

**EXHIBIT NO. ____ (SEF-9C)
DOCKET NO. UG-15 ____
WITNESS: SUSAN E. FREE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

**for (i) Approval of a Special Contract for
Liquefied Natural Gas Fuel Service with
Totem Ocean Trailer Express, Inc. and
(ii) a Declaratory Order Approving the
Methodology for Allocating Costs
Between Regulated and Non-regulated
Liquefied Natural Gas Services**

DOCKET NO. UG-15 ____

**EIGHTH EXHIBIT (CONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF SUSAN E. FREE
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**CONFIDENTIAL PER
WAC 480-07-160**

AUGUST 11, 2015

Results of Cost Flow Allocation Methodology
Assuming Non-Regulated Operations are 0% Subscribed in First Year of Operations

-----From work papers supporting Prefiled Direct Testimony of Roger Garratt, Exhibit No. ____ (RG-ICT), and-----
-----Prefiled Direct Testimony of Clay Riding, Exhibit No. ____ (CR-IHCT), and-----

Description A	ATL FERC		BTL FERC	Allocation Method D	Total E	Regulated (ATL) Factor Amount F G		Non-Regulated (BTL) Factor Amount H I	
	B	C				F	G	H	I
1 Income Statement:									
2 Revenue:									
3 Customer Sales	480, 481			Direct	\$ 30,710,911	--	\$ 30,710,911	--	
4 Distribution Revenue (see line 23)	489			Direct	-	--	-	--	
5 Special Contracts	489			Direct	44,062,232	--	44,062,232	--	
6 Non-Utility Revenue		417		Direct	-	--	-	--	
7									
8 Total Revenue					74,773,144		74,773,144		
9									
10 Expense:									
11 Power Costs:									
12 Fixed	Prod	417.1	417.1	Annual Capacity	981,001	100%	981,001	0%	
13 Variable	Prod	417.1	417.1	LNG Volumes	3,044,838	100%	3,044,838	0%	
14 Gas Costs	Prod	417.1	417.1	Direct	19,350,585	--	19,350,585	--	
15 O&M:									
16 Plant Consumables	845.5	417.1	417.1	LNG Volumes	151,218	100%	151,218	0%	
17 Wharfage	845.5	417.1	417.1	Wharfage	93,043	100%	93,043	0%	
18 Maintenance	847.1-847.8	417.1	417.1	Capital ⁽¹⁾	732,926	62%	453,416	38%	279,511
19 Staff, Insurance & Lease Cost	Multiple	417.1	417.1	Capital ⁽¹⁾	6,548,769	74%	4,833,161	26%	1,715,609
20 Tfr-Bunkering Credit (incl. in line 5)		417.1	417.1	Direct	-	--	(80,318)	--	80,318
21 Transfer Corporate Overheads	Multiple	417.1	417.1	Direct	61,232	--	61,232	--	
22 Bunkering Station	845.5	417.1	417.1	Direct	-	--	-	--	
23 Distribution Expense (see line 4)		417.1	417.1	Direct	-	--	-	--	
24 Depreciation	403	417.1	417.1	Direct	16,222,677	--	12,070,353	--	4,152,325
25 Revenue Sensitive Fees & Taxes	Multiple	417.1	417.1	Direct	2,313,188	--	2,313,188	--	
26 Property Tax Expense	408.1	408.2	Multiple	Capital	5,073,196	74%	3,777,861	26%	1,295,335
27 Federal Income Tax Expense	409.1	409.2	409.2	Direct	3,198,790	--	6,808,953	--	(3,610,163)
28 Regulated Interest Expense	431	431	431	Direct	11,061,069	--	8,269,413	--	2,791,656
29									
30 Total Expense					68,832,534		62,127,945		6,704,589
31									
32 Net Operating Income / Net Income					5,940,610		12,645,199		(6,704,589)

**CONFIDENTIAL PER
WAC 480-07-160**

(1) Maintenance and Labor will be direct charged and what cannot be will be allocated based on the capital allocator. The use of two methods will result in a blended allocation factor.

Results of Cost Flow Allocation Methodology

Assuming Non-Regulated Operations are 0% Subscribed in First Year of Operations

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Description A	ATL FERC B		BTL FERC C		Allocation Method D	Total E	Regulated (ATL) Factor Amount G		Non-Regulated (BTL) Factor Amount I	
							F		H	
36 Rate Base:										
37 Gross Plant in Service	101				Multiple	310,704,805	74%	229,308,161	26%	81,396,644
38 AFUDC	101				Follows Plant	53,933,985		42,244,634		11,689,351
39 Total Gross Plant in Service						364,638,790		271,552,795		93,085,995
40 Accumulated Depreciation	108				Direct	(8,111,339)		(6,035,176)		(2,076,162)
41 Deferred Federal Income Taxes	282				Direct	(426,676)		(263,775)		(162,900)
42 Working Capital	Various				Working Cap	4,281,112		4,108,159		172,953
43										
44 Total Rate Base						360,381,887		269,362,002		91,019,885