

**EXHIBIT NO. ___(SEF-10C)
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

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

**CONFIDENTIAL PER PROTECTIVE ORDER IN
WUTC DOCKET No. UG-151663**

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

Results of Cost Flow Allocation Methodology
Assuming Non-Regulated Operations are 19% 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-ICT), and-----

Description A	Allocation Method			Total E	Regulated (ATL) Factor Amount		Non-Regulated (BTL) Factor Amount	
	ATL FERC B	BTL FERC C	Method D		F	G	H	I
1 Income Statement:								
2 Revenue:								
3 Customer Sales	480, 481		Direct	\$ 30,226,455	--	\$ 30,226,455	--	
4 Distribution Revenue (see line 23)	489		Direct	308,275	--	308,275	--	
5 Special Contracts	489		Direct	44,556,850	--	44,556,850	--	
6 Non-Utility Revenue		417	Direct	5,611,855	--		--	5,611,855
7								
8 Total Revenue				80,703,436		75,091,581		5,611,855
9								
10 Expense:								
11 Power Costs:								
12 Fixed	Prod	417.1	Annual Capacity	1,133,908	86%	979,597	14%	154,311
13 Variable	Prod	417.1	LNG Volumes	3,548,823	86%	3,044,838	14%	503,984
14 Gas Costs	Prod	417.1	Direct	19,385,535	--	19,350,585	--	34,950
15 O&M:								
16 Plant Consumables	845.5	417.1	LNG Volumes	176,248	86%	151,218	14%	25,030
17 Wharfage	845.5	417.1	Wharfage	110,996	84%	93,043	16%	17,953
18 Maintenance	847.1-847.8	417.1	Capital ⁽¹⁾	732,926	62%	453,416	38%	279,511
19 Staff, Insurance & Lease Cost	Multiple	417.1	Capital ⁽¹⁾	6,548,769	74%	4,833,161	26%	1,715,609
20 Tfr-Bunkering Credit (incl. in line 5)	Multiple	417.1	Direct	483,042	--	(80,318)	--	483,042
21 Transfer Corporate Overheads	Multiple	417.1	Direct	-	--		--	80,318
22 Bunkering Station	845.5	417.1	Direct	61,232	--	61,232	--	
23 Distribution Expense (see line 4)	403	417.1	Direct	308,275	--		--	308,275
24 Depreciation	Multiple	417.1	Direct	16,222,677	--	12,070,353	--	4,152,325
25 Revenue Sensitive Fees & Taxes	Multiple	Multiple	Direct	2,358,089	--	2,324,754	--	33,334
26 Property Tax Expense	408.1	408.2	Capital	5,073,196	74%	3,777,861	26%	1,295,335
27 Federal Income Tax Expense	409.1	409.2	Direct	4,616,396	--	6,808,953	--	(2,192,558)
28 Regulated Interest Expense	431	431	Direct	11,061,742	--	8,269,413	--	2,792,329
29								
30 Total Expense				71,821,854		62,138,106		9,683,748
31								
32 Net Operating Income / Net Income				8,881,582		12,953,475		(4,071,893)

CONFIDENTIAL PER PROTECTIVE ORDER
IN WUTC DOCKET NO. UG-151663

(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.

Results of Cost Flow Allocation Methodology

Assuming Non-Regulated Operations are 19% 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-ICT), and-----

Description A	ATL FERC B		BTL FERC C		Allocation Method D	Total E	Regulated (ATL) Factor Amount G		Non-Regulated (BTL) Factor Amount I	
							F		H	
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	4,324,947		4,108,159		216,788
43										
44 Total Rate Base						360,425,722		269,362,002		91,063,720

CONFIDENTIAL PER PROTECTIVE ORDER
IN WUTC DOCKET NO. UG-151663