

**EXH. SEF-13
DOCKETS UE-18___/UG-18___
2018 PSE EXPEDITED RATE FILING
WITNESS: SUSAN E. FREE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of:

PUGET SOUND ENERGY

Expedited Rate Filing

**Docket UE-18___
Docket UG-18___**

**TWELFTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

NOVEMBER 7, 2018

2018 ERF LIST OF ADJUSTMENTS

Exhibit Page No. Ref. No. Description Comments

Report No.	Exhibit No.	Page No.	Electric	Gas	Electric	Gas	Description	Comments
ERF	3&4				3.01	4.01	Deficiency Calculation	Using rate of return from 2017 GRC updated for changes in cost of debt
ERF	3&4				3.02	4.02	Main ERF Summary Page	Maintains itself
CBR	5&6				5.01	6.01	CBR Summary Pages	Maintains itself
CBR	5&6				5.02	6.02	Cost of Capital	As usual
CBR	5&6				5.03	6.03	Test Year Income Statement	As usual
CBR	5&6				5.04	6.04	Test Year Balance Sheet	As usual
CBR	5&6				5.05	6.05	Test Year Rate Base	As usual
CBR	5&6				5.06	6.06	Test Year Working Capital	AMA; includes 2017 GRC treatment of accounts and CWIP
CBR	5&6				5.07	6.07	Allocation Methods	As usual
CBR	5&6				5.08	6.08	Conversion Factor	As usual; uses statutory tax rate or 28% from CBR period
CBR	5&6				5.09	6.09	Temperature Normalization	One set of co-efficients developed using 12/31/2017 information for use in 2018 CBRS
CBR	5&6				5.10	6.10	Revenues and Expenses	As usual
CBR	5&6				5.11	6.11	Federal Income Taxes	35% for 6 months and 21% for 6 months; ARAM at actuals during CBR period; see Ref. No. 9.04 and 10.04.
CBR	5&6				5.12	6.12	Tax Benefit of Interest	Using Cost of Capital from 5.02/6.02 and CBR statutory tax rate from 5.11/6.11
CBR	5&6				5.13	6.13	Pass-Through Revenue and Expense	As usual
CBR	5&6				5.14	6.14	Rate Case Expenses	As usual
CBR	5&6				5.15	6.15	Bad Debt Expense	As usual
CBR	5&6				5.16	6.16	Incentive Pay	As usual
CBR	5&6				5.17	6.17	Excise Tax and Filing Fee	As usual
CBR	5&6				5.18	6.18	D&O Insurance	As usual
CBR	5&6				5.19	6.19	Interest on Customer Deposits	As usual
CBR	5&6				5.20	6.20	Pension Plan	As usual
CBR	5&6				5.21	6.21	Injuries and Damages	As usual
CBR	5&6				5.22	6.22	Miscellaneous Adjustments	Remove non-operating costs from operating accounts - follow 12/2017 CBR.
CBR	5&6				5.23	--	ASC 815	As usual
CBR	5&6				5.24	--	Storm Damage	Normalization piece only as usual
CBR	5&6				5.25	--	Power Costs	As usual including adjustments to 2017 production fixed cost deferral
CBR	5&6				5.26	--	Montana Electric Energy Tax	As usual
CBR	5&6				5.27	--	Wild Horse Solar	As usual
ERF	7&8				7.01	8.01	Summary of EOP Adjustments	Maintains itself
ERF	7&8				7.02	8.02	EOP Rate Base Adjustment	Based on 6/2018
ERF	7&8				7.03	8.03	EOP Depreciation Adjustment	6/2018 Plant Balances at depr rates in effect during the test year
ERF	7&8				7.04	8.04	EOP Tax Benefit of Restated Interest	Using Cost of Capital from 5.02/6.02 and CBR statutory tax rate from 5.11/6.11

2018 ERF LIST OF ADJUSTMENTS

Exhibit No. Page No. Ref. No.
 Report No. Electric Gas Electric Gas

Description

Comments

Report	Exhibit No.	Page No.	Ref. No.	Electric	Gas	Description	Comments
ERF	9&10		9.01	10.01		Summary of Annualizing Adjustment	Maintains itself
ERF	9&10		9.02	10.02		Annualize Tax Reform Revenues	Based on 5/1/2018 tariff filing and test year weather normalized billing determinants
ERF	9&10		9.03	10.03		Annualize Depreciation Expense	6/2018 Plant Balances at depr rates per the approved depreciation study
ERF	9&10		9.04	10.04		Annualize FIT Expense for TCJA	21% Statutory Rate and ARAM for all 12 months
ERF	9&10		9.05	10.05		Annualize the Tax Benefit of Interest	At weighted average cost of debt from requested rate of return (Ref 3.01E/4.01G) and 21% statutory tax rate
ERF	9&10		9.06	10.06		Deferred Gain/Loss On Property Sales	Annualize amortizations b/c revenue recovering these amortizations are annualized (See Ref 9.02E/10.02G)
--	--		--	--		Property and Liability Insurance	GRC proformed to Apr 2016 - 2017 premiums; therefore fully in ERF Test Year and no further adjustment allowed
--	--		--	--		Wage Increase	GRC proformed the wage increases that were effective 1/2016 (IBEW), 10/2016 (UA) and 3/2017 (Mgmt). Therefore, these are all fully included in the test year and no further adjustment allowed
--	--		--	--		Investment Plan	See wage increase
--	--		--	--		Employee Insurance	GRC restated the test year using average TY rate and average TY participant counts; therefore, will include test year amounts from ERF and no further adjustment allowed
ERF	9&10		9.07	10.07		Environmental Remediation	Annualize amortizations b/c revenue recovering these amortizations are annualized (See Ref 9.02E/10.02G)
ERF	9&10		9.08	10.08		Payment Processing Costs	Annualize amortizations and full year of processing fees b/c revenue recovering these items are annualized (See Ref 9.02E/10.02G)
--	--		--	--		South King Service Center	SKSC went into service in August 2016, therefore, fully in test year and no adjustment is needed.
--	--		--	--		ASC 815	N/A - already done in CBR
ERF	9		9.09	--		Storm Damage	Annualize amortizations b/c revenue recovering these amortizations are annualized (See Ref 9.02E/10.02G)
ERF	9		9.10	--		Power Costs	Replace July through December from CBR with equivalent months from the power costs that were included in the 5/1/2018 tariff update including adjustments to the 2017 production fixed cost deferral
ERF	9		9.11	--		Montana Electric Energy Tax	Adjusts to the generation in final power cost adjustment in 9.10
--	--		--	--		Wild Horse Solar	N/A - removed in CBR adjustment 3.27

2018 ERF LIST OF ADJUSTMENTS

Exhibit No. Page No. Ref. No. Description Comments

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ERF	9			9.12	--	Regulatory Assets and Liabilities	Bring balances and amortization to the 12/31/2018 AMA levels because the revenue recovering these items were based on the same (See Ref 9.02E/10.02G)
--	--			--	--	Glacier Battery Storage	Placed in service in September 2016, therefore fully in test period and no adjustment is needed.
--	--			--	--	Energy IMB Market	Placed in service in October 2016, therefore fully in test period and no adjustment is needed.
--	--			--	--	Goldendale Capacity Upgrade	Placed in service in August 2016, therefore fully in test period and no adjustment is needed.
--	--			--	--	Mint Farm Capacity Upgrade	Placed in service in June 2017, therefore fully in test period and no adjustment is needed.
ERF	9			9.13	--	White River	Annualize amortizations b/c revenue recovering these amortizations are annualized (See Ref 9.02E/10.02G)
ERF	9			9.14	--	Reclass Of Hydro Treasury Grant	Remove test year treasury grant amortization. No adjustment to rate base needed as already brought to \$0 in the EOP adjustment 7.02
ERF	11			11.01	--	Remove Non-ERF (Variable Power	Remove variable power costs and revenues
ERF	12			--	12.01	Remove Non-ERF Summary	Like first ERF
ERF	12			--	12.02	Remove Non-ERF - PGA	Like first ERF
ERF	12			--	12.03	Remove Non-ERF - CRM	Remove EOP CRM for 2016/2017 and 2017/2018 layers