

**EXHIBIT NO. ___(MBM-1T)
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**

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

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

1 **Q. Please summarize your testimony.**

2 **A.** PSE's Lease Solutions service provides a turn-key service that allows residential
3 and commercial customers to lease new efficient-energy products from PSE. This
4 service builds off the Company's existing water heat rental service, which has
5 been offered by PSE for over four decades, by implementing several key
6 improvements to enhance both the scope of customer offerings and the long-term
7 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**

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

17 **A.** In order to establish a detailed ~~percent~~ understanding of existing market
18 conditions, an analysis was conducted to pinpoint the types of space heat and
19 water heat equipment currently being used in the existing market. The Northwest
20 Energy Efficiency Alliance's (NEEA) 2012 Residential Building Stock
21 Assessment, NEEA's 2009 Commercial Building Stock Assessment, and PSE's
22 2012 Fact book, were used as reference points for this exercise to ensure the data
23 appropriately reflected customers within PSE's service territory.