

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-220066 & UG-220067
Puget Sound Energy
2022 General Rate Case**

BENCH REQUEST NO. 002

“CONFIDENTIAL” Table of Contents

DR NO.	“CONFIDENTIAL” Material
002	Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-220066 and UG-220067 as marked in Attachment A to Puget Sound Energy’s Response to Bench Request No. 002

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BENCH REQUEST NO. 002:

Please refer to “Exhibit A to Settlement Stipulation and Agreement on Revenue Requirement and All Other Issues Except Tacoma LNG and Green Direct” on page 5, line 5, and provide a full set of revenue requirement work papers supporting the settlement as stated.

When providing the revenue requirement exhibit requested above, please include the following:

- a. A step-by-step reconciliation from PSE’s initial request to the settlement revenue requirement.
- b. Please confirm which adjustments are set aside for future recovery request. Please provide amounts associated with such adjustments, if available. Please provide when the Company will make its request for recovery of the adjustments.
- c. Please confirm which adjustments will not be requested for recovery any time in the future.
- d. Please refer to Exh. BDJ-JDT- 12 Tab “A – RR Cross reference” and Tab “B- cost of service results” and provide for all plant associated with the Tacoma Liquefied Natural Gas (LNG) Facility and the Tacoma LNG Project, consistent with the cost of service analysis, the following information at FERC account level. Please reconcile each account with the following plant if included in the revenue requirement settlement:
 - i. All plant included in the Tacoma LNG tracker, including distribution plant. Please include the allocation for each customer class.
 - ii. All plant included in the revenue requirement settlement, including distribution plant. Please include the allocation for each customer class.
 - iii. Any other plant accounts that are not included in the revenue requirement settlement or the Purchased Gas Adjustment (PGA) tracker. Please include the allocation for each customer class.

Response:

Attached as Attachment A to Puget Sound Energy’s (“PSE”) Response to Bench Request No. 002, please find a full set of revenue requirement and cost of service work papers that support the Settlement on Revenue Requirement and All Other Issues Except Tacoma LNG and Green Direct (“Settlement Stipulation”). The information

specifically requested in parts a through d of the Bench Request are located in the following work papers within Attachment A:

- a. **Step-by-step reconciliation from PSE’s initial request to the settlement revenue requirement** – The requested step-by-step reconciliation can be found in Attachment A in the electric and gas revenue requirement models in the tabs titled “Rollforward” for base rates changes and “Rollforward Other Schedules” for changes to other price schedules. The models are the files titled “NEW-PSE-WP-SEF-4E-ELECTRIC-REV-REQ-MODEL-22GRC-01-2022.xlsx” and “NEW-PSE-WP-SEF-9G-GAS-REV-REQ-MODEL-22GRC-01-2022.xlsx”, for electric and natural gas, respectively.
- b. **Adjustments set aside for future recovery** – The step-by-step reconciliation referenced in part a contains a column which indicates the adjustments that relate to items that are being set aside and removed from the settlement revenue requirement for future recovery. See column C in the “Rollforward” tab and column G in the “Rollforward Other Schedules” tab. Each of the items to be set aside are listed below.

Clean Energy Implementation Plan (“CEIP”) – Paragraph 23.k. of the Settlement Stipulation discusses the CEIP Tracker. The O&M, plant rate base, and depreciation expense for the CEIP have been removed from the settlement revenue requirement. Recovery of CEIP O&M, rate base and depreciation will be requested in a separate tracker filing. The amounts removed in the step by step reconciliation for CEIP remain the best estimates at this time of the amounts PSE will include in a future tracker filing. However, actual amounts will differ in that filing depending on many factors including the approval PSE receives in its CEIP filing in Docket UE-210795 and the actual timing of the tracker filing, which will be timed in part based on when PSE’s CEIP is approved.

Transportation Electrification Plan (“TEP”) – Paragraph 23.l. of the Settlement Stipulation discusses the TEP Tracker. The O&M, plant rate base, and depreciation expense for PSE’s TEP programs from Docket UE-220294 and future TEP program filings have been removed from the settlement revenue requirement. Recovery of TEP O&M, plant rate base, and depreciation will be requested in a separate tracker filing. The amounts removed in the step by step reconciliation for TEP remain the best estimates at this time of the amounts PSE will include in a future tracker filing. However, actual amounts will differ in that filing depending on the approval PSE receives in future program filings as well as the actual timing of the tracker filing.

Tacoma Liquefied Natural Gas Facility (“TLNG Facility”) – Paragraph 18.A.3. of the Settlement Stipulation and Agreement on Tacoma LNG (“TLNG Settlement”) discusses the TLNG Tracker. The O&M, plant rate base, and depreciation expense as well as the deferral balances and amortization expense for PSE’s TLNG Facility have been removed from the settlement revenue requirement. Recovery of these items will be requested in a separate tracker filing. The amounts that were removed from the settlement revenue requirement do not include amounts related to PSE’s TLNG distribution upgrades, which are included in the revenue requirement settlement. Please see part d. ii. below for additional information on the TLNG distribution upgrade investments.¹ The TLNG Tracker will be filed contemporaneously with PSE’s Purchased Gas Adjustment filing around September 2023 for rates effective November 1, 2023. An updated estimate of the amounts PSE will file in September 2023 based on the most up to date information is included in PSE’s response to part d.i.3. below.

- c. The columns referenced in part b that are included in the step-by-step reconciliations referenced in part a also indicate the adjustments that will not be requested for recovery any time in the future. The items are the 1) Colstrip Dry Waste Disposal (or Dry Ash) investment; 2) the COVID Deferral for direct costs and savings and fee revenues; and 3) the portion of Colstrip major maintenance event amortization that extends beyond 2025.
- d. Attachment A contains work papers titled “220066-67-PSE-WP-Settlement-LNG-22GRC-Updated for BR-10-2022.xlsx” and “220066-67-PSE-WP-Settlement-LNG-DIST-22GRC-08-2022.xlsx” that provide the following information on the TLNG Facility and the TLNG Project, respectively, at the FERC account level consistent with the cost of service analysis contained in Exh. BDJ-JDT-12 tab “A – RR Cost reference” and tab “B – cost of service results”.
 - i. Costs associated with the TLNG Facility are comprised of the following categories. In its response, PSE has provided the plant accounts as requested in the Bench Request (items a through c), as well as the other categories shown below (items d through g):
 - a. gross plant;
 - b. accumulated depreciation;
 - c. accumulated deferred income taxes;
 - d. depreciation expense;
 - e. O&M;

¹ Please see the Prefiled Direct Testimony of Roque A. Bamba, Exh. RBB-1T, for a description of the TLNG distribution upgrade investments.

- f. depreciation and O&M deferral balances; and
- g. amortization of the deferred return, depreciation and O&M deferrals

PSE has provided three time periods of information for the TLNG Facility costs to be included in the TLNG Tracker:

1. 2023 costs removed from the original filing revenue requirement to arrive at the settlement revenue requirement. Tab “COS Remove GRC 2023” within the work paper “[220066-67-PSE-WP-Settlement-LNG-22GRC-Updated for BR-10-2022.xlsx](#)” provides the total and customer class allocated adjustment which removed the above items from the settlement revenue requirement by FERC account.
2. 2024 costs removed from the original filing revenue requirement to arrive at the settlement revenue requirement. Tab “COS Remove GRC 2024” within the work paper “[220066-67-PSE-WP-Settlement-LNG-22GRC-Updated for BR-10-2022.xlsx](#)” provides the total and customer class allocated adjustment which removed the above items from the settlement revenue requirement by FERC account.
3. Estimated costs in the upcoming Tracker filing. Tab “COS Tracker Est” within the work paper “[220066-67-PSE-WP-Settlement-LNG-22GRC-Updated for BR-10-2022.xlsx](#)” provides the estimate of the total and customer class allocated amounts based on the most current information available to be included in the future TLNG Tracker Filing discussed in part b above by FERC account.

The TLNG Settlement does not provide for the inclusion of the TLNG distribution upgrades to be included in the future Tracker filing. Therefore, costs associated with the TLNG distribution upgrade investments are included in the settlement revenue requirement. Please see part d.ii. below for the information related to the TLNG distribution upgrades.

Since these are storage costs, the costs were allocated to the customer classes using the average winter sales that exceed average summer sales allocator in alignment with how storage costs were allocated in PSE’s gas cost of service study filed in this case and in alignment with WAC 480-85-060. The TLNG Settlement stipulates that these costs will be recovered from sales customers only.

- ii. The TLNG distribution upgrades are the only TLNG investment included in the settlement revenue requirement. The TLNG distribution upgrade

investments contain the following items. In its response, PSE has provided the plant accounts as requested in the Bench Request (items a through c), as well as the other categories shown below (items d through f):

- a. gross plant;
- b. accumulated depreciation;
- c. accumulated deferred income taxes;
- d. depreciation expense;
- e. depreciation deferral balances; and
- f. amortization of the deferred return and depreciation deferrals.

The tab titled "COS TLNG Dist" within the work paper "[220066-67-PSE-WP-Settlement-LNG-DIST-22GRC-08-2022.xlsx](#)" provides the total and customer class allocated TLNG distribution upgrades for items a through d above by FERC account that are included in the settlement revenue requirement.

These costs were allocated to the customer classes in alignment with how they were allocated in PSE's gas cost of service study filed in this case.

- iii. All plant accounts associated with the TLNG Project are either included in parts d.i. or d.ii. of this response. There is no plant associated with the TLNG Project that is not included in either the revenue requirement settlement or the TLNG Tracker.

Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-220066 and UG-220067 as marked in Attachment A to PSE's Response to Bench Request No. 002.

**ATTACHMENT A to PSE's Response to
Bench Request No. 002**