

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

BENCH REQUEST NO. 012:

- A. At hearing, PSE stated that there are GTZ and AMI expenses, including depreciation, in the test year. PSE will be providing the itemized expenses for GTZ and AMI included in the test year in response to Bench Request 3. Please provide the following additional information related to test year GTZ and AMI expenses:
- i. Does test year depreciation for GTZ (1) include depreciation expense for assets placed into service prior to the current general rate case test year, and (2) also relate to assets where depreciation is being deferred in Dockets UE-190274 and UG-190275?
 1. If yes to subpart i, please provide the GTZ depreciation test year amounts.
 2. Please provide the deferral depreciation balances for GTZ in Dockets UE-190274 and UG-190275 as of December 31, 2019.
 - ii. Does test year depreciation for AMI (1) include depreciation expense for assets placed into service prior to the current general rate case test year, and (2) also relate to assets where depreciation is being deferred from the Settlement in Dockets UE-180899 and UG-180900?
 1. If yes to subpart ii, please provide the AMI depreciation test year amounts.
 2. Please provide the deferral depreciation balances for AMI as of December 31, 2019, as authorized in Dockets UE-180899 and UG-180900.

Response:

- i. Test year depreciation for Get to Zero (“GTZ”) does include depreciation expense related to assets placed into service prior to and during the current general rate case test year. As described more fully in subpart i.1. below, test year depreciation does include depreciation expense on assets where depreciation is being deferred in Dockets UE-190274 and UG-190275.
 1. The test year depreciation for GTZ includes depreciation for assets placed into service prior to and during the current general rate case test year totaling \$9,743,207. Test year depreciation does include depreciation

related to those assets where depreciation is being deferred in Dockets UE-190274 and UG-190275, but the specific depreciation expense in the test year for these assets through December 2018 was not deferred. Only the depreciation on these assets starting in May 2019 was deferred. The deferred depreciation is included in the revenue requirement within Exh. SEF-20E, ADJ 20.24 EP, lines 9-11 and lines 18-19, and Exh. SEF-20G, ADJ 20.24 GP, lines 9-11 and 18-19. This is also demonstrated in Puget Sound Energy's ("PSE") Response to Bench Request No. 003, in Attachment B, tab "BR#3 Att B," starting in cells F15 and F24. Additionally, the information and visuals presented in the body of PSE's Response to Bench Request No. 003 was based on plant balances. However, the same treatment holds true for the depreciation expense which provides evidence that there is no overlap in the revenue requirement associated with the depreciation expense on the test year assets.

2. The deferral balances for depreciation on GTZ assets as requested in Dockets UE-190274 and UG-190275, as of December 31, 2019, are presented in Bench Request No. 011, in spreadsheet "*NEW-PSE-WP-SEF-20.24E-20.24G-GTZ-19GRC-06-2019.xlsx*," tab "GTZ Com Amort of Def Depr," column D, row 21 (May-Dec 2019). The total depreciation deferral for electric and gas as of December 31, 2019, is \$21,666,890. This deferral balance when carried through the beginning of the rate year is \$34,478,631¹. These referenced balances include depreciation expense for the months of May 2019 through December 2019 (or April 2020) for qualifying assets that went into service between July 2018² and December 2019. These balances do not contain any depreciation expense that was recognized in the test year or any depreciation expense that will be recognized in the rate year.³
- ii. Test year depreciation for Advanced Metering Infrastructure ("AMI") does include depreciation expense related to assets placed into service prior to and during the current general rate case test year. As described more fully in subpart ii.1. below, test year depreciation does include depreciation expense on assets where depreciation is being deferred as authorized in Dockets UE-180899 and UG-180900.
 1. The test year depreciation for AMI includes depreciation for assets placed into service prior to and during the current general rate case test year totaling \$7,894,114. Test year depreciation does include depreciation related to those assets where depreciation is being deferred from the

¹ Cell D25 in the previously referenced file.

² The month following the end of PSE's test year in its 2018 Expedited Rate Filing (Dockets UE-180899 and UG-180900).

³ The same is true for the GTZ deferral balances included in Exhs. SEF-6 (page 24 for both electric and gas) and Exh. SEF-20 (page 24 for both electric and gas).

settlement in Dockets UE-180899 and UG-180900, but the specific depreciation expense in the test year for these assets through December 2018 was not deferred. Only the depreciation and return on these assets starting in March 2019 was deferred. The deferred depreciation is included in the revenue requirement within Exh. SEF-20E, ADJ 20.22 EP, lines 8-10 and lines 18-19, and Exh. SEF-20G, ADJ 20.22 GP, lines 8-10 and 18-19. The balance of the deferred return which is not included in Exhs. SEF-20E and SEF-20G, is presented in Attachment A to Bench Request No. 003, on the tab titled "Amort Electric Return on RB" cells N2 through N4, and tab "BR#3 Att A," starting in cells F15, F24 and F25. Additionally, the information and visuals presented in the body of PSE's Response to Bench Request No. 003 was based on plant balances. However, the same treatment holds true for the depreciation expense which provides evidence that there is no overlap in the revenue requirement associated with the depreciation expense on the test year assets.

2. The deferral balances for depreciation and return on AMI assets as authorized in Dockets UE-180899 and UG-180900 as of December 31, 2019, are presented in Bench Request No. 011, in spreadsheets "*NEW-PSE-WP-SEF-6.22E-AMI-19GRC-06-2019.xlsx*" and "*NEW-PSE-WP-SEF-6.22G-AMI-19GRC-06-2019.xlsx*," tab "Amort of Elec Def'd Deprec" or "Amort of Gas Def'd Deprec" Column D, Row 21. The total depreciation deferral as of December 31, 2019, is \$12,731,022 (the sum of electric and gas). This deferral balance when carried through the beginning of the rate year is \$18,540,008⁴. The total return deferral as of December 31, 2019 is \$1,903,428⁵ and when carried through to the beginning of the rate year is \$3,122,703⁶. The depreciation deferral balance includes depreciation expense for the months of March 2019 through December 2019 (or April 2020) for AMI assets that have been placed into service through December 2019. The return deferral balance includes return on only the AMI assets through the end of the ERF test year (June 2018) for the months of March 2019 through December 2019 (or April 2020). These balances do not contain any depreciation or return expense that was recognized in or relates to the test year or any depreciation expense that will be recognized in or relates to the rate year⁷.

⁴ Cell D25 in each of the previously referenced files.

⁵ Cell D21 in tab "Amort Electric Return on RB" of file "*NEW-PSE-WP-SEF-6.22E-AMI-19GRC-06-2019.xlsx*" plus cell D21 in tab "Amort Gas Return on RB" of file "*NEW-PSE-WP-SEF-6.22G-AMI-19GRC-06-2019.xlsx*".

⁶ Cell D25 in tab "Amort Electric Return on RB" of file "*NEW-PSE-WP-SEF-6.22E-AMI-19GRC-06-2019.xlsx*" plus cell D25 in tab "Amort Gas Return on RB" of file "*NEW-PSE-WP-SEF-6.22G-AMI-19GRC-06-2019.xlsx*".

⁷ The same is true for the AMI deferral balances included in Exhs. SEF-6 (page 22 for both electric and gas) and Exh. SEF-20 (page 22 for both electric and gas).