

**EXH. SEF-50
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)**

**TWENTY-SECOND EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF**

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

SEPTEMBER 18, 2024

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
STAFF RESPONSES TO DATA REQUESTS

DATE PREPARED: August 27, 2024	WITNESS: Danny Kermode
DOCKET: UE-240004-05, UE-230810	RESPONDER: Danny Kermode
REQUESTER: PSE	TELEPHONE:

DATA REQUEST NO. 6:

(Response Testimony of Chris McGuire, Exh. CRM-1T, and Danny P. Kermode, Exh. DPK-5r and DPK-6r):

In Staff's Adjustment 6.38 Power Cost for return on CETA PPAs in 2025 and 2026:

- a. Please see cell K33 in tab "Electric Adj" in Ex. DPK-6r. Please confirm Staff's adjustment utilizes Staff's proposed weighted average cost of *short term and long term* debt of 2.75% to calculate the return on CETA PPAs for 2025.
- b. Please see cell M33 in tab "Electric Adj" in Exh. DPK-6r. Please confirm Staff's adjustment utilizes Staff's proposed weighted average cost of *long term* debt only of 2.71% to calculate the return on CETA PPAs for 2026.
- c. Please explain why Staff's adjustment utilizes the *weighted average* cost of debt to calculate its proposed return on CETA PPAs when RCW 80.28.410 indicates the rate of return on PPAs be "no less than the authorized cost of debt" (not the authorized *weighted average* cost of debt).
- d. Please confirm that Staff's proposed total cost of debt for 2025 is 5.34% (2.75% in DPK-5, tab Def, COC, ConvF" cell K24 ÷ 51.50% in DPK-5, tab Def, COC, ConvF" cell I24)
- e. Please confirm that Staff's proposed total cost of debt for 2026 is 5.38% (2.77% in DPK-5, tab Def, COC, ConvF" cell K33 ÷ 51.50% in DPK-5, tab Def, COC, ConvF" cell I33)
- f. Please recalculate Staff's proposed adjustments on DPK-6r, tab "Electric Adj", cells K33 and M33 utilizing Staff's proposed total cost of debt in parts d and e, above.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. The going-forward return in Adjustment 6.38 should have been calculated using Staff's proposed overall cost of debt, not the weighted average cost of debt. This would be consistent with how Staff calculated the deferred return on those same PPAs in Adjustment 6.48 (i.e., using the total authorized cost of debt).
- d. Total cost of debt for 2025 is the weighted cost of short-term debt and long-term total to total debt, for 2025 the total cost of debt would be 5.26%.

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Percent of Total Capital	Percent of Total Debt	Cost	Weighted Cost 2025
2.04%	3.96%	5.07%	0.20%
49.46%	96.04%	5.27%	5.06%
51.50%	100.00%		5.26%

- e. Total cost of debt for 2026 is the weighted cost of short-term debt and long-term total to total debt, for 2025 the total cost of debt would be 5.33%.

Percent of Total Capital	Percent of Total Debt	Cost	Weighted Cost 2026
1.18%	2.29%	4.08%	0.09%
50.32%	97.71%	5.36%	5.24%
51.50%	100.00%		5.33%

- f. The recalculated Staff Proposals for return on CETA DR PPAs are:
 Rate Year 1 (K33) \$874,140
 Rate Year 2 (M33) \$36,371