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

Dockets UE-151871

**UG-151872** 

#### BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

#### WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

**Respondent.** 

#### PREFILED DIRECT TESTIMONY OF MALCOLM B. MCCULLOCH ON BEHALF OF PUGET SOUND ENERGY

February 25, 2016 REVISED APRIL 25, 2016

|        | 1          |                                                                                           |
|--------|------------|-------------------------------------------------------------------------------------------|
| 1      |            | PUGET SOUND ENERGY                                                                        |
| 2<br>3 |            | PREFILED DIRECT TESTIMONY OF<br>MALCOLM B. MCCULLOCH                                      |
| 4      |            |                                                                                           |
| 5      |            |                                                                                           |
| 6      |            | I. INTRODUCTION                                                                           |
| 7      | Q.         | Please state your name, business address, and position with Puget Sound                   |
| 8      |            | Energy.                                                                                   |
| 9      | А.         | My name is Malcolm B. McCulloch. My business address is 10885 N.E. Fourth                 |
| 10     |            | Street Bellevue, WA 98004. I am the Manager, Leasing for Puget Sound Energy               |
| 11     |            | ("PSE" or the "Company").                                                                 |
| 12     | Q.         | Have you prepared an exhibit describing your education, relevant                          |
| 13     |            | employment experience, and other professional qualifications?                             |
| 14     | <b>A</b> . | Yes, I have. It is Exhibit No(MBM-2).                                                     |
| 15     | Q.         | What are your duties as Manager, Leasing for PSE?                                         |
| 16     | А.         | As Manager, Leasing, I am responsible for the management, coordination, profit            |
| 17     |            | and loss of all residential and commercial leased products and services. This             |
| 18     | •          | includes coordination of all activities involved in leasing, including marketing,         |
| 19     |            | selling, purchasing, materials, billing, service and maintenance. Additionally, I         |
| 20     |            | am responsible for the development and deployment of the expanded Lease                   |
| 21     |            | Solutions service options discussed in this testimony.                                    |
|        |            |                                                                                           |
|        |            |                                                                                           |
|        | Prefil     | ed Direct Testimony Exhibit No. (MBM-IT)                                                  |
|        |            | Ed Direct TestimonyExhibit No(MBM-IT)lcolm B. McCullochREVISED April 25, 2016Page 1 of 21 |

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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.

## 8 Q. What is the purpose of your testimony?

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

14

### II. MARKET AND CUSTOMER INSIGHTS

# Q. How did PSE establish market parameters for PSE's proposed Lease Solutions service?

A. In order to establish a <u>detailed percent</u> 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.