

**EXHIBIT NO. ____ (MBM-3)
DOCKETS UE-151871/UG-151872
PSE EQUIPMENT LEASING SERVICE
WITNESS: MALCOLM B. MCCULLOCH**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

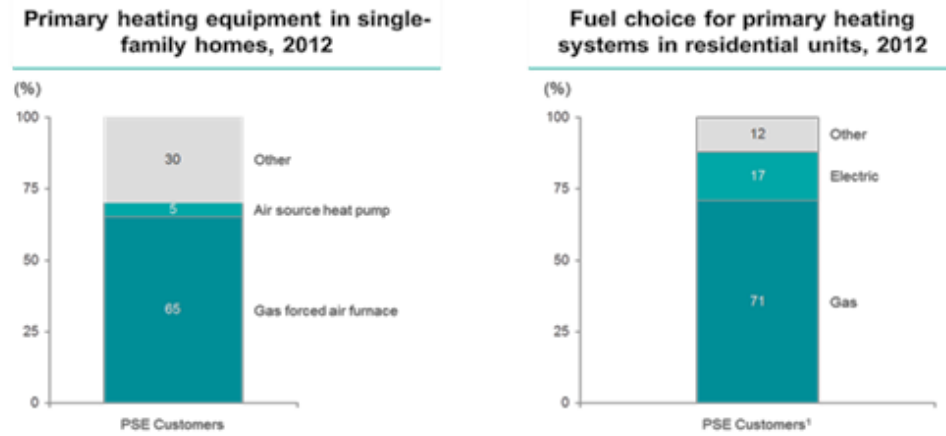
**Dockets UE-151871
UG-151872**

**SECOND EXHIBIT TO THE PREFILED DIRECT TESTIMONY OF
MALCOLM B. MCCULLOCH
ON BEHALF OF PUGET SOUND ENERGY**

February 25, 2016

Figure 1 – Residential Space Heat Market Segmentation

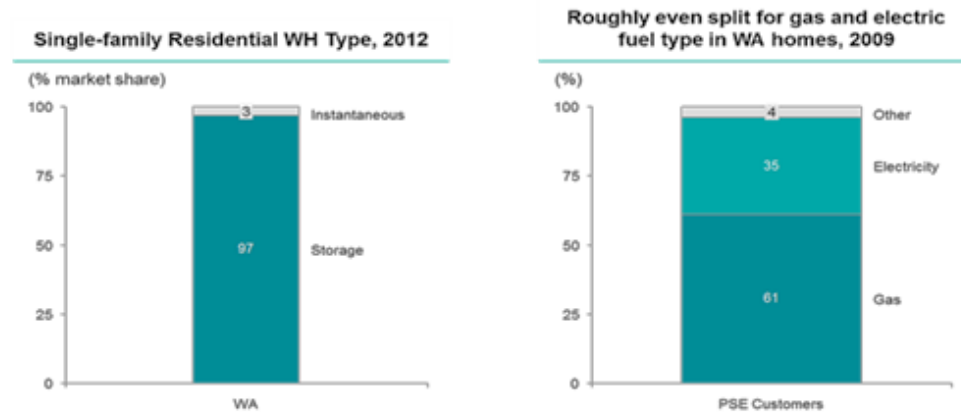
70% use gas forced air furnaces or air source HP; 70% of single-family PSE customers use gas fuel for heat



1. Single-family homes 2. Northwest as defined by NEEA (Washington, Oregon, Idaho, Western Montana)
Source: NEEA RBSA 2012, PSE "Factbook" 2012

Figure 2 – Residential Water Heat Market Segmentation

97% of residential WH in WA are tank-style, but PSE customer WH fuel is divided: gas(60%) and electric(35%)



1. Northwest includes Washington, Oregon, Idaho, and Western Montana
Source: NEEA CBSA 2009, PSE 2012 Factbook

Figure 3 – Commercial Water Heat Market Segmentation

**80% of commercial customers use self-contained WH;
both gas (42%) and electricity (54%) are used as fuel**



Source: NEEA CBSA 2009