

**Exhibit No. ECO-14
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 46

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. 046

WUTC STAFF DATA REQUEST NO. 046:

Referring to Schedule 75, please provide lease term, 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. Please also confirm if these lease terms are the same as the lease terms for each appliance in Schedule 75.

Response:

Puget Sound Energy ("PSE") objects to WUTC Staff Data Request No. 046 as unduly burdensome because it seeks information already in the possession of, obtainable by, or otherwise available to WUTC Staff. Without waiving such objections, and subject thereto, PSE responds as follows:

PSE does not believe 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 as 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.

Lease Term is not specifically defined in the CFR. The definition of "Lease Term" according to the Financial Accounting Standards Board Accounting Standards Update for Leases (Topic 842) No. 2016-02 issued in February 2016 is noted below.

Lease Term: The noncancellable period for which a lessee has the right to use an **underlying asset**, together with all of the following:

- a. periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option;
- b. periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option; and

- c. periods covered by an option to extend (or not to terminate) the lease in which exercise of the option is controlled by the **lessor**.

These standards do not however define specific length of lease terms for the equipment proposed in Schedule 75. Please see Sheet 75-E and 75-F for lease terms, sorted by Customer class, for the equipment proposed in Schedule 75.