8 understanding that it was not economically feasible. As long as the condition of
9 economic unfeasibility remains, it is reasonable to assign all costs to customers to
10 maintain the uneconomic service that they request, whether repair or replacement of
11 the line. Mr. Ball’s testimony shows that the Maloney Line replacement continues to
12 be economically unfeasible.

13
14 **Q. Does this conclude your testimony?**

15 A. Yes, it does.

16

⁴ PSE Electric Tariff G, Schedule 80, General Rules and Provisions, Section 34, Construction of Electric Facilities, b. Conditions, ii, Sheet 80-nn.