

**EXH. KJB-38
DOCKETS UE-170033/UG-170034
2017 PSE GENERAL RATE CASE
WITNESS: KATHERINE J. BARNARD**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-170033
Docket UG-170034**

**TWENTY-FIRST EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF**

KATHERINE J. BARNARD

ON BEHALF OF PUGET SOUND ENERGY

AUGUST 9, 2017

Puget Sound Energy
ELECTRIC CRM REVENUE REQUIREMENT MODEL

Program Year

2017

Input Capital Costs and Rates				
Rows	Cost of Capital	% of Capital	Cost	Weighted Cost
A	Short Term and Long Term Debt	51.50%	5.81%	2.99%
B	Common Equity	48.50%	9.80%	4.75%
C	Total Pre Tax Cost of Capital	<u>100.00%</u>		<u>7.74%</u>
D	Federal Tax Rate			35.00%
E	Revenue Sensitive Rate			4.76%
F	Depreciation Rate			3.83%
G	Bonus Tax Depreciation toggled (1 = yes, 2 = no)			1
	Replacement Plan Investment			
	Normalized Investment (baseline)			
H	Investment			\$78,117,928

	Year 1	Year 2	Year 3
1 Depreciation	\$ 2,992,496	\$ 2,992,496	\$ 2,992,496
2 Federal Taxes on Equity Return	\$ 1,791,759	\$ 1,546,458	\$ 1,470,519
Return on Rate Base			
3 Short Term and Long Term Debt	\$ 2,094,606	\$ 1,807,844	\$ 1,719,070
4 Common Equity	\$ 3,327,552	\$ 2,871,994	\$ 2,730,964
5 Total Return	\$ 5,422,158	\$ 4,679,838	\$ 4,450,033
6 Cost of Service	\$ 10,206,413	\$ 9,218,793	\$ 8,913,049
7 Revenue Sensitive Items	\$ 510,264	\$ 460,888	\$ 445,603
8 Total Cost of Service	\$ 10,716,677	\$ 9,679,681	\$ 9,358,651
9			
10			
11 Total Cost of Service (Capital & O&M)	\$ 10,716,677	\$ 9,679,681	\$ 9,358,651
12			
13			
14 Annual Cost of Service as % of Investment	13.72%	12.39%	11.98%
15			
16			
17			
18 Rate Base - net of deprec. & def. tax	\$ 70,053,724	\$ 60,463,026	\$ 57,493,973
19			
20			
21 Federal Taxable Equity Income	\$ 5,119,311	\$ 4,418,452	\$ 4,201,483
22 Less: Federal Tax	\$ 1,791,759	\$ 1,546,458	\$ 1,470,519
23 Return	\$ 3,327,552	\$ 2,871,994	\$ 2,730,964
24			
25			
26 Book Depreciation	\$ 2,992,496	\$ 2,992,496	\$ 2,992,496
27 Tax Depreciation	\$ 40,523,675	\$ 2,819,667	\$ 2,607,967
28 Book-Tax Difference	\$ 37,531,179	\$ (172,830)	\$ (384,529)
29 Tax Effect	\$ 13,135,913	\$ (60,490)	\$ (134,585)
30			
31 Applicable Tax Depreciation Rate	51.88%	3.61%	3.34%
32			
33			
34 MACRS Depreciation - 20	3.75%	7.22%	6.68%
35 MACRS Depreciation - 20 year - Bonus	51.88%	3.61%	3.34%