

**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-16

Puget Sound Energy Response to Public Counsel Data Request No. 26

July 28, 2022

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-220066 & UG-220067
Puget Sound Energy
2022 General Rate Case**

PUBLIC COUNSEL DATA REQUEST NO. 026:

Re: Cost of Capital; William Einstein, Exh. WTE-1CT at 58:10–13.

Regarding the testimony of Mr. Einstein on page 58, lines 10–13, what is the dollar value, by year, of the incentive rate of return of two percent applied to the applicable net plant? Please provide supporting assumptions, calculations, and workpapers with your response.

Response:

Summarized below and as shown on page 39 of Exh. SEF-6 is the value of the two percent incentive rate of return (“IRR”) when applied to applicable net plant.

	2023	2024	2025
Description	Rate Year 1	Rate Year 2	Rate Year 3
Annual Return	\$ 49,425	\$ 228,084	\$ 537,724

To calculate the IRR, the net of the eligible forecasted plant additions, related accumulated depreciation, and deferred taxes for 2023-2025 were annually multiplied by the two percent IRR and then grossed up for federal income taxes.

Eligible investments are contained within the Transportation Electrification Plant (“TEP”) provisional pro forma as shown on page 1 of Exh. SEF-21. As only customer make-ready and charger investments within the TEP are eligible for the IRR, the ratio of these investments over the total TEP forecast was utilized to determine the percentage of plant assets, accumulated depreciation, and deferred taxes to use when calculating the IRR.

Please see work paper *NEW-PSE-WP-SEF-6E-ElectricVehicles-22GRC-01-2022*, tab “EV Incentive ROR” for the detailed calculations as explained above.