EXH. SEF-47
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*)**

NINETEENTH 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-220066 & UG-220067
Puget Sound Energy
2022 General Rate Case

<u>WUTC STAFF DATA REQUEST NO. 327:</u>
REQUESTED BY: Sean Laue / Laura Henry

RE: AMI - Meters and Modules Deployment

Please provide an overview of the methodology used which produced an inaccurate forecasting of actual AMI meter and module deployment. Why did the pre-capitalized meters and modules being placed in service monthly cause for a variance of $132,620,088?

<u>Response:</u>

After further review, the reason for the seeming variance between the amount of gross plant for the AMI project that is in rates versus the actual amounts that have closed for the project is different than what was stated in Puget Sound Energy's ("PSE") MYRP reports. In response to this data request, it has been determined that the cumulative variance for 2022 and 2023 of $106.3 million[1] is primarily due to timing differences and is not materially due to the difference in the closing assumptions for pre-capitalized meters and modules. After appropriately adjusting for these timing differences, the actual variance in gross plant is negative $30.2 million, not negative $106.3 million, as demonstrated in the following table.

		(in millions)		
Line	Description	2022 - 2023 Forecast	2022 - 2023 Actuals	Variance
		d	e	f
6	Totals from Attachment B to the 2023 and 2024 MYRP Reports.	$ 210.9	$ 104.6	$ (106.3)
7	Add Network Equipment outside of review period	-	41.4	41.4
8	Add Plant Closings that have/will close to plant in 2024	-	34.7	34.7
9	Adjusted Variance for Appropriate Comparison	$ 210.9	$ 180.7	$ (30.2)

The above table is supported in Attachment A to this Data Request. See the tabs titled "Adjusted Variance' and "Variance summary".
The timing differences relate to two items, as follows:

[1] With the amount in rates being higher than the actual amounts closed to plant for a combined negative variance of $106.3 million. The variance for 2022 is a positive $26.3 million and the variance for 2023 is the negative $132.6 million that is referenced in this request.

1. $41.4 million of network equipment closed earlier than expected in December 2021. It had been forecasted to close in March 2022 at the time the data used for PSE's 2022 GRC original filing was finalized. As such, the network equipment is not presented in the 2022 and 2023 actuals to which forecasted amounts (in which it is included) are compared in the MYRP Reports. This creates a perceived variance only, but not a real one for purposes of determining whether rates should be refunded. The network equipment is in service and used and useful to customers, it is just not included in the time period covered by PSE's MYRP reporting. This is reflected in the above table on line 7.

2. Although the AMI project was substantially complete at the end of 2023, the book accounting for the assets is such that project costs will close to plant in the ensuing months. This amount represents the trailing costs that have been placed in service in 2024. Similar to item 1 above, these amounts must be added to the actuals used for comparison in order for actuals to be on the same basis as forecast. This is reflected in the above table on line 8.

Furthermore – and most importantly – once accumulated depreciation, accumulated deferred income taxes[2] and depreciation expense are calculated on the gross plant amounts on line 6 in the table above (which is *before* adjustment for relevant out of period actuals[3]), the revenue requirement based on actuals is *higher* than the revenue requirement actually set in rates based on the forecast. As such, the revenue requirement for the AMI project has not been set too high during the review period. Please see the below table which is supported in the tab titled "AMI Rev Req Actual vs. Rates" in Attachment A to this Data Request.

Comparison of Revenue Requirement for AMI
Actual vs. In Rates Subject to Refund

Description	2023 Electric	2023 Gas	2023 Combined
In Rates - Based on Forecast - Subject to Refund	$ 2,969,909	$ 1,533,309	$ 4,503,218
Based on Actuals	3,652,075	1,837,341	5,489,416
(Actuals > In Rates)	$ (682,165)	$ (304,032)	$ (986,197)

[2] Accumulated depreciation and accumulated deferred income taxes are calculated on an average of the monthly averages basis.
[3] i.e. based solely on the information within the review period (calendar years 2022 and 2023).

ATTACHMENT A to PSE's Response to WUTC Staff Data Request No. 327