

**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.**

**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 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-ICT), and-----

Description	ATL FERC		BTL FERC		Allocation Method	Total	Regulated (ATL) Factor Amount		Non-Regulated (BTL) Factor Amount	
	A	B	C	D			E	F	G	H
1 Income Statement:										
2 Revenue:										
3 Customer Sales		480,481		Direct		\$ 28,742,452	--	\$ 28,742,452	--	
4 Distribution Revenue (see line 23)		489		Direct		995,762	--	995,762	--	
5 Special Contracts		489		Direct		46,072,986	--	46,072,986	--	
6 Non-Utility Revenue			417	Direct		29,501,458	--		--	29,501,458
7										
8 Total Revenue						105,312,659		75,811,201		29,501,458
9										
10 Expense:										
11 Power Costs:										
12 Fixed		Prod	417.1	Annual Capacity		1,802,844	54%	976,270	46%	826,574
13 Variable		Prod	417.1	LNG Volumes		5,753,656	53%	3,044,838	47%	2,708,817
14 Gas Costs		Prod	417.1	Direct		19,538,434	--	19,530,585	--	187,850
15 O&M:										
16 Plant Consumables		845.5	417.1	LNG Volumes		285,748	53%	151,218	47%	134,530
17 Wharfage		845.5	417.1	Wharfage		189,536	49%	93,043	51%	96,493
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		2,596,255	--	(80,318)	--	2,596,255
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		995,762	--		--	995,762
24 Depreciation		Multiple	417.1	Direct		16,222,677	--	12,070,353	--	4,152,325
25 Revenue Sensitive Fees & Taxes		Multiple	Multiple	Direct		2,535,452	--	2,360,214	--	175,239
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		10,820,503	--	6,808,953	--	4,011,549
28 Regulated Interest Expense		431	431	Direct		11,064,686	--	8,269,413	--	2,795,272
29										
30 Total Expense						84,221,677		62,170,239		22,051,438
31										
32 Net Operating Income / Net Income						21,090,981		13,640,961		7,450,020

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(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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Description A	ATL FERC		BTL FERC	Allocation Method D	Total E	Regulated (ATL) Factor Amount F G		Non-Regulated (BTL) Factor Amount H I	
	B	C				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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