

**EXH. SEF-43
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)**

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

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

SEPTEMBER 18, 2024

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-240004 & UG-240005
Puget Sound Energy
2024 General Rate Case**

PUBLIC COUNSEL DATA REQUEST NO. 210:

RE: O&M Expenses

Re: Direct Testimonies of Susan E. Free, Exh SEF-1T and Joshua A. Kensok, Exh. JAK-1T (O&M Expenses).

Has the Company included any cost offsets to the growth in expenses from 2023 to the 2025 and 2026 test years? If so, please indicate where these costs are found in the revenue requirements.

Response:

Puget Sound Energy (“PSE”) objects to Public Counsel Data Request No. 210 to the extent it requests information that is publicly available or obtainable from some other source that is more convenient, less burdensome, or less expensive. Notwithstanding these objections, and subject thereto, PSE responds as follows:

Please see the Prefiled Direct Testimony of Joshua A. Kensok, Exh. JAK-1CT, pages 37 through 40. These cost savings are included in the forecasted 2025 and 2026 operations and maintenance expense (“O&M”) as the \$85 million in O&M reductions are included in the basis from which the 2025 and 2026 O&M forecast was developed.

In addition to the savings discussed by Mr. Kensok, PSE has included many other cost offsets in its filing, as listed below:

1. **Revenue growth** – Revenue growth (as well as decline) has been factored into this filing. Please see the Prefiled Direct Testimonies of Christopher T. Mickelson, Exh. CTM-1T and John D. Taylor, Exh. JDT-1T, for a discussion of how the changes to revenue at current rates were factored into the multiyear rate plan. Over the multiyear rate plan, this adjustment decreases revenue requirement on electric by \$46.3 million,¹ while for natural gas, this adjustment increases revenue requirement by \$20.8 million.²

¹ Exh. SEF-6, page 1 (Adjustment 6.01) line 41 (final column).

² Exh. SEF-10, page 1 (Adjustment 11.01) sum of line 35.

2. **Roll Forward of Test Year Plant** – The test year plant in PSE’s filing has been rolled forward to its expected value in the rate years, which results in significant additions to accumulated depreciation and accumulated deferred income taxes (“ADIT”). Over the multiyear rate plan, this significant adjustment decreases the revenue requirement on electric by \$149.6 million, while this is a negligible adjustment for natural gas.³
3. **Forecasted Retirements** – PSE has incorporated the impact of estimated plant retirements based on a three- year historical average. Over the multiyear rate plan, this adjustment decreases the revenue requirement on electric by \$4.6 million, while for natural gas, this adjustment reduces revenue requirement by \$1.4 million.⁴
4. **Regulatory Assets and Liabilities and Acquisition Adjustments** – As has been done historically, PSE has adjusted its various existing production related regulatory assets and liabilities to their rate year levels. Additionally, PSE’s Acquisition Adjustments have also been adjusted to the rate year levels. Over the multiyear rate plan, this adjustment decreases the revenue requirement on electric by \$17.9 million.⁵ The decrease for natural gas is \$5.0 million.

³ Exh. SEF-9, pages 2 and 4, shows the revenue requirement by each adjustment discussed in Exhs. SEF-6 and SEF-10. The amounts can be obtained from Exh. SEF-9, pages 2 and 4, by summing both years in columns (m) and (n) for Adjustment 6.27 Test Year Plant Roll Forward.

⁴ Exh. SEF-9, pages 2 and 4, Adjustment 6.28 Provisional Proforma Retirements Depreciation.

⁵ Exh. SEF-9, page 2 Adjustments 6.41 Electric Regulatory Assets & Liab and 6.45 Acquisition Adjustment for electric. For natural gas, see Exh. SEF-9, page 4 Adjustment 11.39 Gas Regulatory Assets & Liab.