

**EXH. SEF-42
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)**

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

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

SEPTEMBER 18, 2024

**DETERMINATION OF DEFICIENCY ASSOCIATED WITH
PROVISIONAL PROFORMA ADJUSTMENTS
SUBJECT TO REFUND**

NATURAL GAS

LINE	PLANT RELATED COSTS	2025	2026	Source
9	Cost of Debt	2.67%	2.63%	Exh. SEF-33 page 2
10	Requested Rate of Return	7.65%	7.99%	Exh. SEF-33 page 2
11	Statutory Federal Income Tax Rate	21.00%	21.00%	
12	Conversion Factor	75.34%	75.34%	Exh. SEF-35
13				
14	Rate Base Associated with Post 2024 Plant Additions	\$ 379,573,364	\$ 609,788,455	SEF-42 page 2 line 89
15	Rate Base Associated with Post 2024 Plant Retirements	(7,206,751)	(25,143,902)	SEF-42 page 3 line 24
16	Total Rate Base Proposed Subject to Refund	372,366,613	584,644,552	
17				
18	Depr/Amort Expense Associated with Post 2024 Plant Additions	(23,339,940)	(44,839,524)	SEF-42 page 2 line 80
19	Depr/Amort Expense Associated with Post 2024 Plant Retirements	214,282	669,912	SEF-42 page 3 line 12
20	Impact on Operating Income for Depreciation/Amortization Expense	(23,125,658)	(44,169,612)	
21				
22	Income Tax Expense Associated with Post 2024 Plant Additions	4,901,387	9,416,300	SEF-42 page 2 line 82
23	Income Tax Expense Associated with Post 2024 Plant Retirements	(3,708,960)	(3,848,128)	SEF-42 page 3 line 17
24	Income Tax Expense	1,192,428	5,568,172	
25				
26	Impact on NOI for Depreciation/Amortization Expense	(21,933,230)	(38,601,440)	
27				
28	Tax Benefit of Proforma Interest	2,087,860	3,228,992	Line 9 x Line 11 x Line 16
29				
30	Net Operating Income	(19,845,371)	(35,372,448)	Line 27 + Line 28
31				
32	Net Operating Income Requirement (Return on Rate Base)	28,486,046	46,713,100	Line 10 x Line 16
33				
34	Net Operating Income Deficiency	48,331,416	82,085,548	Line 32 - Line 30
35				
36	Grossed Up Deficiency - Cumulative	64,149,112	108,950,149	Line 34 / Line 12
37				
38	Grossed Up Deficiency - Cumulative In Rates	64,149,112	108,950,149	Line 36
39				
40	Grossed Up Deficiency - By Year	64,149,112	44,801,037	Line 38 - Prior Year Line 38

Note: Amounts in bold and italics are different from February 15, 2024 Original filing

DETERMINATION OF DEFICIENCY ASSOCIATED WITH
PROVISIONAL PROFORMA ADJUSTMENTS
SUBJECT TO REFUND

NATURAL GAS

LINE NO.	DESCRIPTION	EOP			EOP		AMA		AMA
		TRADITIONAL PROFORMA ADJUSTMENTS	Dec-23 ADJUSTED RESULTS OF OPERATIONS	2024 GAP YEAR PROFORMA ADJUSTMENTS	ADJUSTED RESULTS START OF RATE YEAR 1	2025 RATE YEAR 1 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 1	2026 RATE YEAR 2 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2
1	Programmatic								
2	403 GAS DEPRECIATION EXPENSE	-	-	-	2,062,086.78	6,990,896.83	9,052,983.61	6,362,082.77	15,415,066.38
3	403 GAS PORTION OF COMMON	-	-	-	22,264.61	534,246.60	556,511.21	539,806.43	1,096,317.63
4	404 GAS AMORTIZATION EXPENSE	-	-	-	34,977.57	872,281.72	907,259.29	305,957.90	1,213,217.19
5	404 GAS PORTION OF COMMON	-	-	-	62,475.84	1,579,752.96	1,642,228.80	3,378,928.37	5,021,157.17
6	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	-	-	2,181,804.80	9,977,178.11	12,158,982.91	10,586,775.47	22,745,758.37
7									
8	INCREASE (DECREASE) EXPENSE	-	-	-	2,181,804.80	9,977,178.11	12,158,982.91	10,586,775.47	22,745,758.37
9									
10	INCREASE (DECREASE) FIT	21%	-	-	(458,179.01)	(2,095,207.40)	(2,553,386.41)	(2,223,222.85)	(4,776,609.26)
11									
12	INCREASE (DECREASE) NOI		-	-	(1,723,625.79)	(7,881,970.71)	(9,605,596.50)	(8,363,552.62)	(17,969,149.12)
13									
14	INCREASE TO RATE BASE	-	-	-	131,322,935.65	61,825,282.40	193,148,218.05	149,684,851.32	342,833,069.37
15	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	(2,168,971.88)	(5,299,828.06)	(7,468,799.93)	(17,301,515.27)	(24,770,315.20)
16	DFIT	-	-	-	(528,689.98)	(810,885.71)	(1,339,575.69)	(1,924,989.77)	(3,264,565.45)
17	TOTAL ADJUSTMENT TO RATE BASE	-	-	-	128,625,273.80	55,714,568.63	184,339,842.43	130,458,346.29	314,798,188.71
18									
19	Programmatic Customer Driven								
20	403 GAS DEPRECIATION EXPENSE	-	-	-	1,466,954.92	3,919,280.06	5,386,234.98	2,294,484.23	7,680,719.21
21	403 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-
22	404 GAS AMORTIZATION EXPENSE	-	-	-	-	-	-	-	-
23	404 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-
24	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	-	-	1,466,954.92	3,919,280.06	5,386,234.98	2,294,484.23	7,680,719.21
25									
26	INCREASE (DECREASE) EXPENSE	-	-	-	1,466,954.92	3,919,280.06	5,386,234.98	2,294,484.23	7,680,719.21
27									
28	INCREASE (DECREASE) FIT	21%	-	-	(308,060.53)	(823,048.81)	(1,131,109.35)	(481,841.69)	(1,612,951.03)
29									
30	INCREASE (DECREASE) NOI		-	-	(1,158,894.39)	(3,096,231.25)	(4,255,125.63)	(1,812,642.54)	(6,067,768.18)
31									
32	INCREASE TO RATE BASE	-	-	-	89,119,728.28	28,472,966.34	117,592,694.62	53,719,330.55	171,312,025.17
33	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	(1,466,954.92)	(2,485,599.25)	(3,952,554.17)	(6,587,471.94)	(10,540,026.11)
34	DFIT	-	-	-	574,216.33	(1,381,718.29)	(807,501.96)	(839,701.11)	(1,647,203.07)
35	TOTAL ADJUSTMENT TO RATE BASE	-	-	-	88,226,989.69	24,605,648.80	112,832,638.49	46,292,157.50	159,124,795.99
36									
37	Specific								
38	403 GAS DEPRECIATION EXPENSE	-	-	-	14,279.69	449,374.99	463,654.68	-	463,654.68
39	403 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-
40	404 GAS AMORTIZATION EXPENSE	-	-	-	-	-	-	-	-
41	404 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-
42	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	-	-	14,279.69	449,374.99	463,654.68	243,767.50	707,422.18
43									
44	INCREASE (DECREASE) EXPENSE	-	-	-	14,279.69	449,374.99	463,654.68	243,767.50	707,422.18
45									
46	INCREASE (DECREASE) FIT	21%	-	-	(2,998.73)	(94,368.75)	(97,367.48)	(51,191.17)	(148,558.66)
47									
48	INCREASE (DECREASE) NOI		-	-	(11,280.96)	(355,006.24)	(366,287.20)	(192,576.32)	(558,863.52)
49									
50	INCREASE TO RATE BASE	-	-	-	13,145,865.39	-	13,145,865.39	2,437,674.99	15,583,540.38
51	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	(14,279.69)	(231,827.34)	(246,107.03)	(489,970.55)	(736,077.58)
52	DFIT	-	-	-	(37,177.54)	(110,562.13)	(147,739.67)	(170,466.13)	(318,205.80)
53	TOTAL ADJUSTMENT TO RATE BASE	-	-	-	13,094,408.16	(342,389.47)	12,752,018.69	1,777,238.31	14,529,257.00
54									
55	Projected								
56	403 GAS DEPRECIATION EXPENSE	-	-	-	143,020.70	861,328.61	1,004,349.31	881,172.93	1,885,522.24
57	403 GAS PORTION OF COMMON	-	-	-	63,077.03	1,185,416.90	1,248,493.93	1,001,332.56	2,249,826.49
58	404 GAS AMORTIZATION EXPENSE	-	-	-	135,970.47	2,271,649.96	2,407,620.43	1,575,923.90	3,983,544.33
59	404 GAS PORTION OF COMMON	-	-	-	1,004,956.85	4,675,711.51	5,680,668.36	4,916,127.20	10,596,795.56
60	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	-	-	1,347,025.05	8,994,106.98	10,341,132.03	8,374,556.58	18,715,688.61
61									
62	INCREASE (DECREASE) EXPENSE	-	-	-	1,347,025.05	8,994,106.98	10,341,132.03	8,374,556.58	18,715,688.61
63									
64	INCREASE (DECREASE) FIT	21%	-	-	(282,875.26)	(1,888,762.47)	(2,171,637.73)	(1,758,656.88)	(3,930,294.61)
65									
66	INCREASE (DECREASE) NOI		-	-	(1,064,149.79)	(7,105,344.52)	(8,169,494.30)	(6,615,899.70)	(14,785,394.01)
67									
68	INCREASE TO RATE BASE	-	-	-	64,107,645.04	13,373,548.64	77,481,193.68	69,089,233.73	146,570,427.41
69	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	(1,353,530.92)	(4,844,765.40)	(6,198,296.32)	(14,898,919.70)	(21,097,216.02)
70	DFIT	-	-	-	(621,942.83)	(1,012,089.69)	(1,634,032.52)	(2,502,965.93)	(4,136,998.45)
71	TOTAL ADJUSTMENT TO RATE BASE	-	-	-	62,132,171.29	7,516,693.55	69,648,864.83	51,687,348.10	121,336,212.93
72									
73	Total All Provisional Proformas								
74	403 GAS DEPRECIATION EXPENSE	-	-	-	-	12,220,880.49	12,220,880.49	9,537,739.93	21,758,620.42
75	403 GAS PORTION OF COMMON	-	-	-	-	1,719,663.50	1,719,663.50	1,541,138.98	3,260,802.48
76	404 GAS AMORTIZATION EXPENSE	-	-	-	-	3,143,931.68	3,143,931.68	1,881,881.80	5,025,813.48
77	404 GAS PORTION OF COMMON	-	-	-	-	6,255,464.47	6,255,464.47	8,538,823.06	14,794,287.54
78	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	-	-	-	23,339,940.14	23,339,940.14	21,499,583.78	44,839,523.92
79									
80	INCREASE (DECREASE) EXPENSE	-	-	-	-	23,339,940.14	23,339,940.14	21,499,583.78	44,839,523.92
81									
82	INCREASE (DECREASE) FIT	21%	-	-	-	(4,901,387.43)	(4,901,387.43)	(4,514,912.59)	(9,416,300.02)
83									
84	INCREASE (DECREASE) NOI		-	-	-	(18,438,552.71)	(18,438,552.71)	(16,984,671.18)	(35,423,223.90)
85									
86	INCREASE TO RATE BASE	-	-	-	297,696,174.36	103,671,797.38	401,367,971.74	274,931,090.59	676,299,062.33
87	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	(5,003,737.41)	(12,862,020.05)	(17,865,757.46)	(39,277,877.46)	(57,143,634.91)
88	DFIT	-	-	-	(613,594.02)	(3,315,255.82)	(3,928,849.84)	(5,438,122.94)	(9,366,972.78)
89	TOTAL ADJUSTMENT TO RATE BASE	-	-	-	292,078,842.93	87,494,521.51	379,573,364.44	230,215,090.20	609,788,454.64

Note: Amounts in bold and italics are different from February 15, 2024 Original filing

DETERMINATION OF DEFICIENCY ASSOCIATED WITH
PROVISIONAL PROFORMA ADJUSTMENTS
SUBJECT TO REFUND

NATURAL GAS

LINE NO.	DESCRIPTION	DEC 2023 TRADITIONAL PROFORMA ADJUSTMENTS	Dec-23 ADJUSTED RESULTS OF OPERATIONS	2024 GAP YEAR PROFORMA ADJUSTMENTS	ADJUSTED RESULTS START OF RATE YEAR 1	2025 RATE YEAR 1 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 1	2026 RATE YEAR 2 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2
1									
2	403 GAS DEPRECIATION EXPENSE	-	-	-	-	(214,282)	(214,282)	(455,630)	(669,912)
3	403 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-
4	404 GAS AMORTIZATION EXPENSE	-	-	-	-	-	-	-	-
5	404 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-
6	SUBTOTAL DEPRECIATION EXPENSE 403	-	-	-	-	(214,282)	(214,282)	(455,630)	(669,912)
7	403.1 GAS ASSET RETIREMENT COST DEPRECIATION	-	-	-	-	-	-	-	-
8	403.1 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-
9	411.10 GAS ASSET RETIREMENT OBLIGATION ACCRETION	-	-	-	-	-	-	-	-
10	TOTAL DEPRECIATION AND ACCRETION	-	-	-	-	(214,282)	(214,282)	(455,630)	(669,912)
11									
12	INCREASE (DECREASE) EXPENSE	-	-	-	-	(214,282)	(214,282)	(455,630)	(669,912)
13									
14									
15	INCREASE (DECREASE) FIT	-	-	-	-	44,999	44,999	95,682	140,682
16	INCREASE (DECREASE) DFIT	-	-	-	-	3,663,960	3,663,960	43,486	3,707,447
17	INCREASE (DECREASE) TAX EXPENSE	-	-	-	-	3,708,960	3,708,960	139,169	3,848,128
18									
19	INCREASE (DECREASE) NOI	-	-	-	-	(3,494,677)	(3,494,677)	316,461	(3,178,216)
20									
21	ADJUSTMENT TO RATE BASE:	-	-	-	-	-	-	-	-
22	ADJUSTMENT TO ACCUM. DEPREC.	-	-	-	-	68,042	68,042	442,097	510,139
23	DFIT	-	-	-	-	(7,274,793)	(7,274,793)	(18,379,248)	(25,654,041)
24	TOTAL ADJUSTMENT TO RATEBASE	-	-	-	-	(7,206,751)	(7,206,751)	(17,937,151)	(25,143,902)
25									
26									
27	Four Factor Allocation Percentages:								
28									
		Gas:	34.55%						
		Electric:	65.45%						