

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY

Respondent.

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**

EXHIBIT ACC-5

Gas Revenue Requirement Schedules

July 28, 2022

Puget Sound Energy - Gas Revenue Requirement (\$)

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. WUTC Filing Fee (A)	\$1,400,000	\$1,500,000	\$1,500,000
2. Required Return (B)	(22,034,064)	(25,374,946)	(28,277,454)
3. Depreciation Expense (C)	(18,973,318)	(18,973,318)	(18,973,318)
4. Return on AMI Investment (D)	(6,460,153)	(10,905,806)	(10,144,274)
5. AMI Deferral Amortization (E)	(3,670,694)	(3,670,694)	(3,670,694)
6. COVID Deferral (F)	(321,904)	(297,221)	46,962
7. Projected O&M (G)	(4,772,973)	(4,964,292)	(6,064,466)
8. Programmatic Investment (H)	0	(5,230,023)	(9,564,464)
9. Projected Investment (I)	0	(1,460,684)	(2,172,026)
10. Specific Investment (J)	0	(153,297)	(713,652)
11. Tacoma Plant (K)	(27,178,869)	(26,829,048)	(26,480,292)
12. Tacoma Deferral (L)	(11,695,654)	(11,446,746)	(11,196,165)
13. Total Adjustments (M)	(\$93,707,629)	(\$107,806,075)	(\$115,709,843)
14. Company Claim (N)	165,483,178	195,373,105	218,700,287
15. Public Counsel Recommendation (O)	\$71,775,549	\$87,567,030	\$102,990,444
16. Annual Change (P)	<u>\$71,775,549</u>	<u>\$15,791,481</u>	<u>\$15,423,413</u>
17. Total Revenues (Q)	\$1,101,528,916	\$1,173,304,465	\$1,189,095,946
18. Percentage Change (R)	6.52%	1.35%	1.30%

Sources:

(A) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-8, page 3.

(B) Exhibit ACC-5, page 2.

(C) Exhibit ACC-5, page 3.

(D) Exhibit ACC-5, page 4.

(E) Exhibit ACC-5, page 5.

(F) Exhibit ACC-5, page 6.

(G) Exhibit ACC-5, page 7.

(H) Exhibit ACC-5, page 8.

(I) Exhibit ACC-5, page 9.

(J) Exhibit ACC-5, page 10.

(K) Exhibit ACC-5, page 11.

(L) Exhibit ACC-5, page 12.

(M) Sum of Lines 1-12.

(N) Exhibit SEF-8, page 1.

(O) Line 13 + Line 14.

(P) Line 15 - Prior Year Line 15.

(Q) 2023 Amount per Exhibit SEF-8, page 1. 2024 and 2025 reflect prior MYRP increases.

(R) Line 16 / Line 17.

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

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Rate Base Per Company (A)	\$2,963,664,294	\$3,133,269,162	\$3,227,147,270
2. Recommended Rate of Return (B)	6.83%	6.83%	6.83%
3. Operating Income (C)	\$202,418,271	\$214,002,284	\$220,414,159
4. Operating Income Per Company (A)	219,014,791	233,115,226	241,713,331
5. Recommended Adjustment (D)	(\$16,596,520)	(\$19,112,942)	(\$21,299,172)
6. Conversion Factor (E)	0.753221	0.753221	0.753221
7. Adjustment (F)	<u>(\$22,034,064)</u>	<u>(\$25,374,946)</u>	<u>(\$28,277,454)</u>

Sources:

(A) Exhibit SEF-8, 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-8, page 3.

(F) Line 5 / Line 6.

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

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	(\$18,090,002)	(\$18,090,002)	(\$18,090,002)
2. Income Taxes @ 21% (B)	(3,798,900)	(3,798,900)	(3,798,900)
3. Operating Income Impact (C)	(\$14,291,102)	(\$14,291,102)	(\$14,291,102)
4. Revenue Conversion Factor (D)	0.753221	0.753221	0.753221
5. Revenue Requirement (E)	(\$18,973,318)	(\$18,973,318)	(\$18,973,318)

Sources:

(A) Exhibit DJG-4. Reflects allocation of common plant based on 66.66% to electric and 33.33% 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-8, page 3.

(E) Line 3 / Line 4.

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

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Beginning Gross Plant (A)	(\$86,720,157)	(\$86,720,157)	(\$86,720,157)
2. Plant Additions (B)	(17,048,092)	(77,232,730)	(77,232,730)
3. Additions to Depreciation Reserve (C)	26,438,091	33,406,801	42,522,582
4. Net Plant (D)	<u>(\$77,330,158)</u>	<u>(\$130,546,086)</u>	<u>(\$121,430,305)</u>
5. Recommended Rate of Return (E)	6.83%	6.83%	6.83%
6. Operating Income Impact (F)	<u>(\$5,281,650)</u>	<u>(\$8,916,298)</u>	<u>(\$8,293,690)</u>
7. Interest Synchronization (G)	(415,727)	(701,816)	(652,809)
8. Recommended Income Adjustment (H)	<u>(\$4,865,923)</u>	<u>(\$8,214,482)</u>	<u>(\$7,640,881)</u>
9. Revenue Conversion Factor (I)	0.753221	0.753221	0.753221
10. Revenue Requirement (J)	<u>(\$6,460,153)</u>	<u>(\$10,905,806)</u>	<u>(\$10,144,274)</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 \$15,342,127 + beginning balance of ADIT of \$5,800,386 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-8, page 3.

(J) Line 8 / Line 9.

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

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	(\$3,499,802)	(\$3,499,802)	(\$3,499,802)
2. Income Taxes @ 21% (B)	<u>(734,958)</u>	<u>(734,958)</u>	<u>(734,958)</u>
3. Operating Income Impact (C)	(\$2,764,844)	(\$2,764,844)	(\$2,764,844)
4. Revenue Conversion Factor (D)	<u>0.753221</u>	<u>0.753221</u>	<u>0.753221</u>
5. Revenue Requirement (E)	<u>(\$3,670,694)</u>	<u>(\$3,670,694)</u>	<u>(\$3,670,694)</u>

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-8, page 3.

(E) Line 3 / Line 4.

**Puget Sound Energy - Gas
COVID Deferral**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Revenue Requirement Per Company (A)	<u>(\$321,230)</u>	<u>(\$296,599)</u>	<u>\$46,864</u>
2. Revenue Requirement w/ updated Revenue Conversion Factor (B)	<u>(\$321,904)</u>	<u>(\$297,221)</u>	<u>\$46,962</u>

Sources:

(A) Exhibit SEF-13, page 2.

(B) Line 1 X Original Revenue Conversion Factor of 0.754801 / Revised Revenue Conversion
Factor of 0.753221, per Exhibit ACC-3.

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

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	(\$4,550,764)	(\$4,733,176)	(\$5,782,131)
2. Income Taxes @ 21% (B)	<u>(955,660)</u>	<u>(993,967)</u>	<u>(1,214,248)</u>
3. Operating Income Impact (C)	(3,595,104)	(3,739,209)	(4,567,883)
4. Revenue Conversion Factor (D)	<u>0.753221</u>	<u>0.753221</u>	<u>0.753221</u>
5. Revenue Requirement (E)	<u>(\$4,772,973)</u>	<u>(\$4,964,292)</u>	<u>(\$6,064,466)</u>

Sources:

(A) Reflects 50% of Incremental A&G O&M Per Workpaper NEW-PSE-WP-SEF-6E-11G-OM-22GRC-01-2022, Incremental_G 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-8, page 3.

(E) Line 3 / Line 4.

**Puget Sound Energy - Gas
Programmatic Investment**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	\$0	(\$62,605,100)	(\$51,884,682)
2. Recommended Rate of Return (B)	<u>6.83%</u>	<u>6.83%</u>	<u>6.83%</u>
3. Operating Income (C)	\$0	(\$4,275,928)	(\$3,543,724)
4. Interest Synchronization (D)	<u>0</u>	<u>(336,565)</u>	<u>(278,932)</u>
5. Recommended Adjustment (E)	\$0	(\$3,939,363)	(\$3,264,792)
6. Revenue Conversion Factor (F)	<u>0.753221</u>	<u>0.753221</u>	<u>0.753221</u>
7. Revenue Requirement (G)	\$0	(\$5,230,023)	(\$4,334,441)
8. Cumulative Revenue Requirement (H)	<u>\$0</u>	<u>(\$5,230,023)</u>	<u>(\$9,564,464)</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-8, 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 - Gas
Projected Investment**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	\$0	(\$17,484,864)	(\$8,515,000)
2. Recommended Rate of Return (B)	6.83%	6.83%	6.83%
3. Operating Income (C)	\$0	(\$1,194,216)	(\$581,575)
4. Interest Synchronization (D)	0	(93,999)	(45,777)
5. Recommended Adjustment (E)	\$0	(\$1,100,218)	(\$535,798)
6. Revenue Conversion Factor (F)	0.753221	0.753221	0.753221
7. Revenue Requirement (G)	\$0	(\$1,460,684)	(\$711,342)
8. Cumulative Revenue Requirement (H)	<u>\$0</u>	<u>(\$1,460,684)</u>	<u>(\$2,172,026)</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-8, 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 - Gas
Specific Investments**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Recommended Adjustment (A)	\$0	(\$1,835,017)	(\$6,707,638)
2. Recommended Rate of Return (B)	<u>6.83%</u>	<u>6.83%</u>	<u>6.83%</u>
3. Operating Income (C)	\$0	(\$125,332)	(\$458,132)
4. Interest Synchronization (D)	<u>0</u>	<u>(9,865)</u>	<u>(36,060)</u>
5. Recommended Adjustment (E)	\$0	(\$115,467)	(\$422,071)
6. Revenue Conversion Factor (F)	<u>0.753221</u>	<u>0.753221</u>	<u>0.753221</u>
7. Revenue Requirement (G)	\$0	(\$153,297)	(\$560,355)
8. Cumulative Revenue Requirement (H)	<u>\$0</u>	<u>(\$153,297)</u>	<u>(\$713,652)</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-8, 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 - Gas
Tacoma LNG Investment**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Rate Base Per Company (A)	(\$237,018,870)	(\$232,230,610)	(\$227,442,350)
2. Recommended Rate of Return (B)	6.83%	6.83%	6.83%
3. Operating Income Impact (C)	(\$16,188,389)	(\$15,861,351)	(\$15,534,313)
4. Interest Synchronization (D)	(1,274,213)	(1,248,472)	(1,222,730)
5. Recommended Adjustment (E)	(\$14,914,175)	(\$14,612,879)	(\$14,311,582)
6. Revenue Conversion Factor (F)	0.750775	0.750775	0.750775
7. Adjustment (G)	(\$19,865,040)	(\$19,463,726)	(\$19,062,412)
8. Depreciation (H)	(4,788,260)	(4,788,260)	(4,788,260)
9. O&M (I)	(2,525,569)	(2,577,062)	(2,629,620)
10. Revenue Requirement (J)	<u>(\$27,178,869)</u>	<u>(\$26,829,048)</u>	<u>(\$26,480,292)</u>

Sources:

(A) 2023 reflects cost of \$239.413 million, per Exhibit RJR-1CT, Table 1, less 6 months of depreciation at estimated depreciation rate of 2.0%. 2024 and 2025 amounts reflect an additional year of depreciation expense in each of those years.

(B) Exhibit JRW-3.

(C) Line 1 X Line 2.

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

(E) Line 6 - Line 7.

(F) Exhibit ACC-3, Puget Sound Energy response to WUTC-99, Exhibit SEF-8, page 3.

(G) Line 8 / Line 9.

(H) Assumes investment of \$239.413 million, per Exhibit RJT-1CT, Table 1 and 2% depreciation rate.

(I) Workpaper NEW-PSE-WP-SEF-6E-11G-OM-22GRC-01-2022, Total IS Gas worksheet.

(J) Line 7 + Line 8 + Line 9.

**Puget Sound Energy - Gas
Tacoma LNG Deferrals**

	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Revenue Requirement Per Company (A)	(\$11,671,172)	(\$11,422,785)	(\$11,172,728)
2. Revenue Requirement w/ updated Revenue Conversion Factor (B)	<u>(\$11,695,654)</u>	<u>(\$11,446,746)</u>	<u>(\$11,196,165)</u>

Sources:

(A) Removes Adjustments 11.48 and 11.50 per Exhibit SEF-13, page 2.

(B) Line 1 X Original Revenue Conversion Factor of 0.754801 / Revised Revenue Conversion
Factor of 0.753221, per Exhibit ACC-3.