

**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

Power Cost Baseline Rates

October 28, 2024

**EXH. SEF-12
DOCKETS UE-240004/UG-240005
2024 PSE GENERAL RATE CASE
WITNESS: SUSAN E. FREE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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PUGET SOUND ENERGY,

Respondent.

Docket UE-240004

Docket UG-240005

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

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

FEBRUARY 15, 2024

Exhibit A-1 Power Cost Baseline Rate 24GRC Rate Year 1 - 2025

Row		<u>AMA Rate Year 1</u>					Fixed	Variable
3	Regulatory Assets	\$	95,697,188					
4	Transmission Rate Base		66,912,595					
5	Production Rate Base		1,372,497,740					
6	Net Rate Base for Exh. A-1	\$	1,535,107,523					
7	Net of tax rate of return		7.09%					
8								
9				Test Yr			Fixed	Variable
9A				\$/MWh			Prod Costs	Prod Costs
							In Decoupling	in PCA
		(I)		(II)	(III)		(IV)	(V)
10	Fixed Asset Return Reg Assets (on Row 3)	\$	8,588,520	\$	0.418	F	\$ 8,588,520	
10a	Return on CETA DR PPAs		1,271,326	\$	0.062	V		1,271,326
10b	Equity Adder Centralia Coal Transition PPA		3,232,440	\$	0.157	V		3,232,440
11	Fixed Asset Return Transmission (on Row 4)		6,005,194	\$	0.292	F	6,005,194	
12	Fixed Asset Return Production (on Row 5)		123,177,329	\$	5.998	F	123,177,329	
13	501-Steam Fuel Incl Reg Amort		46,932,540	\$	2.285	V		46,932,540
14	555-Purchased power Incl Reg Amort		837,745,562	\$	40.791	V		837,745,562
14a	CETA DR PPAs		16,618,234	\$	0.809	V		16,618,234
15	557-Other Power Exp		19,751,769	\$	0.962	F	19,751,769	
15a	Payroll Overheads - Benefits		12,407,910	\$	0.604	F	12,407,910	
15b	Property Insurance (A&G)		5,221,602	\$	0.254	F	5,221,602	
15c	Montana Electric Energy Tax	in tracker		in tracker		V		
15d	Payroll Taxes on Production Wages		2,756,202	\$	0.134	F	2,756,202	
15e	Brokerage Fees #55700003		439,744	\$	0.021	V		439,744
16	547-Fuel Incl Reg Amort		532,757,684	\$	25.941	V		532,757,684
17	565-Wheeling Incl Reg Amort		162,467,602	\$	7.911	V		162,467,602
18	456-1 OATT Transmission Income		(7,026,151)	\$	(0.342)	F	(7,026,151)	
19	Production O&M		99,929,274	\$	4.866	F	99,929,274	
20	447-Sales to Others		(506,401,190)	\$	(24.658)	V		(506,401,190)
21	456-Purch/Sales Non-Core Gas		(130,054,373)	\$	(6.333)	V		(130,054,373)
22	Transmission Exp - 500KV		802,102	\$	0.039	F	802,102	
23	Depreciation-Production (FERC 403)		147,487,493	\$	7.181	F	147,487,493	
24	Depreciation-Transmission		3,361,571	\$	0.164	F	3,361,571	
25	Amortization - Reg Assets - Non PC Only		1,674,028	\$	0.082	F	1,674,028	
27	Subtotal & Baseline Rate	\$	1,389,146,414	\$	67.638		\$ 424,136,844	\$ 965,009,569
28	Revenue Sensitive Items		0.9510290				0.951029	0.951029
29	Grossed up for RSI	\$	1,460,677,239				\$ 445,976,773	\$ 1,014,700,466
30	Rate Year Delivered MWh's (Excl Gr Direct)		20,537,347					
31								
32								
33								
34								
35	Power Cost Baseline Rate	\$	67.638	\$	71.121			
36	Fixed Production Costs	\$	20.652	\$	21.715			
37	Variable Production Costs	\$	46.986	\$	49.405			
38	Power Cost Baseline Rate	\$	67.638	\$	71.120			

For PCA Mechanism	
Before Rev.	After Rev.
Sensitive Items	Sensitive Items
Rev Req (Column (II))	
\$ 67.638	\$ 71.121
\$ 20.652	\$ 21.715
\$ 46.986	\$ 49.405
\$ 67.638	\$ 71.120

**Exhibit A-1 Power Cost Baseline Rate
24GRC Rate Year 2 - 2026**

Row	<u>AMA Rate Year 2</u>					Fixed	Variable
			Test Yr			Prod Costs	Prod Costs
			\$/MWh			In Decoupling	in PCA
9A	(I)	(II)	(III)	(IV)	(V)		
3	Regulatory Assets	\$ 82,502,919					
4	Transmission Rate Base	63,899,762					
5	Production Rate Base	1,612,344,362					
6	Net Rate Base for Exh. A-1	\$ 1,758,747,043					
7	Net of tax rate of return	7.44%					
10	Fixed Asset Return Reg Assets (on Row 3)	\$ 7,769,895	\$ 0.374	F	\$ 7,769,895		
10a	Return on CETA DR PPAs	1,364,913		V			1,364,913
10b	Equity Adder Centralia Coal Transition PPA	-	-	V			-
11	Fixed Asset Return Transmission (on Row 4)	6,017,902	\$ 0.290	F	6,017,902		
12	Fixed Asset Return Production (on Row 5)	151,846,102	\$ 7.315	F	151,846,102		
13	501-Steam Fuel Incl Reg Amort	-	-	V			-
14	555-Purchased power Incl Reg Amort	700,461,174	\$ 33.745	V			700,461,174
14a	CETA DR PPAs	17,082,769		V			17,082,769
15	557-Other Power Exp	20,714,453	\$ 0.998	F	20,714,453		
15a	Payroll Overheads - Benefits	12,872,066	\$ 0.620	F	12,872,066		
15b	Property Insurance	5,221,602	\$ 0.252	F	5,221,602		
15c	Montana Electric Energy Tax	in tracker	in tracker	V			
15d	Payroll Taxes on Production Wages	2,861,756	\$ 0.138	F	2,861,756		
15e	Brokerage Fees #55700003	450,298	\$ 0.022	V			450,298
16	547-Fuel Incl Reg Amort	578,648,309	\$ 27.877	V			578,648,309
17	565-Wheeling Incl Reg Amort	161,778,231	\$ 7.794	V			161,778,231
18	456-1 OATT Transmission Income	(7,271,660)	\$ (0.350)	F	(7,271,660)		
19	Production O&M	109,458,110	\$ 5.273	F	109,458,110		
20	447-Sales to Others	(280,825,260)	\$ (13.529)	V			(280,825,260)
21	456-Purch/Sales Non-Core Gas	(104,404,052)	\$ (5.030)	V			(104,404,052)
22	Transmission Exp - 500KV	808,856	\$ 0.039	F	808,856		
23	Depreciation-Production (FERC 403)	177,283,878	\$ 8.541	F	177,283,878		
24	Depreciation-Transmission	3,361,571	\$ 0.162	F	3,361,571		
25	Amortization - Reg Assets - Non PC Only	1,119,005	\$ 0.054	F	1,119,005		
27	Subtotal & Baseline Rate	\$ 1,566,619,917	\$ 74.585		\$ 492,063,535		\$ 1,074,556,382
28	Revenue Sensitive Items	0.9510290			0.951029		0.951029
29	Grossed up for RSI	\$ 1,647,289,323			\$ 517,401,189		\$ 1,129,888,134
30	Rate Year Delivered MWh's (Excl Gr Direct)	20,757,313					
31							
32							
33							
34							
35	Power Cost Baseline Rate	\$ 74.585	\$ 78.426				
36	Fixed Production Costs	\$ 23.706	\$ 24.927				
37	Variable Production Costs	\$ 50.879	\$ 53.499				
38	Power Cost Baseline Rate	\$ 74.585	\$ 78.426				

For PCA Mechanism	
Before Rev.	After Rev.
Sensitive Items	Sensitive Items
Rev Req (Column (II))	
\$ 74.585	\$ 78.426
\$ 23.706	\$ 24.927
\$ 50.879	\$ 53.499
\$ 74.585	\$ 78.426