Exh. DPK-3 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

Electric Summary Schedules Staff Results - Proposed Trackers Included in Analysis

August 6, 2024

### **PUGET SOUND ENERGY - ELECTRIC ELECTRIC RESULTS OF OPERATIONS** 2024 GENERAL RATE CASE 12 MONTHS ENDED JUNE 30, 2023 GENERAL RATE INCREASE includes Proposed Trackers

LINE			2025		2026
NO.	DESCRIPTION	R	ATE YEAR 1	RAT	TE YEAR 2
1	RATE BASE	\$	6,606,402,752	\$ 7	,416,985,017
2	RATE OF RETURN		7.36%		7.37%
3					
4	OPERATING INCOME REQUIREMENT		486,231,243		546,631,796
5					
6	PRO FORMA OPERATING INCOME		82,495,385		(24,306,200)
7	OPERATING INCOME DEFICIENCY		403,735,857		570,937,996
8					
9	CONVERSION FACTOR		0.751313		0.751313
10	CUMULATIVE REVENUE CHANGE	\$	537,373,714	\$	759,920,294
11					
12	NET REVENUE CHANGE IN BASE RATES BY RATE YEAR	\$	537,373,714	\$	222,546,580
13					
14	CHANGES TO OTHER PRICE SCHEDULES FROM EXH. CTM-7				
15	CURRENT TARIFF RATES TRANSFERRED TO BASE RATES ABOVE:				
16	SCHEDULE 95 - 2020 PCORC				
17	SCHEDULE 95 - 2024 POWER COST UPDATE	\$	(161,629,358)		
18	SCHEDULE 141CEIP		(23,557,982)		
19	SCHEDULE 137		(142,890)		
20	SCH. 141N (RATES NOT SUBJ TO REF ADJ)		(160,864,693)		
21	SCH. 141R (RATES SUBJECT TO REF ADJ)		(152,840,009)		
22	NEW TARIFF RATES COSTS NOT INCLUDED IN BASE RATES DEFICIENCY:				
23	SCHEDULE 141CGR - CLEAN GENERATION RESOURCES		43,248,247		46,128,247
24	SCHEDULE 141WFP - WILDFIRE PREVENTION		21,005,123		6,789,958
25	SCHEDULE 141DCARB - DECARBONIZATION		7,673,452		-
26					
27					
28	SUBTOTAL CHANGES TO OTHER PRICE SCHEDULES		(427,108,110)		52,918,205
29 30	NET DEVENUE CUANCE AFTED TRACKERS AND DIDERS	¢	110 265 (04	¢	275 464 795
	NET REVENUE CHANGE AFTER TRACKERS AND RIDERS	\$	110,265,604	2	275,464,785
31					
32					
33					

- 34

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

LINE		CAPITAL		WEIGHTED
NO.	DESCRIPTION	STRUCTURE	COST	COST
1	Restating through December 2023			
2	SHORT AND LONG TERM DEBT	50.93%	5.16%	2.63%
3	EQUITY	49.07%	9.40%	4.61%
4	TOTAL	100%		7.24%
5				
6	AFTER TAX SHORT TERM DEBT ( (LINE 1)* 79%)	50.93%	4.08%	2.08%
7	EQUITY	49.07%	9.40%	4.61%
8	TOTAL AFTER TAX COST OF CAPITAL	100%		6.69%
9				
10	2025			
11	SHORT TERM DEBT	2.04%	5.07%	0.12%
12	LONG TERM DEBT	49.46%	5.27%	2.63%
13	WEIGHTED COST OF DEBT	51.50%		2.75%
14				
15	EQUITY	48.50%	9.50%	4.61%
16	TOTAL	100.0%		7.36%
17				
18				
19	2026			
20	SHORT TERM DEBT	1.18%	4.08%	0.06%
21	LONG TERM DEBT	50.32%	5.36%	2.71%
22	WEIGHTED COST OF DEBT	51.50%		2.77%
23				
24	EQUITY	48.50%	9.50%	4.61%
25	TOTAL	100.00%		7.37%
26				

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

LINE NO.	DESCRIPTION		
1	BAD DEBTS		0.006488
2	ANNUAL FILING FEE		0.004000
3	STATE UTILITY TAX ( 3.8483% - ( LINE 1 * 3.8483% ) )	3.8734%	0.038483
4			
5	SUM OF TAXES OTHER		0.048971
6			
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 6)		0.951029
8	FIT	21%	0.199716
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX ( LINE 7 - LINE 8 )		0.751313
Ũ			-

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#### PUGET SOUND ENERGY ELECTRIC STATEMENT OF OPERATING INCOME

#### With Trackers <u>not</u> included in Base Rates

Including Proposed Trackers 2024 GENERAL RATE CASE 12 MONTHS ENDED JUNE 30, 2023

·		AMA JUN 2023	EOP JUN 2023	EOP JUN 2023	EOP DEC 2023	EOP DEC 2023	EOP DEC 2024	EOP DEC 2024	AMA 2025	AMA DEC 2025	AMA 2026	AMA DEC 2026
						DEC 2023		ADJUSTED		ADJUSTED		ADJUSTED
		12ME JUNE 2023 TEST	RESTATING	RESTATED RESULTS OF	TRADITIONAL PROFORMA	ADJUSTED RESULTS OF	2024 GAP YEAR	RESULTS START OF	2025 RATE YEAR 1	RESULTS END OF	2026 RATE YEAR 2	RESULTS END OF
LIN	E DESCRIPTION	YEAR	ADJUSTMENTS	OPERATIONS	ADJUSTMENTS	OPERATIONS	GAP YEAR ADJUSTMENTS	RATE YEAR 1	ADJUSTMENTS	END OF RATE YEAR 1	ADJUSTMENTS	END OF RATE YEAR 2
		с	d	e = c + d	f	g = e + f	h	i = g + h	j	$\mathbf{k} = \mathbf{i} + \mathbf{j}$	1	m = k + 1
14 15	OPERATING REVENUES SALES TO CUSTOMERS	\$ 2,655,527,874	\$ (260,804,368)	\$ 2,394,723,507	\$ (300,478,874)	\$ 2,094,244,633	\$ 14,181,030	\$ 2,108,425,664	\$ 9,749,529	\$ 2,118,175,193	\$ 22,389,081	\$ 2,140,564,274
15	SALES FROM RESALE-FIRM/SPECIAL CONTR	. ,,,	\$ (260,804,368) 132,812	\$ 2,394,723,507 468,556	(34,111)	\$ 2,094,244,655 434,445	5 14,181,030	\$ 2,108,425,064 434,445	5 9,749,529	\$ 2,118,175,195 434,445	5 22,389,081	5 2,140,564,274 434,445
17	SALES TO OTHER UTILITIES	763,721,181	-	763,721,181	-	763,721,181	-	763,721,181	(257,319,991)	506,401,190	(225,575,930)	280,825,260
18	OTHER OPERATING REVENUES	149,493,302	(10,673,282)	138,820,020	43,573,286	182,393,306	(70,073)	182,323,234	6,868,397	189,191,630	(18,026,845)	171,164,785
19 20	TOTAL OPERATING REVENUES	\$ 3,569,078,101	\$ (271,344,837)	\$ 3,297,733,264	\$ (256,939,699)	\$ 3,040,793,565	\$ 14,110,958	\$ 3,054,904,523	\$ (240,702,065)	\$ 2,814,202,458	\$ (221,213,694)	\$ 2,592,988,764
20	OPERATING REVENUE DEDUCTIONS:											
22 23	POWER COSTS:											
23	FUEL	455,418,279	-	455,418,279	-	455,418,279	-	455,418,279	124,271,945	579,690,224	(1,041,915)	578,648,309
25	PURCHASED AND INTERCHANGED	1,350,026,211	(48,497,445)	1,301,528,766	54,209	1,301,582,975	22,553	1,301,605,528	(423,360,766)	878,244,762	(139,073,125)	739,171,638
26	WHEELING	161,536,441	-	161,536,441	-	161,536,441	-	161,536,441	931,161	162,467,602	(689,371)	161,778,231
27 28	RESIDENTIAL EXCHANGE TOTAL PRODUCTION EXPENSES	(77,573,435)	29,075,989	1,918,483,486	- 54,209	1,918,537,695	22,553	1,918,560,248	(298,157,660)	1,620,402,588	(140,804,411)	1,479,598,177
29					-							
30	OTHER POWER SUPPLY EXPENSES	122,361,884	(26,935,262)	95,426,621	145,899	95,572,521	60,701	95,633,221	4,296,053	99,929,274	9,528,835	109,458,110
31 32	TRANSMISSION EXPENSE DISTRIBUTION EXPENSE	25,498,629 103,169,980	522,026 1,228,201	26,020,656 104,398,181	77,981 238,126	26,098,637 104,636,307	32,444 99,071	26,131,080 104,735,378	5,866,673 15,612,675	31,997,753 120,348,053	4,016,576 6,717,844	36,014,329 127,065,897
33	CUSTOMER ACCTS EXPENSES	56,519,137	(2,215,432)	54,303,705	(1,601,055)	52,702,650	115,935	52,818,585	(10,531,489)	42,287,097	(452,205)	41,834,891
34	CUSTOMER SERVICE EXPENSES	52,218,524	(47,949,725)	4,268,799	15,474	4,284,273	8,674	4,292,947	(607,664)	3,685,283	115,535	3,800,818
35	CONSERVATION AMORTIZATION	102,976,391	(102,976,391)	-	-	-	-	-	-	-	-	-
36 37	ADMIN & GENERAL EXPENSE DEPRECIATION	166,863,451 388,725,218	5,142,121 (23,259,313)	172,005,572 365,465,906	(56,710) 1,560,986	171,948,863 367,026,891	174,512 24,155,832	172,123,375 391,182,724	6,147,754 29,059,382	178,271,129 420,242,106	9,156,545 27,459,418	187,427,674 447,701,523
38	AMORTIZATION	77,431,123	(15,493,959)	61,937,164	1,073,456	63,010,620	15,575,228	78,585,848	12,669,069	91,254,917	19,581,352	110,836,269
39	AMORTIZ OF PROPERTY GAIN/LOSS	27,712,466	6,532,622	34,245,088	-	34,245,088	-	34,245,088	(5,309,458)	28,935,631	(9,923,259)	19,012,372
40	OTHER OPERATING EXPENSES	(89,556,413)	111,033,266	21,476,853	3,387,453	24,864,305	(6,060,851)	18,803,455	23,948,533	42,751,987	(6,809,748)	35,942,239
41 42	TAXES OTHER THAN INCOME TAXES INCOME TAXES	267,182,421 159,200,857	(160,179,142) (88,401,095)	107,003,279 70,799,762	(9,760,504) (55,799,349)	97,242,774 15,000,413	577,826 (6,797,457)	97,820,601 8,202,957	(1,386,386) (6,630,717)	96,434,215 1,572,239	2,420,401 (34,858,947)	98,854,616 (33,286,708)
43	DEFERRED INCOME TAXES	(92,361,481)	48,944,521	(43,416,959)	(3,832,343)	(47,249,302)	1,299,233	(45,950,069)	(455,131)	(46,405,199)	(560,044)	(46,965,244)
44	TOTAL OPERATING EXPENSES	1,367,942,189	(294,007,562)	1,073,934,627	(64,550,587)	1,009,384,041	29,241,149	1,038,625,190	12,065,675	1,111,304,485	26,392,303	1,137,696,788
45	TOTAL OPERATING REV. DEDUCT.	3,257,349,686	(264,931,573)	2,992,418,114	(64,496,378)	2,927,921,736	29,263,702	2,957,185,438	(225,478,365)	2,731,707,073	(114,412,108)	2,617,294,964
46 47	NET OPERATING INCOME	\$ 311,728,415	\$ (6,413,265)	\$ 305,315,150	\$ (192,443,321)	\$ 112,871,830	\$ (15,152,745)	\$ 97,719,085	\$ (15,223,700)	\$ 82,495,385	\$ (106,801,586)	\$ (24,306,200)
48												
49 50	ACTUAL RATE OF RETURN	5.58%		5.46%		1.85%		1.49%		1.25%		-0.33%
51	GROSS UTILITY PLANT IN SERVICE	\$ 11,825,124,793	\$ (632,016,687)	\$ 11,193,108,106	\$ 747,237,437	\$ 11,940,345,543	\$ 823,787,406	\$ 12,764,132,949	\$ 285,564,138	\$ 13,049,697,086	\$ 849,756,371	\$ 13,899,453,457
52	ACCUM DEPR AND AMORT	(5,578,520,719)	479,037,657	(5,099,483,061)	(281,870,849)	(5,381,353,910)	(369,607,442)	(5,750,961,352)	\$ (228,780,260)	(5,979,741,611)	(29,744,404)	(6,009,486,015)
53 54	DEFERRED DEBITS AND CREDITS	456,443,722	147,951,889	604,395,611	66,015,830	670,411,442	(34,141,797)	636,269,645	\$ (16,047,878)	620,221,767	(27,518,408)	592,703,359
54 55	DEFERRED TAXES ALLOWANCE FOR WORKING CAPITAL	(1,224,323,797) 240,993,567	37,288,600 (18,474,762)	(1,187,035,196) 222,518,806	(12,896,721)	(1,199,931,917) 222,518,806	25,508,329	(1,174,423,588) 222,518,806	\$ 10,123,821 \$ -	(1,164,299,767) 222,518,806	18,088,706	(1,146,211,061) 222,518,806
56	OTHER	(135,953,118)		(141,993,530)	-	(141,993,530)	-	(141,993,530)	s -	(141,993,530)	-	(141,993,530)
57 58	TOTAL RATE BASE	\$ 5,583,764,450	\$ 7,746,286	\$ 5,591,510,736	\$ 518,485,698	\$ 6,109,996,434	\$ 445,546,496	\$ 6,555,542,930	\$ 50,859,821	\$ 6,606,402,752	\$ 810,582,265	\$ 7,416,985,017
58 59	IOTAL RATE BASE	\$ 5,583,764,450	\$ /,/46,286	\$ 5,591,510,736	5 518,485,698	\$ 6,109,996,434	\$ 445,546,496	\$ 6,555,542,930	\$ 50,859,821	\$ 6,606,402,752	\$ 810,582,265	\$ /,416,985,017
60	STAFF 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%
61 62	OPERATING INCOME (DEFICIENCY) SURPLU	(99,236,648)	(6,983,391)	(106,220,040)	(230,603,868)	(336,823,908)	(47,944,967)	(384,768,875)	(18,966,982)	(403,735,857)	(166,541,499)	(570,937,996)
63	CONVERSION FACTOR	0.751313	0.751313	0.751313	0.751313	0.751313	0.751313	0.751313	0.751313	0.751313	0.751313	0.751313
64 65	CUMULATIVE REVENUE CHANGE	\$ 132,084,295	\$ 9,294,916	\$ 141,379,212	\$ 306,934,484	\$ 448,313,696	\$ 63,814,904	\$ 512,128,600	\$ 25,245,114	\$ 537,373,714	\$ 221,667,266	\$ 759,920,294
66	COMPERTIVE REVENCE CHARGE	÷ 152,004,275	\$ 7,274,710	\$ 141,579,212	500,754,404	\$ 440,515,070	5 05,014,704	5 512,120,000	\$ 25,245,114	0 551,515,114	\$ 221,007,200	5 757,720,274
71	NET CHANGE TO BE MADE AT:								BEG OF RY 1 $\rightarrow$	\$ 537,373,714	BEG OF RY 2 $\rightarrow$	\$ 222,546,580
72 73	BASE RATES											
74	TARGETED ELECTRIFICATION ACTIVITIES D	DEFERRAL								\$ 8,688,516		\$ (534,652)
75	REMAINING									528,685,198		223,081,233
76 77	REVENUE CHANGE BEFORE RIDERS									537,373,714		222,546,580
78												
79	CHANGES TO OTHER PRICE SCHEDULES									(427,108,110)		52,918,205
80 81	NET REVENUE CHANGE									\$ 110.265.603		\$ 275,464,785
82	NET REVENUE CHARGE									÷ 110,203,003		¢ 275,707,785

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

23 24

LINE	DESCRIPTION	AMA DEC 2025	AMA DEC 2026		
1	Staff				
2					
3	Revenue Deficiency - Grossed Up \$	537,373,714	\$	222,546,580	
4	Rete schedules set to zero	(499,034,932)		-	
5	Deficiencies for Trackers	71,926,822		52,918,205	
6	Total Revenue Rate Change \$	110,265,603	\$	275,464,785	
7					
8					
9	PSE				
10		Company	(	Company	
11	Revenue Deficiency - Grossed Up	584,376,758	\$	259,901,924	
12	Rete schedules set to zero	(499,034,932)			
13	Deficiencies for Trackers	106,876,213		25,266,288	
14	Total Revenue Rate Change \$	192,218,039	\$	285,168,212	
15					
16	Difference				
17	Revenue Deficiency - Grossed Up \$	(47,003,044)	\$	(37,355,344)	
18	Rete schedules set to zero	(0)		-	
19	Deficiencies for Trackers	(34,949,391)		27,651,917	
20	Total Revenue Rate Change \$	(81,952,436)	\$	(9,703,427)	
21	° =				
22					

# With Trackers not included in Base Rates