

**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

Overview of Revenue Requirement Adjustments

October 28, 2024

**EXH. SEF-13
DOCKETS UE-240004/UG-240005
2024 PSE GENERAL RATE CASE
WITNESS: SUSAN E. FREE**

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Respondent.

Docket UE-240004

Docket UG-240005

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

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

FEBRUARY 15, 2024

Overview of Revenue Requirement Adjustments

Adjustment Name	Adj. No.		Restating	Proforma	Gap Period	Rate Year 1	Rate Year 2
	Electric	Gas					
REVENUES AND EXPENSES	6.01	11.01	X	X	X	X	X
PASS-THROUGH REVENUE & EXPENSE	6.02	11.02	X	X			
TEMPERATURE NORMALIZATION	6.03	11.03	X	X			
FEDERAL INCOME TAX	6.04	11.04	X	(1)	(1)	(1)	(1)
TAX BENEFIT OF INTEREST	6.05	11.05	X	X	X	X	X
BAD DEBT EXPENSE	6.06	11.06	X	(2)	(2)	(2)	(2)
RATE CASE EXPENSE	6.07	11.07	X			(3)	(3)
EXCISE TAX	6.08	11.08	X				
EMPLOYEE INSURANCE	6.09	11.09	X	X	(3)	(3)	(3)
INJURIES & DAMAGES	6.10	11.10	X			(3)	(3)
INCENTIVE PAY	6.11	11.11	X	X	X	(3)	(3)
INVESTMENT PLAN	6.12	11.12	X			(3)	(3)
INTEREST ON CUSTOMER DEPOSITS	6.13	11.13	X			(3)	(3)
PROPERTY AND LIAB INSURANCE	6.14	11.14	X	X		(3)	(3)
DEFERRED GAINS AND LOSSES ON PROPERTY SALES	6.15	11.15	X			X	X
D&O INSURANCE	6.16	11.16	X			(3)	(3)
PENSION PLAN	6.17	11.17	X	X		(3)	(3)
WAGE INCREASE	6.18	11.18	X			(3)	(3)
AMA TO EOP RATE BASE	6.19	11.19	X				
UPDATE DEPR RATES	6.20	11.20	X				
WUTC FILING FEE	6.21	11.21	X	(2)	(2)	(2)	(2)
PRO FORMA O&M	6.22	11.22				X	X
REMOVE AMR PLANT AND DEPRECIATION	6.23	11.23		X			
AMI PLANT AND DEFERRAL	6.24	11.24	X	X			
ENVIRONMENTAL REMEDIATION	6.25	11.25	X	X	X	X	X
ESTIMATED PLANT RETIREMENTS RATE BASE	6.26	11.26		X	X	X	X
TEST YEAR PLANT ROLL FORWARD	6.27	11.27		X	X	X	X
PROVISIONAL PROFORMA RETIREMENTS DEPRECIATION	6.28	11.28		X	X	X	X
PROGRAMMATIC PROVISIONAL PROFORMA	6.29	11.29		X	X	X	X
CUSTOMER DRIVEN PROGRAMMATIC PROVISIONAL PROFORMA	6.30	11.30		X	X	X	X
SPECIFIC PROVISIONAL PROFORMA	6.31	11.31		X	X	X	X
PROJECTED PROVISIONAL PROFORMA	6.32	11.32		X	X	X	X
REMOVE TEST YEAR DEFERRALS	6.33	11.33	X				
REGULATORY FILING FEE DEFERRAL	6.34	11.34	X	X	X	X	X
PARTICIPATORY FUNDING GRANTS	6.35	11.35	X			X	
TARGETED ELECTRIFICATION ACTIVITIES DEFERRAL AMORTIZATION	6.36	11.36	X	X	X	X	X
LONG TERM INCENTIVE PLAN (LTIP)	6.37	11.37				X	X
POWER COSTS	6.38		X			X	X
WILD HORSE SOLAR	6.39		X	X	X	X	X
STORM EXPENSE NORMALIZATION	6.40		X			(3)	(3)
ELECTRIC REGULATORY ASSETS & LIAB	6.41			X	X	X	X
GREEN DIRECT	6.42		X				
STORM DEFERRAL AMORTIZATION	6.43		X			X	X
COLSTRIP REMOVAL	6.44		X				
ACQUISITION ADJUSTMENT	6.45		X	X	X	X	X
TEP TRACKER	6.46		X				
CETA DR PPA DEFERRALS	6.47			X		X	X
CEIP DEFERRAL	6.48		X			X	
TACOMA LNG PLANT DEFERRAL		11.38		X			
GAS REGULATORY ASSETS & LIAB		11.39		X	X	X	X
REMOVAL OF TACOMA LNG DISTRIBUTION UPGRADE		11.40	X	X	X	X	X

(1) The statutory tax rate of 21% is applied to all adjustments + change in EDIT, Hydro Grant and Flow-Through amortization each year.

(2) Filing Fee Rate and Restated Bad Debt Rate Applied to all Revenue Adjustments.

(3) Included in Proforma O&M Adjustments. See page two for more details.

Overview of Revenue Requirement Adjustments - Additional Detail

Adjustment Name	Adj. No.		Method	How it is Handled	Maintained in own Adj	Interaction w/ O&M Adj.
	Electric	Gas				
Low Income Amortization	6.02	11.02	Remove from Plan	Low Income Amortization is removed from GRCs as a pass-through, therefore, need to remove from plan.	N/A	N/A
Green Power O&M	6.02	11.02	Remove from Plan	Green Power and Carbon Offset O&M is removed from GRCs as a pass-through, therefore, need to remove from plan. Tags are not budgeted for in O&M as they are charged to FERC 557 (power costs) and 805 (gas costs).	N/A	N/A
Bad Debts	6.06	11.06	Remove and Replace	Remove amounts from plan. Separate adjustments reflected at restated amounts plus application of restated bad debt rate to all revenue adjustments.	Yes	Used in Forecast O&M
Rate Case Expense	6.07	11.07	Remove and Replace	\$0 included in the plan, therefore, need to add restated amount to total O&M. Restated test year amounts are added to plan. Maintained on its separate adjustment.	Yes	Used in Forecast O&M
Employee Insurance	6.09	11.09	Adjust to Plan	This type of insurance expense is not tracked separately in the plan. Therefore, no special treatment for test year or plan amounts. Restated amounts get automatically adjusted to amounts included in plan.	No	Adjusted to amounts in Forecasted O&M
Injuries & Damages	6.10	11.10	Remove and Replace	Remove amounts from plan and replace with restated test year amounts.	Yes	Used in Forecast O&M
Incentive Pay	6.11	11.11	Remove and Replace	Remove amounts from plan and replace with 4 year average per plan amounts.	Yes	Used in Forecast O&M
Investment Plan	6.12	11.12	Adjust to Plan	This type of labor benefit overhead is not tracked separately in the plan. Therefore, no special treatment for test year or plan amounts. Restated amounts get automatically adjusted to amounts included in plan.	No	Adjusted to amounts in Forecasted O&M
Interest on Customer Deposits	6.13	11.13	Add to Plan	\$0 included in the plan, therefore, need to add restated amount to total O&M. Restated test year amounts are added to plan. Maintained on its separate adjustment.	Yes	Used in Forecast O&M
Property and Liability Insurance	6.14	11.14	Adjust to Plan	The type of insurance expense is not tracked separately in the plan. Therefore, no special treatment for test year or plan amounts. Restated amounts get automatically adjusted to amounts included in plan.	No	Adjusted to amounts in Forecasted O&M
D&O Insurance	6.16	11.16	Adjust to Plan	This type of insurance expense is not tracked separately in the plan. Therefore, no special treatment for test year or plan amounts. Restated amounts get automatically adjusted to amounts included in plan.	No	Adjusted to amounts in Forecasted O&M
Pension Plan	6.17	11.17	Remove and Replace	Remove amounts from plan and replace with 4 year average per plan amounts. Maintain on separate adjustment.	Yes	Used in Forecast O&M
Wage Increase	6.18	11.18	Adjust to Plan	No special treatment for test year or plan amounts. Restated amounts get automatically adjusted to amounts included in plan after ensuring labor overheads are not included in plan amounts being adjusted to.	No	Adjusted to amounts in Forecasted O&M
WUTC Filing Fee	6.21	11.21	Remove and Replace	Remove amounts from plan. Separate adjustments reflected at restated amounts plus application of WUTC Filing Fee percentage to all revenue adjustments.	Yes	Used in Forecast O&M
Participatory Funding Grants	6.35	11.35	Adjust to Plan	Forecasted plan includes amounts as proposed for PFG.	Yes	Adjusted to amounts in Forecasted O&M
Power Costs (Prod O&M)	6.38	N/A	Adjust to Plan	Adjust to plan after ensuring labor overheads are not included in plan amounts. Maintain on its own adjustment (Power Costs).	Yes	Adjusted to amounts in Forecasted O&M
Storm Expense Normalization	6.40	N/A	Adjust to Plan	Adjust to current threshold and maintain on its own adjustment.	Yes	Adjusted to amounts in Forecasted O&M
Labor Overheads	N/A	N/A	Adjust to Plan	Plan amounts are selectively taken (not spread based on historical) and shown in employee benefits line of income statement	No	Adjusted to amounts in Forecasted O&M
Payroll Taxes	N/A	N/A	Adjust to Plan	Plan amounts are selectively taken (not spread based on historical) and shown in taxes other than income taxes line of income statement	No	Adjusted to amounts in Forecasted O&M
Long Term Incentive Plan (LTIP)	6.37	11.37	Add to Plan	\$0 included in the plan, therefore, need to add these amounts to total O&M.	Yes	Used in Forecast O&M