

**EXH. SEF-3
DOCKETS UE-22 ___/UG-22 ___
2022 PSE GENERAL RATE CASE
WITNESS: SUSAN E. FREE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-22 ___
Docket UG-22 ___**

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

JANUARY 31, 2022

PUGET SOUND ENERGY - ELECTRIC
ELECTRIC RESULTS OF OPERATIONS
2022 GENERAL RATE CASE
12 MONTHS ENDED JUNE 30, 2021
GENERAL RATE INCREASE

LINE NO.	DESCRIPTION	2023 RATE YEAR 1	2024 RATE YEAR 2	2025 RATE YEAR 3
12	RATE BASE	\$ 5,659,074,413	\$ 6,028,296,640	\$ 6,441,067,850
13	RATE OF RETURN	7.39%	7.44%	7.49%
14				
15	OPERATING INCOME REQUIREMENT	418,205,599	448,505,270	482,435,982
16				
17	PRO FORMA OPERATING INCOME	169,918,367	153,070,840	179,338,260
18	OPERATING INCOME DEFICIENCY	248,287,233	295,434,430	303,097,722
19				
20	CONVERSION FACTOR	0.752355	0.752355	0.752355
21	CUMULATIVE REVENUE CHANGE	\$ 330,013,401	\$ 392,679,559	\$ 402,865,299
22				
23	NET REVENUE CHANGE BY RATE YEAR	\$ 330,013,401	\$ 62,666,158	\$ 10,185,740
24				
25	CHANGES TO OTHER PRICE SCHEDULES FROM EXH. BDJ-7:			
26	SET TO ZERO:			
27	SCHEDULE 95 - 2020 PCORC	(67,510,000)		
28	SCHEDULE 139	(3,624,000)		
29	NEW TARIFF RATES:			
30	SCHEDULE 139 - UPDATE RESOURCE COST TO 2023 AND UPDATE CREDIT	(2,212,000)		
31	SCHEDULE 141C - COLSTRIP TRACKER	53,883,000	3,620,000	22,434,000
32	IMPACT OF CHANGES IN LOAD	6,598	(3,227,718)	(792,780)
33	SUBTOTAL CHANGES TO OTHER PRICE SCHEDULES	(19,456,402)	392,282	21,641,220
34				
35	NET REVENUE CHANGE AFTER TRACKERS AND RIDERS	\$ 310,556,999	\$ 63,058,440	\$ 31,826,960
36				
37	PERCENTAGE CHANGE	13.59%	2.47%	1.22%
38	REVENUES PER EXH. BDJ-7 BILL IMPACTS	\$ 2,284,477,373	\$ 2,550,192,668	\$ 2,618,594,351

**PUGET SOUND ENERGY - ELECTRIC
ELECTRIC RESULTS OF OPERATIONS
2022 GENERAL RATE CASE
12 MONTHS ENDED JUNE 30, 2021
REQUESTED COST OF CAPITAL**

LINE NO.	DESCRIPTION	CAPITAL STRUCTURE	COST	WEIGHTED COST
12	Restating through December 2022			
13	SHORT AND LONG TERM DEBT	51.04%	5.13%	2.62%
14	EQUITY	48.96%	9.43%	4.61%
15	TOTAL	100%		7.23%
16				
17	AFTER TAX SHORT TERM DEBT ((LINE 1)* 79%)	51.04%	4.06%	2.07%
18	EQUITY	48.96%	9.43%	4.61%
19	TOTAL AFTER TAX COST OF CAPITAL	100%		6.68%
20				
21	2023			
22	SHORT AND LONG TERM DEBT	51.00%	4.98%	2.54%
23	EQUITY	49.00%	9.90%	4.85%
24	TOTAL	100%		7.39%
25				
26	AFTER TAX SHORT TERM DEBT ((LINE 1)* 79%)	51.00%	3.93%	2.01%
27	EQUITY	49.00%	9.90%	4.85%
28	TOTAL AFTER TAX COST OF CAPITAL	100%		6.86%
29				
30	2024			
31	SHORT AND LONG TERM DEBT	50.50%	5.03%	2.54%
32	EQUITY	49.50%	9.90%	4.90%
33	TOTAL	100%		7.44%
34				
35	AFTER TAX SHORT TERM DEBT ((LINE 1)* 79%)	50.50%	3.97%	2.01%
36	EQUITY	49.50%	9.90%	4.90%
37	TOTAL AFTER TAX COST OF CAPITAL	100%		6.91%
38				
39	2025			
40	SHORT AND LONG TERM DEBT	50.00%	5.08%	2.54%
41	EQUITY	50.00%	9.90%	4.95%
42	TOTAL	100%		7.49%
43				
44	AFTER TAX SHORT TERM DEBT ((LINE 1)* 79%)	50.00%	4.01%	2.01%
45	EQUITY	50.00%	9.90%	4.95%
46	TOTAL AFTER TAX COST OF CAPITAL	100%		6.96%

PUGET SOUND ENERGY - ELECTRIC
ELECTRIC RESULTS OF OPERATIONS
2022 GENERAL RATE CASE
12 MONTHS ENDED JUNE 30, 2021
CONVERSION FACTOR

LINE NO.	DESCRIPTION		
12	BAD DEBTS		0.007197
13	ANNUAL FILING FEE		0.002000
14	STATE UTILITY TAX (3.8455% - (LINE 1 * 3.8455%))	3.8734%	<u>0.038455</u>
15			
16	SUM OF TAXES OTHER		0.047652
17			
18	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 17)		0.952348
19	FIT	21%	<u>0.199993</u>
20	CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 18 - LINE 19)		<u><u>0.752355</u></u>