

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

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DOCKETS UE-240004 & UG-240005 (Consolidated)

**CROSS-EXAMINATION EXHIBIT OF SUSAN E. FREE  
ON BEHALF OF THE  
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL  
PUBLIC COUNSEL UNIT**

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**EXHIBIT SEF-\_\_X**

Determination of Deficiency Associated with Provisional Pro Forma Adjustments Subject  
to Refund - Gas

**October 28, 2024**

**EXH. SEF-20  
DOCKETS UE-240004/UG-240005  
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**

**NINETEENTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**SUSAN E. FREE**

**ON BEHALF OF PUGET SOUND ENERGY**

**FEBRUARY 15, 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-7 page 2
10	Requested Rate of Return	7.65%	7.99%	Exh. SEF-7 page 2
11	Statutory Federal Income Tax Rate	21.00%	21.00%	
12	Conversion Factor	75.42%	75.42%	Exh. SEF-7 page 3
13				
14	Rate Base Associated with Post 2024 Plant Additions	\$ 100,724,774	\$ 352,815,861	SEF-20 page 3 line 89
15	Rate Base Associated with Post 2024 Plant Retirements	(7,206,751)	(25,143,902)	SEF-20 page 4 line 24
16	<b>Total Rate Base Proposed Subject to Refund</b>	<b>93,518,023</b>	<b>327,671,958</b>	
17				
18	Depr/Amort Expense Associated with Post 2024 Plant Additions	(6,434,902)	(27,934,486)	SEF-20 page 3 line 80
19	Depr/Amort Expense Associated with Post 2024 Plant Retirements	214,282	669,912	SEF-20 page 4 line 12
20	<b>Impact on Operating Income for Depreciation/Amortization Expense</b>	<b>(6,220,620)</b>	<b>(27,264,574)</b>	
21				
22	Income Tax Expense Associated with Post 2024 Plant Additions	1,351,330	5,866,242	SEF-20 page 3 line 82
23	Income Tax Expense Associated with Post 2024 Plant Retirements	(3,708,960)	(3,848,128)	SEF-20 page 4 line 17
24	<b>Income Tax Expense</b>	<b>(2,357,630)</b>	<b>2,018,114</b>	
25				
26	Impact on NOI for Depreciation/Amortization Expense	(8,578,250)	(25,246,460)	
27				
28	Tax Benefit of Proforma Interest	524,356	1,809,732	Line 9 x Line 11 x Line 16
29				
30	Net Operating Income	(8,053,895)	(23,436,728)	Line 26 + Line 28
31				
32	Net Operating Income Requirement (Return on Rate Base)	7,154,129	26,180,989	Line 10 x Line 16
33				
34	Net Operating Income Deficiency	15,208,024	49,617,717	Line 32 - Line 30
35				
36	Grossed Up Deficiency - Cumulative	20,164,096	65,787,407	Line 34 / Line 12
37				
38	Grossed Up Deficiency - Cumulative In Rates	20,164,096	65,787,407	Line 36
39				
40	Grossed Up Deficiency - By Year	20,164,096	45,623,311	Line 38 - Prior Year Line 38



DETERMINATION OF DEFICIENCY ASSOCIATED WITH PROVISIONAL PROFORMA ADJUSTMENTS SUBJECT TO REFUND

Table with columns: LINE NO., DESCRIPTION, NATURAL GAS, EOP (Dec-23, 2024), EOP (ADJUSTED RESULTS), AMA (2025, 2026), and AMA (ADJUSTED RESULTS). Rows include various depreciation and amortization expenses, FIT adjustments, and total adjustments to rate base.

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)	(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)	(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)	(669,912)	
11									
12	INCREASE (DECREASE) EXPENSE	-	-	-	-	(214,282)	(214,282)	(669,912)	
13									
14									
15	INCREASE (DECREASE) FIT	-	-	-	-	44,999	44,999	140,682	
16	INCREASE (DECREASE) DFIT	-	-	-	-	3,663,960	3,663,960	3,707,447	
17	INCREASE (DECREASE) TAX EXPENSE	-	-	-	-	3,708,960	3,708,960	3,848,128	
18									
19	INCREASE (DECREASE) NOI	-	-	-	-	(3,494,677)	(3,494,677)	(3,178,216)	
20									
21	ADJUSTMENT TO RATE BASE:	-	-	-	-	-	-	-	
22	ADJUSTMENT TO ACCUM. DEPREC.	-	-	-	-	68,042	68,042	510,139	
23	DFIT	-	-	-	-	(7,274,793)	(7,274,793)	(25,654,041)	
24	TOTAL ADJUSTMENT TO RATEBASE	-	-	-	-	(7,206,751)	(7,206,751)	(25,143,902)	
25									
26									
27	Four Factor Allocation Percentages:								
28									
		Gas:	34.55%						
		Electric:	65.45%						