

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY

Respondent.

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DOCKETS UE-220066, UG-220067, and UG-210918 (*Consolidated*)

**ANDREA C. CRANE  
ON BEHALF OF THE  
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL  
PUBLIC COUNSEL UNIT**

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**EXHIBIT ACC-4**

Electric Revenue Requirement Schedules

**July 28, 2022**

## Puget Sound Energy - Electric Revenue Requirement (\$)

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. WUTC Filing Fee (A)	\$5,200,000	\$5,400,000	\$5,400,000
2. Required Return (B)	(42,210,804)	(48,979,534)	(56,622,887)
3. Depreciation Expense (C)	(18,849,615)	(18,849,615)	(18,849,615)
4. Return on AMI Investment (D)	(13,762,142)	(20,922,759)	(19,707,540)
5. AMI Deferral Amortization (E)	(8,780,240)	(8,780,240)	(8,780,240)
6. COVID Deferral (F)	(1,064,063)	(984,475)	125,300
7. Projected O&M (G)	(18,870,221)	(20,540,224)	(24,693,856)
8. Programmatic Investment (H)	0	(14,330,424)	(33,729,262)
9. Projected Investment (I)	0	(4,395,007)	(5,527,954)
10. Specific Investment (J)	0	(333,595)	(3,770,608)
11. Power Costs (K)	-	-	-
12. Pro Forma Revenues (L)	(13,326,372)	(13,044,860)	(16,579,905)
13. Storm Amortization (M)	(2,609,287)	(2,609,287)	(2,609,287)
14. Total Adjustments (N)	(\$114,272,744)	(\$148,370,020)	(\$185,345,854)
15. Company Claimed Increase (O)	330,013,401	392,679,559	402,865,299
16. Public Counsel Recommendation (P)	\$215,740,657	\$244,309,539	\$217,519,445
17. Annual Change (Q)	<u>\$ 215,740,657</u>	<u>\$ 28,568,882</u>	<u>\$ (26,790,094)</u>
18. Total Revenues (R)	\$2,284,477,373	\$2,500,218,030	\$2,528,786,912
19. Percentage Change (S)	9.44%	1.14%	-1.06%

### Sources:

- (A) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.
- (B) Exhibit ACC-4, page 2.
- (C) Exhibit ACC-4, page 3.
- (D) Exhibit ACC-4, page 4.
- (E) Exhibit ACC-4, page 5.
- (F) Exhibit ACC-4, page 6.
- (G) Exhibit ACC-4, page 7.
- (H) Exhibit ACC-4, page 8.
- (I) Exhibit ACC-4, page 9.
- (J) Exhibit ACC-4, page 10.
- (K) Confidential - amount not included in Total Adjustments.
- (L) Exhibit ACC-4, page 11.
- (M) Exhibit ACC-4, page 12.
- (N) Sum of Lines 1-13.
- (O) Exhibit SEF-3, page 1.
- (P) Line 14 + Line 15.
- (Q) Line 16 - Prior Year Line 16.
- (R) 2023 Amount per Exhibit SEF-3, page 1. 2024 and 2025 reflect prior MYRP increases.
- (S) Line 17 / Line 18.

**Puget Sound Energy - Electric  
 Required Return Adjustment**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Rate Base Per Company (A)	\$5,659,074,413	\$6,028,296,640	\$6,441,067,850
2. Recommended Rate of Return (B)	<u>6.83%</u>	<u>6.83%</u>	<u>6.83%</u>
3. Operating Income (C)	\$386,514,782	\$411,732,661	\$439,924,934
4. Operating Income Per Company (A)	<u>418,205,599</u>	<u>448,505,270</u>	<u>482,435,982</u>
5. Recommended Adjustment (D)	(\$31,690,817)	(\$36,772,609)	(\$42,511,048)
6. Revenue Conversion Factor (E)	<u>0.750775</u>	<u>0.750775</u>	<u>0.750775</u>
7. Recommended Adjustment (F)	<b><u>(\$42,210,804)</u></b>	<b><u>(\$48,979,534)</u></b>	<b><u>(\$56,622,887)</u></b>

Sources:

(A) Exhibit SEF-3, page 1.

(B) Exhibit JRW-3.

(C) Line 1 X Line 2.

(D) Line 3 - Line 4.

(E) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.

(F) Line 5 / Line 6.

**Puget Sound Energy - Electric  
Depreciation Rate Adjustment**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	(\$17,913,696)	(\$17,913,696)	(\$17,913,696)
2. Income Taxes @ 21% (B)	<u>(3,761,876)</u>	<u>(3,761,876)</u>	<u>(3,761,876)</u>
3. Operating Income Impact (C)	(\$14,151,820)	(\$14,151,820)	(\$14,151,820)
4. Revenue Conversion Factor (D)	<u>0.750775</u>	<u>0.750775</u>	<u>0.750775</u>
5. Revenue Requirement (E)	<b><u>(\$18,849,615)</u></b>	<b><u>(\$18,849,615)</u></b>	<b><u>(\$18,849,615)</u></b>

Sources:

(A) Exhibit DJG-4. Reflects allocation of common plant based on 65.94% to electric and 34.06% to gas.

(B) Line 1 X 21% Federal Income Tax Rate.

(C) Line 1 - Line 2.

(D) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.

(E) Line 3 / Line 4.

**Puget Sound Energy - Electric  
Return on AMI Investment**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Beginning Gross Plant (A)	(\$194,357,206)	(\$194,357,206)	(\$194,357,206)
2. Plant Additions (B)	(32,908,426)	(132,844,355)	(132,844,355)
3. Additions to Depreciation Reserve (C)	63,063,232	77,562,566	92,061,899
4. Net Plant Adjustment (D)	(\$164,202,400)	(\$249,638,995)	(\$235,139,662)
5. Recommended Rate of Return (E)	6.83%	6.83%	6.83%
6. Operating Income Impact (F)	(\$11,215,024)	(\$17,050,343)	(\$16,060,039)
7. Interest Synchronization (G)	(882,752)	(1,342,059)	(1,264,111)
8. Recommended Income Adjustment (H)	(\$10,332,272)	(\$15,708,284)	(\$14,795,928)
9. Revenue Conversion Factor (I)	0.750775	0.750775	0.750775
10. Revenue Requirement (J)	<u><b>(13,762,142)</b></u>	<u><b>(20,922,759)</b></u>	<u><b>(19,707,540)</b></u>

Sources:

(A) Workpaper NEW-PSE-WP-6E-11G-AMI-Plant-Deferral-22GRC-01-2022.

(B) Workpaper NEW-PSE-WP-6E-11G-ProvProforma-22GRC-01-2022, Calc Program Gross Plant worksheet.

(C) Includes beginning balance of Accumulated Depreciation of \$36,317,803 + beginning balance of ADIT of \$15,024,314 per Workpaper NEW-PSE-WP-6E-11G-AMI-Plant-Deferral-01-2022.

Then assumes annual additions using Public Counsel's proposed depreciation rate of 5.56%, per Exhibit DJG-4, and half-year convention for plant added each year.

(D) Line 1 + Line 2 + Line 3.

(E) Exhibit JRW-3.

(F) Line 4 X Line 5.

(G) Line 4 X recommended weighted cost of debt of 2.56% per Exhibit JRW-3 X federal income rate of 21%.

(H) Line 6 - Line 7.

(I) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.

(J) Line 8 / Line 9.

**Puget Sound Energy - Electric  
AMI Deferral Amortization**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	(\$8,344,284)	(\$8,344,284)	(\$8,344,284)
2. Income Taxes @ 21% (B)	<u>(1,752,300)</u>	<u>(1,752,300)</u>	<u>(1,752,300)</u>
3. Operating Income Impact (C)	(\$6,591,984)	(\$6,591,984)	(\$6,591,984)
4. Revenue Conversion Factor (D)	<u>0.750775</u>	<u>0.750775</u>	<u>0.750775</u>
5. Revenue Requirement (E)	<b><u>(\$8,780,240)</u></b>	<b><u>(\$8,780,240)</u></b>	<b><u>(\$8,780,240)</u></b>

Sources:

(A) Workpaper NEW-PSE-WP-6E-11G-AMI-Plant-Deferral-22GRC-01-2022.

(B) Line 1 X 21% Federal Income Tax Rate.

(C) Line 1 - Line 2.

(D) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.

(E) Line 3 / Line 4.

**Puget Sound Energy - Electric  
COVID Deferral**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Revenue Requirement Per Company (A)	(\$1,061,828)	(\$982,408)	\$125,037
2. Revenue Requirement w/ updated Revenue Conversion Factor (B)	<u>(\$1,064,063)</u>	<u>(\$984,475)</u>	<u>\$125,300</u>

Sources:

(A) Exhibit SEF-13, page 2.

(B) Line 1 X Original Revenue Conversion Factor of 0.752355 / Revised Revenue Conversion  
Factor of 0.752355, per Exhibit ACC-3.

**Puget Sound Energy - Electric  
Projected Operating and Maintenance Costs**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	(\$17,933,279)	(\$19,520,363)	(\$23,467,760)
2. Income Taxes @ 21% (B)	<u>(3,765,989)</u>	<u>(4,099,276)</u>	<u>(4,928,229)</u>
3. Operating Income Impact (C)	(\$14,167,290)	(\$15,421,086)	(\$18,539,530)
4. Revenue Conversion Factor (D)	<u>0.750775</u>	<u>0.750775</u>	<u>0.750775</u>
5. Revenue Requirement (E)	<b><u>(\$18,870,221)</u></b>	<b><u>(\$20,540,224)</u></b>	<b><u>(\$24,693,856)</u></b>

Sources:

(A) Reflects 50% of Incremental A&G O&M Per Workpaper NEW-PSE-WP-SEF-6E-11G-OM-22GRC-01-2022, Incremental\_E worksheet.

(B) Line 1 X 21% Federal Income Tax Rate.

(C) Line 1 - Line 2.

(D) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.

(E) Line 3 / Line 4.

**Puget Sound Energy - Electric  
Programmatic Investment**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	\$0	(\$170,982,837)	(\$231,456,405)
2. Recommended Rate of Return (B)	6.83%	6.83%	6.83%
3. Operating Income (C)	\$0	(\$11,678,128)	(\$15,808,472)
4. Interest Synchronization (D)	0	(919,204)	(1,244,310)
5. Recommended Adjustment (E)	\$0	(\$10,758,924)	(\$14,564,163)
6. Revenue Conversion Factor (F)	0.750775	0.750775	0.750775
7. Revenue Requirement (G)	\$0	(\$14,330,424)	(\$19,398,838)
8. Cumulative Revenue Requirement (H)	<u>\$0</u>	<u>(\$14,330,424)</u>	<u>(\$33,729,262)</u>

Sources:

(A) Exhibit ACC-18, Workpaper - Crane Plant Adjustments, page 1.

(B) Exhibit JRW-3.

(C) Line 4 X Line 5.

(D) Line 1 X recommended weighted cost of debt of 2.56% per Exhibit JRW-3 X federal income rate of 21%.

(E) Line 3 - Line 4.

(F) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.

(G) Line 5 / Line 6.

(H) Includes Revenue Requirement Adjustment for current year, plus all prior years of the MYRP.

**Puget Sound Energy - Electric  
Projected Investment**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	\$0	(\$52,438,841)	(\$13,517,700)
2. Recommended Rate of Return (B)	6.83%	6.83%	6.83%
3. Operating Income (C)	\$0	(\$3,581,573)	(\$923,259)
4. Interest Synchronization (D)	0	(281,911)	(72,671)
5. Recommended Adjustment (E)	\$0	(\$3,299,662)	(\$850,588)
6. Revenue Conversion Factor (F)	0.750775	0.750775	0.750775
7. Revenue Requirement (G)	\$0	(\$4,395,007)	(\$1,132,946)
8. Cumulative Revenue Requirement (H)	<u>\$0</u>	<u>(\$4,395,007)</u>	<u>(\$5,527,954)</u>

Sources:

(A) Exhibit ACC-18, Workpaper - Crane Plant Adjustments, page 2.

(B) Exhibit JRW-3.

(C) Line 4 X Line 5.

(D) Line 1 X recommended weighted cost of debt of 2.56% per Exhibit JRW-3 X federal income rate of 21%.

(E) Line 3 - Line 4.

(F) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.

(G) Line 5 / Line 6.

(H) Includes Revenue Requirement Adjustment for current year, plus all prior years of the MYRP.

**Puget Sound Energy - Electric  
Specific Investments**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	\$0	(\$3,980,270)	(\$41,008,581)
2. Recommended Rate of Return (B)	<u>6.83%</u>	<u>6.83%</u>	<u>6.83%</u>
3. Operating Income (C)	\$0	(\$271,852)	(\$2,800,886)
4. Interest Synchronization (D)	<u>0</u>	<u>(21,398)</u>	<u>(220,462)</u>
5. Recommended Adjustment (E)	\$0	(\$250,455)	(\$2,580,424)
6. Revenue Conversion Factor (F)	<u>0.750775</u>	<u>0.750775</u>	<u>0.750775</u>
7. Revenue Requirement (G)	\$0	(\$333,595)	(\$3,437,014)
8. Cumulative Revenue Requirement (H)	<u>\$0</u>	<u>(\$333,595)</u>	<u>(\$3,770,608)</u>

Sources:

(A) Exhibit ACC-18, Workpaper - Crane Plant Adjustments, page 3.

(B) Exhibit JRW-3.

(C) Line 4 X Line 5.

(D) Line 1 X recommended weighted cost of debt of 2.56% per Exhibit JRW-3 X federal income rate of 21%.

(E) Line 3 - Line 4.

(F) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.

(G) Line 5 / Line 6.

(H) Includes Revenue Requirement Adjustment for current year, plus all prior years of the MYRP.

**Puget Sound Energy - Electric**  
**Pro Forma Revenue - Net Margin Adjustment**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	(\$12,664,692)	(\$12,397,158)	(\$15,756,681)
2. Income Taxes @ 21% (B)	<u>(2,659,585)</u>	<u>(2,603,403)</u>	<u>(3,308,903)</u>
3. Operating Income Impact (C)	(\$10,005,107)	(\$9,793,755)	(\$12,447,778)
4. Revenue Conversion Factor (D)	<u>0.750775</u>	<u>0.750775</u>	<u>0.750775</u>
5. Revenue Requirement (E)	<u><b>(\$13,326,372)</b></u>	<u><b>(\$13,044,860)</b></u>	<u><b>(\$16,579,905)</b></u>

Sources:

(A) Exhibit GAW-1T, Table 12.

(B) Line 1 X 21% Federal Income Tax Rate.

(C) Line 1 - Line 2.

(D) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.

(E) Line 3 / Line 4.

**Puget Sound Energy - Electric  
Storm Deferral Amortization**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Additional Deferral (A)	\$49,594,633	\$49,594,633	\$49,594,633
2. Recommended Amortization Period (B)	5	5	5
3. Recommended Annual Expense (C)	\$9,918,927	\$9,918,927	\$9,918,927
4. Company Claim (A)	12,398,658	12,398,658	12,398,658
5. Recommended Adjustment (D)	(\$2,479,731)	(\$2,479,731)	(\$2,479,731)
6. Income Taxes @ 21% (E)	(520,744)	(520,744)	(520,744)
7. Operating Income Impact (F)	(\$1,958,988)	(\$1,958,988)	(\$1,958,988)
8. Revenue Conversion Factor (G)	0.750775	0.750775	0.750775
9. Revenue Requirement (H)	<b><u>(\$2,609,287)</u></b>	<b><u>(\$2,609,287)</u></b>	<b><u>(\$2,609,287)</u></b>

Sources:

(A) Workpaper NEW-PSE-WP-SEF-6E-StormDamageAmort-22GRC-01-2022, Storm Amortization Worksheet.

(B) Recommendation of Ms. Crane.

(C) Line 1 / Line 2.

(D) Line 3 - Line 4.

(E) Line 5 X 21% Federal Income Tax Rate.

(F) Line 5 - Line 6.

(G) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-3, page 3.

(H) Line 7 / Line 8.