

**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.**

**REDACTED
VERSION**

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-----

cription	A	B	C	D	E	F	G	H	I
	Income Statement:	ATL_FERC	BTL_FERC	Allocation Method	Total	Factor	Regulated (ATL) Amount	Factor	Non-Regulated (BTL) Amount
1	Revenue:								
2	Customer Sales	480, 481		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
3	Distribution Revenue (see line 23)	489		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
4	Special Contracts	489		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
5	Non-Utility Revenue		417	Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
6									
7	Total Revenue				XXXXXXXXXX		XXXXXXXXXX		XXXXXXXXXX
8									
9	Expense:								
10	Power Costs:								
11	Fixed			Annual Capacity	XXXXXXXXXX	100%	XXXXXXXXXX	0%	XXXXXXXXXX
12	Variable	Prod	417.1	LNG Volumes	XXXXXXXXXX	100%	XXXXXXXXXX	0%	XXXXXXXXXX
13	Gas Costs	Prod	417.1	Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
14	O&M:								
15	Plant Consumables	845.5	417.1	LNG Volumes	XXXXXXXXXX	100%	XXXXXXXXXX	0%	XXXXXXXXXX
16	Wharfage	845.5	417.1	Wharfage	XXXXXXXXXX	100%	XXXXXXXXXX	0%	XXXXXXXXXX
17	Maintenance	847.1-847.8	417.1	Capital ⁽¹⁾	XXXXXXXXXX	62%	XXXXXXXXXX	38%	XXXXXXXXXX
18	Staff, Insurance & Lease Cost	Multiple	417.1	Capital ⁽¹⁾	XXXXXXXXXX	74%	XXXXXXXXXX	26%	XXXXXXXXXX
19	Tfr-Bunkering Credit (incl. in line 5)		417.1	Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
20	Transfer Corporate Overheads	Multiple	417.1	Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
21	Bunkering Station	845.5	417.1	Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
22	Distribution Expense (see line 4)	403	417.1	Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
23	Depreciation	Multiple	417.1	Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
24	Revenue Sensitive Fees & Taxes	408.1	Multiple	Capital	XXXXXXXXXX	74%	XXXXXXXXXX	26%	XXXXXXXXXX
25	Property Tax Expense	409.1	409.2	Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
26	Federal Income Tax Expense	431	431	Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
27	Regulated Interest Expense								
28									
29	Total Expense				XXXXXXXXXX		XXXXXXXXXX		XXXXXXXXXX
30									
31	Net Operating Income / Net Income				XXXXXXXXXX		XXXXXXXXXX		XXXXXXXXXX
32									

**REDACTED
VERSION**

(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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-----Prefiled Direct Testimony of Clay Riding, Exhibit No. ____ (CR- IHCT), and-----

cription	A	B	ATL FERC	BTL FERC	Allocation Method	Total	F	G	H	I
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		269,362,001.77		91,019,885