

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**Dockets UE-170033 and UG-170034
Puget Sound Energy
2017 General Rate Case****PUBLIC COUNSEL DATA REQUEST NO. 465****PUBLIC COUNSEL DATA REQUEST NO. 465:****Re: Rebuttal Testimony of Catherine Koch, Exh. CAK-4T at 4:3-5 (Capital Investment Levels).**

Ms. Koch states, "In a recent Avista GRC, the Commission expressed a general expectation that utilities would not increase capital investment in non-revenue generating distribution plant beyond customer growth rates" (footnote omitted) citing Order 05 in Dockets UE-150204 and UG-150205 (Consolidated). Please respond to the following:

- a. State with specificity PSE's current internal policy with respect to the level of targeted capital investment spending on "non-revenue generating distribution plant."
- b. Provide PSE's historical actual electric distribution capital investment amounts, for each year 2011 through 2016, broken down into the categories normally tracked by management in each year, including but not limited to, each "revenue producing" and "non-revenue producing" categories.
- c. Using the data in your response to part (b), explain how PSE's historical spending on non-revenue producing distribution capital investment compares to customer growth levels in each year.

Response:

The referenced testimony addresses why, absent the Electric Cost Recovery Mechanism, Puget Sound Energy ("PSE") would be reluctant to accelerate the replacement of High Molecular Weight cable and Worst Performing Circuit work, and not how PSE has addressed this alignment during the 2011 to the 2016 period. Additionally, since PSE was under the multi-year rate plan that included assumed levels of capital spending, the capital spending during the 2013 through 2015 period was in alignment with those projections. Further, the final order in the Avista general rate case, referenced above, is dated January 6, 2016. Therefore, the guidance provided by that

order would have had minimal impact on PSE's capital spending in 2011 through 2016, the time period referenced in this data request.

- a. PSE does not have a formal internal policy; however, overall capital budgets are set within the parameters discussed by Ms. Koch in order to manage PSE's operations within those constraints.
- b. Actual electric distribution system capital spending for the requested period was previously provided in Attachment A to PSE's Response to Public Counsel Data Request No. 069. All capital investments within the "Electric Growth" category are considered "revenue producing," while the remaining electric categories would typically be considered "non-revenue producing" categories.
- c. Historical spending during the 2011 to 2016 period did not necessarily match with customer growth due to the K-factor adjustments that were to be applied during 2013 through 2015 that were based on projected capital spending during that period. The following table provides the requested comparison of non-revenue producing capital investment to customer growth over the historical time period of 2011 to 2016. It should be noted that the reduction to customer counts reflected in the table below were the result of the reduction of 18,356 customers on April 1, 2013, as a result of the JPUD transition.

Year	Electric Non-revenue investment	Electric Customer Count
Dec 2011	\$ 155,645	1,086,265
Dec 2012	\$ 138,731	1,092,306
Dec 2013	\$ 129,944	1,086,967
Dec 2014	\$ 147,119	1,097,543
Dec 2015	\$ 166,929	1,110,025
Dec 2016	\$ 178,155	1,128,688