

**EXHIBIT NO. \_\_\_(SEF-11C)  
DOCKET NO. UG-151663  
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-151663**

**TENTH EXHIBIT (CONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
SUSAN E. FREE  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED  
VERSION**

**AUGUST 11, 2015  
REVISED SEPTEMBER 23, 2015**

**Results of Cost Flow Allocation Methodology**  
**Assuming Non-Regulated Operations are 100% 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-1HCT), and-----

| Description                               | ATL FERC    | BTL FERC | Allocation Method      | Total      | Regulated (ATL) Factor | Regulated (ATL) Amount | Non-Regulated (BTL) Factor | Non-Regulated (BTL) Amount |
|---|-------------|----------|------------------------|------------|------------------------|------------------------|----------------------------|----------------------------|
| A   | B           | C        | D                      | E          | F                      | G                      | H                          | I                          |
| 1 Income Statement:                       |             |          |                        |            |                        |                        |                            |                            |
| 2 Revenue:                                |             |          |                        |            |                        |                        |                            |                            |
| 3 Customer Sales                          | 480, 481    |          | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 4 Distribution Revenue (see line 23)      | 489         |          | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 5 Special Contracts                       | 489         |          | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 6 Non-Utility Revenue                     |             | 417      | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 7   |             |          |                        |            |                        |                        |                            |                            |
| 8 Total Revenue                           |             |          |                        | XXXXXXXXXX |                        | XXXXXXXXXX             |                            | XXXXXXXXXX                 |
| 9   |             |          |                        |            |                        |                        |                            |                            |
| 10 Expense:                               |             |          |                        |            |                        |                        |                            |                            |
| 11 Power Costs:                           |             |          |                        |            |                        |                        |                            |                            |
| 12 Fixed                                  | Prod        | 417.1    | Annual Capacity        | XXXXXXXXXX | 54%                    | XXXXXXXXXX             | 46%                        | XXXXXXXXXX                 |
| 13 Variable                               | Prod        | 417.1    | LNG Volumes            | XXXXXXXXXX | 53%                    | XXXXXXXXXX             | 47%                        | XXXXXXXXXX                 |
| 14 Gas Costs                              | Prod        | 417.1    | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 15 O&M:                                   |             |          |                        |            |                        |                        |                            |                            |
| 16 Plant Consumables                      | 845.5       | 417.1    | LNG Volumes            | XXXXXXXXXX | 53%                    | XXXXXXXXXX             | 47%                        | XXXXXXXXXX                 |
| 17 Wharfage                               | 845.5       | 417.1    | Wharfage               | XXXXXXXXXX | 49%                    | XXXXXXXXXX             | 51%                        | XXXXXXXXXX                 |
| 18 Maintenance                            | 847.1-847.8 | 417.1    | Capital <sup>(1)</sup> | XXXXXXXXXX | 62%                    | XXXXXXXXXX             | 38%                        | XXXXXXXXXX                 |
| 19 Staff, Insurance & Lease Cost          | Multiple    | 417.1    | Capital <sup>(1)</sup> | XXXXXXXXXX | 74%                    | XXXXXXXXXX             | 26%                        | XXXXXXXXXX                 |
| 20 Tfr Bunkering Credit (incl. in line 5) | Multiple    | 417.1    | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 21 Transfer Corporate Overheads           | Multiple    | 417.1    | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 22 Bunkering Station                      | 845.5       | 417.1    | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 23 Distribution Expense (see line 4)      | 403         | 417.1    | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 24 Depreciation                           | Multiple    | 417.1    | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 25 Revenue Sensitive Fees & Taxes         | Multiple    | Multiple | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 26 Property Tax Expense                   | 408.1       | 408.2    | Capital                | XXXXXXXXXX | 74%                    | XXXXXXXXXX             | 26%                        | XXXXXXXXXX                 |
| 27 Federal Income Tax Expense             | 409.1       | 409.2    | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 28 Regulated Interest Expense             | 431         | 431      | Direct                 | XXXXXXXXXX | --                     | XXXXXXXXXX             | --                         | XXXXXXXXXX                 |
| 29  |             |          |                        |            |                        |                        |                            |                            |
| 30 Total Expense                          |             |          |                        | XXXXXXXXXX |                        | XXXXXXXXXX             |                            | XXXXXXXXXX                 |
| 31  |             |          |                        |            |                        |                        |                            |                            |
| 32 Net Operating Income / Net Income      |             |          |                        | XXXXXXXXXX |                        | XXXXXXXXXX             |                            | XXXXXXXXXX                 |

(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.

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-----Prefiled Direct Testimony of Clay Riding, Exhibit No. \_\_\_\_ (CR-ICT), and-----

| Description<br>A                 | ATL FERC |   | BTL FERC |   | Allocation<br>Method<br>D | Total<br>E  | Regulated (ATL)<br>Factor Amount<br>F G |             | Non-Regulated (BTL)<br>Factor Amount<br>H I |             |
|----------------------------------|----------|---|----------|---|---------------------------|-------------|---|-------------|---|-------------|
|                                  | B        | C | C        | D |                           |             | 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               | 4,516,718   |   | 4,108,159   |   | 408,560     |
| 43                               |          |   |          |   |                           |             |   |             |   |             |
| 44 Total Rate Base               |          |   |          |   |                           | 360,617,493 |   | 269,362,002 |   | 91,255,491  |

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