

**EXH. SEF-39  
DOCKETS UE-240004/UG-240005 et al.  
2024 PSE GENERAL RATE CASE  
WITNESS: SUSAN E. FREE**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-240004  
Docket UG-240005  
(consolidated)**

**In the Matter of the Petition of**

**PUGET SOUND ENERGY**

**For an Accounting Order Authorizing  
deferred accounting treatment of  
purchased power agreement expenses  
pursuant to RCW 80.28.410**

**Docket UE 230810  
(consolidated)**

**ELEVENTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED REBUTTAL TESTIMONY OF**

**SUSAN E. FREE**

**ON BEHALF OF PUGET SOUND ENERGY**

**SEPTEMBER 18, 2024**

Overview of Revenue Requirement Adjustments

Adjustment Name	(4) Contested?	Adj. No.		Restating	Proforma	Gap Period	Rate Year 1	Rate Year 2
		Electric	Gas					
REVENUES AND EXPENSES	YES	32.01	36.01	X	X	X	X	X
PASS-THROUGH REVENUE & EXPENSE	NO	32.02	36.02	X	X			
TEMPERATURE NORMALIZATION	NO	32.03	36.03	X	X			
FEDERAL INCOME TAX	NO	32.04	36.04	X	(1)	(1)	(1)	(1)
TAX BENEFIT OF INTEREST	NO	32.05	36.05	X	X	X	X	X
BAD DEBT EXPENSE	NO	32.06	36.06	X	(2)	(2)	(2)	(2)
RATE CASE EXPENSE	NO	32.07	36.07	X			(3)	(3)
EXCISE TAX	NO	32.08	36.08	X				
EMPLOYEE INSURANCE	NO	32.09	36.09	X	X	(3)	(3)	(3)
INJURIES & DAMAGES	NO	32.10	36.10	X			(3)	(3)
INCENTIVE PAY	YES	32.11	36.11	X	X	X	(3)	(3)
INVESTMENT PLAN	NO	32.12	36.12	X			(3)	(3)
INTEREST ON CUSTOMER DEPOSITS	NO	32.13	36.13	X			(3)	(3)
PROPERTY AND LIAB INSURANCE	NO	32.14	36.14	X	X		(3)	(3)
DEFERRED GAINS AND LOSSES ON PROPERTY SALES	NO	32.15	36.15	X			X	X
D&O INSURANCE	NO	32.16	36.16	X			(3)	(3)
PENSION PLAN	NO	32.17	36.17	X	X		(3)	(3)
WAGE INCREASE	NO	32.18	36.18	X			(3)	(3)
AMA TO EOP RATE BASE	NO	32.19	36.19	X				
UPDATE DEPR RATES	YES	32.20	36.20	X				
WUTC FILING FEE	NO	32.21	36.21	X	(2)	(2)	(2)	(2)
PRO FORMA O&M	YES	32.22	36.22				X	X
REMOVE AMR PLANT AND DEPRECIATION	NO	32.23	36.23		X			
AMI PLANT AND DEFERRAL	YES	32.24	36.24	X	X			
ENVIRONMENTAL REMEDIATION	NO	32.25	36.25	X	X	X	X	X
ESTIMATED PLANT RETIREMENTS RATE BASE	NO	32.26	36.26		X	X	X	X
TEST YEAR PLANT ROLL FORWARD	NO	32.27	36.27		X	X	X	X
PROVISIONAL PROFORMA RETIREMENTS DEPRECIATION	NO	32.28	36.28		X	X	X	X
PROGRAMMATIC PROVISIONAL PROFORMA	NO	32.29	36.29		X	X	X	X
CUSTOMER DRIVEN PROGRAMMATIC PROVISIONAL PROFORMA	NO	32.30	36.30		X	X	X	X
SPECIFIC PROVISIONAL PROFORMA	NO	32.31	36.31		X	X	X	X
PROJECTED PROVISIONAL PROFORMA	NO	32.32	36.32		X	X	X	X
REMOVE TEST YEAR DEFERRALS	NO	32.33	36.33	X				
REGULATORY FILING FEE DEFERRAL	NO	32.34	36.34	X	X	X	X	X
PARTICIPATORY FUNDING GRANTS	NO	32.35	36.35	X			X	
TARGETED ELECTRIFICATION ACTIVITIES DEFERRAL AMORTIZATION	NO	32.36	36.36	X	X	X	X	X
LONG TERM INCENTIVE PLAN (LTIP)	YES	32.37	36.37				X	X
POWER COSTS	YES	32.38		X			X	X
WILD HORSE SOLAR	NO	32.39		X	X	X	X	X
STORM EXPENSE NORMALIZATION	YES	32.40		X			(3)	(3)
ELECTRIC REGULATORY ASSETS & LIAB	YES	32.41			X	X	X	X
GREEN DIRECT	NO	32.42		X				
STORM DEFERRAL AMORTIZATION	NO	32.43		X			X	X
COLSTRIP REMOVAL	NO	32.44		X				
ACQUISITION ADJUSTMENT	NO	32.45		X	X	X	X	X
TEP TRACKER	NO	32.46		X				
CETA DR PPA DEFERRALS	YES	32.47			X		X	X
CEIP DEFERRAL	NO	32.48		X			X	
TACOMA LNG PLANT DEFERRAL	NO		36.38		X			
GAS REGULATORY ASSETS & LIAB	YES		36.39		X	X	X	X
REMOVAL OF TACOMA LNG DISTRIBUTION UPGRADE	NO		36.40	X	X	X	X	X
FINANCE LEASES	new	32.49	36.49				X	X

Trackers	Contested?	Parties				
		Staff	PC	AWEC	JEA	FEA
141CGR Clean Generation Resource Tracker	YES	X	X	X	support	X
141WFP Wildfire Prevention Plan Adjustment	YES	X	X	X	n/a	X
141DCARB Decarbonization Rate Adjustment	YES	X	X	X	support	X

(1) The statutory tax rate of 21% is applied to all adjustments + change in EDIT, Hydro Grant and Flow-Through amortization each year.

(2) Filing Fee Rate and Restated Bad Debt Rate Applied to all Revenue Adjustments.

(3) Included in Proforma O&M Adjustments. See page two for more details.

(4) Adjustments that are only different due to differences in proposed ROE or capital structure differences are not listed as contested.

Overview of Revenue Requirement Adjustments - Additional Detail

Adjustment Name	Adj. No.		Method	How it is Handled	Maintained in own Adj	Interaction w/ O&M Adj.
	Electric	Gas				
Low Income Amortization	32.02	36.02	Remove from Plan	Low Income Amortization is removed from GRCs as a pass-through, therefore, need to remove from plan	N/A	N/A
Green Power O&M	32.02	36.02	Remove from Plan	Green Power and Carbon Offset O&M is removed from GRCs as a pass-through, therefore, need to remove from plan. Tags are not budgeted for in O&M as they are charged to FERC 557 (power costs) and 805 (gas costs).	N/A	N/A
Bad Debts	32.06	36.06	Remove and Replace	Remove amounts from plan. Separate adjustments reflected at restated amounts plus application of restated bad debt rate to all revenue adjustments.	Yes	Used in Forecast O&M
Rate Case Expense	32.07	36.07	Remove and Replace	\$0 included in the plan, therefore, need to add restated amount to total O&M. Restated test year amounts are added to plan. Maintained on its separate adjustment.	Yes	Used in Forecast O&M
Employee Insurance	32.09	36.09	Adjust to Plan	This type of insurance expense is not tracked separately in the plan. Therefore, no special treatment for test year or plan amounts. Restated amounts get automatically adjusted to amounts included in plan.	No	Adjusted to amounts in Forecasted O&M
Injuries & Damages	32.10	36.10	Remove and Replace	Remove amounts from plan and replace with restated test year amounts.	Yes	Used in Forecast O&M
Incentive Pay	32.11	36.11	Remove and Replace	Remove amounts from plan and replace with 4 year average per plan amounts.	Yes	Used in Forecast O&M
Investment Plan	32.12	36.12	Adjust to Plan	This type of labor benefit overhead is not tracked separately in the plan. Therefore, no special treatment for test year or plan amounts. Restated amounts get automatically adjusted to amounts included in plan.	No	Adjusted to amounts in Forecasted O&M
Interest on Customer Deposits	32.13	36.13	Add to Plan	\$0 included in the plan, therefore, need to add restated amount to total O&M. Restated test year amounts are added to plan. Maintained on its separate adjustment.	Yes	Used in Forecast O&M
Property and Liability Insurance	32.14	36.14	Adjust to Plan	The type of insurance expense is not tracked separately in the plan. Therefore, no special treatment for test year or plan amounts. Restated amounts get automatically adjusted to amounts included in plan.	No	Adjusted to amounts in Forecasted O&M
D&O Insurance	32.16	36.16	Adjust to Plan	This type of insurance expense is not tracked separately in the plan. Therefore, no special treatment for test year or plan amounts. Restated amounts get automatically adjusted to amounts included in plan.	No	Adjusted to amounts in Forecasted O&M
Pension Plan	32.17	36.17	Remove and Replace	Remove amounts from plan and replace with 4 year average per plan amounts. Maintain on separate adjustment.	Yes	Used in Forecast O&M
Wage Increase	32.18	36.18	Adjust to Plan	No special treatment for test year or plan amounts. Restated amounts get automatically adjusted to amounts included in plan after ensuring labor overheads are not included in plan amounts being adjusted to.	No	Adjusted to amounts in Forecasted O&M
WUTC Filing Fee	32.21	36.21	Remove and Replace	Remove amounts from plan. Separate adjustments reflected at restated amounts plus application of WUTC Filing Fee percentage to all revenue adjustments.	Yes	Used in Forecast O&M
Participatory Funding Grants	32.35	36.35	Adjust to Plan	Forecasted plan includes amounts as proposed for PFG.	Yes	Adjusted to amounts in Forecasted O&M
Power Costs (Prod O&M)	32.38	N/A	Adjust to Plan	Adjust to plan after ensuring labor overheads are not included in plan amounts. Maintain on its on adjustment (Power Costs).	Yes	Adjusted to amounts in Forecasted O&M
Storm Expense Normalization	32.40	N/A	Adjust to Plan	Adjust to current threshold and maintain on its own adjustment.	Yes	Adjusted to amounts in Forecasted O&M
Labor Overheads	N/A	N/A	Adjust to Plan	Plan amounts are selectively taken (not spread based on historical) and shown in employee benefits line of income statement	No	Adjusted to amounts in Forecasted O&M
Payroll Taxes	N/A	N/A	Adjust to Plan	Plan amounts are selectively taken (not spread based on historical) and shown in taxes other than income taxes line of income statement	No	Adjusted to amounts in Forecasted O&M
Long Term Incentive Plan (LTIP)	32.37	36.37	Add to Plan	\$0 included in the plan, therefore, need to add these amounts to total O&M.	Yes	Used in Forecast O&M
<i>Finance Leases</i>	<i>32.49</i>	<i>36.49</i>	<i>Add to Revenue Requirement</i>	<i>\$0 included in the plan, therefore, need to add these amounts to Revenue Requirement</i>	<i>Yes</i>	<i>n/a</i>