

**EXH. JAP-53  
DOCKETS UE-170033/UG-170034  
2017 PSE GENERAL RATE CASE  
WITNESS: JON A. PILIARIS**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-170033  
Docket UG-170034**

**SEVENTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED REBUTTAL TESTIMONY OF**

**JON A. PILIARIS**

**ON BEHALF OF PUGET SOUND ENERGY**

**AUGUST 9, 2017**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: August 1, 2017  
DOCKETS: UE-170033/UG-170034  
REQUESTER: PSE

WITNESS: Jason Ball  
RESPONDER: Jason Ball  
TELEPHONE: (360) 664-1279

**REQUEST NO. 24:**

Please reference the Response Testimony of Mr. Jason Ball, Exh. JLB-1T, at page 13, lines 8 through 22. Please explain in detail how the proposed treatment of imputing the gas rental customer class revenue impacts both the revenue requirement and cost of service in this case. In your response, please specifically address Staff's theory and reasoning behind the need for such treatment.

**RESPONSE:**

As presented in JLB-1T, Staff's proposed treatment of gas rental revenue does not extend beyond the cost of service study. Consequently, there is no impact or assumed change in revenue for purposes of rate spread or rate design. Staff's responsive testimony took this position because the short term revenue impact of Staff's proposal to eliminate the rental program is hard to determine. This is caused by the unknown number of customers that would immediately cease participating in the rental program and by the associated change in ongoing O&M expenses caused by the decrease in remaining rental customers. Staff's approach, however, served to identify an approximately \$2.6 million subsidy that other customers receive from excess rental revenues above the cost of service for the rental class.

Staff would support reflecting the impact of the gas rental revenue in the rate spread and rate design by imputing this revenue to eliminate some of the cross-subsidy that is occurring between classes.

Below is an updated Table 3 from Staff's direct testimony reflecting a rate spread that incorporates the effects of imputing the revenue from the rental class:

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Table 1 – Staff Natural Gas Rate Spread

	<b>Percent of Uniform Change</b>	<b>Allocated Revenue Decrease</b>	<b>Resulting Parity Ratio</b>
Residential (16,23,53)	100%	\$246,876	103%
Comm. & Indus. (31,31T)	150%	\$107,629	76%
Large Volume (41,41T)	100%	\$10,967	94%
Interruptible (85, 85T)	150%	\$11,211	123%
Limited Interruptible (86, 86T)	50%	\$883	158%
Non-Exclusive Interruptible (87, 87T)	150%	\$5,828	170%
Contracts	N/A	\$86,087	98%
Rentals	Class Revenues Imputed to Equal Class Costs	\$(2,675,279)	100%

Included as Attachment A is an updated Exhibit JLB-3 with the modified rates.

Included as Attachment B is an updated Exhibit JLB-5 with the modified Bill Impacts

Updated Workpapers are also being included in the response to this request.