

Targus, Lorri (UTC)

From: Hill, Nathan <Nate.Hill@pse.com>
Sent: Monday, June 22, 2015 2:21 PM
To: Hancock, Christopher (UTC)
Cc: Hill, Nathan
Subject: RE: Request for gas line extension data (UG-143616)

Hey Christopher,

See below for PSE's responses. Sorry for the delay but it's been busy here lately. Anyway, let me know if you have further questions or if we can be of further assistance.

Thanks, Nate

Nate Hill | Regulatory Affairs Initiatives Manager

Puget Sound Energy | 10885 NE 4th Street | Bellevue, WA | 425-457-5524 | www.pse.com

From: Hancock, Christopher (UTC) [mailto:chancock@utc.wa.gov]
Sent: Thursday, June 11, 2015 1:38 PM
To: Hill, Nathan
Subject: Request for gas line extension data (UG-143616)

Hello,

I'm following up on a request Commissioner Jones made of me recently, pertaining to docket UG-143616. The commissioner would like to know the following:

- What is the average length of a line extension to a residential customer? (Both for customer-provided trenching and company-provided trenching.)
The average length of PSE's new natural gas residential services is 48 feet for both customer-provided trenching and company-provided trenching based upon the jobs PSE completed in 2013. The 48 feet does not include the length of mains extension required to serve these new natural gas customers.
- What is the average cost to the company for a line extension to a residential customer?
The average cost per new natural gas residential service is \$2,382, based upon the jobs PSE completed in 2013 for both customer-provided trenching and company-provided trenching new residential natural gas services. The average cost of \$2,382 includes meter related costs but excludes mains extensions and any other new natural gas facilities needed to serve these new natural gas customers.
- What share of those costs are borne up-front by the customer receiving the line extension?
The costs associated with a new natural gas service and related line extension facilities are paid by the customer who requests the new service over the time period the customer receives the natural gas service (i.e., "revenue year"). If a new natural gas line extension project is expected to generate the

same or greater rate of return (i.e. currently authorized at 7.77%) as the existing natural gas customers over the revenue year, then there is no up-front payment required from the customer for the project. Otherwise, the up-front customer payment requirement varies by customer according to the estimated individual customer usage and all the new natural gas facilities required to serve the customer. In addition, PSE provides the customer two payment options: 1) a one-time lump sum payment that is potentially refundable if any new natural gas service is extended from the main lines that the customer has contributed toward and 2) a five-year volumetric new customer rate per therm that is based upon the customer's actual usage and if the rate of return of the customer project meets certain criteria.

This question is being asked of all four natural gas utilities that the WUTC has jurisdiction over.

Christopher Scott Hancock
Regulatory Analyst, Energy Division
Washington Utilities and Transportation Commission
360-664-1312