

**EXH. WTE-8T
DOCKETS UE-190529/UG-190530
2019 PSE GENERAL RATE CASE
WITNESS: WILLIAM T. EINSTEIN**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-190529
Docket UG-190530**

**PREFILED SUPPLEMENTAL DIRECT TESTIMONY
(NONCONFIDENTIAL) OF**

WILLIAM T. EINSTEIN

ON BEHALF OF PUGET SOUND ENERGY

SEPTEMBER 17, 2019

PUGET SOUND ENERGY

**PREFILED SUPPLEMENTAL DIRECT TESTIMONY
(NONCONFIDENTIAL) OF
WILLIAM T. EINSTEIN**

CONTENTS

I. INTRODUCTION 1

II. WATER HEATER RENTAL SERVICE AND CONVERSION BURNER
RENTAL SERVICE UPDATE 1

 A. Water Heater Rental Service Sale 1

 B. Status of Discontinuing the Conversion Burner Rental Service..... 3

III. CONCLUSION 4

1 **PUGET SOUND ENERGY**

2 **PREFILED SUPPLEMENTAL DIRECT TESTIMONY**
3 **(NONCONFIDENTIAL) OF**
4 **WILLIAM T. EINSTEIN**

5 **I. INTRODUCTION**

6 **Q. Are you the same William T. Einstein who provided prefiled direct testimony**
7 **in these dockets on behalf of Puget Sound Energy (“PSE”)?**

8 A. Yes, I filed prefiled direct testimony, Exh. WTE-1CT, and six supporting exhibits
9 (Exh. WTE-2 through Exh. WTE-7HC).

10 **Q. What topics are you covering in your prefiled supplemental direct**
11 **testimony?**

12 A. This prefiled supplemental direct testimony provides an update regarding the
13 status of the planned sale of PSE’s water heater rental service and the
14 discontinuance of PSE’s conversion burner rental service.

15 **II. WATER HEATER RENTAL SERVICE AND CONVERSION**
16 **BURNER RENTAL SERVICE UPDATE**

17 **A. Water Heater Rental Service Sale**

18 **Q. What is the current status of PSE’s sale of its water heater rental service?**

19 A. Following the process described in my prefiled direct testimony, PSE solicited
20 interest in purchasing PSE’s water heater rental service through a Request for
21 Interest, which it circulated to 76 heating, ventilation and air conditioning service
22 providers, distributors, and industry associations. Of the parties that responded to

1 the Request for Interest, PSE provided a form Letter of Intent where interested
2 parties could submit a formal offer to purchase the service. PSE received three
3 Letters of Intent from bidders containing offers to purchase the water heater rental
4 service.

5 PSE is currently evaluating and negotiating the offers received from two of the
6 bidders. Once a bidder is selected, PSE and the bidder will negotiate an asset
7 purchase agreement (“APA”). After the APA is finalized and executed between
8 the parties, PSE will make an appropriate filing with the Commission seeking
9 authorization to sell the water heater rental service. PSE anticipates filing before
10 the end of 2019.

11 **Q. Has PSE’s process for selling the water heater rental service changed at all**
12 **since your prefiled direct testimony?**

13 A. No. PSE is on track to sell the water heater rental service and expects to have a
14 finalized APA in approximately 60-90 days. As described in my prefiled direct
15 testimony, PSE and the selected buyer will offer to existing customers the option
16 to continue the service with the buyer, discontinue the service but take ownership
17 of their water heater, or have PSE remove the water heater. PSE will provide
18 notice to customers of the proposed sale of the water heater rental service and
19 their future options. If and when the Commission approves the sale of the water
20 heater rental service, PSE will again communicate with customers announcing the
21 planned transfer of ownership and their options. This customer communication

1 process will be detailed in the filing requesting Commission approval to sell the
2 water heater rental service.

3 **Q. How does PSE intend to incorporate the results of the water heater rental**
4 **service sale into the current case?**

5 A. If the Commission approves the sale of PSE's water heater rental service prior to
6 the end of this case, PSE proposes that the associated reduction in rate base,
7 expenses and revenues be reflected in the compliance filing supporting the final
8 rates in this case.

9 **B. Status of Discontinuing the Conversion Burner Rental Service**

10 **Q. What is the status of PSE's plan to discontinue the conversion burner rental**
11 **service?**

12 A. PSE anticipates a tariff filing to discontinue the Schedule 74 Conversion Burner
13 Rental Service before the end of September 2019. The tariff filing will include
14 revisions to Schedule 74 terminating the service in the spring of 2020. PSE will
15 provide customers advance notice regarding the discontinuance of the service and
16 information relating to the transfer of ownership of conversion burners to
17 customers.

18 **Q. How does PSE intend to incorporate discontinuing the conversion burner**
19 **rental service into the current case?**

20 A. If the Commission approves the discontinuance of PSE's conversion burner rental
21 service prior to the end of this case, PSE proposes that the associated reduction in

1
2
3
4
5

rate base, expenses and revenues be reflected in the compliance filing supporting the final rates in this case.

III. CONCLUSION

Q. Does this conclude your prefiled supplemental direct testimony?

A. Yes.