Exh. DPK-7 Dockets UE-240004, UG-240005, UE-230810 Witness: Danny P. Kermode

### BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

**PUGET SOUND ENERGY,** 

Respondent.

DOCKETS UE-240004, UG-240005 and UE-230810 (Consolidated)

#### **EXHIBIT TO TESTIMONY OF**

**DANNY P. KERMODE** 

ON BEHALF OF STAFF OF WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Natural Gas Summary Schedules of Staff Results – Proposed Tracker Removed with Costs Restored to Base Rates

August 6, 2024

Exh. DPK-7 <u>UE-240004, UG-240005, UE-23</u>0810 <u>Page</u> of 5

#### PUGET SOUND ENERGY - GAS GAS RESULTS OF OPERATIONS 2024 GENERAL RATE CASE 12 MONTHS ENDED JUNE 30, 2023 GENERAL RATE INCREASE

LINE			2025	2026		
NO.	DESCRIPTION	R	ATE YEAR 1	RATE YEAR 2		
1	RATE BASE	\$	2,866,503,993	\$	2,863,128,296	
2	RATE OF RETURN		7.36%		7.37%	
3						
4	OPERATING INCOME REQUIREMENT		210,903,031		211,012,555	
5						
6	PRO FORMA OPERATING INCOME		44,897,237		33,679,382	
7	OPERATING INCOME DEFICIENCY		166,005,795		177,333,174	
8						
9	CONVERSION FACTOR		0.754213		0.754213	
10	CUMULATIVE REVENUE CHANGE	\$	220,104,658	\$	235,123,465	
11					_	
12	NET REVENUE CHANGE IN BASE RATES BY RATE YEAR	\$	220,104,658	\$	15,018,807	
13	CHANGES TO OTHER PRICE SCHEDULES FROM EXH. JDT-6:					
14	CURRENT TARIFF RATES TRANSFERRED TO BASE RATES ABOVE:					
15	SCHEDULE 141N (RATES NOT SUBJ TO REF ADJ)		3,931,154			
16	SCHEDULE 141R (RATES SUBJECT TO REF ADJ)		(59,540,833)			
17	NEW TARIFF SCHEDULES:					
18	SCHEDULE 141DCARB				-	
19						
20	SUBTOTAL CHANGES TO OTHER PRICE SCHEDULES		(55,609,679)		-	
21						
22	NET REVENUE CHANGE BY RATE YEAR	\$	164,494,979	\$	15,018,807	
23			_			

2425

# PUGET SOUND ENERGY - GAS GAS RESULTS OF OPERATIONS 2024 GENERAL RATE CASE 12 MONTHS ENDED JUNE 30, 2023 STAFF COST OF CAPITAL

3 EQUITY 4 TOTAL 5 6 AFTER TAX SHORT TERM DEBT ((LINE 1)* 79%) 50 7 EQUITY 49 8 TOTAL AFTER TAX COST OF CAPITAL 9 10 2025 11 SHORT TERM DEBT 12 LONG TERM DEBT 40	0.93% 9.07% 100% 0.93% 9.07%	5.16% 9.40% 4.08%	2.63% 4.61% <b>7.24%</b>
2 SHORT AND LONG TERM DEBT 50 3 EQUITY 4 4 TOTAL 5 6 AFTER TAX SHORT TERM DEBT ((LINE 1)* 79%) 50 7 EQUITY 49 8 TOTAL AFTER TAX COST OF CAPITAL 9 10 2025 11 SHORT TERM DEBT 2 12 LONG TERM DEBT 49 13 WEIGHTED COST OF DEBT 5	9.07% 100% 0.93% 9.07%	9.40%	4.61%
3 EQUITY 4 TOTAL 5 6 AFTER TAX SHORT TERM DEBT ( (LINE 1)* 79%) 50 7 EQUITY 44 8 TOTAL AFTER TAX COST OF CAPITAL 9 10 2025 11 SHORT TERM DEBT 2 12 LONG TERM DEBT 44 13 WEIGHTED COST OF DEBT 5	9.07% 100% 0.93% 9.07%	9.40%	4.61%
4 TOTAL 5 6 AFTER TAX SHORT TERM DEBT ( (LINE 1)* 79%) 50 7 EQUITY 49 8 TOTAL AFTER TAX COST OF CAPITAL 9 10 2025 11 SHORT TERM DEBT 49 12 LONG TERM DEBT 49 13 WEIGHTED COST OF DEBT 5	100% 0.93% 9.07%		
5	0.93% 9.07%	4 08%	7.24%
6 AFTER TAX SHORT TERM DEBT ( (LINE 1)* 79%) 50 7 EQUITY 49 8 TOTAL AFTER TAX COST OF CAPITAL 9 10 2025 11 SHORT TERM DEBT 2 12 LONG TERM DEBT 49 13 WEIGHTED COST OF DEBT 5	9.07%	4.08%	
7 EQUITY 49 8 TOTAL AFTER TAX COST OF CAPITAL 9 10 2025 11 SHORT TERM DEBT 49 12 LONG TERM DEBT 49 13 WEIGHTED COST OF DEBT 5	9.07%		2.000/
8 TOTAL AFTER TAX COST OF CAPITAL 9 10 2025 11 SHORT TERM DEBT 12 LONG TERM DEBT 41 13 WEIGHTED COST OF DEBT 5			2.08%
9 10 2025 11 SHORT TERM DEBT 12 LONG TERM DEBT 41 13 WEIGHTED COST OF DEBT 5	1000/	9.40%	4.61%
10         2025           11         SHORT TERM DEBT           12         LONG TERM DEBT         49           13         WEIGHTED COST OF DEBT         5	100%		6.69%
SHORT TERM DEBT LONG TERM DEBT WEIGHTED COST OF DEBT  5			
12 LONG TERM DEBT 49 13 WEIGHTED COST OF DEBT 5			
13 WEIGHTED COST OF DEBT 5	2.04%	5.07%	0.12%
	9.46%	5.27%	2.63%
14	1.50%		2.75%
i e e e e e e e e e e e e e e e e e e e			
15 EQUITY 48	8.50%	9.50%	4.61%
16 TOTAL 1:	51.5%		7.36%
17			
18			
19			
20			
21			
22 2026			
23 SHORT TERM DEBT	1.18%	4.08%	0.06%
24 LONG TERM DEBT 50	0.32%	5.36%	2.71%
25 WEIGHTED COST OF DEBT 5	1.50%		2.77%
26			
27 EQUITY 48	8.50%	9.50%	4.61%
28 TOTAL 150	3.5070		7.37%

30

Exh. DPK-7 UE-240004, UG-240005, UE-230810 Page 3 of 5

# PUGET SOUND ENERGY - GAS GAS RESULTS OF OPERATIONS 2024 GENERAL RATE CASE 12 MONTHS ENDED JUNE 30, 2023 CONVERSION FACTOR

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1	., ■	.⊥ ₹	-

LILIL			
NO.	DESCRIPTION		
1	BAD DEBTS		0.002891
2	ANNUAL FILING FEE		0.004000
3	STATE UTILITY TAX ( 3.8409% - ( LINE 1 * 3.8409% ) )	3.8520%	0.038409
4			
5	SUM OF TAXES OTHER		0.045300
6			
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX ( 1 - LINE 6 )		0.954700
8	FIT	21%	0.200487
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX ( LINE 7 - LINE 8 )	<u></u>	0.754213
10			
11			
12			

PUGET SOUND ENERGY
GAS STATEMENT OF OPERATING INCOME
AND ADJUSTMENTS
2024 GENERAL RATE CASE
12 MONTHS ENDED JUNE 30, 2023
Staff Analysis

Stan	Analysis	A	MA JUN 2023	EOP JUN 2023	<b>EOP JUN 2023</b>	EOP DEC 2023	<b>EOP DEC 2023</b>	EOP DEC 2024	<b>EOP DEC 2024</b>	AMA 2025	<b>AMA DEC 2025</b>	AMA 2026	AMA DEC 2026
LINE	DESCRIPTION	121	ME JUNE 2023 TEST YEAR	RESTATING ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS	TRADITIONAL PROFORMA ADJUSTMENTS	DEC 2023 ADJUSTED RESULTS OF OPERATIONS	2024 GAP YEAR ADJUSTMENTS	ADJUSTED RESULTS START OF RATE YEAR 1	2025 RATE YEAR 1 ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 1	2026 RATE YEAR 2 ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2
14	OPERATING REVENUES		c	d	e = c + d	f	g = e + f	h	i = g + h	j	k = i + j	1	m = k + 1
15 16	SALES TO CUSTOMERS SALES FROM RESALE-FIRM/SPECIAL CONT	\$	1,320,264,855	\$ (685,099,215)	\$ 635,165,640	\$ (80,989,743)	\$ 554,175,897	\$ 202,019	\$ 554,377,916	\$ (3,604,266)	\$ 550,773,650	\$ (486,743)	\$ 550,286,907
17	SALES TO OTHER UTILITIES		-	-	-	-	-	-	-	-	-	-	-
18 19 20	OTHER OPERATING REVENUES TOTAL OPERATING REVENUES	\$	14,367,468 1,334,632,323	7,325,702 \$ (677,773,513)	\$ 656,858,810	(22,254,837) \$ (103,244,580)	\$ 553,614,230	\$ 158,896	(604,790) \$ 553,773,126	\$ (3,604,266)	(604,790) \$ 550,168,860	\$ 2,630,462 \$ 2,143,719	2,025,673 \$ 552,312,579
21 22	OPERATING REVENUE DEDUCTIONS:												
23 24	POWER COSTS: FUEL		-	-	<del>-</del>	-	-	-	-	-	-	-	-
25 26	PURCHASED AND INTERCHANGED WHEELING		710,474,541	(710,474,541)	-	-	-	-	-	-	-	-	-
27	RESIDENTIAL EXCHANGE		-	-	-	-	-	-	-	-	-	-	-
28 29	TOTAL PRODUCTION EXPENSES		710,474,541	(710,474,541)	-	-	-	-	-	=	-	-	=
30 31	OTHER POWER SUPPLY EXPENSES TRANSMISSION EXPENSE		7,668,314	183,050	7,851,364	17,168	7,868,532	7,528	7,876,060	360,750	8,236,810	721,098	8,957,909
32	DISTRIBUTION EXPENSE		64,058,521	285,408	64,343,929	102,514	64,446,443	44,973	64,491,416	24,190,623	88,682,039	(1,041,658)	87,640,381
33 34	CUSTOMER ACCTS EXPENSES CUSTOMER SERVICE EXPENSES		25,951,482 4,633,247	(2,187,868) (2,237,115)	23,763,614 2,396,132	(271,693) 3,947	23,491,921 2,400,079	10,636 1,733	23,502,557 2,401,812	(7,175,359) (526,770)		(1,384,814) (61,281)	14,942,384 1,813,762
35	CONSERVATION AMORTIZATION		22,395,680	(22,395,680)	2,390,132	3,947	2,400,079	1,/33	2,401,612	(320,770)	1,873,043	(01,281)	1,813,702
36	ADMIN & GENERAL EXPENSE		73,412,664	625,209	74,037,872	(81,200)	73,956,672	30,926	73,987,598	(10,298,358)		7,301,577	70,990,817
37 38	DEPRECIATION AMORTIZATION		164,838,105 29,349,151	11,992,990 (4,193,327)	176,831,095 25,155,825	(8,032,723) 136,402	168,798,372 25,292,227	7,967,623 4,868,409	176,765,994 30,160,635	84,828,806 6,218,683	261,594,800 36,379,318	5,289,432 5,657,349	266,884,232 42,036,667
39	AMORTIZ OF PROPERTY GAIN/LOSS		29,349,131	(4,193,327)	23,133,623	130,402	23,292,221	4,808,409	30,100,033	0,210,003	30,379,316	3,037,349	42,030,007
40	OTHER OPERATING EXPENSES		(124,060,557)	134,106,852	10,046,295	7,961,876	18,008,171	(2,557,300)	15,450,871	9,257,229	24,708,101	(2,972,752)	21,735,349
41	TAXES OTHER THAN INCOME TAXES		136,186,548	(106,004,274)	30,182,274	(3,895,253)	26,287,021	16,057	26,303,079	(2,044,293)		2,171,759	26,430,545
42 43	INCOME TAXES DEFERRED INCOME TAXES		45,229,649 (7,579,228)	(9,371,632) 425,512	35,858,016 (7,153,717)	(20,232,365) (133,105)	15,625,651 (7,286,821)	(2,691,791) 348,815	12,933,860 (6,938,007)	(22,491,279) (3,984,285)		(2,134,536) (184,599)	(11,691,956) (11,106,891)
44	TOTAL OPERATING EXPENSES		442,083,575	1,229,124	443,312,699	(24,424,432)	418,888,267	8,047,609	426,935,876	(756,896)		13,361,575	518,633,198
45	TOTAL OPERATING REV. DEDUCT.		1,152,558,116	(709,245,417)	443,312,699	(24,424,432)	418,888,267	8,047,609	426,935,876	78,335,747		13,361,575	518,633,198
46 47 48	NET OPERATING INCOME	\$	182,074,207	\$ 31,471,904	\$ 213,546,111	\$ (78,820,148)	\$ 134,725,962	\$ (7,888,713)	\$ 126,837,250	\$ (81,940,013)	\$ 44,897,237	\$ (11,217,855)	\$ 33,679,382
48 49 50	ACTUAL RATE OF RETURN		6.17%		7.34%		4.81%		4.37%		1.57%	,	1.18%
51	GROSS UTILITY PLANT IN SERVICE	\$	5,489,997,434	\$ (15,609,514)				\$ 275,416,256		\$ 96,310,072			
52 53	ACCUM DEPR AND AMORT DEFERRED DEBITS AND CREDITS		(2,082,138,429) 18,088,017	(32,018,787) (1,424,003)	(2,114,157,216) 16,664,015	(81,199,586) 10,827,682	(2,195,356,803) 27,491,697	(183,477,274) (10,489,889)		\$ (141,888,813) \$ (6,301,235)	(2,520,722,889)	\$ (173,208,521) \$ (6,604,603)	(2,693,931,410) 4,095,970
54	DEFERRED TAXES		(602,543,825)	18,294,673	(584,249,152)	8,453,768	(575,795,384)	16,891,754	(558,903,629)		(541,309,885)		(504,273,923)
55	ALLOWANCE FOR WORKING CAPITAL		127,273,381	(8,245,213)	119,028,167	-	119,028,167	=	. , ,	s -	119,028,167	s -	119,028,167
56	OTHER		(1,782,190)	581,493	(1,200,698)	-	(1,200,698)	-	(1,200,698)	\$ -	(1,200,698)	S -	(1,200,698)
58 59	TOTAL RATE BASE	\$	2,948,894,387	\$ (38,421,351)	\$ 2,910,473,036	\$ (108,023,659)	\$ 2,802,449,377	\$ 98,340,848	\$ 2,900,790,225	\$ (34,286,232)	\$ 2,866,503,993	\$ (3,375,697)	\$ 2,863,128,296
60 61	REQUESTED RATE OF RETURN		7.36%	7.36%	7.36%	7.36%	7.36%	7.36%	7.36%	7.36%	7.36%	7.37%	7.37%
62 63	OPERATING INCOME (DEFICIENCY) SURPL CONVERSION FACTOR		(34,890,698) 0.754213	34,298,755 0.754213	(591,943) 0.754213	(70,872,308) 0.754213	(71,464,251) 0.754213	(15,124,141) 0.754213	(86,588,391) 0.754213	(79,417,403) 0.754213	(166,005,795) 0.754213	(10,969,066) 0.754213	(177,333,174) 0.754213
64 65	CUMULATIVE REVENUE CHANGE	\$	46,261,067	\$ (45,476,218)	\$ 784,849	\$ 93,968,557	\$ 94,753,406	\$ 20,052,877	\$ 114,806,283	\$ 105,298,375	\$ 220,104,658	\$ 14,543,725	\$ 235,123,465
66 71 79	NET CHANGE TO BE MADE AT: CHANGES TO OTHER PRICE SCHEDULES									BEG OF RY 1 →	\$ 220,104,658 (55,609,679)	BEG OF RY 2 →	\$ 15,018,807
80 81 82	NET REVENUE CHANGE										\$ 164,494,979	-	\$ 15,018,807

### PUGET SOUND ENERGY - NATURAL GAS COMPARISION OF REVENUE AND RATE CHANGE STAFF TO COMPANY UG-240005

LINE	DESCRIPTION	A	MA DEC 2025	AMA DEC 2026		
1	Staff					
2	Staff					
	Davanua Dafiaianay Chassad IIn	Ф	220 104 659	\$	15 010 007	
3	Revenue Deficiency - Grossed Up S	Þ	220,104,658	Ф	15,018,807	
4	Rate schedules set to zero		(55,609,679)		-	
5	Deficiencies for Trackers	Φ.	-		4.5.04.0.005	
6	Total Revenue Rate Change	\$	164,494,979	\$	15,018,807	
7						
8						
9	PSE					
10			Company		Company	
11	Revenue Deficiency - Grossed Up		247,614,954	\$	25,350,286	
12	Rate schedules set to zero		(55,609,679)			
13	Deficiencies for Trackers		4,035,116			
14	Total Revenue Rate Change	\$	196,040,391	\$	25,350,286	
15	=		<u> </u>	=		
16	Difference					
17	Revenue Deficiency - Grossed Up	\$	(27,510,296)	\$	(10,331,479)	
18	Rate schedules set to zero	Ψ	(27,310,290) $(0)$	Ψ	(10,551,47)	
19	Deficiencies for Trackers		, ,		-	
		<u>Ф</u>	(4,035,116)	<u>•</u>	(10.221.470)	
20	Total Revenue Rate Change	<b>)</b>	(31,545,412)	\$	(10,331,479)	
21						
22						
23						
24						