

**EXH. SEF-19  
DOCKETS UE-240004/UG-240005  
2024 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-240004  
Docket UG-240005**

**EIGHTEENTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**SUSAN E. FREE**

**ON BEHALF OF PUGET SOUND ENERGY**

**FEBRUARY 15, 2024**

**DETERMINATION OF DEFICIENCY ASSOCIATED WITH  
PROVISIONAL PROFORMA ADJUSTMENTS  
SUBJECT TO REFUND**

**ELECTRIC**

LINE	PLANT RELATED COSTS	2025	2026	Source
9	Cost of Debt	2.67%	2.63%	Exh. SEF-3 page 2
10	Requested Rate of Return	7.65%	7.99%	Exh. SEF-3 page 2
11	Statutory Federal Income Tax Rate	21.00%	21.00%	
12	Conversion Factor	75.13%	75.13%	Exh. SEF-3 page 3
13				
14	Rate Base Associated with Post 2024 Plant Additions	\$ 309,022,459	\$ 1,612,545,860	SEF-19 page 3 line 89
15	Rate Base Associated with Post 2024 Plant Retirements	2,492,517	4,530,245	SEF-19 page 4 line 23
16	<b>Total Rate Base Proposed Subject to Refund</b>	311,514,975	1,617,076,105	
17				
18	Depr/Amort Expense Associated with Post 2024 Plant Additions	(13,480,311)	(84,303,982)	SEF-19 page 3 line 80
19	Depr/Amort Expense Associated with Post 2024 Plant Retirements	724,834	2,463,707	SEF-19 page 4 line 12
20	<b>Impact on Operating Income for Depreciation/Amortization Expense</b>	(12,755,477)	(81,840,275)	
21				
22	Income Tax Expense Associated with Post 2024 Plant Additions	2,830,865	17,703,836	SEF-19 page 3 line 82
23	Income Tax Expense Associated with Post 2024 Plant Retirements	(111,522)	(547,253)	SEF-19 page 4 line 16
24	<b>Income Tax Expense</b>	2,719,343	17,156,584	
25				
26	Impact on NOI for Depreciation/Amortization Expense	(10,036,134)	(64,683,692)	
27				
28	Tax Benefit of Proforma Interest	1,746,664	8,931,111	Line 9 x Line 11 x Line 16
29				
30	Net Operating Income	(8,289,469)	(55,752,580)	Line 26 + Line 28
31				
32	Net Operating Income Requirement (Return on Rate Base)	23,830,896	129,204,381	Line 10 x Line 16
33				
34	Net Operating Income Deficiency	32,120,365	184,956,961	Line 32 - Line 30
35				
36	Grossed Up Deficiency - Cumulative	42,752,308	246,178,305	Line 34 / Line 12
37				
38	Grossed Up Deficiency - Cumulative In Rates	42,752,308	246,178,305	Line 36
39				
40	Grossed Up Deficiency - By Year	42,752,308	203,425,997	Line 38 - Prior Year Line 38



DETERMINATION OF DEFICIENCY ASSOCIATED WITH  
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LINE NO.	DESCRIPTION	EOP		EOP		AMA		AMA	
		TRADITIONAL PROFORMA ADJUSTMENTS	Dec-23	2024	ADJUSTED RESULTS START OF RATE YEAR 1	2025	ADJUSTED RESULTS END OF RATE YEAR 1	2026	ADJUSTED RESULTS END OF RATE YEAR 2
			ADJUSTED RESULTS OF OPERATIONS	GAP YEAR PROFORMA ADJUSTMENTS		RATE YEAR 1 ADJUSTMENTS		ADJUSTMENTS	
50	GROSS PLANT	-	-	-	-	32,685,474.27	32,685,474.27	446,418,402.21	479,103,876.48
51	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	-	(69,214.33)	(69,214.33)	(6,032,352.12)	(6,101,566.45)
52	DFIT	-	-	-	-	(1,717,398.14)	(1,717,398.14)	(5,014,087.90)	(6,731,486.04)
53	<b>TOTAL ADJUSTMENT TO RATE BASE</b>	-	-	-	-	30,898,861.80	30,898,861.80	435,371,962.19	466,270,823.99
54									
55	<b>Projected</b>								
56	403 ELEC. DEPRECIATION EXPENSE	-	-	-	-	1,902,729.21	1,902,729.21	7,696,925.22	9,599,654.43
57	403 ELEC. PORTION OF COMMON	-	-	-	-	110,891.08	110,891.08	1,896,880.34	2,007,771.43
58	404 ELEC. AMORTIZATION EXPENSE	-	-	-	-	1,215,588.80	1,215,588.80	11,020,720.20	12,236,309.00
59	404 ELEC. PORTION OF COMMON	-	-	-	-	1,298,841.37	1,298,841.37	9,312,895.08	10,611,736.45
60	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	-	-	-	4,528,050.46	4,528,050.46	29,927,420.85	34,455,471.31
61									
62	INCREASE (DECREASE) EXPENSE	-	-	-	-	4,528,050.46	4,528,050.46	29,927,420.85	34,455,471.31
63									
64	INCREASE (DECREASE) FIT	-	-	-	-	(950,890.60)	(950,890.60)	(6,284,758.38)	(7,235,648.97)
65									
66	<b>INCREASE (DECREASE) NOI</b>	-	-	-	-	(3,577,159.87)	(3,577,159.87)	(23,642,662.47)	(27,219,822.33)
67									
68	GROSS PLANT	-	-	-	-	55,142,914.74	55,142,914.74	296,849,170.94	351,992,085.68
69	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	-	(1,107,051.09)	(1,107,051.09)	(19,746,564.90)	(20,853,615.99)
70	DFIT	-	-	-	-	(984,363.75)	(984,363.75)	(5,007,091.33)	(5,991,455.08)
71	<b>TOTAL ADJUSTMENT TO RATE BASE</b>	-	-	-	-	53,051,499.90	53,051,499.90	272,095,514.71	325,147,014.62
72									
73	<b>Total All Provisional Proformas</b>								
74	403 ELEC. DEPRECIATION EXPENSE	-	-	-	-	10,400,151.11	10,400,151.11	39,851,430.70	50,251,581.81
75	403 ELEC. PORTION OF COMMON	-	-	-	-	152,871.13	152,871.13	2,919,465.89	3,072,337.02
76	404 ELEC. AMORTIZATION EXPENSE	-	-	-	-	1,357,917.04	1,357,917.04	11,877,203.69	13,235,120.73
77	404 ELEC. PORTION OF COMMON	-	-	-	-	1,569,371.74	1,569,371.74	16,175,570.76	17,744,942.49
78	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	-	-	-	13,480,311.02	13,480,311.02	70,823,671.03	84,303,982.05
79									
80	INCREASE (DECREASE) EXPENSE	-	-	-	-	13,480,311.02	13,480,311.02	70,823,671.03	84,303,982.05
81									
82	INCREASE (DECREASE) FIT	-	-	-	-	(2,830,865.31)	(2,830,865.31)	(14,872,970.92)	(17,703,836.23)
83									
84	<b>INCREASE (DECREASE) NOI</b>	-	-	-	-	(10,649,445.71)	(10,649,445.71)	(55,950,700.12)	(66,600,145.82)
85									
86	GROSS PLANT	-	-	-	-	312,755,917.69	312,755,917.69	1,359,779,513.13	1,672,535,430.82
87	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	-	(3,731,736.86)	(3,731,736.86)	(48,997,308.40)	(52,729,045.26)
88	DFIT	-	-	-	-	(1,722.33)	(1,722.33)	(7,258,803.53)	(7,260,525.86)
89	<b>TOTAL ADJUSTMENT TO RATE BASE</b>	-	-	-	-	309,022,458.50	309,022,458.50	1,303,523,401.20	1,612,545,859.70

**DETERMINATION OF DEFICIENCY ASSOCIATED WITH  
PROVISIONAL PROFORMA ADJUSTMENTS  
SUBJECT TO REFUND**

**ELECTRIC**

LINE NO.	DESCRIPTION	EOP DEC 2023 TRADITIONAL PROFORMA ADJUSTMENTS	Dec-23 ADJUSTED RESULTS OF OPERATIONS	EOP 2024 GAP YEAR PROFORMA ADJUSTMENTS	ADJUSTED RESULTS START OF RATE YEAR 1	AMA 2025 RATE YEAR 1 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 1	AMA 2026 RATE YEAR 2 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2
1									
2	403 ELEC. DEPRECIATION EXPENSE	-	-	-	-	(724,834.00)	(724,834.00)	(1,738,872.72)	(2,463,706.72)
3	403 ELEC. PORTION OF COMMON	-	-	-	-	-	-	-	-
4	404 ELEC. AMORTIZATION EXPENSE	-	-	-	-	-	-	-	-
5	404 ELEC. PORTION OF COMMON	-	-	-	-	-	-	-	-
6	SUBTOTAL DEPRECIATION EXPENSE 403	-	-	-	-	(724,834.00)	(724,834.00)	(1,738,872.72)	(2,463,706.72)
7	403.1 ELEC. ASSET RETIREMENT COST DEPRECIATION	-	-	-	-	-	-	-	-
8	403.1 ELEC. PORTION OF COMMON	-	-	-	-	-	-	-	-
9	411.10 ELEC. ASSET RETIREMENT OBLIGATION ACCRETION	-	-	-	-	-	-	-	-
10	TOTAL DEPRECIATION AND ACCRETION	-	-	-	-	(724,834.00)	(724,834.00)	(1,738,872.72)	(2,463,706.72)
11									
12	INCREASE (DECREASE) EXPENSE	-	-	-	-	(724,834.00)	(724,834.00)	(1,738,872.72)	(2,463,706.72)
13									
14	INCREASE (DECREASE) FIT	-	-	-	-	152,215.14	152,215.14	365,163.27	517,378.41
15	INCREASE (DECREASE) DFIT	-	-	-	-	(40,693.04)	(40,693.04)	70,567.17	29,874.14
16	INCREASE (DECREASE) TAX EXPENSE	-	-	-	-	111,522.10	111,522.10	435,730.44	547,252.55
17									
18	INCREASE (DECREASE) NOI	-	-	-	-	613,311.90	613,311.90	1,303,142.28	1,916,454.17
19									
20	ADJUSTMENT TO RATE BASE:	-	-	-	-	-	-	-	-
21	ADJUSTMENT TO ACCUM. DEPREC.	-	-	-	-	241,061.32	241,061.32	1,594,270.37	1,835,331.69
22	DFIT	-	-	-	-	2,251,455.31	2,251,455.31	443,457.99	2,694,913.29
23	TOTAL ADJUSTMENT TO RATEBASE	-	-	-	-	2,492,516.63	2,492,516.63	2,037,728.36	4,530,244.98
24									
25									
26									
27									
28	Four Factor Allocation Percentages:								
29		Gas:				34.55%			
		Electric:				65.45%			