

**EXH. SEF-24  
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 \_\_\_**

**TWENTY-THIRD EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**SUSAN E. FREE**

**ON BEHALF OF PUGET SOUND ENERGY**

**JANUARY 31, 2022**

DETERMINATION OF DEFICIENCY ASSOCIATED WITH  
PROVISIONAL PROFORMA ADJUSTMENTS - FOR RATES  
SUBJECT TO REFUND

NATURAL GAS

LINE	PLANT RELATED COSTS	2022	2023	2024	2025	Source
9	Cost of Debt	2.62%	2.54%	2.54%	2.54%	Exh. SEF-7 page 2
10	Requested Rate of Return	7.23%	7.39%	7.44%	7.49%	Exh. SEF-7 page 2
11	Statutory Federal Income Tax Rate	21.00%	21.00%	21.00%	21.00%	
12	Conversion Factor	75.48%	75.48%	75.48%	75.48%	Exh. SEF-7 page 3
13						
14	Rate Base Associated with Post 2021 Plant Additions	\$ 503,431,173	\$ 636,206,807	\$ 981,055,028	\$ 1,230,418,666	SEF-24 page 2 line 103
15	Rate Base Associated with Post 2021 Plant Retirements	(4,059,275)	(5,583,330)	(8,127,211)	(9,758,932)	SEF-24 page 3 line 38
16	<b>Total Rate Base Proposed Subject to Refund</b>	<b>499,371,897</b>	<b>630,623,477</b>	<b>972,927,817</b>	<b>1,220,659,734</b>	
17						
18	Depr/Amort Expense Associated with Post 2021 Plant Additions	(11,069,032)	(25,270,713)	(46,950,667)	(63,074,265)	SEF-24 page 2 line 94
19	Depr/Amort Expense Associated with Post 2021 Plant Retirements	691,151	2,056,036	2,651,082	3,098,177	SEF-24 page 3 line 24
20	<b>Impact on Operating Income for Depreciation/Amortization Expense</b>	<b>(10,377,881)</b>	<b>(23,214,677)</b>	<b>(44,299,584)</b>	<b>(59,976,088)</b>	
21						
22	Income Tax Expense Associated with Post 2021 Plant Additions	2,324,497	5,306,850	9,859,640	13,245,596	SEF-24 page 2 line 96
23	Income Tax Expense Associated with Post 2021 Plant Retirements	193,331	(109,877)	(163,072)	(282,687)	SEF-24 page 3 line 31
24	<b>Income Tax Expense</b>	<b>2,517,828</b>	<b>5,196,973</b>	<b>9,696,568</b>	<b>12,962,909</b>	
25						
26	Impact on NOI for Depreciation/Amortization Expense	(7,860,053)	(18,017,704)	(34,603,017)	(47,013,180)	
27						
28	Tax Benefit of Proforma Interest	2,747,544	3,363,746	5,189,597	6,510,999	Line 9 x Line 11 x Line 16
29						
30	Net Operating Income	(5,112,509)	(14,653,958)	(29,413,420)	(40,502,181)	Line 27 + Line 29
31						
32	Net Operating Income Requirement (Return on Rate Base)	36,104,588	46,603,075	72,385,830	91,427,414	Line 10 x Line 16
33						
34	Net Operating Income Deficiency	41,217,097	61,257,033	101,799,249	131,929,595	Line 33 - Line 31
35						
36	Grossed Up Deficiency - Cumulative	54,606,575	81,156,535	134,868,991	174,787,255	Line 35 / Line 12
37						
38	Grossed Up Deficiency - Cumulative In Rates	-	81,156,535	134,868,991	174,787,255	Line 36
39						
40	Grossed Up Deficiency - By Year	-	81,156,535	53,712,456	39,918,264	Line 38 - Prior Year Line 38



DETERMINATION OF DEFICIENCY ASSOCIATED WITH  
PROVISIONAL PROFORMA ADJUSTMENTS - FOR RATES  
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NATURAL GAS

LINE NO.	DESCRIPTION	EOP DEC 2021		EOP DEC 2022		EOP DEC 2022		AMA 2023		AMA DEC 2023		AMA 2024		AMA DEC 2024		AMA 2025		AMA DEC 2025	
		e + c + d	f	g = e + f	h	i = g + h	j	k = i + j	l	m = k + l									
12	<b>PROJECTED</b>																		
13	403 GAS DEPRECIATION EXPENSE	\$ -	\$ 152,201	\$ 152,201	\$ 651,336	\$ 803,537	\$ 547,636	\$ 1,351,172	\$ 486,242	\$ 1,837,415	\$ 1,351,172	\$ 547,636	\$ 1,837,415	\$ 486,242	\$ 1,837,415	\$ 486,242	\$ 1,837,415	\$ 486,242	\$ 1,837,415
14	403 GAS PORTION OF COMMON	-	19,133	19,133	138,531	157,663	200,843	358,507	377,337	735,844	358,507	200,843	735,844	377,337	735,844	377,337	735,844	377,337	735,844
15	404 GAS AMORTIZATION EXPENSE	-	14,498	14,498	547,364	561,862	347,918	909,780	194,270	1,104,050	909,780	347,918	1,104,050	194,270	1,104,050	194,270	1,104,050	194,270	1,104,050
16	404 GAS PORTION OF COMMON	-	507,256	507,256	3,364,149	3,871,405	5,141,806	9,013,211	3,448,318	12,461,529	9,013,211	5,141,806	12,461,529	3,448,318	12,461,529	3,448,318	12,461,529	3,448,318	12,461,529
17	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	693,088	693,088	4,701,379	5,394,467	6,238,203	11,632,670	4,506,168	16,138,838	11,632,670	6,238,203	16,138,838	4,506,168	16,138,838	4,506,168	16,138,838	4,506,168	16,138,838
18																			
19	INCREASE (DECREASE) EXPENSE	-	693,088	693,088	4,701,379	5,394,467	6,238,203	11,632,670	4,506,168	16,138,838	11,632,670	6,238,203	16,138,838	4,506,168	16,138,838	4,506,168	16,138,838	4,506,168	16,138,838
20																			
21	INCREASE (DECREASE) FIT	-	(145,549)	(145,549)	(987,290)	(1,132,838)	(1,310,023)	(2,442,861)	(946,295)	(3,389,156)	(2,442,861)	(1,310,023)	(3,389,156)	(946,295)	(3,389,156)	(946,295)	(3,389,156)	(946,295)	(3,389,156)
22																			
23	INCREASE (DECREASE) NOI	\$ -	\$ (547,540)	\$ (547,540)	\$ (3,714,089)	\$ (4,261,629)	\$ (4,928,181)	\$ (9,189,809)	\$ (3,559,873)	\$ (12,749,682)	\$ (9,189,809)	\$ (4,928,181)	\$ (12,749,682)	\$ (3,559,873)	\$ (12,749,682)	\$ (3,559,873)	\$ (12,749,682)	\$ (3,559,873)	\$ (12,749,682)
24																			
25	INCREASE TO GROSS PLANT	-	31,180,286	31,180,286	19,159,081	50,339,367	50,813,220	101,152,587	41,843,356	142,995,943	101,152,587	50,813,220	142,995,943	41,843,356	142,995,943	41,843,356	142,995,943	41,843,356	142,995,943
26	INCREASE TO ACCUM. DEPRECIATION & AMORTIZATION	-	(693,088)	(693,088)	(2,302,185)	(2,995,273)	(8,613,017)	(11,608,290)	(13,934,293)	(25,542,583)	(11,608,290)	(8,613,017)	(25,542,583)	(13,934,293)	(25,542,583)	(13,934,293)	(25,542,583)	(13,934,293)	(25,542,583)
27	INCREASE TO ACCUMULATED DEFERRED INCOME TAXES	-	(254,484)	(254,484)	(525,834)	(780,318)	(1,400,896)	(2,181,214)	(2,265,848)	(4,447,062)	(2,181,214)	(1,400,896)	(4,447,062)	(2,265,848)	(4,447,062)	(2,265,848)	(4,447,062)	(2,265,848)	(4,447,062)
28	TOTAL ADJUSTMENT TO RATE BASE	-	30,232,714	30,232,714	16,331,062	46,563,776	40,799,308	87,363,084	25,643,214	113,006,298	87,363,084	40,799,308	113,006,298	25,643,214	113,006,298	25,643,214	113,006,298	25,643,214	113,006,298
29																			
30	<b>TOTAL PROVISIONAL PROFORMA ADJUSTMENTS</b>																		
31	403 GAS DEPRECIATION EXPENSE	\$ -	\$ 8,760,303	\$ 8,760,303	\$ 7,868,100	\$ 16,628,403	\$ 12,255,301	\$ 28,883,704	\$ 8,542,732	\$ 37,426,435	\$ 28,883,704	\$ 12,255,301	\$ 37,426,435	\$ 8,542,732	\$ 37,426,435	\$ 8,542,732	\$ 37,426,435	\$ 8,542,732	\$ 37,426,435
32	403 GAS PORTION OF COMMON	-	857,960	857,960	437,306	1,295,265	1,491,146	2,786,412	488,186	3,274,598	2,786,412	1,491,146	3,274,598	488,186	3,274,598	488,186	3,274,598	488,186	3,274,598
33	404 GAS AMORTIZATION EXPENSE	-	15,793	15,793	549,992	565,786	350,624	916,410	197,057	1,113,467	916,410	350,624	1,113,467	197,057	1,113,467	197,057	1,113,467	197,057	1,113,467
34	404 GAS PORTION OF COMMON	-	1,434,976	1,434,976	5,346,283	6,781,259	7,582,882	14,364,141	6,895,624	21,259,765	14,364,141	7,582,882	21,259,765	6,895,624	21,259,765	6,895,624	21,259,765	6,895,624	21,259,765
35	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	11,069,032	11,069,032	14,201,681	25,270,713	21,679,954	46,950,667	16,123,598	63,074,265	46,950,667	21,679,954	63,074,265	16,123,598	63,074,265	16,123,598	63,074,265	16,123,598	63,074,265
36																			
37	INCREASE (DECREASE) EXPENSE	-	11,069,032	11,069,032	14,201,681	25,270,713	21,679,954	46,950,667	16,123,598	63,074,265	46,950,667	21,679,954	63,074,265	16,123,598	63,074,265	16,123,598	63,074,265	16,123,598	63,074,265
38																			
39	INCREASE (DECREASE) FIT	-	(2,324,497)	(2,324,497)	(2,982,353)	(5,306,850)	(4,552,790)	(9,859,640)	(3,385,956)	(13,245,596)	(9,859,640)	(4,552,790)	(13,245,596)	(3,385,956)	(13,245,596)	(3,385,956)	(13,245,596)	(3,385,956)	(13,245,596)
40																			
41	INCREASE (DECREASE) NOI	\$ -	\$ (8,744,535)	\$ (8,744,535)	\$ (11,219,328)	\$ (19,963,863)	\$ (17,127,164)	\$ (37,091,027)	\$ (12,737,643)	\$ (49,828,669)	\$ (37,091,027)	\$ (17,127,164)	\$ (49,828,669)	\$ (12,737,643)	\$ (49,828,669)	\$ (12,737,643)	\$ (49,828,669)	\$ (12,737,643)	\$ (49,828,669)
42																			
43	INCREASE TO GROSS PLANT	-	515,825,487	515,825,487	148,514,445	664,339,932	392,141,549	1,056,481,482	318,588,809	1,375,070,291	1,056,481,482	392,141,549	1,375,070,291	318,588,809	1,375,070,291	318,588,809	1,375,070,291	318,588,809	1,375,070,291
44	INCREASE TO ACCUM. DEPRECIATION & AMORTIZATION	-	(11,069,032)	(11,069,032)	(11,330,254)	(22,399,286)	(36,223,619)	(58,622,905)	(55,006,186)	(113,629,091)	(58,622,905)	(36,223,619)	(113,629,091)	(55,006,186)	(113,629,091)	(55,006,186)	(113,629,091)	(55,006,186)	(113,629,091)
45	INCREASE TO ACCUMULATED DEFERRED INCOME TAXES	-	(1,325,283)	(1,325,283)	(4,408,556)	(5,733,839)	(11,069,709)	(16,803,548)	(14,218,985)	(31,022,534)	(16,803,548)	(11,069,709)	(31,022,534)	(14,218,985)	(31,022,534)	(14,218,985)	(31,022,534)	(14,218,985)	(31,022,534)
46	TOTAL ADJUSTMENT TO RATE BASE	-	503,431,173	503,431,173	132,775,635	636,206,807	344,848,221	981,055,028	249,363,637	1,230,418,666	981,055,028	344,848,221	1,230,418,666	249,363,637	1,230,418,666	249,363,637	1,230,418,666	249,363,637	1,230,418,666

DETERMINATION OF DEFICIENCY ASSOCIATED WITH  
PROVISIONAL PROFORMA ADJUSTMENTS - FOR RATES  
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NATURAL GAS

LINE	NO. DESCRIPTION	EOP DEC 2021		EOP DEC 2022		EOP DEC 2022		AMA 2023		AMA DEC 2023		AMA 2024		AMA DEC 2024		AMA 2025		AMA DEC 2025	
		e = c + d	f	g = e + f	h	i = g + h	j = e + f	k = i + j	l = e + f	m = k + l	n = e + f	o = k + l	p = e + f	q = m + n	r = e + f	s = o + r	t = e + f	u = q + t	
11																			
12	403 GAS DEPRECIATION EXPENSE	\$ -	\$ (675,313)	\$ (675,313)	\$ (1,275,356)	\$ (1,950,668)	\$ (517,188)	\$ (2,467,857)	\$ (369,237)	\$ (2,837,093)	\$ (2,467,857)	\$ (369,237)	\$ (2,837,093)	\$ (2,467,857)	\$ (369,237)	\$ (2,837,093)	\$ (2,467,857)	\$ (369,237)	\$ (2,837,093)
13	403 GAS PORTION OF COMMON	-	(14,204)	(14,204)	(87,703)	(101,907)	(76,031)	(177,938)	(76,031)	(253,969)	(177,938)	(76,031)	(253,969)	(177,938)	(76,031)	(253,969)	(177,938)	(76,031)	(253,969)
14	404 GAS AMORTIZATION EXPENSE	-	(1,563)	(1,563)	(1,753)	(3,316)	(1,753)	(5,069)	(1,753)	(6,822)	(5,069)	(1,753)	(6,822)	(5,069)	(1,753)	(6,822)	(5,069)	(1,753)	(6,822)
15	404 GAS PORTION OF COMMON	-	(71)	(71)	(74)	(145)	(74)	(219)	(74)	(293)	(219)	(74)	(293)	(219)	(74)	(293)	(219)	(74)	(293)
16	SUBTOTAL DEPRECIATION EXPENSE 403	-	(691,151)	(691,151)	(1,364,885)	(2,056,036)	(595,046)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)
17	403.1 GAS ASSET RETIREMENT COST DEPRECIATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	403.1 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	411.10 GAS ASSET RETIREMENT OBLIGATION ACCRETION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	TOTAL DEPRECIATION AND ACCRETION	-	(691,151)	(691,151)	(1,364,885)	(2,056,036)	(595,046)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)
21	INCREASE (DECREASE) EXPENSE	-	(691,151)	(691,151)	(1,364,885)	(2,056,036)	(595,046)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)
22	INCREASE (DECREASE) EXPENSE	-	(691,151)	(691,151)	(1,364,885)	(2,056,036)	(595,046)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)	(2,651,082)	(447,095)	(3,098,177)
23	INCREASE (DECREASE) FIT	-	145,141.68	145,141.68	286,625.86	431,767.54	124,959.72	556,727.25	93,889.85	650,617.11	431,767.54	124,959.72	556,727.25	431,767.54	124,959.72	556,727.25	93,889.85	30,291	198,293
24	INCREASE (DECREASE) EDIT	-	(155,774)	(155,774)	157,559	1,785	166,217	168,001	30,291	198,293	166,217	168,001	168,001	168,001	30,291	198,293	168,001	30,291	198,293
25	INCREASE (DECREASE) FLOW-THROUGH	-	(182,699)	(182,699)	(140,977)	(323,675)	(237,981)	(561,657)	(4,566)	(566,223)	(323,675)	(237,981)	(561,657)	(561,657)	(4,566)	(566,223)	(561,657)	(4,566)	(566,223)
26	INCREASE (DECREASE) TAX EXPENSE	-	(193,331)	(193,331)	303,208	109,877	53,195	163,072	119,615	282,687	109,877	53,195	163,072	109,877	53,195	163,072	119,615	119,615	282,687
27	INCREASE (DECREASE) TAX EXPENSE	-	(193,331)	(193,331)	303,208	109,877	53,195	163,072	119,615	282,687	109,877	53,195	163,072	109,877	53,195	163,072	119,615	119,615	282,687
28	INCREASE (DECREASE) TAX EXPENSE	-	(193,331)	(193,331)	303,208	109,877	53,195	163,072	119,615	282,687	109,877	53,195	163,072	109,877	53,195	163,072	119,615	119,615	282,687
29	INCREASE (DECREASE) NOI	-	884,482	884,482	1,061,677	1,946,159	541,851	2,488,010	327,480	2,815,490	1,946,159	541,851	2,488,010	1,946,159	541,851	2,488,010	327,480	327,480	2,815,490
30	INCREASE (DECREASE) NOI	-	884,482	884,482	1,061,677	1,946,159	541,851	2,488,010	327,480	2,815,490	1,946,159	541,851	2,488,010	1,946,159	541,851	2,488,010	327,480	327,480	2,815,490
31	ADJUSTMENT TO RATE BASE:	-	691,150.87	691,150.87	949,598.31	1,640,749.18	2,398,429.30	4,039,178.48	2,874,629.46	6,913,807.94	1,640,749.18	2,398,429.30	4,039,178.48	1,640,749.18	2,398,429.30	4,039,178.48	2,874,629.46	2,874,629.46	6,913,807.94
32	ADJUSTMENT TO ACCUM. DEPREC. AT 100% DEPREC. EXP. LINE 12	-	(4,750,426)	(4,750,426)	(2,473,653)	(7,224,080)	(4,942,310)	(12,166,390)	(4,506,350)	(16,672,740)	(7,224,080)	(4,942,310)	(12,166,390)	(7,224,080)	(4,942,310)	(12,166,390)	(4,506,350)	(4,506,350)	(16,672,740)
33	ADJUSTMENT TO ADIT. IS IN ADJ 6.29 AND TO EDIT IS IN 6.04	-	155,774	155,774	(827)	154,947	(78,571)	76,377	(182,246)	(105,869)	154,947	(78,571)	76,377	154,947	(78,571)	76,377	(182,246)	(182,246)	(105,869)
34	TOTAL ADJUSTMENT TO RATEBASE	-	(4,059,275)	(4,059,275)	(1,524,055)	(5,583,330)	(2,543,881)	(8,127,211)	(1,631,721)	(9,758,932)	(5,583,330)	(2,543,881)	(8,127,211)	(5,583,330)	(2,543,881)	(8,127,211)	(1,631,721)	(1,631,721)	(9,758,932)

%s

21%