### **BEFORE THE WASHINGTON**

## **UTILITIES & TRANSPORTATION COMMISSION**

# WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY

Respondent.

DOCKET NOS. UE-190529 and UG-190530 (Consolidated)

# PAUL J. ALVAREZ ON BEHALF OF PUBLIC COUNSEL UNIT

#### **EXHIBIT PJA-3**

Calculation of Carrying Charges on Legacy Equipment

November 22, 2019

#### CALCULATION OF CARRYING CHARGES ON ASSETS REMOVED FROM SERVICE FOR AMI

Dockets UE-190529 & UG-190530 Exh. PJA-3 Page 1 of 1

ASSUMPTIONS	Elecrtic Meters	Gas xmitter	AMR Nodes												
Investment:	102.82	15.81	0.18												
Debt Ratio:	51.5%	51.5%	51.5%												
WACD:	5.57%														
Authorized ROE:	9.8%														
Tax Rate:	21%	21%													
WACC:	7.62%	7.62%													
												(\$ in millions	s)		
ELECTRIC METERS	Year1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	TOTAL			, 		
Depreciation	11.42	11.42	11.42	11.42	11.42	11.42	11.42	11.42	11.42			Electric Met	ter Carrvin	g Charges	50.96
Interest	2.95	2.62	2.29	1.97	1.64	1.31	0.98	0.66	0.33			Gas xmitter carrying charges			11.39
Profit	4.89	4.34	3.80	3.26	2.71	2.17	1.63	1.09	0.54			AMR Node carrying charges			0.132
Taxes on Profit	1.03	0.91	0.80	0.68	0.57	0.46	0.34	0.23	0.11			TOTAL CARRYING CHARGES			62.49
RR before sls tax	20.29	19.30	18.32	17.33	16.35	15.36	14.38	13.39	12.41						
State sales tax	0.92	0.87	0.83	0.78	0.74	0.69	0.65	0.61	0.56						
Total Rev Reg't	21.20	20.17	19.15	18.12	17.09	16.06	15.03	14.00	12.97						
Less: Depreciation	11.42	11.42	11.42	11.42	11.42	11.42	11.42	11.42	11.42						
Carrying Charges	9.78	8.75	7.72	6.69	5.66	4.63	3.60	2.57	1.55	50.96					
YE Rate Base (for calc's):	91.39	79.97	68.55	57.12	45.70	34.27	22.85	11.42	-						
GAS DATA TRANSMITTERS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	TOTAL
Depreciation	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	
Interest	0.453	0.421	0.389	0.356	0.324	0.291	0.259	0.227	0.194	0.162	0.130	0.097	0.065	0.032	
Profit	0.751	0.698	0.644	0.590	0.537	0.483	0.429	0.376	0.322	0.268	0.215	0.161	0.107	0.054	
Taxes on Profit	0.158	0.146	0.135	0.124	0.113	0.101	0.090	0.079	0.068	0.056	0.045	0.034	0.023	0.011	
RR before SIs Tax	2.491	2.394	2.297	2.199	2.102	2.005	1.908	1.810	1.713	1.616	1.518	1.421	1.324	1.226	
State Sales Tax	0.113	0.108	0.104	0.099	0.095	0.091	0.086	0.082	0.077	0.073	0.069	0.064	0.060	0.055	
Total Rev Reg't	2.604	2.502	2.401	2.299	2.197	2.095	1.994	1.892	1.790	1.689	1.587	1.485	1.383	1.282	
Less: Depreciation	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	1.129	
Carrying Charges	1.475	1.373	1.272	1.170	1.068	0.966	0.865	0.763	0.661	0.560	0.458	0.356	0.254	0.153	11.39
can ying charges	1.175	1.070	11272	11170	1.000	0.500	0.000	0.700	0.001	0.000	0.400	0.000	0.204	01155	11.05
YE Rate Base:	14.677	13.548	12.419	11.290	10.161	9.032	7.903	6.774	5.645	4.516	3.387	2.258	1.129	0.000	
AMR NODES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	TOTAL
Depreciation	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	
Interest	0.005	0.005	0.004	0.004	0.004	0.003	0.003	0.003	0.002	0.002	0.001	0.001	0.001	0.000	
Profit	0.009	0.008	0.007	0.007	0.006	0.006	0.005	0.004	0.004	0.003	0.002	0.002	0.001	0.001	
Taxes on Profit	0.002	0.002	0.002	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.000	0.000	
RR before sales tax	0.029	0.028	0.027	0.025	0.024	0.023	0.022	0.021	0.020	0.019	0.018	0.016	0.015	0.014	
State sales tax	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	
Total Rev Reg't	0.030	0.029	0.028	0.027	0.025	0.024	0.023	0.022	0.021	0.019	0.018	0.017	0.016	0.015	
Less: Depreciation	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	
Carrying Charges	0.017	0.016	0.015	0.014	0.012	0.011	0.010	0.009	0.008	0.006	0.005	0.004	0.003	0.002	0.132
VE Pata Pasar	0.169	0.156	0.140	0 100	0.117	0.104	0.091	0.078	0.065	0.050	0.039	0.025	0.010	(0.000)	
YE Rate Base:	0.169	0.120	0.143	0.130	0.11/	0.104	0.091	0.078	0.065	0.052	0.039	0.026	0.013	(0.000)	