BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

BENCH REQUEST NO. 003:

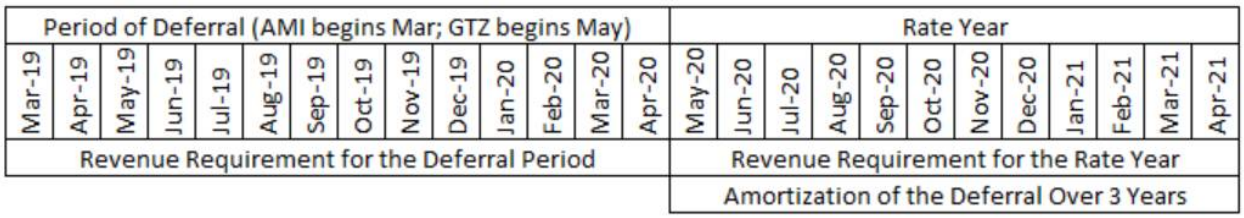
Before considering the Company's proposed pro forma adjustments, are there AMI and GTZ expenses, including depreciation, included in the test year? If the answer to the initial question is "yes," please also provide itemized dollar amounts for the test year

Response:

Yes, depreciation expense and plant balances at the average of the monthly averages ("AMA") are included in the test year for both Puget Sound Energy's ("PSE") Advanced Metering Infrastructure ("AMI") and Get to Zero ("GTZ") assets. For the itemized amounts, please see Attachment A for AMI and Attachment B for GTZ. Amounts reflected in the columns labeled (a) (Excel column B in Attachment A and Excel column C in Attachment B) are the specific amounts (itemized test year amounts) requested in this Bench Request. The plant balances shown in the table below are made up of discrete plant additions from inception through April 2021 to ensure that none of the plant has been double counted.

	Components of Plant in Rev Req.	Gross Plant - AMI	Gross Plant - GTZ
1	Test Year (from inception)	$91,861,821	$151,136,753
2	Pro Forma - Jan 2019 - Jun 2019	37,104,818	32,459,113
3	Subtotal Pro Forma	128,966,639	183,595,866
4	Attrition Adjustment Jul 2019 - Apr 2021	107,893,048	61,496,296
5	Ending Attrition Rate Base	$236,859,688	$245,092,161
6	Attrition Adjustment:		
7	Jul - Dec 2019	$41,760,066	$13,609,385
8	Jan 2020 through April 2020	27,099,546	20,086,884
9	April 2020 Balance	68,859,612	33,696,268
10	May 2020 through Dec 2020	54,199,091	40,173,768
11	Jan 2021 through April 2021	23,867,782	15,426,287
12	April 2021 Balance	146,926,485	89,296,323
13	Attrition Adjustment (Avg. Line 9 and 12)	$107,893,048	$61,496,296

The attrition revenue requirement on which PSE's request is ultimately based includes the revenue requirement associated with the above plant for the rate year, based on the AMA balances of the depreciated plant as of April 2021. It also includes the amortization of the deferral over three years, which picks up depreciation on a portion of Line 3 of the above plant – plant added between July 2018[1] and June 2019[2] – through the beginning of the rate year when there was no recovery on these assets, which is the purpose of the deferred accounting proposed in the accounting petition (GTZ) and agreed to in the ERF settlement (AMI). This is shown graphically below and demonstrates no overlap.



The visual presentation provided on the following page depicts the treatment of each of the components of revenue requirement associated with these projects: 1) test year; 2) pro forma adjustments; 3) attrition adjustments; and separately 4) the deferral adjustment.

[1] The month following the ERF test year.
[2] The end of the plant pro forma period in the current rate case.

As demonstrated in the visual presentation, the deferral is for costs prior to the rate year, whereas the revenue requirement on the plant assets is for the rate year period, thus preventing double counting.

Key:
Basis for Inclusion in Revenue Requirement
Deferral Period
Included in Revenue Requirement

	Category	Test Year	Deferral Period (AMI begins Mar; GTZ begins May)		Rate Year	Explanation
		Jan-Dec 2018	Jan-Jun 2019	Jul 2019 - Apr 2020	May 2020 - Apr 2021	
	Plant (Note 1):					
1	Plant - Test Year	All Assets through Test Year EOP				Test Year EOP Levels of Dep and Return for all Assets through Dec 2018
2					Test Year EOP	
3	Plant - Proforma Adds		Act Jan thru Mar; Est Apr			Rate Year AMA Levels of Dep and Return for Jan - Jun 2019 Assets
4					Rate Year AMA	
5	Plant - Attrition			Estimates Jul-19 through Apr-21		Rate Year AMA Levels of Dep and Return for Jul 2019 - Apr 2021 Assets
6					Rate Year AMA	
7	**Deferral (Note 2):**					
8	Deferral	Assets from Jul-2018 through Dec-2018	Act Jan thru Mar; Est Apr			3 Year Amortization of Deferral of Items in Note 2 for assets from Jul-2018 (after ERF TY) through Jun 2019
9			Deferral per Note 2 on Items in Above Row			
10					Annual Amortization over 3 Years	

(Note 1) Includes return on and depreciation.
(Note 2) Includes deferral of depreciation and carrying charges on deferral for AMI and GTZ as well as deferral of return on AMI.

Plant Adjustments:

The first section of the visual, lines 1 through 6, presents the various plant adjustment components (component 1 through 3 above) but not the deferral adjustment. The red highlighted items show the basis for each of the components and demonstrate that none of the components overlap. The green highlighted section depicts how amounts included in the revenue requirement, which was based on the red highlighted components, were included ***at their representative rate year amounts***. For instance, although the pro forma adjustments were for plant in service between January and June 2019, the amounts included in the revenue requirement were the depreciation expense and AMA balances for those assets for the period May 2020 through April 2021 (not for the period January through June 2019 as that is included in the deferral adjustment as is described in more detail below).

Deferral Adjustment:

The second section of the visual, lines 8 through 10, presents the deferral adjustment. Although it uses much of the same basis in its calculation (a portion of component 1 and all of component 2), it is only including depreciation and return ***for the time period leading up to the rate year*** when PSE's rates do not yet include recovery of these costs. This differs from the Plant Adjustments which provides the revenue requirement for these assets calculated for the rate year period.

Because the revenue requirement for the Plant Adjustments is calculated using rate year information and the Deferral Adjustment is calculated using information prior to the rate year, there is no double count.

PSE has provided the dollar amounts that correspond to the above visual in the columns labeled (b) through (g) in Attachments A and B and has sourced the information from PSE's work papers in a manner to show the adjustments are independent and not overlapping. Additionally, the total plant and deferral amounts included in column (g) ultimately agree with the amounts included in PSE's final attrition revenue requirement that is included in Exhs. RJA-8, RJA-9 and the work papers supporting Exh. MRM-11T.

ATTACHMENT A to PSE's Response to Bench Request No. 003

ATTACHMENT B to PSE's Response to Bench Request No. 003

ATTACHMENT C to PSE's Response to Bench Request No. 003

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

BENCH REQUEST NO. 004:

How many customers were disconnected remotely in 2018, 2019, and to present in 2020?

Response:

The total number of Puget Sound Energy ("PSE") customers disconnected remotely in 2018, 2019, and to present in 2020, are depicted in the following table:

Year	Total Number of Customers Disconnected
2018	0
2019	2,307
2020	719
Total	**3,026**

PSE enabled remote disconnection in October 2019. The data for the year 2020 is through January 31, 2020. Currently, remote disconnection at PSE is limited to customer move-out requests and for unauthorized energy use. Remote disconnect and reconnect is not yet enabled for non-payment but is expected to be enabled later in the first quarter of 2020.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

BENCH REQUEST NO. 005:

In Avista's 2017 GRC in Dockets UE-170485 and UG-170486, protected-plus EDIT was included in the revenue requirement with an amortization period of 36 years consistent with the TCJA average rate assumption method (ARAM). If PSE were to adopt this methodology, what would its amortization period be?

Response:

Like Avista, Puget Sound Energy ("PSE") has already included its reversal of excess deferred income taxes ("EDIT") in its revenue requirement in this general rate case ("GRC") using the average rate assumption method ("ARAM") methodology.[1] PSE estimates its ARAM reversal period would be approximately 51 years, given the current remaining lives of PSE's assets. Over the 51-year projected reversal period, every dollar of EDIT gets amortized under the ARAM methodology. The table below shows that the cumulative benefit in customer rates exceeds the amount of total EDIT of $815.4 million, providing customers the full benefit of the EDIT.

Projected EDIT Reversal Over 51 years and Pass Back (in millions)		
Ratemaking Scenarios[2]	GRCs every 2 years	GRCs every 4 years
Total EDIT Balance at Jan 1, 2018	(815.4)	(815.4)
Pass back of 51 years of ARAM in Rates	834.5	872.5
Cumulative Benefit to Customers	19.1	57.1

The 51-year reversal under ARAM and the ratemaking treatment can be seen in the following charts. Chart 1 assumes a GRC every two years with twelve months of regulatory lag between the time of the EDIT reversal and the time that new rates go into effect. Chart 2 assumes a GRC every four years, which introduces a greater amount of ratemaking imperfection as the time between GRCs has been lengthened relative to Chart 1.

[1] See Marcelia, Exh. MRM-11T, 19:3 – 29:21, addressing differences between Avista's deferral and PSE's methodology.
[2] These scenarios do not factor in the additional benefits from the 2018 ERF. The rates for the 2018 ERF went into effect March 1, 2019.

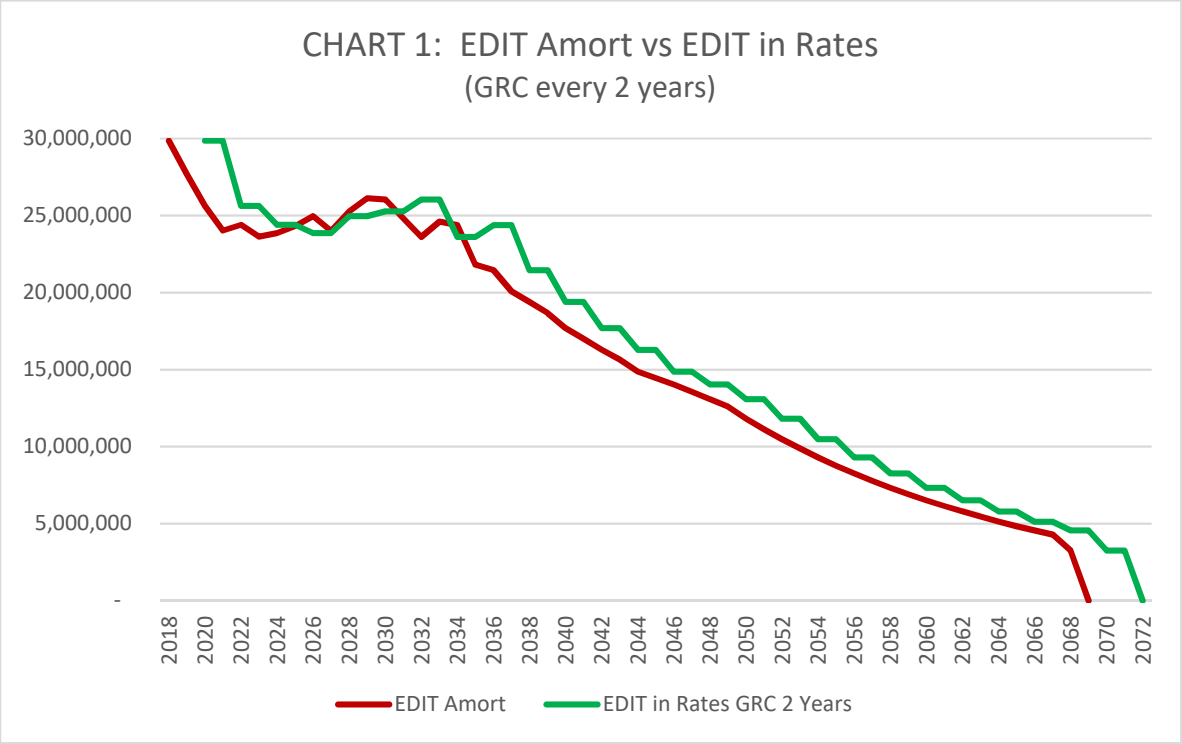


CHART 1: EDIT Amort vs EDIT in Rates
(GRC every 2 years)
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
2018 2020 2022 2024 2026 2028 2030 2032 2034 2036 2038 2040 2042 2044 2046 2048 2050 2052 2054 2056 2058 2060 2062 2064 2066 2068 2070 2072
EDIT Amort
EDIT in Rates GRC 2 Years

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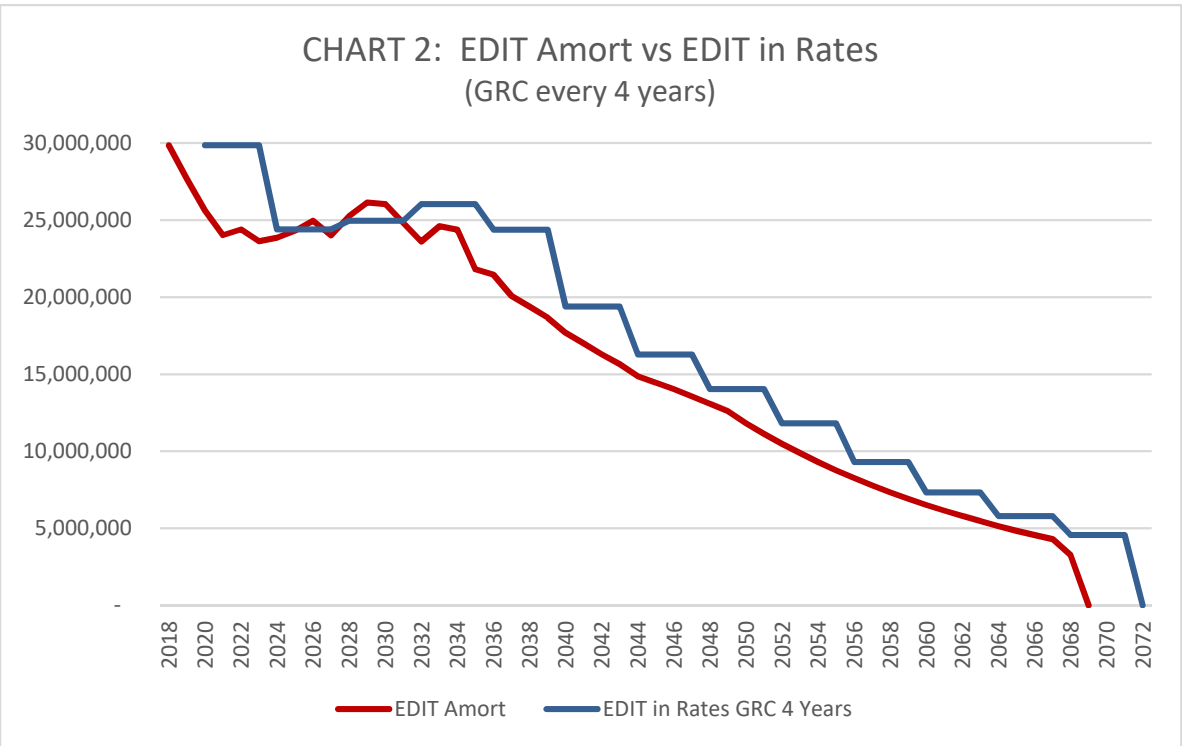
CHART 2: EDIT Amort vs EDIT in Rates
(GRC every 4 years)
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
2018 2020 2022 2024 2026 2028 2030 2032 2034 2036 2038 2040 2042 2044 2046 2048 2050 2052 2054 2056 2058 2060 2062 2064 2066 2068 2070 2072
EDIT Amort
EDIT in Rates GRC 4 Years

Both charts show that all EDIT dollars get reversed under ARAM over approximately 51 years and get reflected in the cost of service in customer rates on a lag basis (i.e. historical test year ratemaking). Further, in both cases, the accumulated benefit in ratemaking for the pass back of the 51 years of EDIT under ARAM exceeds the accumulated amount of EDIT. This means that, following the IRS consistency principles as PSE has done in the filing, customers receive the full benefit of the EDIT in their rates in both scenarios.

The spreadsheet on which this analysis is based is attached electronically as Attachment A to PSE's Response to Bench Request No. 005.

ATTACHMENT A to PSE's Response to Bench Request No. 005

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

BENCH REQUEST NO. 006:

Related to Tacoma LNG: Whether Upgrades 1 & 3 are included in rates or deferred, is the Company intending to apply the Common Cost Allocator that was approved as part of the Settlement Agreement in the Final Order approving the Special Contract in Docket UG-151663? If not, why?

Response:

Puget Sound Energy ("PSE") does not intend to apply the Common Cost Allocator to allocate these Tacoma Liquefied Natural Gas ("LNG") distribution upgrades between its regulated business and Puget LNG, LLC, as it is not reflective of the relative need for or use of these facilities. In other words, doing so would not be reflective of cost causation. Instead, PSE anticipates including 100 percent of the cost of these facilities in its regulated rate base and then recovering an equitable share of these costs from users of the Tacoma LNG facility through a Commission-approved rate. That rate, and the methodology for determining it, has not yet been finalized.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

BENCH REQUEST NO. 007

"CONFIDENTIAL" Table of Contents

DR NO.	"CONFIDENTIAL" Material
007	Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-190529 and UG-190530 as marked in Attachment A to Puget Sound Energy's Response to Bench Request No. 007.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

BENCH REQUEST NO. 007:

Wetherbee's rebuttal testimony, Exh. PKW-34CT at 20:10-14, states that PSE's wind turbines have achieved an availability score (a measure of their readiness to produce power) of 97 to 99 percent.

a. Please explain the readiness score.
b. What is the source of this score?
c. What are the criteria used?
d. Does readiness mean that if the wind blows at or above the minimum needed to overcome the inertia of the wind blades and power train, the wind tower will produce energy?

Response:

a. The availability scores reported in Exh. PKW-34CT refer to the average availability factors of Puget Sound Energy's ("PSE") wind facilities. Availability factor is a measure of the percent of time a facility or generating unit is available to produce power. A generating unit is available to produce power any time it is not out of service. Availability factor is calculated by dividing the number of hours a unit is available during a particular period by the total number of hours in that same period.

b. PSE collects and reports availability data for each of its wind facilities and calculates availability factors from this data. In PSE's Response to WUTC Staff Data Request No. 059, PSE provided monthly availability factors for each wind facility going back to the start of commercial operations. The 97 to 99 percent availability factor range presented in Exh. PKW-34CT was calculated using this data. Attached as Attachment A to PSE's Response to Bench Request No. 007, please find the wind availability factor data that PSE provided with its Response to WUTC Staff Data Request No. 059.

c. A wind turbine is deemed available any time that it is not out of service. Available hours during any period are equal to total hours in that period minus the number of outage hours in that same period. Outage hours include all hours during which a unit is out of service for maintenance, repairs, improvements, inspections, or

equipment failures. Hours with too little or too much wind to produce energy are not considered outage hours.

d. A wind turbine that is available will produce electric energy if wind speeds are between the minimum and maximum speeds for which the unit was designed to operate and output has not been intentionally curtailed.

Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-190529 and UG-190530 as marked in Attachment A to PSE's Response to Bench Request No. 007.

ATTACHMENT A to PSE's Response to Bench Request No. 007

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

BENCH REQUEST NO. 008:

Considering PSE expects to sell its water heater rental program after the conclusion of this rate case, how and when does the Company propose handling the outstanding negative reserve of approximately $688,000 associated with the amortization of unrecovered depreciation for the gas conversion burner program?

Response:

Puget Sound Energy ("PSE") proposes to adjust its revenue requirement during the Compliance Filing in this case by removing the rate base associated with the conversion burner business, which is still on-track for completion by March 31, 2020. The associated gross plant balance, accumulated depreciation (contra) and depreciation expense as of December 31, 2018 is $51,930, $846,561 and $217,983, respectively. This leads to an increase in PSE's revenue requirement of approximately $132,535 at the requested rate of return of 7.48% which is based on PSE's requested return on equity of 9.5%. PSE is not able to distinguish the operating expenses for conversion burners from those for its water heater rental service. Therefore, in the compliance filing, PSE will take a conservative approach and not remove the conversion burner revenues that total $507,296 so that they more than offset the unidentifiable costs.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

BENCH REQUEST NO. 009:

During the last 20 years, how many customers have had replacement water heaters installed? How many have had repairs?

Response:

The table below shows the water heater replacement and repair activity from April 1, 2013 through December 31, 2019. Replacement and repair activity prior to April 1, 2013 is not available due to an upgrade to Puget Sound Energy's ("PSE") customer information system (SAP).

April 1, 2013 – December 31, 2019			
Total Replacement Water Heaters Installed		10,705	
Total Repairs on Water Heaters		19,160	
Year	Year End Leases*	Replacements	Repairs**
2013	37,185	681	2,047
2014	35,549	1,979	2,875
2015	33,809	1,648	2,831
2016	32,183	1,632	2,542
2017	30,710	1,673	2,680
2018	26,456	1,603	3,203
2019	24,968	1,489	2,982

PSE tracks water heater replacement and repairs at an asset level. Individual customers move in and out of premises over time, and multiple customers may have been lease service customers for the same asset. This data provides the repair and replacement activity for the assets at the premise over a seven-year period.

*Data prior to 2018 includes both water heater and conversion burner customers due to reporting capabilities.

**As of January 1, 2018, repairs include the service request for a PSE gas technician to visit the premise to determine if a repair or replacement was needed.