

**EXH. SEF-23
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-SECOND 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

ELECTRIC

LINE	PLANT RELATED COSTS	2022	2023	2024	2025	Source
9	Cost of Debt	2.62%	2.54%	2.54%	2.54%	Exh. SEF-3 page 2
10	Requested Rate of Return	7.23%	7.39%	7.44%	7.49%	Exh. SEF-3 page 2
11	Statutory Federal Income Tax Rate	21.00%	21.00%	21.00%	21.00%	
12	Conversion Factor	75.24%	75.24%	75.24%	75.24%	Exh. SEF-3 page 3
13						
14	Rate Base Associated with Post 2021 Plant Additions	\$ 476,158,026	\$ 736,948,606	\$ 1,487,501,165	\$ 2,238,510,727	SEF-23 page 2 line 103
15	Rate Base Associated with Post 2021 Plant Retirements	(6,629,938)	(7,008,955)	(5,126,051)	(176,576)	SEF-23 page 3 line 37
16	Total Rate Base Proposed Subject to Refund	469,528,088	729,939,651	1,482,375,114	2,238,334,151	
17						
18	Depr/Amort Expense Associated with Post 2021 Plant Additions	(10,053,844)	(43,137,078)	(93,886,288)	(137,895,277)	SEF-23 page 2 line 92
19	Depr/Amort Expense Associated with Post 2021 Plant Retirements	2,973,872	9,407,514	13,200,188	16,045,100	SEF-23 page 3 line 24
20	Impact on Operating Income for Depreciation/Amortization Expense	(7,079,972)	(33,729,564)	(80,686,100)	(121,850,177)	
21						
22	Income Tax Expense Associated with Post 2021 Plant Additions	2,111,307	9,058,786	19,716,120	28,958,008	SEF-23 page 2 line 96
23	Income Tax Expense Associated with Post 2021 Plant Retirements	(375,233)	(2,074,593)	(2,331,056)	(3,061,234)	SEF-23 page 3 28-30
24	Income Tax Expense	1,736,075	6,984,194	17,385,065	25,896,774	
25						
26	Impact on NOI for Depreciation/Amortization Expense	(5,343,897)	(26,745,370)	(63,301,036)	(95,953,403)	
27						
28	Tax Benefit of Proforma Interest	2,583,344	3,893,498	7,906,989	11,939,274	Line 9 x Line 11 x Line 16
29						
30	Net Operating Income	(2,760,554)	(22,851,872)	(55,394,047)	(84,014,129)	Line 27 + Line 29
31						
32	Net Operating Income Requirement (Return on Rate Base)	33,946,881	53,942,540	110,288,708	167,651,228	Line 10 x Line 16
33						
34	Net Operating Income Deficiency	36,707,434	76,794,412	165,682,755	251,665,357	Line 33 - Line 31
35						
36	Grossed Up Deficiency - Cumulative	48,790,045	102,072,044	220,218,853	334,503,468	Line 35 / Line 12
37						
38	Grossed Up Deficiency - Cumulative In Rates	-	102,072,044	220,218,853	334,503,468	Line 36
39						
40	Grossed Up Deficiency - By Year	-	102,072,044	118,146,810	114,284,615	Line 38 - Prior Year Line 38

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LINE NO.	DESCRIPTION	EOP			AMA			AMA			AMA		
		DEC 2021 ADJUSTED RESULTS OF OPERATIONS	2022 GAP YEAR PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS START OF RATE YEAR 1	2023 RATE YEAR 1 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 1	2024 RATE YEAR 2 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2	2025 RATE YEAR 3 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 3			
	%'s												
12	PROGRAMMATIC												
13	403 ELEC. DEPRECIATION EXPENSE	\$ -	\$ 3,274,277	\$ 3,274,277	\$ 11,645,381	\$ 14,919,658	\$ 20,773,270	\$ 35,692,927	\$ 19,425,790	\$ 55,118,717			
14	403 ELEC. PORTION OF COMMON	-	1,623,965	1,623,965	578,427	2,202,392	2,489,754	4,692,146	-	4,692,146			
15	404 ELEC. AMORTIZATION EXPENSE	-	190,270	190,270	588,294	778,563	2,170,084	2,948,648	50,335	2,998,983			
16	404 ELEC. PORTION OF COMMON	-	1,796,061	1,796,061	3,837,403	5,633,464	4,340,982	9,974,445	4,605,080	14,579,525			
17	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	6,884,572	6,884,572	16,649,504	23,534,076	29,774,090	53,308,166	24,081,206	77,389,372			
18													
19	INCREASE (DECREASE) EXPENSE	-	6,884,572	6,884,572	16,649,504	23,534,076	29,774,090	53,308,166	24,081,206	77,389,372			
20													
21	INCREASE (DECREASE) FIT	-	-	-	-	-	-	-	-	-			
22													
23	INCREASE (DECREASE) NOI	\$ -	\$ (6,884,572)	\$ (6,884,572)	\$ (16,649,504)	\$ (23,534,076)	\$ (29,774,090)	\$ (53,308,166)	\$ (24,081,206)	\$ (77,389,372)			
24													
25	INCREASE TO GROSS PLANT	\$ -	\$ 275,187,679	\$ 275,187,679	\$ 193,571,919	\$ 468,759,598	\$ 556,163,758	\$ 1,024,923,355	\$ 511,843,107	\$ 1,536,766,463			
26	INCREASE TO ACCUM. DEPRECIATION & AMORTIZATION	-	(6,884,572)	(6,884,572)	(10,000,894)	(16,885,466)	(38,332,498)	(55,217,965)	(65,079,475)	(120,297,440)			
27	INCREASE TO ACCUMULATED DEFERRED INCOME TAXES	-	(2,635,671)	(2,635,671)	(5,417,726)	(8,053,396)	(13,505,745)	(21,559,142)	(17,896,191)	(39,455,332)			
28	TOTAL ADJUSTMENT TO RATE BASE	\$ -	\$ 265,667,436	\$ 265,667,436	\$ 178,153,299	\$ 443,820,735	\$ 504,325,514	\$ 948,146,249	\$ 428,867,441	\$ 1,377,013,690			
29													
30	CUSTOMER DRIVEN PROGRAMMATIC PROVISIONAL PROFORMA												
31	403 ELEC. DEPRECIATION EXPENSE	\$ -	\$ 124,018	\$ 124,018	\$ 97,836	\$ 221,854	\$ 241,633	\$ 463,487	\$ 330,056	\$ 793,542			
32	403 ELEC. PORTION OF COMMON	-	-	-	-	-	-	-	-	-			
33	404 ELEC. AMORTIZATION EXPENSE	-	7,347	7,347	40,307	47,654	71,877	119,531	77,833	197,364			
34	404 ELEC. PORTION OF COMMON	-	-	-	-	-	-	-	-	-			
35	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	131,365	131,365	138,143	269,508	313,510	583,017	407,889	990,906			
36													
37	INCREASE (DECREASE) EXPENSE	-	131,365	131,365	138,143	269,508	313,510	583,017	407,889	990,906			
38													
39	INCREASE (DECREASE) FIT	-	-	-	-	-	-	-	-	-			
40													
41	INCREASE (DECREASE) NOI	\$ -	\$ (131,365)	\$ (131,365)	\$ (138,143)	\$ (269,508)	\$ (313,510)	\$ (583,017)	\$ (407,889)	\$ (990,906)			
42													
43	INCREASE TO GROSS PLANT	\$ -	\$ 4,064,846	\$ 4,064,846	\$ 4,047,297	\$ 8,112,143	\$ 8,832,345	\$ 16,944,488	\$ 11,853,127	\$ 28,797,614			
44	INCREASE TO ACCUM. DEPRECIATION & AMORTIZATION	-	(131,365)	(131,365)	(111,606)	(242,971)	(419,360)	(662,331)	(779,209)	(1,441,540)			
45	INCREASE TO ACCUMULATED DEFERRED INCOME TAXES	-	(12,154)	(12,154)	(50,860)	(63,014)	(150,990)	(214,004)	(272,874)	(486,878)			
46	TOTAL ADJUSTMENT TO RATE BASE	\$ -	\$ 3,921,327	\$ 3,921,327	\$ 3,884,831	\$ 7,806,157	\$ 8,261,995	\$ 16,068,152	\$ 10,801,044	\$ 26,869,196			
47													
48	SPECIFIC												
49	403 ELEC. DEPRECIATION EXPENSE	\$ -	\$ 348,390	\$ 348,390	\$ 3,581,404	\$ 3,929,794	\$ 3,075,690	\$ 7,005,484	\$ 5,991,228	\$ 12,996,713			
50	403 ELEC. PORTION OF COMMON	-	-	-	-	-	8,266	8,266	214,603	222,870			
51	404 ELEC. AMORTIZATION EXPENSE	-	-	-	-	-	-	-	-	-			
52	404 ELEC. PORTION OF COMMON	-	-	-	-	-	384,930	384,930	2,068,888	2,453,818			
53	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	348,390	348,390	3,581,404	3,929,794	3,468,887	7,398,681	8,274,719	15,673,400			
54													
55	INCREASE (DECREASE) EXPENSE	-	348,390	348,390	3,581,404	3,929,794	3,468,887	7,398,681	8,274,719	15,673,400			
56													
57	INCREASE (DECREASE) FIT	-	-	-	-	-	-	-	-	-			
58													
59	INCREASE (DECREASE) NOI	\$ -	\$ (348,390)	\$ (348,390)	\$ (3,581,404)	\$ (3,929,794)	\$ (3,468,887)	\$ (7,398,681)	\$ (8,274,719)	\$ (15,673,400)			
60													
61	INCREASE TO GROSS PLANT	\$ -	\$ 93,032,212	\$ 93,032,212	\$ 26,333,985	\$ 119,366,197	\$ 119,920,578	\$ 239,286,774	\$ 257,773,568	\$ 497,060,342			
62	INCREASE TO ACCUM. DEPRECIATION & AMORTIZATION	-	(348,390)	(348,390)	(1,833,452)	(2,181,842)	(4,991,214)	(7,173,056)	(12,023,276)	(19,196,332)			
63	INCREASE TO ACCUMULATED DEFERRED INCOME TAXES	-	(768,904)	(768,904)	(994,010)	(1,762,914)	(4,064,663)	(5,827,577)	(8,605,418)	(14,432,995)			
64	TOTAL ADJUSTMENT TO RATE BASE	\$ -	\$ 91,914,918	\$ 91,914,918	\$ 23,506,523	\$ 115,421,441	\$ 110,864,701	\$ 226,286,142	\$ 237,144,874	\$ 463,431,015			

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LINE NO.	DESCRIPTION	EOP			EOP			AMA			AMA		
		DEC 2021 ADJUSTED RESULTS OF OPERATIONS	2022 GAP YEAR PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS START OF RATE YEAR 1	2023 RATE YEAR 1 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 1	2024 RATE YEAR 2 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2	2025 RATE YEAR 3 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 3			
	%s												
12	PROJECTED												
13	403 ELEC. DEPRECIATION EXPENSE	\$ -	\$ 813,556	\$ 813,556	\$ 3,294,464	\$ 4,108,021	\$ 3,378,556	\$ 7,486,577	\$ 2,107,705	\$ 9,594,282			
14	403 ELEC. PORTION OF COMMON	-	37,041	37,041	268,195	305,236	388,832	694,068	730,524	1,424,591			
15	404 ELEC. AMORTIZATION EXPENSE	-	856,873	856,873	2,638,549	3,495,422	3,470,823	6,966,245	1,731,019	8,697,264			
16	404 ELEC. PORTION OF COMMON	-	982,046	982,046	6,512,976	7,495,022	9,954,512	17,449,534	6,675,927	24,125,462			
17	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	2,689,516	2,689,516	12,714,184	15,403,700	17,192,724	32,596,424	11,245,175	43,841,599			
18													
19	INCREASE (DECREASE) EXPENSE	-	2,689,516	2,689,516	12,714,184	15,403,700	17,192,724	32,596,424	11,245,175	43,841,599			
20													
21	INCREASE (DECREASE) FIT	-	-	-	-	-	-	-	-	-			
22													
23	INCREASE (DECREASE) NOI	\$ -	\$ (2,689,516)	\$ (2,689,516)	\$ (12,714,184)	\$ (15,403,700)	\$ (17,192,724)	\$ (32,596,424)	\$ (11,245,175)	\$ (43,841,599)			
24													
25	INCREASE TO GROSS PLANT	\$ -	\$ 118,673,904	\$ 118,673,904	\$ 63,938,395	\$ 182,612,298	\$ 156,780,588	\$ 339,392,887	\$ 120,347,735	\$ 459,740,621			
26	INCREASE TO ACCUM. DEPRECIATION & AMORTIZATION	-	(2,689,516)	(2,689,516)	(6,579,924)	(9,269,441)	(24,294,276)	(33,563,717)	(38,429,933)	(71,993,650)			
27	INCREASE TO ACCUMULATED DEFERRED INCOME TAXES	-	(1,330,043)	(1,330,043)	(2,112,543)	(3,442,585)	(5,385,962)	(8,828,548)	(7,721,599)	(16,550,146)			
28	TOTAL ADJUSTMENT TO RATE BASE	\$ -	\$ 114,654,345	\$ 114,654,345	\$ 55,245,928	\$ 169,900,273	\$ 127,100,349	\$ 297,000,622	\$ 74,196,203	\$ 371,196,826			
29													
30	TOTAL ALL PROVISIONAL PROFORMAS												
31	403 ELEC. DEPRECIATION EXPENSE	\$ -	\$ 4,560,242	\$ 4,560,242	\$ 18,619,085	\$ 23,179,326	\$ 27,469,149	\$ 50,648,475	\$ 27,854,780	\$ 78,503,254			
32	403 ELEC. PORTION OF COMMON	-	1,661,006	1,661,006	846,622	2,507,628	2,886,852	5,394,480	945,127	6,339,607			
33	404 ELEC. AMORTIZATION EXPENSE	-	1,054,489	1,054,489	3,267,150	4,321,639	5,712,785	10,034,423	1,859,188	11,893,611			
34	404 ELEC. PORTION OF COMMON	-	2,778,107	2,778,107	10,350,379	13,128,486	14,680,424	27,808,910	13,349,895	41,158,805			
35	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	10,053,844	10,053,844	33,083,235	43,137,078	50,749,210	93,886,288	44,008,989	137,895,277			
36													
37	INCREASE (DECREASE) EXPENSE	-	10,053,844	10,053,844	33,083,235	43,137,078	50,749,210	93,886,288	44,008,989	137,895,277			
38													
39	INCREASE (DECREASE) FIT	-	(2,111,307)	(2,111,307)	(6,947,479)	(9,058,786)	(10,657,334)	(19,716,120)	(9,241,888)	(28,958,008)			
40													
41	INCREASE (DECREASE) NOI	\$ -	\$ (7,942,537)	\$ (7,942,537)	\$ (26,135,755)	\$ (34,078,292)	\$ (40,091,876)	\$ (74,170,167)	\$ (34,767,101)	\$ (108,937,269)			
42													
43	INCREASE TO GROSS PLANT	\$ -	\$ 490,958,640	\$ 490,958,640	\$ 287,891,595	\$ 778,850,235	\$ 841,697,269	\$ 1,620,547,504	\$ 901,817,536	\$ 2,522,365,041			
44	INCREASE TO ACCUM. DEPRECIATION & AMORTIZATION	-	(10,053,844)	(10,053,844)	(18,525,876)	(28,579,720)	(68,037,349)	(96,617,069)	(116,311,893)	(212,928,962)			
45	INCREASE TO ACCUMULATED DEFERRED INCOME TAXES	-	(4,746,771)	(4,746,771)	(8,575,139)	(13,321,909)	(23,107,361)	(36,429,270)	(34,496,081)	(70,925,352)			
46	TOTAL ADJUSTMENT TO RATE BASE	\$ -	\$ 476,158,026	\$ 476,158,026	\$ 260,790,580	\$ 736,948,606	\$ 750,552,559	\$ 1,487,501,165	\$ 751,009,562	\$ 2,238,510,727			

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DESCRIPTION	EOP			EOP			AMA			AMA		
	DEC 2021 ADJUSTED RESULTS OF OPERATIONS	2022 GAP YEAR PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS START OF RATE YEAR 1	2023 RATE YEAR 1 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 1	2024 RATE YEAR 2 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2	2025 RATE YEAR 3 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2	ADJUSTED RESULTS END OF RATE YEAR 3	AMA	AMA
403 ELEC. DEPRECIATION EXPENSE	\$ -	\$ (2,916,126)	\$ (2,916,126)	\$ (6,221,238)	\$ (9,137,364)	\$ (3,602,865)	\$ (12,740,229)	\$ (2,655,104)	\$ (15,395,333)			
403 ELEC. PORTION OF COMMON	-	(27,499)	(27,499)	(169,792)	(197,291)	(147,196)	(344,487)	(147,196)	(491,683)			
404 ELEC. AMORTIZATION EXPENSE	-	(30,110)	(30,110)	(42,469)	(72,579)	(42,469)	(115,048)	(42,469)	(157,517)			
404 ELEC. PORTION OF COMMON	-	(137)	(137)	(143)	(280)	(143)	(423)	(143)	(567)			
SUBTOTAL DEPRECIATION EXPENSE 403	-	(2,973,872)	(2,973,872)	(6,433,642)	(9,407,514)	(3,792,673)	(13,200,188)	(2,844,912)	(16,045,100)			
403.1 ELEC. ASSET RETIREMENT COST DEPRECIATION	-	-	-	-	-	-	-	-	-			
403.1 ELEC. PORTION OF COMMON	-	-	-	-	-	-	-	-	-			
411.10 ELEC. ASSET RETIREMENT OBLIGATION ACCRETION	-	-	-	-	-	-	-	-	-			
TOTAL DEPRECIATION AND ACCRETION	-	(2,973,872)	(2,973,872)	(6,433,642)	(9,407,514)	(3,792,673)	(13,200,188)	(2,844,912)	(16,045,100)			
INCREASE (DECREASE) EXPENSE	-	(2,973,872)	(2,973,872)	(6,433,642)	(9,407,514)	(3,792,673)	(13,200,188)	(2,844,912)	(16,045,100)			
INCREASE (DECREASE) FIT	21%	624,513	624,513	1,351,065	1,975,578	796,461	2,772,039	597,432	3,369,471			
INCREASE (DECREASE) EDIT	-	399,108	399,108	426,432	825,540	116,933	942,473	159,463	1,101,936			
INCREASE (DECREASE) FLOW-THROUGH	-	(648,388)	(648,388)	(78,137)	(726,525)	(656,932)	(1,383,457)	(26,716)	(1,410,173)			
INCREASE (DECREASE) NOI	-	2,598,639	2,598,639	4,734,282	7,332,922	3,536,210	10,869,132	2,114,734	12,983,866			
ADJUSTMENT TO RATE BASE:	-	2,973,871.96	2,973,871.96	4,250,861.05	7,224,733.01	11,531,408.08	18,756,141.09	14,622,643.81	33,378,784.90			
ADJUSTMENT TO ACCUM. DEPREC.	\$ -	\$ (9,204,703)	\$ (9,204,703)	\$ (4,247,453)	\$ (13,452,156)	\$ (8,769,989)	\$ (22,222,145)	\$ (8,655,633)	\$ (30,877,777)			
ADJUSTMENT TO ADIT IS IN ADJ 6.29 AND TO EDIT IS IN 6.04	-	(399,108)	(399,108)	(382,425)	(781,532)	(878,516)	(1,660,048)	(1,017,536)	(2,677,584)			
TOTAL ADJUSTMENT TO RATEBASE	\$ -	\$ (6,629,938)	\$ (6,629,938)	\$ (379,017)	\$ (7,008,955)	\$ 1,882,903	\$ (5,126,051)	\$ 4,949,475	\$ (176,576)			