

**PUGET SOUND ENERGY, INC.'S
CROSS-EXAMINATION EXHIBIT LIST**

Docket No. UE-132027

NUMBER	WITNESS	A/R	DATE	DESCRIPTION
	KEATING, Edward			WUTC Staff Response to PSE Data Request No. 3
				WUTC Staff Response to PSE Data Request No. 4
				WUTC Staff Response to PSE Data Request No. 5
				WUTC Staff Response to PSE Data Request No. 6
				WUTC Staff Response to PSE Data Request No. 8
				WUTC Staff Response to PSE Data Request No. 10
				WUTC Staff Response to PSE Data Request No. 12
				WUTC Staff Response to PSE Data Request No. 13
				WUTC Staff Response to PSE Data Request No. 15
				WUTC Staff Response to PSE Data Request No. 16
				WUTC Staff Response to PSE Data Request No. 17
				WUTC Staff Response to PSE Data Request No. 21
				WUTC Staff Response to PSE Data Request No. 28
				Exhibit EJK-1T, page 4:14-15: PSE Proposal and Staff Proposal (illustrative exhibit)
				<i>18 CFR Part 101-Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act, Definitions, No. 12 "Depreciation"</i>

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: April 14, 2014
DOCKET: UE-132027
REQUESTER: PSE

WITNESS: EJ Keating
RESPONDER: EJ Keating
TELEPHONE: (360) 664-1312

PSE Data Request No. 003 to WUTC Staff:

RE: Keating, Exh. No. EJK-1T, 5, 8, 11, 12, 13, 34

Please identify, by specific reference, the regulations that WUTC Staff is referring to in each instance where Mr. Keating's Testimony refers to the "Rate Base Rate of Return Regulation."

RESPONSE:

Staff's reference to "Rate Base Rate of Return Regulation" means the form of rate regulation the Commission has adopted and applied by order in general rate cases of all electric and natural gas companies subject to its jurisdiction, including Puget Sound Energy, Inc. and its predecessor companies Puget Sound Power & Light Company and Washington Natural Gas Company.

The Commission has established filing requirements to implement Rate Base Rate of Return Regulation at WAC 480-07-500, et seq.

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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."
- b. See response to part a above.
- c. See response to part a above.

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PSE Data Request No. 005 to WUTC Staff:

RE: Keating, Exh. No. EJK-1T 13:14-19:8.

Please explain why PSE's remaining customers are entitled to any "benefit" of "burdens" that may have been borne by PSE's former Jefferson County customers?

RESPONSE:

PSE's former Jefferson County customers already received their benefit since they are no longer customers of PSE. Therefore, any remaining benefits should accrue to remaining ratepayers since they were the ones who bore the burden, rather than shareholders.

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PSE Data Request No. 006 to WUTC Staff:

RE: Keating, Exh. No. EJK-1T 13:14-19:8.

Please explain why PSE's remaining customers are entitled to "rewards" attributable to any "risks" that may have been borne by PSE's former Jefferson County customers?

RESPONSE:

Please see Staff's response to PSE Data Request No. 005 to WUTC Staff.

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PSE Data Request No. 008 to WUTC Staff:

RE: Keating, Exh. No. EJK-1T, 12:13-23

Please explain WUTC Staff's position as to whether PSE's customers have an ownership interest in utility property by virtue of paying for and receiving service from that property.

RESPONSE:

It is not Staff's position that customers have an ownership interest in utility property by virtue of paying for and receiving service from that property.

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PSE Data Request No. 010 to WUTC Staff:

Re: Keating, Exh. No. EJK-1T 24:3-7

Please explain why a "return of" utility's investment through rate recovery is to be treated, for accounting purposes, as a contribution to capital?
Is this principle reflected in the "Rate Base Rate of Return Regulation" referred to in Mr. Keating's testimony, and if so, please provide the reference to the relevant regulation.

RESPONSE:

Staff did not testify regarding a contribution "to" capital for accounting purposes. Staff testified to a "return of capital" via depreciation expense as payment to the utility for the company's initial investment in the asset. This is consistent with Rate Base Rate of Return Regulation.

Please see WUTC Response to PSE Data Request No. 003 and Exhibit No. EJK-1T, page 12, lines 5-8.

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PSE Data Request No. 012 to WUTC Staff:

RE: Keating, Exh. No. EJK-1T, 27:8-11

Please reconcile WUTC Staff's position in the above-referenced testimony with its support for PSE's conservation program. As part of its response, and specifically related to power supply, please

- a. Explain whether and how PSE customers not participating in its conservation program benefit from this program, and
- b. Explain any and all differences between how PSE's customers not participating in its conservation program are impacted by the load reductions resulting from these programs and how PSE's customers served outside of Jefferson County are impacted by the load reduction resulting from the transfer PSE's assets in Jefferson County to JPUD.

RESPONSE:

Staff objects to this data request as irrelevant and beyond the scope of its testimony. Without waiving such objection:

- a. Staff is unaware of any customers other than transportation customers that are not participating in PSE's conservation programs. All customers support conservation programs through rates.
- b. See response to part a above.

If PSE is referring to customers who do not participate in its conservation programs as those who pay the DSM charge to subsidize efficiency measures for other PSE customers then:

- a. DSM measures that are paid for by all customers and implemented by a subset of customers will reduce the overall average load without changing the number of ratepayers on the system. This will mitigate the immediate need for building additional generation plant.
- b. Conservation programs do not change the number of ratepayers on the system. Therefore there is no loss of contributions to fixed costs. Conservation programs do effectively lower the overall average load per customer; however, the loss of Jefferson County load *and* ratepayers is not related to the reduction of incremental load per customer. The loss of Jefferson County load and ratepayers results in a

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harm to ratepayers because there are now fewer ratepayers on the system to contribute to the same level of fixed production plant costs. Comparing conservation programs with the loss of load and ratepayers in Jefferson County would support that it is in the public interest for the Company to sell all of its service territory immediately. This is in line with the determination that Conservation programs, such as DSM, are in the public interest.

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RESPONDER: EJ Keating
TELEPHONE: (360) 664-1312

PSE Data Request No. 013 to WUTC Staff:

RE: Keating, Exh. No. EJK-1T, 27:8-11

Please explain whether or not WUTC Staff would support or require the evaluation of the acquisition of a demand-side resource with more than a 20-year useful life using only five years of projections. If not, please reconcile this explanation with WUTC Staff's use of only five years to evaluate the impact of the permanent load reductions resulting of the transfer of PSE's assets in Jefferson County to JPUD.

RESPONSE:

No. Please see Exhibit No. EJK-1T, 27:6-28:1.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
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REQUESTER: PSE

WITNESS: EJ Keating
RESPONDER: EJ Keating
TELEPHONE: (360) 664-1312

PSE Data Request No. 015 to WUTC Staff:

RE: Keating, Exh. No. EJK-1T, 25: 4-6.

In calculating the \$53 million harm to ratepayers, did Mr. Keating discount the harm in future years? If so, what was the discount rate used? If not, why not?

RESPONSE:

No. Staff used "nominal" numbers and showed the harm per year for purposes of simplification.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
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REQUESTER: PSE

WITNESS: EJ Keating
RESPONDER: EJ Keating
TELEPHONE: (360) 664-1312

PSE Data Request No. 016 to WUTC Staff:

RE: Keating, Exh. No. EJK-1T, 26: 4.

What does "nominal harm" mean?

RESPONSE:

Nominal harm represents an un-adjusted amount, i.e. not discounted or adjusted for inflation.

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RESPONDER: EJ Keating
TELEPHONE: (360) 664-1312

PSE Data Request No. 017 to WUTC Staff:

RE: Keating, Exh. No. EJK-4.

In the columns entitled "Lost Fixed Production Revenue" and "Cumulative Harm to Ratepayers," were the dollar amounts for the 22 years discounted? If so, what discount rate was used? If not, why not?

RESPONSE:

No. Please see WUTC Staff response to PSE Data Request No. 015.

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REQUESTER: PSE

WITNESS: EJ Keating
RESPONDER: EJ Keating
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PSE Data Request No. 021 to WUTC Staff:

RE: Keating, Exh. No. EJK-1T, 32: 19

Please provide all analyses undertaken by or on behalf of WUTC Staff, or relied on by WUTC Staff relating to the statement that PSE shareholders are not harmed by the JPUD sale?

RESPONSE:

Please refer to Exhibit No. ____ (EJK-1T) at 32:16-34:3.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: April 18, 2014
DOCKET: UE-132027
REQUESTER: PSE

WITNESS: EJ Keating
RESPONDER: EJ Keating
TELEPHONE: (360) 664-1312

PSE Data Request No. 28 to WUTC Staff:

RE: Keating, Exh. No. EJK-4

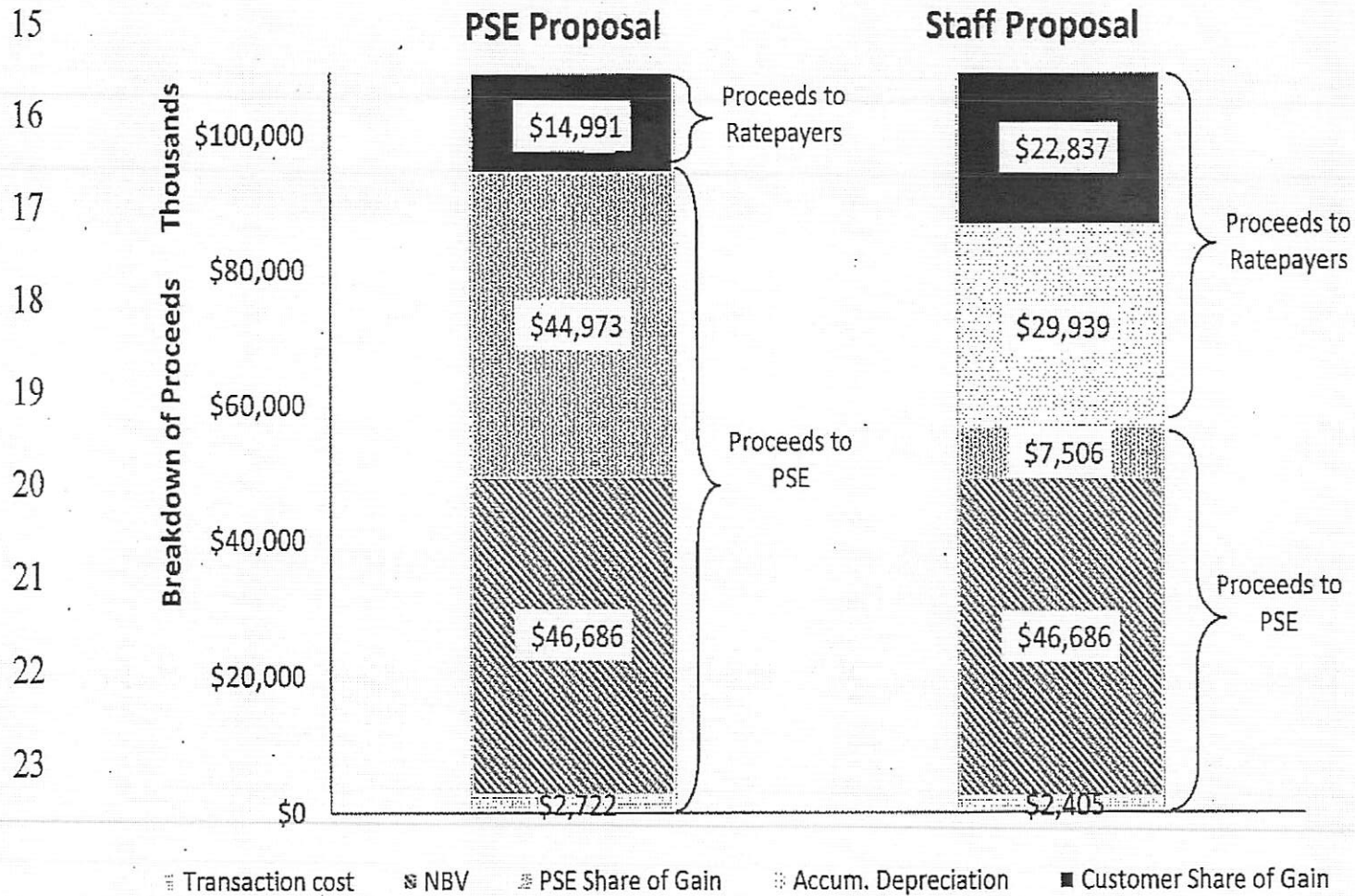
Please explain why the approach in Exhibit No. EJK-4 is not also taken by WUTC Staff to evaluate the impact of PSE's conservation programs on non-participating customers. How would this exhibit differ, including the assumptions and financial results, if the load reduction in this example came from PSE's conservation program savings? Is it WUTC Staff's contention that PSE's conservation programs lead to a comparable financial harm to ratepayers? If not, why not?

RESPONSE:

Staff objects to this data request as irrelevant and beyond the scope of its testimony.
Without waiving such objection:

Please see WUTC Staff response to PSE Data Request No. 012.

14 A. Yes. The Company and Staff proposals are compared as follows:





**CODE OF FEDERAL
REGULATIONS**

Title 18

Conservation of Power and Water

Resources

Parts 1 to 399

Revised as of April 1, 2013

Containing a codification of documents
of general applicability and future effect

As of April 1, 2013

Published by the Office of the Federal Register
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activities associated with asset retirement obligations that are capitalized as part of the tangible long-lived assets that give rise to the obligation. (See General Instruction 25).

11. *Debt expense* means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

12. *Depreciation*, as applied to depreciable electric plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities.

13. *Discount*, as applied to the securities issued or assumed by the utility, means the excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

14. *Investment advances* means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

15. *Lease, capital* means a lease of property used in utility or nonutility operations, which meets one or more of the criteria stated in General Instruction 19.

16. *Lease, operating* means a lease of property used in utility or nonutility operations, which does not meet any of

the criteria stated in General Instruction 19.

17. *Licensee* means any person, or State, licensed under the provisions of the Federal Power Act and subject to the Commission's accounting requirements under the terms of the license.

18. *Minor items of property* means the associated parts or items of which retirement units are composed.

19. *Net salvage value* means the salvage value of property retired less the cost of removal.

20. *Nominally issued*, as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued direct to trustees of sinking funds in accordance with contractual requirements.

21. *Nominally outstanding*, as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

22. *Nonproject property* means the electric plant of a licensee which is not a part of the project property subject to a license issued by the Commission.

23. *Original cost*, as applied to electric plant, means the cost of such property to the person first devoting it to public service.

24. *Person* means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

25. *Premium*, as applied to securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

26. *Project* means complete unit of improvement or development, consisting of a power house, all water conduits,