**EXHIBIT NO. \_\_\_(MBM-1T )
DOCKETS UE‑151871/UG-151872
PSE EQUIPMENT LEASING SERVICE
WITNESS:  MALCOLM B. MCCULLOCH**

**BEFORE THE**

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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| **WASHINGTON UTILITIES AND****TRANSPORTATION COMMISSION,****Complainant,** **v.****PUGET SOUND ENERGY,****Respondent.** |  | **Dockets UE-151871** **UG-151872** |

**PREFILED DIRECT TESTIMONY OF**

**MALCOLM B. MCCULLOCH**

**ON BEHALF OF PUGET SOUND ENERGY**

**~~February 25, 2016~~
REVISED APRIL 25, 2016**

**PUGET SOUND ENERGY**

**PREFILED DIRECT TESTIMONY OF
MALCOLM B. MCCULLOCH**

1. INTRODUCTION

Q. Please state your name, business address, and position with Puget Sound Energy.

A. My name is Malcolm B. McCulloch. My business address is 10885 N.E. Fourth Street Bellevue, WA 98004. I am the Manager, Leasing for Puget Sound Energy (“PSE” or the “Company”).

Q. Have you prepared an exhibit describing your education, relevant employment experience, and other professional qualifications?

A. Yes, I have. It isExhibit No. \_\_\_(MBM-2).

Q. What are your duties as Manager, Leasing for PSE?

A. As Manager, Leasing, I am responsible for the management, coordination, profit and loss of all residential and commercial leased products and services. This includes coordination of all activities involved in leasing, including marketing, ~~selling,~~ purchasing, materials, billing, service and maintenance. Additionally, I am responsible for the development and deployment of the expanded Lease Solutions service options discussed in this testimony.

Q. Please summarize your testimony.

A. PSE’s Lease Solutions service provides a turn-key service that allows residential and commercial customers to lease new efficient-energy products from PSE. This service builds off the Company’s existing water heat rental service, which has been offered by PSE for over four decades, by implementing several key improvements to enhance both the scope of customer offerings and the long-term financial stability of the program.

Q. What is the purpose of your testimony?

A. My testimony will outline how PSE established market parameters and tested customer interest, describe the leasing service’s features, discuss how it differs from the existing rental service, detail how the Company will establish service partnerships to conduct activities at customers’ sites, and provide an explanation of the rates and rate structure of the program.

1. MARKET AND CUSTOMER INSIGHTS

**Q. How did PSE establish market parameters for PSE’s proposed Lease Solutions service?**

A. In order to establish a detailed ~~percent~~ understanding of existing market conditions, an analysis was conducted to pinpoint the types of space heat and water heat equipment currently being used in the existing market. The Northwest Energy Efficiency Alliance’s (NEEA) 2012 Residential Building Stock Assessment, NEEA’s 2009 Commercial Building Stock Assessment, and PSE’s 2012 Fact book, were used as reference points for this exercise to ensure the data appropriately reflected customers within PSE’s service territory.