

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

---

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**

---

**EXHIBIT SEF-\_\_X**

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

**October 28, 2024**

**EXH. SEF-19  
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**

**EIGHTEENTH 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**

**ELECTRIC**

LINE	PLANT RELATED COSTS	2025	2026	Source
9	Cost of Debt	2.67%	2.63%	Exh. SEF-3 page 2
10	Requested Rate of Return	7.65%	7.99%	Exh. SEF-3 page 2
11	Statutory Federal Income Tax Rate	21.00%	21.00%	
12	Conversion Factor	75.13%	75.13%	Exh. SEF-3 page 3
13				
14	Rate Base Associated with Post 2024 Plant Additions	\$ 309,022,459	\$ 1,612,545,860	SEF-19 page 3 line 89
15	Rate Base Associated with Post 2024 Plant Retirements	2,492,517	4,530,245	SEF-19 page 4 line 23
16	<b>Total Rate Base Proposed Subject to Refund</b>	<b>311,514,975</b>	<b>1,617,076,105</b>	
17				
18	Depr/Amort Expense Associated with Post 2024 Plant Additions	(13,480,311)	(84,303,982)	SEF-19 page 3 line 80
19	Depr/Amort Expense Associated with Post 2024 Plant Retirements	724,834	2,463,707	SEF-19 page 4 line 12
20	<b>Impact on Operating Income for Depreciation/Amortization Expense</b>	<b>(12,755,477)</b>	<b>(81,840,275)</b>	
21				
22	Income Tax Expense Associated with Post 2024 Plant Additions	2,830,865	17,703,836	SEF-19 page 3 line 82
23	Income Tax Expense Associated with Post 2024 Plant Retirements	(111,522)	(547,253)	SEF-19 page 4 line 16
24	<b>Income Tax Expense</b>	<b>2,719,343</b>	<b>17,156,584</b>	
25				
26	Impact on NOI for Depreciation/Amortization Expense	(10,036,134)	(64,683,692)	
27				
28	Tax Benefit of Proforma Interest	1,746,664	8,931,111	Line 9 x Line 11 x Line 16
29				
30	Net Operating Income	(8,289,469)	(55,752,580)	Line 26 + Line 28
31				
32	Net Operating Income Requirement (Return on Rate Base)	23,830,896	129,204,381	Line 10 x Line 16
33				
34	Net Operating Income Deficiency	32,120,365	184,956,961	Line 32 - Line 30
35				
36	Grossed Up Deficiency - Cumulative	42,752,308	246,178,305	Line 34 / Line 12
37				
38	Grossed Up Deficiency - Cumulative In Rates	42,752,308	246,178,305	Line 36
39				
40	Grossed Up Deficiency - By Year	42,752,308	203,425,997	Line 38 - Prior Year Line 38

DETERMINATION OF DEFICIENCY ASSOCIATED WITH PROVISIONAL PROFORMA ADJUSTMENTS SUBJECT TO REFUND

Table with columns: LINE NO., DESCRIPTION, EOP (TRADITIONAL PROFORMA ADJUSTMENTS, Dec-23 ADJUSTED RESULTS OF OPERATIONS, 2024 GAP YEAR PROFORMA ADJUSTMENTS), EOP (ADJUSTED RESULTS START OF RATE YEAR 1, 2025 RATE YEAR 1 PROVISIONAL ADJUSTMENTS), AMA (ADJUSTED RESULTS END OF RATE YEAR 1, 2026 RATE YEAR 2 PROVISIONAL ADJUSTMENTS), AMA (ADJUSTED RESULTS END OF RATE YEAR 2). Rows include Programmatic, Programmatic Customer Driven, and Specific categories with various expense items and adjustments.

DETERMINATION OF DEFICIENCY ASSOCIATED WITH PROVISIONAL PROFORMA ADJUSTMENTS SUBJECT TO REFUND

Table with columns: LINE NO., DESCRIPTION, EOP (Dec-23 ADJUSTED RESULTS OF OPERATIONS, 2024 GAP YEAR PROFORMA ADJUSTMENTS), EOP (ADJUSTED RESULTS START OF RATE YEAR 1, 2025 RATE YEAR 1 PROVISIONAL ADJUSTMENTS), AMA (ADJUSTED RESULTS END OF RATE YEAR 1, 2026 RATE YEAR 2 PROVISIONAL ADJUSTMENTS), AMA (ADJUSTED RESULTS END OF RATE YEAR 2). Rows include categories like GROSS PLANT, DEPRECIATION & AMORTIZATION, DFIT, and various expense items with numerical values.

**DETERMINATION OF DEFICIENCY ASSOCIATED WITH  
PROVISIONAL PROFORMA ADJUSTMENTS  
SUBJECT TO REFUND**

**ELECTRIC**

LINE NO.	DESCRIPTION	EOP DEC 2023 TRADITIONAL PROFORMA ADJUSTMENTS	Dec-23 ADJUSTED RESULTS OF OPERATIONS	EOP 2024 GAP YEAR PROFORMA ADJUSTMENTS	ADJUSTED RESULTS START OF RATE YEAR 1	AMA 2025 RATE YEAR 1 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 1	AMA 2026 RATE YEAR 2 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2
1									
2	403 ELEC. DEPRECIATION EXPENSE	-	-	-	-	(724,834.00)	(724,834.00)	(1,738,872.72)	(2,463,706.72)
3	403 ELEC. PORTION OF COMMON	-	-	-	-	-	-	-	-
4	404 ELEC. AMORTIZATION EXPENSE	-	-	-	-	-	-	-	-
5	404 ELEC. PORTION OF COMMON	-	-	-	-	-	-	-	-
6	SUBTOTAL DEPRECIATION EXPENSE 403	-	-	-	-	(724,834.00)	(724,834.00)	(1,738,872.72)	(2,463,706.72)
7	403.1 ELEC. ASSET RETIREMENT COST DEPRECIATION	-	-	-	-	-	-	-	-
8	403.1 ELEC. PORTION OF COMMON	-	-	-	-	-	-	-	-
9	411.10 ELEC. ASSET RETIREMENT OBLIGATION ACCRETION	-	-	-	-	-	-	-	-
10	TOTAL DEPRECIATION AND ACCRETION	-	-	-	-	(724,834.00)	(724,834.00)	(1,738,872.72)	(2,463,706.72)
11									
12	INCREASE (DECREASE) EXPENSE	-	-	-	-	(724,834.00)	(724,834.00)	(1,738,872.72)	(2,463,706.72)
13									
14	INCREASE (DECREASE) FIT	-	-	-	-	152,215.14	152,215.14	365,163.27	517,378.41
15	INCREASE (DECREASE) DFIT	-	-	-	-	(40,693.04)	(40,693.04)	70,567.17	29,874.14
16	INCREASE (DECREASE) TAX EXPENSE	-	-	-	-	111,522.10	111,522.10	435,730.44	547,252.55
17									
18	INCREASE (DECREASE) NOI	-	-	-	-	613,311.90	613,311.90	1,303,142.28	1,916,454.17
19									
20	ADJUSTMENT TO RATE BASE:	-	-	-	-	-	-	-	-
21	ADJUSTMENT TO ACCUM. DEPREC.	-	-	-	-	241,061.32	241,061.32	1,594,270.37	1,835,331.69
22	DFIT	-	-	-	-	2,251,455.31	2,251,455.31	443,457.99	2,694,913.29
23	TOTAL ADJUSTMENT TO RATEBASE	-	-	-	-	2,492,516.63	2,492,516.63	2,037,728.36	4,530,244.98
24									
25									
26									
27									
28	Four Factor Allocation Percentages:								
29		Gas:		34.55%					
		Electric:		65.45%					