

**Exh. ECO-21
Dockets UE-170033/UG-170034
Witness: Elizabeth O'Connell**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-170033 and
UG-170034 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

Elizabeth C. O'Connell

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE's response to Staff data requests 312 and 408.

June 30, 2017

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-170033 and UG-170034
Puget Sound Energy
2017 General Rate Case**

WUTC STAFF DATA REQUEST NO. 312

WUTC STAFF DATA REQUEST NO. 312:

Please provide, by FERC account number, a detailed list of all costs related to UE-151871 and UG-151872 as incorporated for recovery in the current general rate case, including but not limited to, the following:

- a. General costs associated with research, marketing, and development of the program.
- b. Collective amount of wages and benefits of PSE internal employees assigned to work in the development of the leasing program.
- c. Costs paid to outside consultants, such as Dr. Ahmad Faruqui and Andrew Wigen. If there were other outside consultants, please list and quantify those payments, too.
- d. Costs associated to market research consultants such as Pacific Market Research. If there were others, please list and quantify those payments, too.
- e. Total legal expenses incurred to develop the program, including litigation costs associated with the leasing program, specifically.

Response:

- a. General costs associated with research and development of the expansion of the existing leasing program occurred prior to the filing and litigation in WUTC Dockets UE-151871 and UG-151872. Because the filing was made on September 18, 2015, prior to the start of the test year of the current general rate case, there are no such costs in the test year. No marketing costs were incurred as the tariff was not approved.
- b. The collective amount of wages and benefits of Puget Sound Energy ("PSE") internal employees assigned to work on the development of the expansion of existing leasing program occurred prior to the filing. Because the filing was made

on September 18, 2015, prior to the test year of the current general rate case, there are no such costs in the test year. PSE personnel who worked on the litigation phase of the proceeding did not separately track their time spent on that docket nor were their costs included in the rates requested for approval in that docket. Internal labor costs of PSE employees that supported the leasing docket were not segregated due to the fact that as salaried employees, if they had not been spending time supporting the leasing docket, those same internal labor resources would be spending time on other utility business.

- c. The outside consultants in the leasing docket were retained by and directly paid by PSE's attorneys who were then reimbursed by PSE. See PSE's response to subpart (e) for the amount of fees for outside consultant services that were reimbursed by PSE during the test year.
- d. Please see PSE's response to subpart (c), above.
- e. Legal expenses incurred to develop the expansion of existing leasing program occurred prior to the filing in WUTC Dockets UE-151871 and UG-151872. Because the filing was made on September 18, 2015, prior to the test year of the current general rate case, there are no such costs in the test year. Legal expenses incurred during the test year associated with the litigation of WUTC Dockets UE-151871 and UG-151872 and charged to FERC Account Number 928 were in the following amounts: Perkins Coie - \$971,560, which includes expenses paid by Perkins Coie to Dr. Ahmad Faruqui (Brattle) - \$232,705; Andrew Wigen - \$7,200; and Cocker Fennessy - \$23,742.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-170033 and UG-170034
Puget Sound Energy
2017 General Rate Case**

WUTC STAFF DATA REQUEST NO. 408

WUTC STAFF DATA REQUEST NO. 408:

RE: Tacoma LNG – Docket UG-151663

Please explain the allocation factor used to allocate all research, development, and litigation costs associated with Tacoma LNG in the current revenue requirement. Classify your answer by: FERC account, Cost type (research, development, legal or other), amounts allocated to PSE, amounts allocated to entities not regulated by the Commission, Total Costs, and Allocation Factors used for both PSE and entities unregulated by the Commission. Please include in your answer costs associated with this Docket and costs for the facility itself that were booked in the test year and included in the current revenue requirement model. Please classify your response by the following table and provide all “other” costs that do not fit the research, development, or legal categories and briefly describe those costs:

FERC Account	Type	PSE (Dollar Amount)	Unregulated entity (Dollar Amount)	Total costs (Dollar Amount)	Allocation factors for PSE (%)	Allocation factors for unregulated entities (%)
	Research					
	Development					
	Legal					
	Other					

Response:

Attached as Attachment A to Puget Sound Energy’s (“PSE”) Response to WUTC Staff Data Request No. 408, are the detailed charges associated with the Tacoma Liquefied Natural Gas (“LNG”) facility project included in the revenue requirement in this proceeding, by FERC Account and cost type as tracked in PSE’s accounting system.

The costs in Attachment A that are summarized below were necessary in order to allow PSE to pursue the development of the Tacoma LNG facility that will provide peaking service for PSE's regulated gas customers.

Type	Order	Order Description	Total
Legal	88000029	1900 - LNG Outside Services Legal	493,113.44
Legal Total			493,113.44
O&M During Dev Phase	88000029	1900 - LNG Outside Services Legal	2,161.90
	92000165	5315-A&G Salaries - LNG Initiative	12,200.21
	92003165	5315-A&G Salaries - LNG Initiative	126,350.67
	92006165	5315-A&G Salaries - LNG Initiative	91,456.19
	92306185	5315 - O/S Svcs - LNG Initiative	8,784.60
O&M During Development Phase Total			240,953.57
Grand Total			734,067.01

The test-year costs identified as “O&M During Development Phase” were associated with gaining the necessary regulatory approvals in order to pursue the development of the Tacoma LNG facility. Not included in the test year were costs associated with securing the contract with Tote, which occurred prior to the signing of the Tote FSA in October 2014 and prior to the start of the test year. Also not included in the test year are costs related to efforts to secure customers for the non-regulated service, as that activity did not commence until after approval of the settlement agreement on October 31, 2016, after the close of the test year. Therefore, all of the labor and employee costs associated with the PSE staff were directly assigned to the LNG project during the test year as the PSE staff assigned to the LNG project worked on gaining the necessary regulatory approvals.

Costs designated as “legal expenses” incurred during the test year were associated entirely with the regulatory proceedings, which ultimately provided the approval necessary for PSE to pursue the development of the Tacoma LNG facility. As such, 100 percent of the costs were directly charged to utility O&M.