Exh. DPK-7r 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)

#### REVISED 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

Revised August 14, 2024

Exh. DPK-7r <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		52,591,913	45,226,384	
7	OPERATING INCOME DEFICIENCY		158,311,118	165,786,171	
8					
9	CONVERSION FACTOR		0.754213	0.754213	
10	CUMULATIVE REVENUE CHANGE	\$	209,902,399	\$ 219,813,463	
11				_	
12	NET REVENUE CHANGE IN BASE RATES BY RATE YEAR	\$	209,902,399	\$ 9,911,064	
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	\$	154,292,720	\$ 9,911,064	
23		<del></del>			

2425

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

LINE	DESCRIPTION	CAPITAL	COST	WEIGHTED
NO.	DESCRIPTION	STRUCTURE	COST	COST
1	Restating through December 2024			
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	151.5%	2.3070	7.36%
17	TOTAL	131.370		7.5070
18				
19				
20				
21				
22	2026			
23	SHORT TERM DEBT	1.18%	4.08%	0.06%
24	LONG TERM DEBT	50.32%	5.36%	2.71%
25	WEIGHTED COST OF DEBT		3.3070	2.77%
26	WEIGHTED COST OF DEBT	31.30/0	l	2.7770
27	EQUITY	48.50%	9.50%	4.61%
28	TOTAL	150.32%	7.5070	7.37%
29	TOTAL	130.34/0		1.3170

30

Exh. DPK-7r 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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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 )		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	Anaiysis	A	MA JUN 2023	EOP JUN 2023	<b>EOP JUN 2023</b>	<b>EOP DEC 2023</b>	EOP DEC 2023	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	\$ (68,113,673)	\$ 567,051,967	\$ 64,414	\$ 567,116,380	\$ (3,604,267)	\$ 563,512,113	\$ (486,742)	\$ 563,025,371
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)	\$ 21,693,170 \$ 656,858,810	(22,254,837) \$ (90,368,510)	\$ 566,490,300	\$ (43,123) \$ 21,291	(604,790) \$ 566,511,591	\$ (3,604,267)	(604,790) \$ 562,907,324	\$ 2,630,462 \$ 2,143,720	2,025,673 \$ 565,051,044
21 22	OPERATING REVENUE DEDUCTIONS:												
23 24	POWER COSTS: FUEL		<del>-</del>	<u>-</u>	-	-	-	-	-	-	-	-	-
25 26 27	PURCHASED AND INTERCHANGED WHEELING		710,474,541	(710,474,541)	-	-	-	-	-	-	-	-	-
28 29	RESIDENTIAL EXCHANGE 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 -	· -	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 35	CUSTOMER ACCTS EXPENSES CUSTOMER SERVICE EXPENSES CONSERVATION AMORTIZATION		25,951,482 4,633,247 22,395,680	(2,187,868) (2,237,115) (22,395,680)	23,763,614 2,396,132	(234,468) 3,947	23,529,146 2,400,079	10,238 1,733	23,539,383 2,401,812	(7,175,359) (526,770)	16,364,025 1,875,043	(1,384,814) (61,281)	14,979,211 1,813,762
36	ADMIN & GENERAL EXPENSE		73,412,664	625,209	74,037,872	(29,696)	74,008,176	30,376	74,038,552	(10,298,358)	63,740,194	7,301,577	71,041,771
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 40	AMORTIZ OF PROPERTY GAIN/LOSS OTHER OPERATING EXPENSES		(124,060,557)	134,106,852	10,046,295	7,961,876	18,008,171	(2,557,300)	15,450,871	12,702,579	28,153,451	(6,825,077)	21,328,374
41 42	TAXES OTHER THAN INCOME TAXES INCOME TAXES		136,186,548 45,229,649	(106,004,274) (9,371,632)	30,182,274 35,858,016	(3,400,696) (17,650,881)	26,781,578 18,207,136	10,772 (2,719,379)	26,792,350	(2,044,293) (24,023,791)	24,748,058	2,171,759 (2,134,536)	26,919,816 (10,670,571)
43	DEFERRED INCOME TAXES		(7,579,228)	425,512	(7,153,717)	(133,105)	(7,286,821)	348,815	(6,938,007)	(3,984,285)		(184,599)	(11,106,891)
44 45	TOTAL OPERATING EXPENSES TOTAL OPERATING REV. DEDUCT.		442,083,575 1,152,558,116	1,229,124 (709,245,417)	443,312,699 443,312,699	(21,259,661) (21,259,661)	422,053,038 422,053,038	8,013,787 8,013,787	430,066,825 430,066,825	(756,896) 80,248,585		9,509,250 9,509,250	519,824,660 519,824,660
46 47	NET OPERATING INCOME	s	182,074,207	\$ 31,471,904	\$ 213,546,111	\$ (69,108,849)	, ,	\$ (7,992,496)		\$ (83,852,852)		\$ (7,365,529)	\$ 45,226,384
48 49	ACTUAL RATE OF RETURN	Ψ	6.17%	31,171,501	7.34%	(05,100,015)	5.15%	(1,372,170)	4.70%	(03,032,032)	1.83%	(1,300,322)	1.58%
50 51 52	GROSS UTILITY PLANT IN SERVICE ACCUM DEPR AND AMORT	\$	5,489,997,434 (2,082,138,429)	\$ (15,609,514) (32,018,787)	\$ 5,474,387,919 (2,114,157,216)	\$ (46,105,523) (81,199,586)	\$ 5,428,282,397 (2,195,356,803)	\$ 275,416,256 (183,477,274)		\$ 96,310,072 \$ (141,888,813)	\$ 5,800,008,725 (2,520,722,889)	\$ 139,401,465 \$ (173,208,521)	\$ 5,939,410,190 (2,693,931,410)
53	DEFERRED DEBITS AND CREDITS		18,088,017	(1,424,003)	16,664,015	10,827,682	27,491,697	(10,489,889)		\$ (6,301,235)		\$ (6,604,603)	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)	\$ 17,593,744	(541,309,885)		(504,273,923)
55 56	ALLOWANCE FOR WORKING CAPITAL OTHER		127,273,381 (1,782,190)	(8,245,213) 581,493	119,028,167 (1,200,698)	-	119,028,167 (1,200,698)	-	119,028,167 (1,200,698)	S -	119,028,167 (1,200,698)	\$ -	119,028,167 (1,200,698)
57 58	TOTAL RATE BASE	\$	2,948,894,387	\$ (38,421,351)	` ' '	\$ (108,023,659)	• • • • • • • • • • • • • • • • • • • •	\$ 98,340,848	` ' '	\$ (34,286,232)		\$ (3,375,697)	\$ 2,863,128,296
59 60	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%
61 62 63	OPERATING INCOME (DEFICIENCY) SURPLICONVERSION FACTOR		(34,890,698) 0.754213	34,298,755 0.754213	(591,943) 0.754213	(61,161,008) 0.754213	(61,752,951) 0.754213	(15,227,924) 0.754213	(76,980,876) 0.754213	(81,330,242) 0.754213	(158,311,118) 0.754213	(7,116,741) 0.754213	(165,786,171) 0.754213
64 65	CUMULATIVE REVENUE CHANGE	\$	46,261,067	\$ (45,476,218)	\$ 784,849	\$ 81,092,487	\$ 81,877,336	\$ 20,190,482	\$ 102,067,818	\$ 107,834,580	\$ 209,902,399	\$ 9,435,982	\$ 219,813,463
66 71 79	NET CHANGE TO BE MADE AT: CHANGES TO OTHER PRICE SCHEDULES									BEG OF RY 1 →	\$ 209,902,399 (55,609,679)	BEG OF RY 2 →	\$ 9,911,064 -
80 81 82	NET REVENUE CHANGE										\$ 154,292,719		\$ 9,911,064

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

LINE	DESCRIPTION	AMA DEC 2025	AMA DEC 2026		
1	Staff				
2					
3	Revenue Deficiency - Grossed Up	\$ 209,902,399	\$ 9,911,064		
4	Rate schedules set to zero	(55,609,679)	-		
5	Deficiencies for Trackers	-			
6	Total Revenue Rate Change	154,292,719	\$ 9,911,064		
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	=				
16	Difference				
17	Revenue Deficiency - Grossed Up	(37,712,555)	\$ (15,439,222)		
18	Rate schedules set to zero	(0)	-		
19	Deficiencies for Trackers	(4,035,116)	-		
20	Total Revenue Rate Change	(41,747,672)	\$ (15,439,222)		
21	=				
22					