

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKETS UE-240004 & UG-240005 (*Consolidated*)

**GREG R. MEYER
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT GRM-6

PSE's Response to Staff Data Request No. 150

August 6, 2024

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-240004 & UG-240005
Puget Sound Energy
2024 General Rate Case**

WUTC STAFF DATA REQUEST NO. 150:

REQUESTED BY: Chris McGuire

RE: Operations and Maintenance (O&M) Expense

Please refer to PSE's response to Staff Data Request No. 105, Attachment A. The tab titled "Cost Element View" shows that 2025 Labor costs (\$268.5 million) were calculated by applying the PEG Inflation Factor of 1.0783 to the 2024 level of Labor costs (\$249.0 million). However, in the tab titled "PEG Escalators" it appears that the PEG Inflation Factor of 1.0783 (cell D14) is the two-year compound growth rate between 2023 and 2025, not the one-year growth rate between 2024 and 2025. Cell C14 of that same tab shows a projected annual growth rate of 3.39 percent between 2024 and 2025.

For the calculation of 2025 labor costs, please explain why PSE applied the two-year (2023-2025) growth rate of 7.83 percent to the 2024 level of labor costs rather than the one-year (2024-2025) growth rate of 3.39 percent.

Response:

Puget Sound Energy ("PSE") objects to WUTC Staff Data Request No. 150 to the extent it requests information that is publicly available or obtainable from some other source that is more convenient, less burdensome, or less expensive. PSE also objects to the extent that this request mischaracterizes PSE's Response to WUTC Staff Data Request No. 105. Notwithstanding these objections, and subject thereto, PSE responds as follows:

PSE applied the two-year (2023-2025) compounding growth rate of 7.83 percent because the \$249.0 million in the Cost Element View presentation cell B2 was based on a 2023 labor dollar and was not inflated in 2024, as shown in spreadsheet cell D4. The 2024 labor costs were held at 2023 levels as a stopgap measure to address projected financial pressures (e.g., worsening credit metrics) in 2024. As such, to provide for a level of funding that better approximates the labor costs expected to occur during the multiyear rate plan, the 2025 labor after PEG inflation of \$268.5 million in presentation spreadsheet cell E5 includes the PEG inflation factor of 7.83 percent from the 2023 level of \$249.0 million.