

Exh. ANH-5
Dockets UE-190529/UG-190530 and
UE-190274/UG-190275 (*consolidated*)
Witness: Aimee Higby

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-190529
and UG-190530 (*consolidated*)**

In the Matter of the Petition of

PUGET SOUND ENERGY

**For an Order Authorizing Deferral
Accounting and Ratemaking Treatment
for Short-life UT/Technology Investment**

**DOCKETS UE-190274 and
UG-190275 (*consolidated*)**

EXHIBIT TO TESTIMONY OF

Aimee Higby

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE Response to UTC Staff Data Request No. 205 (Redacted)

November 22, 2019

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

WUTC STAFF DATA REQUEST NO. 205

“CONFIDENTIAL” Table of Contents

DR NO.	“CONFIDENTIAL” Material
205	Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-190529 and UG-190530 as marked in Puget Sound Energy’s Response to WUTC Staff Data Request No. 205

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

WUTC STAFF DATA REQUEST NO. 205:

Re: Get to Zero initiative

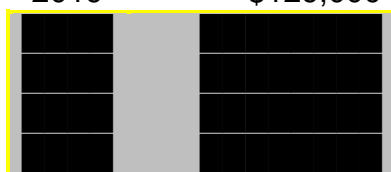
Please provide analysis, work papers, or other documents that support the following statement from page four, paragraph nine of the Company's deferred accounting petition (Dockets UE-190274 and UG-190275): "PSE's investments in technology have increased significantly over historical levels and will continue to do so at an increasing pace as the company looks to continue to deliver further enhancements to its customer facing system through the Get to Zero program."

Response:

The statement cited in this data request was referencing Puget Sound Energy's ("PSE") overall investments in technology in order to demonstrate that it is not just the Get to Zero ("GTZ") investment that is creating financial pressures for PSE, but that there are additional Information Technology ("IT")-related cost pressures outside the scope of the petition that are also creating the same pressures. PSE's budget of capital expenditures related to investments in technology over the last five years along with the budget for the next five years is shown in the first table below. Additionally, information specific to GTZ was already provided in the original filing and can be found in workpaper *NEW-PSE-WP-RJA-3-and-4-Attrition-Study-19GRC-06-2019.xlsx* in the tabs titled "GTZ Historical RB" and "GTZ_Forecast." Amounts from 2014 through 2018 shown below are from PSE's annual budgets filed with the Washington Utilities and Transportation Commission (filing years 2013 through 2017). Amounts from 2019 through 2023 shown below are included in PSE's Responses to WUTC Staff Data Request Nos. 030 and 087 (additional detail related to the categories from those Responses in which the IT expenditures were included is shown in the second table below). The information presented below demonstrates that investments in technology, of which GTZ is a part, have increased significantly over historical levels and will continue to remain at elevated levels as PSE continues its digital transformation initiatives. The demand for funding of technology projects exceeds PSE's ability to fund all requested IT projects. Consequently, the budget below does not adequately represent the requisite funding levels required to meet that demand. As such, the outer years are not necessarily representative of the level of IT spending that will occur. PSE's Corporate Spending Authorization process will determine the mix of projects to be funded, which could result in the level of IT spending exceeding what is currently planned. For instance, in 2018, the budget for technology capital expenditures was \$154.3 million. However, through

the ongoing budget approval process during that year, an additional approximate \$47 million of technology spending was approved which resulted in the actual technology capital expenditures for 2018 being approximately \$200 million.

Year	Amount (in thousands)
2014	\$39,000
2015	\$74,000
2016	\$53,000
2017	\$220,000
2018	\$154,300
2019	\$129,000

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REDACTED VERSION

Continued on following page.

Additional detail related to the categories from PSE’s Responses to WUTC Staff Data Request Nos. 030 and 087 in which the IT expenditures were included is shown below:

Category	2019	2020	2021	2022	2023
Electric Distribution	\$ 331,147,000				
Electric Distribution	306,209,400				
Information Technology	24,937,600				
Gas Distribution	237,647,600				
Other Gas Plant	237,647,600				
General Plant	115,528,389				
Information Technology	43,522,389				
Other Common Plant	55,994,900				
Other Electric Plant	6,081,400				
General Plant	9,929,700				
Intangible Plant	62,856,670				
Information Technology	61,006,570				
Intangible Plant	1,850,100				
Production	102,384,200				
Production	102,384,200				
Transmission	36,059,200				
Transmission	36,059,200				
Grand Total	\$ 885,623,059				
Total IT Investments	\$ 129,466,559				
GTZ	\$ 51,000,000				
IT without GTZ	\$ 78,466,559				

Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-190529 and UG-190530 as marked in PSE’s Response to WUTC Staff Data Request No. 205.

