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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket Nos. UE-090704 and UG-090705
Puget Sound Energy, Inc.'s
2009 General Rate Case

PUBLIC COUNSEL DATA REQUEST NO. 232

PUBLIC COUNSEL DATA REQUEST NO. 232:

Please provide the following regarding any new state-of-the-art bill payment processing equipment (such as, but not necessarily limited to, the equipment recently installed at Bothell's payment processing center that was stated within an employee newsletter to have doubled the rate of processing customers' bill payments) that has been installed in the period January 2008 to date:

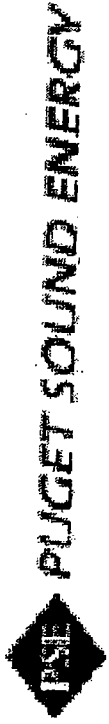
- a. Feasibility studies underlying the decision to purchase or lease and install.
- b. Date each system or phase was installed.
- c. Cost of each system installed by FERC account, by utility operation, or if applicable, designating that such systems were recorded as common plant and how allocated to each utility operation.
- d. Number of employees working at each processing center for the period January 2008 to date.

Response:

- a. Attached as Attachment A to Puget Sound Energy, Inc.'s ("PSE") Response to Public Counsel Data Request No. 232, please find the feasibility studies underlying the decision to purchase or lease and install bill payment processing equipment.
- b. This bill payment processing equipment was installed in April 2008.
- c. The cost of the bill payment processing equipment installed in April 2008 was approximately \$494,000. This equipment is recorded to FERC account C391-Common
- d. For the period January 2008 to date, PSE has one bill processing center that employs a staff of 17.

Attachment A to PSE's Response to Public Counsel Data Request No. 232 is CONFIDENTIAL per Protective Order in WUTC Docket Nos. UE-090704 and UG-090705.

**ATTACHMENT A to PSE's Response to
Public Counsel Data Request No. 232**



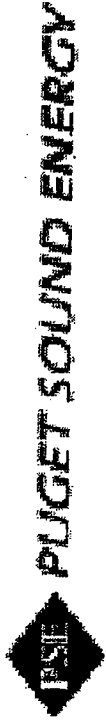
Payment Processing Options

Tom Yocum

Don Pratt

Doug Swanson

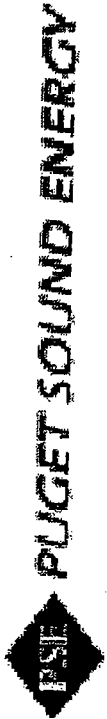
April 27, 2007



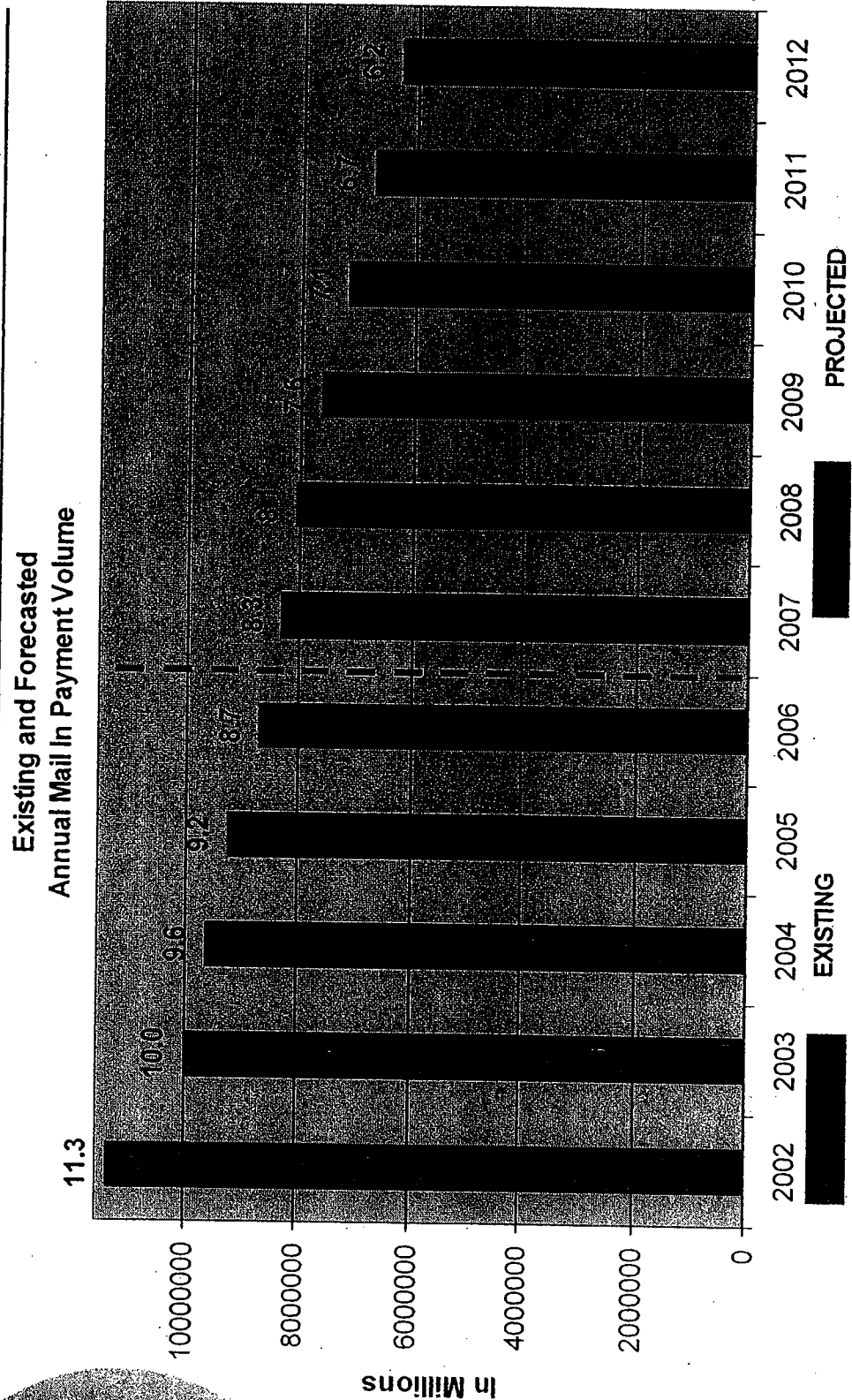
Payment Volume

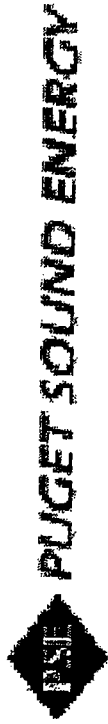
Assumptions

- Continued 3% annual customer growth rate
- Continued 8% adoption rate of electronic payments options



Payment Volume

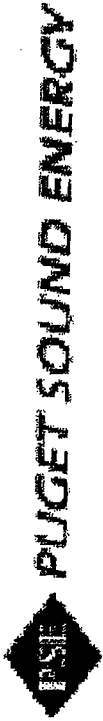




Current Equipment Situation

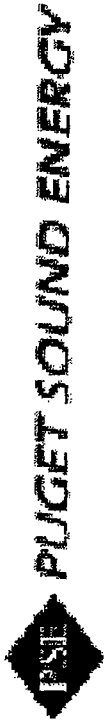
Payment processing transports (2 NCR 7780's)

- Have exceeded their normal useful life
- Greater down time, more repairs, and higher maintenance costs.
- Replacement parts will not be manufactured after 2008
- Encoding reject rate is increasing due to equipment wear
- Are not capable of ARC'ing or "Check 21" Image Exchange



Objective of Study

- Explore options for future payment processing
- Compare costs
- Recommend plan of action



Outsource Research

- Identified major lockbox service providers and requested cost projections
- Identified local lockbox service providers, visited, and requested cost projections
- Requested presentations and cost projections from qualified processors based on volume of 8.7 million payments/year

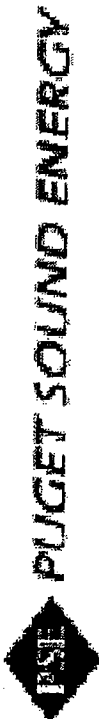
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Exhibit No. _____

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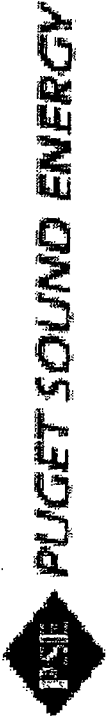
**ATTACHMENT A TO PSE'S RESPONSE TO PUBLIC
COUNSEL DATA REQUEST NO. 232**

pp. 9 and 10 is CONFIDENTIAL



Recommendation

- PSE should purchase equipment
- Decision is durable for next 5-6 years
- Future cost of mail-in payment processing \$0.09 - \$0.13
- Return on Investment is about 35%
 - \$500K purchase
 - \$180K return
 - \$130K ARC savings
 - \$25K savings – maintenance and consumables
 - \$35K labor savings – no encoding of checks



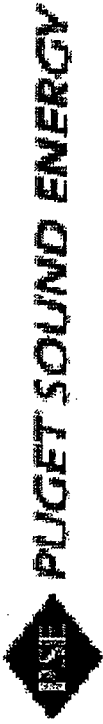
Overview of Benefits

- Deposit fees in the Treasury Dept's budget will be about \$130,000 less. (per Don's conversation with Patrick, fees will go from \$0.03 to \$0.015 per item)
- Processing would be done locally. Most bids are for processing out of the Puget Sound area, resulting in delays of depositing checks. An out of area processing delay of 1 day costs about \$500,000 annually. (8.7 million payments at \$200 per, assuming 10% capital costs)
- Processing time saved by not encoding checks equates to .75 FTE or \$35,000. (\$14.71 per hour multiplied by 1500 hours with 63% loading)



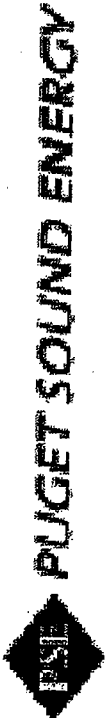
Overview of Benefits

- Maintenance and Consumables will be less with an equipment purchase by about \$25,000. (encoding ribbons will no longer be needed, \$8,000)
- Depreciation costs will go down versus current amounts due to lower initial costs (\$500,000 now versus over 620,000 in 2000).
- Total projected savings from purchase of equipment is \$180,000 (\$25k + \$130k + \$35k). This gives us a simple ROI of about 35%.



Next Steps

- Equipment Acquisition
- Purchase option \$494,000
- 6 year Lease Option
 - \$9,600.00/Month
 - \$115,200/Year
- Implementation timing January 2008



○ Questions?

Slide #1

PSE is the Least Cost Option

Next option is \$544 k more

\$414 processing cost difference

\$130 ARC'ing Savings

Options from cost table by vendor :

Option #1 Keep Existing Process within PSE

Total Cost per Unit based on 8.7 million payments in 2006

\$ 0.081

Option #2 Contract with First Data Corp for Mail In payments

Total Cost per Unit based on 8.7 million payments in 2006

\$ 0.129

Option #3 Contract with CitiBank for Mail In payments

Total Cost per Unit based on 8.7 million payments in 2006

\$ 0.133

Option #4 Contract with Retail Lockbox for Mail In payments

Total Cost per Unit based on 8.7 million payments in 2006

\$ 0.138

Option #5 Contract with US Bank for Mail In payments

Total Cost per Unit based on 8.7 million payments in 2006

\$ 0.168

Option #6 Contract with Wells Fargo for Mail In payments

Total Cost per Unit based on 8.7 million payments in 2006

\$ 0.268

Slide #2

PSE should purchase equipment

Decision is durable for next 5-6 years

Future cost of mail-in processing \$0.075 - \$0.115 , with ARC fee reductions

ROI is about 35%

\$500 k purchase

\$180 return

\$130 ARC savings (Treasury budget)

\$25 k savings - maintenance and consumables

\$35k labor savings - no encoding of checks

Summary Worksheet of Payment Processing charges - by Payment Channel

WBS Title	WBS #	2006 O & M	Payments (#)	Cost/Pmt
Payment Processing	S.00345	\$ 1,601,320		
Cashiering	P.10033	\$ 813,382		
Total Costs		\$ 2,414,702	14795041	\$ 0.163

Allocated by Payment Type:				
Mail-In		\$ 537,198	8,708,622	\$ 0.062
E-Payment		\$ 476,549	3,192,863	\$ 0.149
AFT		\$ 149,192	988,343	\$ 0.151
APS		\$ 320,607	446,172	\$ 0.719
Credit Cards		\$ 251,480	485,949	\$ 0.518
Cashiers		\$ 515,463	259,667	\$ 1.985
Lockbox		\$ 100,214	713,425	\$ 0.140
Other		\$ 64,000		
Totals		\$ 2,414,702	14,795,041	Accrual, net

Does not include revenue from Lockbox or Treasury Charges
 Does not include credit card fees from PSE customers

Estimate of Future Payment Processing Volumes and Costs

Year	Volumes	Mail-In O & M	Cost/Payment
2008	8,077,908	\$ 617,428	\$ 0.076
2009	7,626,302	\$ 641,285	\$ 0.084
2010	7,174,696	\$ 665,655	\$ 0.093
2011	6,723,090	\$ 690,552	\$ 0.103
2012	6,271,484	\$ 715,993	\$ 0.114
Total	35,873,480	\$ 3,330,913	\$ 0.093

Components of Mail-In Costs		
Labor & Other*	Maint/Deprec	ARC Fee Reduction**
569,430	169,167	(121,169)
586,513	169,167	(114,395)
604,108	169,167	(107,620)
622,232	169,167	(100,846)
640,899	169,167	(94,072)

*Labor has been inflated by 3% per year
 ** ARC Fee Reduction is \$0.015 per item

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Puget Sound Energy

Fee Description	Client Specific %	Monthly Volume		Monthly Volume	
		Volume	Fee	Volume	Fee
Payment Processed	100.00%	500,000	\$ 0.0900	750,000	\$ 0.0800
Unmatched Item Processed	35.00%	175,000	\$ 0.0200	262,500	\$ 0.0200
Check Only	2.00%	10,000	\$ 0.1500	15,000	\$ 0.1500
Multiple Stub/Check	12.00%	60,000	\$ 0.1000	90,000	\$ 0.1000
Lookup Item	5.00%	25,000	\$ 0.3500	37,500	\$ 0.3500
Key Entry/Check & List	2.00%	10,000	\$ 0.1500	15,000	\$ 0.1500
Correspondence	2.00%	10,000	\$ 0.2500	15,000	\$ 0.2500
Promotional Items	0.00%	-	\$ 0.1200	-	\$ 0.1200
General Mail/White Mail	0.00%	-	\$ 0.0500	-	\$ 0.0500
Other/Reject	0.00%	-	\$ 0.1200	-	\$ 0.1200
Express Mail	0.01%	25	\$ 2.5000	38	\$ 2.5000
Money Order	0.00%	-	\$ 0.0200	-	\$ 0.0200
Cash Item	0.00%	-	\$ 2.5000	-	\$ 2.5000
Transmission	0.00%	20	\$ 10.0000	20	\$ 10.0000
Transmission - per item	100.00%	500,000	\$ 0.0050	750,000	\$ 0.0050
Sub-Total		500,000	\$ 0.1430	750,000	\$ 0.1329
					\$ 99,669
Courier to PO and Bank			TBD		
Change of Address data entry	0.00%	-	\$ 0.2500	-	\$ 0.2500
Mark Sense Detect	0.00%	-	\$ 0.0100	-	\$ 0.0100
Sensitive Doc Destruction (Stub&Che	200.00%	1,000,000	\$ 0.0010	1,500,000	\$ 0.0010
Monthly Maintenance		1	\$ 200.0000	1	\$ 200.0000
Basic Remittance		500,000	\$ 0.1454	750,000	\$ 0.1352
					\$ 101,369

PO BOX Rental Pass Through--868.00 per year Pass Through--868.00 per year

Pricing is subject to change. Exception pricing, other products and services such as Image Archive, ARC and ICL are available and will be priced according to client's specifications. All pricing will be fully detailed in a contractual service agreement.

Product	TMA Code	SERVICE	Thr	MONTHLY VOLUME	Estimated Mo. Cost	Unit of Measure	Description
05.00.2.2	1038	Lockbox Maintenance		70,000		Monthly/box	The fee for maintaining a lockbox account in the system. The minimum monthly charge incurred if aggregate fees at the customer level for image, non-image, ODR and check clearing all below \$250/month. The monthly fee to connect to and provide lockbox imaging services via Citibank Direct (image of check and remittance documents and routing information).
05.99.9.9	2600	LBX Minimum Mo. Fee		175,000		Per month per Customer Definition	The fee to process cash payments received in lockbox. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
05.03.1.0	4469	CLICheck-Res Solution Pkg				Per check	The charge covering the clearing bank's price to Citibank for clearing a check processed in Chicago, Illinois. The per-item fee to cover the receipt, coordination and control of correspondence mailed to the lockbox without a payment and is returned to the customer via dispatch package.
10.04.0.9	0218	LBX Return/Reclar Item				Per check	The charge covering the clearing bank's price to Citibank for clearing a check processed in Atlanta, GA. The charge covering the clearing bank's price to Citibank for clearing a check processed in Dallas, Texas. This per-transaction charge for deposits to a customer's account.
05.02.4.9	1034	LBX Check Clearing		30,040	750,000	Per check	The fee to process each payment received in lockbox. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
05.05.2.0	1053	OCR Reject Surcharge		30,500	35,000	Per document	The fee to transmit collected lockbox data to the customer. The fee to sort, warehouse lockbox items in customer specified order (alphabetic, dollar amount, etc.), includes up to five extra.
10.02.4.9	1318	LBX Check Clearing		30,065		Per check	The fee to create and handle customer transmission files. The fee for daily reporting of lockbox remittance details via telephons. Reporting to be limited to 300 transactions per month.
05.02.1.0	2531	Digitized Image - Check		30,002	728,000	Per image	The fee to create duplicate output reports. The fee to generate non-standard reports. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.0274
05.02.1.0	4680	Images Correspondence-no check		30,050		Per page	The fee to note of Unassigned Information (such as account number, dollar amount, etc.) onto a check, invoice or envelope. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
10.02.4.9	2102	LBX Check Clearing		30,065		Per check	The fee to report lockbox deposit information, prior to posting. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
10.02.4.9	2081	LBX Check Clearing		31,700		Per check	The handling charge for the coordination and control required per file and per customer address to deliver lockbox work via express mail. Typically referred to as Dispatch Package.
05.01.2.9	0341	Cash Processing		32,000		Per payment	The special handling charge to deliver a customer's lockbox work via dedicated courier or messenger. Charge is by site by customer address.
05.04.0.1	0207	LBX Data Transm/Item		3,000.00		Per item	Sorting of items in customer-specified order. Applies to sorts exceeding those included in the standard product (retail) or basis sort (wholesale) in increments of ten additional sorts.
05.01.1.2	0214	Sorted Item-Base		50,250		Per item	Payee verification per item for up to ten additional payees beyond standard product. (Standard is 10 payees.) MORE THAN 10 REQUIRES PRODUCT MANAGEMENT APPROVAL.
05.04.0.1	1040	LBX Data Transm/Item		7,000	21	Per transmission	The per check fee to capture information on returned items and to transmit data to a third party (for subsequent creation of a series of collection letters).
05.03.2.9	1046	Detail Reporting (Phone)		20,000		Per call	The additional fee to process each item in an incoming express mail package/envelope. This fee is in addition to the Incoming Exp. Mail - Same Day Production Pouch fee.
05.03.9.9	1916	Duplicate Reports		20,000		Per duplicate generated	The handling charge for incoming express mail package/envelopes to a lockbox processed SAME DAY. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
05.03.3.1	1917	Custom Reports		65,000		Per report	Deferred WITHOUT PRODUCT MANAGEMENT APPROVAL.
05.01.1.6	1918	Info. Transcription		50,180		Per item	The additional fee to process each item in an incoming express mail package/envelope. This fee is in addition to the Incoming Express Mail 24-Hour Production Pouch fee.
05.03.2.0	1919	Interim Bal Reporting		15,000		Per call	
05.04.1.2	1921	Orig. Exp Mail Coord-Disp Pkg		75,000		Monthly/ite, per customer address	
05.04.1.2	1922	Dedicated Messenger		520,000		Monthly	
05.01.1.4	1923	Sorted Item-Premium		50,150		Per item	
05.02.1.P	1924	Payee Match - Premium		50,120		Per check up to 10 MAXIMUM add'l	
05.99.9.9	1925	CLICheck-Return		58,000		Per check	
05.01.2.8	1927	Return Ct Data Capture		31,100		Per check	
05.01.1.1	2174	Income Exp Mail-SmDay per item		50,250		Per item	
06.04.1.2	2175	Income Exp Mail - Same Day Production		50,250		Per item	
05.01.1.1	2176	Income Exp Mail-24hr Prod-pouch		32,000		Per pouch	
05.01.1.1	2177	Income Exp Mail-24hr Prod-item		30,300		Per item	
				30,450		Per item	

Product Code	Description	Unit	Price	Quantity	Total	Comments
05.01.1.1	2416 Fax Report Prep.	Per Page	\$0.600	36-50	\$21.600	Fee for preparing report documents or reports to be faxed to customer.
05.04.0.3	2333 Command Disk	Per Item	\$0.750	91-100	\$68.250	Creation of CD containing digitized check, invoice, remittance documents, etc.
05.04.0.5	2634 Additional Compact Disc	Per CD	\$20.000	101+	\$20.000	Each additional copy of CD containing digitized images of checks, coupons, and remittance documents.
05.04.1.1	4397 Detail Reporting (ChildDirect)	Monthly/Per Lockbox	\$15.000		\$15.000	The monthly fee for reporting of lockbox remittance details via ChildDirect. Reporting via ChildDirect will be limited to 300 transactions a month.
05.04.0.1	4658 Weekend Transmission	Per Transmission	\$100.000		\$100.000	The fee to send/receive a transmission on the weekend.
05.04.0.1	4657 Holiday Transmission	Per Transmission	\$350.000		\$350.000	The fee to send/receive a transmission on a bank holiday.
10.04.2.0	0231 Return Deposit Item Call	Per Call	\$15.000		\$15.000	The charge to notify a customer manually that a returned item has been received. May include the receipt of instructions regarding disposition.
10.05.1.0	2746 Foreign/Collection Item	Per Item	\$25.000		\$25.000	The fee for manually handling, preparing and forwarding a foreign collection item to WorldLink Services or other Citibank collection areas for clearing and credit. (Additional fee will be assessed in collecting the funds) (Include Canada).
05.99.9.9	4353 Outbound Courier Dispatch	Pass through				The Pass through cost represents customer shipping expenses associated with any materials dispatch to them via any courier (US Mail, UPS, FedEx, DHL, etc.).
05.01.1.P	1508 Spec. Handling/Reg Smm.	Custom				The fee for special requests made by customers as agreed to on a case-by-case basis.
05.99.0.9	1009 LBX Spec. Handling/Oh	Custom				The fee for special requests made by customers as agreed to on a case-by-case basis. (Note: Custom. The charge to reimburse Citibank for expenses incurred in meeting special handling requests.)
03.01.1.P	0217 LBX Spec. Handling/Oh	Custom				The fee for special requests made by customers as agreed to on a case-by-case basis. (Note: Custom. The charge to reimburse Citibank for expenses incurred in meeting special handling requests.)
10.07.2.3	1901 End Point Analysis	Per request	\$135.000		\$135.000	The fee for customer request to capture and analyze the ABA numbers on checks deposited to customer's account. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
05.01.3.A	0681 Credit Card Processing	Per Item	\$3.500		\$3.500	The fee to promote remittance payments received through a customer's lockbox and designated by the remitter as a charge to its credit card account (VISA, MasterCard, etc.). Currently available in DE only. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
05.01.1.P	1905 LBX Spec. Handling/Oh	Custom				The fee for special requests made by customers as agreed to on a case-by-case basis.
05.99.9.9	1035 Implementation Fee	One-time per box	\$90.000		\$90.000	The initial charge to implement a lockbox service. This fee is charged for each new lockbox opened.
05.99.9.9	2309 Programming/Hour	Per Hour	\$175.000	TBD	TBD	The hourly charge for any programming on behalf of a customer.
4655	Admin LBX User Test beyond aid	Per Hour	\$250.000		\$250.000	Customer request for additional lockbox user tests, conducted during the normal course of an implementation. All clients will receive one user test free of charge.
05.01.0.1	0225 Item Processing (No Photocopy)	Per check	\$0.450		\$0.450	The per-item charge to process checks deposited in a wholesale lockbox. For items which require one photocopy of the check to be returned to the customer.
05.01.0.1	2412 OCR Scannable Wholesale	Per check	\$0.440		\$0.440	The per-item charge to process checks deposited in a wholesale lockbox. For items which do not require a photocopy of the check to be returned to the customer.
05.01.0.1	4523 Digitized Image - Remittance	Per check	\$0.430		\$0.430	The per-item charge to process checks deposited in a wholesale lockbox. For items which do not require a photocopy of the check to be returned to the customer.
05.01.0.1	2312 Balance - check to invoice	Per check balance	\$0.200		\$0.200	Charge for key-creating alphanumeric data characters from a wholesale lockbox remittance document into an electronic information reporting system.
05.01.2.5	2328 DataCollect-Manual/DDE Alpha3ur	Per invoice	\$0.050		\$0.050	Charge for key-creating alphanumeric data characters from a wholesale lockbox remittance document into an electronic information reporting system.
05.01.1.5	1050 Reassociated Item	Manual fee	\$0.150		\$0.150	The per-item fee to reassociate and staple check photocopies to remittance invoices.
05.01.2.1	0222 Data Collection - Auto	Per check	\$0.150		\$0.150	The per-item fee to reassociate and staple check photocopies to remittance invoices.
05.01.9.9	0226 Additional Photocopy	Per Item	\$0.150		\$0.150	The per-item fee to reassociate and staple check photocopies to remittance invoices.
05.01.1.E	1041 Env. Return - Reassociated	Per Item	\$0.140		\$0.140	The per-item fee to reassociate and staple check photocopies to remittance invoices.
05.01.1.F	1042 Env. Return - No Reassociation	Per Item	\$0.140		\$0.140	The per-item fee to reassociate and staple check photocopies to remittance invoices.
05.09.9.9	2640 Automated Cash Application	Per Item	\$0.130		\$0.130	The per-item fee to reassociate and staple check photocopies to remittance invoices.
05.01.0.P	4629 Post Mark Date Sort	Per item	\$0.120		\$0.120	The per-item fee to reassociate and staple check photocopies to remittance invoices.
05.01.0.P	4630 Post Mark Date Audit	Per item	\$0.115		\$0.115	The per-item fee to reassociate and staple check photocopies to remittance invoices.
05.06.0.0	4658 Variable Remittance STRG-today WLB	Per Item	\$0.050		\$0.050	The per-check fee associated with automatic collection of check/MOCR line information.
		Per Month	\$0.040		\$0.040	The charge for an additional photocopy of a check received for deposit in the customer's lockbox account.
		Per Item	\$0.100		\$0.100	The fee to return lockbox envelopes to customer associations with invoices and checks.
		Per Envelope	\$0.080		\$0.080	The fee to return lockbox envelopes to customer without reassociation.
		Per Envelope	\$0.380		\$0.380	The fee for daily reporting of lockbox remittance details via email. Reporting to be limited to 300 transactions per month.
		Per Email	\$10.000		\$10.000	The fee for daily reporting of lockbox remittance details via email. Reporting to be limited to 300 transactions per month.
		Per Item	\$0.060		\$0.060	Sorting of items received in the lockbox in post mark date order.
		Per Item	\$0.050		\$0.050	Sorting and auditing mail received to meet post mark date requirements.
		Per Month	\$0.050		\$0.050	Cost to extend on-line storage for 90 days Fee is per item (e.g., check and check addit are considered 2 items)

Product Code	Description	Quantity	Unit Price	Total Price	Notes
05.06.0.0	4658 Variable Retention STRG-120day VLR	\$0.040	\$	\$	Cost to extend on-line storage for 120 days. Fee is per item (e.g., check and check stub are considered 2 items)
05.01.2.5	4782 Data Capture-Multiple Invoices	Per Month	\$	\$	Note: Waived. The additional cost per invoice for transactions received with multiple invoices. This fee is in addition to all existing charges.
05.02.1.P	1906 Lbx Spec Hand/White	Consult Prod Mgmt	\$	\$	The fee for special requests made by customers as agreed to on a case-by-case basis. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
05.02.1.Q	2532 Digitized Image - Coupon	Per Coupon	\$	\$	Capture of retail coupon images for electronic (web / CD) delivery. Includes image capture, storage, and access to images via image archive. The per-document fee to read and capture scanline information automatically for an item received in a retail lockbox. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
05.05.2.Z	4824 ILB Transaction	Per transaction	\$	\$	The per-item fee to access and correct unbalanced and broken scan-line transactions using Citibank's Interactive Lockbox
05.02.3.4	1054 Shop Fit	Monthly Per Account	\$	\$	Manual scrubbing of incoming ACH and Wire data for inclusion in the customer's lockbox transmission.
05.06.0.0	1900 Retail Doc. Retention	Per update	\$	\$	The charge to update an automated stop file for retail customers. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
05.05.2.0	1926 No Doc. Processing	Per document	\$	\$	The monthly fee to retain documents for a customer-specified period of time. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.
05.06.0.0	4659 Variable Retention STRG-90 day RLB	Per item	\$	\$	The fee assessed with the manual capture of sensitive information due to missing or damaged transmitters. Cost to extend on-line storage for 90 days. Fee is per item (check and coupon are considered 2 items)
05.06.0.0	4658 Variable Retention STRG-120 day RLB	Items per month	\$	\$	Cost to extend on-line storage for 90 days. Fee is per item (check and coupon are considered 2 items)
05.99.9.9	1907 Spec. Handling/Scanner	Items per month	\$	\$	The fee for special requests made by customers as agreed to on a case-by-case basis. CANNOT BE OFFERED WITHOUT PRODUCT MANAGEMENT APPROVAL.

Implementation	\$	600,000
Total Estimated Monthly Cost (Excluding Implementation)	\$	116,737,000
Total Estimated Annual Cost (Excluding Implementation)	\$	1,388,400,000

Labor									
Total Labor	773,945								
Less:									
Don & VJ (supervisory over all payment types)	\$ (90,750)	\$ (90,750)							50%
Less:									
FTE's dedicated to Lockbox (2)	\$ (100,214)	\$ (100,214)	\$ (100,214)	2	14.6	2080	1.64	99607.04	
Less:									
FTE's dedicated to AFT (2)	\$ (126,504)	\$ (126,504)	\$ (126,504)	2	18.6	2080	1.64	126896.6	
Sub-Total - Transferred Costs	\$ (317,468)								
<u>Net Labor Charges allocated to Mail-in</u>	<u>456,477</u>								

Lock Box
 Revenue estimated to be about \$10k per month

Expenses	
Maintenance Expenses in IT's Budget	
OPEX Machines	45,000
Transporters	45,500
<u>Total Maintenance Expenses</u>	<u>90,500</u>

Equipment Costs (Purchase)	
Estimate on new Equipment	492,000
Trade-Ins, Discounts	(20,000)
Net Cost of Equipment	472,000
Estimated Useful Life (years)	6
Net Cost of Equipment per year	\$ 78,667
Net Equipment Cost per unit	\$ 0.0090

Notes:
 With new equipment purchase, maintenance costs would go down by an estimated 25%
 If outsourced, we would still need 3 fte's to work exceptions and a manager to oversee the process

UE-090704, UG-090705

Exhibit No. _____

REDACTED

**ATTACHMENT A TO PSE'S RESPONSE TO PUBLIC
COUNSEL DATA REQUEST NO. 232**

Pp. 24 through 29 is CONFIDENTIAL