

**Exhibit No. ECO-21
Dockets UE-151871/UG-151872
Witness: Elizabeth C. O'Connell**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-151871/UG-151872
(consolidated)**

**EXHIBIT TO
TESTIMONY OF**

ELIZABETH C. O'CONNELL

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE response to Staff Data Request 43

June 7, 2016

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-151871 UG-151872
Puget Sound Energy's
Electric and Natural Gas Equipment Lease Service**

WUTC STAFF DATA REQUEST NO. 043

WUTC STAFF DATA REQUEST NO. 043:

Referring to Schedule 75, please provide all evidence relied on by PSE, including research, studies, market valuation reports, industry documents, invoices, or company documents, that establishes or supports fair value amounts as defined by the Financial Accounting Standards Board Accounting Standards Update for Leases (Topic 842) No. 2016-02 issued in February 2016, for each one of the appliances (equipment) proposed in the tariff. Please sort information by customer class.

Response:

Puget Sound Energy ("PSE") does not believe that Financial Accounting Standards Board Accounting Standards Update for Leases (Topic 842) is applicable to leased assets proposed to be leased under PSE's Schedule 75 Tariff because PSE will follow General Instructions 19 "Criteria for classifying leases" and 20 "Accounting for leases" of the Uniform System of Accounts in Title 18, Chapter I, Subchapter F, Parts 101 and 201 in the Code of Federal Regulations ("CFR") for regulatory reporting.

Fair value is not specifically defined in General Instruction 19 or 20 in the CFR. Nor is it specifically defined in Schedule 75. The value of the assets used in the lease pricing worksheet, as detailed on page 19, lines 18-23, of the Prefiled Direct Testimony of Malcolm B. McCulloch, Exhibit No. ____ (MBM-1T), were derived from individual bidder responses, which were used to establish average costs for each product and the associated services and then bundled based on aligned characteristics. Amounts assigned by product were provided in a highly confidential pricing worksheet that PSE provided on February 19, 2016. Amounts were detailed in the "Market Product Inputs (HC)" tab as well as in cell C16 of the following tabs:

35 (HC)	39 (HC)	42 (HC)	32 (HC)
36 (HC)	40 (HC)	44 (HC)	33 (HC)
38 (HC)	41 (HC)	45 (HC)	34 (HC)

PSE provided individual bidder responses in the highly confidential attachments to PSE's Response to WUTC Staff Data Request No. 016, which was communicated in PSE's Responses to SMACNA Data Request Nos. 008 and 009. Additionally, highly confidential Attachment A to PSE's Response to WUTC Staff Data Request No. 059 provides all values used to calculate the equipment and service per unit cost for each type of equipment included in the Equipment Lease Service proposed in this filing.