

**EXH. SEF-20
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**

**NINETEENTH 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**

NATURAL GAS

LINE	PLANT RELATED COSTS	2025	2026	Source
9	Cost of Debt	2.67%	2.63%	Exh. SEF-7 page 2
10	Requested Rate of Return	7.65%	7.99%	Exh. SEF-7 page 2
11	Statutory Federal Income Tax Rate	21.00%	21.00%	
12	Conversion Factor	75.42%	75.42%	Exh. SEF-7 page 3
13				
14	Rate Base Associated with Post 2024 Plant Additions	\$ 100,724,774	\$ 352,815,861	SEF-20 page 3 line 89
15	Rate Base Associated with Post 2024 Plant Retirements	(7,206,751)	(25,143,902)	SEF-20 page 4 line 24
16	Total Rate Base Proposed Subject to Refund	93,518,023	327,671,958	
17				
18	Depr/Amort Expense Associated with Post 2024 Plant Additions	(6,434,902)	(27,934,486)	SEF-20 page 3 line 80
19	Depr/Amort Expense Associated with Post 2024 Plant Retirements	214,282	669,912	SEF-20 page 4 line 12
20	Impact on Operating Income for Depreciation/Amortization Expense	(6,220,620)	(27,264,574)	
21				
22	Income Tax Expense Associated with Post 2024 Plant Additions	1,351,330	5,866,242	SEF-20 page 3 line 82
23	Income Tax Expense Associated with Post 2024 Plant Retirements	(3,708,960)	(3,848,128)	SEF-20 page 4 line 17
24	Income Tax Expense	(2,357,630)	2,018,114	
25				
26	Impact on NOI for Depreciation/Amortization Expense	(8,578,250)	(25,246,460)	
27				
28	Tax Benefit of Proforma Interest	524,356	1,809,732	Line 9 x Line 11 x Line 16
29				
30	Net Operating Income	(8,053,895)	(23,436,728)	Line 26 + Line 28
31				
32	Net Operating Income Requirement (Return on Rate Base)	7,154,129	26,180,989	Line 10 x Line 16
33				
34	Net Operating Income Deficiency	15,208,024	49,617,717	Line 32 - Line 30
35				
36	Grossed Up Deficiency - Cumulative	20,164,096	65,787,407	Line 34 / Line 12
37				
38	Grossed Up Deficiency - Cumulative In Rates	20,164,096	65,787,407	Line 36
39				
40	Grossed Up Deficiency - By Year	20,164,096	45,623,311	Line 38 - Prior Year Line 38

DETERMINATION OF DEFICIENCY ASSOCIATED WITH
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NATURAL GAS		EOP			EOP		AMA		AMA
		TRADITIONAL PROFORMA ADJUSTMENTS	Dec-23 ADJUSTED RESULTS OF OPERATIONS	2024 GAP YEAR PROFORMA ADJUSTMENTS	ADJUSTED RESULTS START OF RATE YEAR 1	2025 RATE YEAR 1 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 1	2026 RATE YEAR 2 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2
LINE NO.	DESCRIPTION								
50	INCREASE TO RATE BASE	-	-	-	-	-	2,437,674.99	2,437,674.99	
51	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	-	-	(26,315.87)	(26,315.87)	
52	DFIT	-	-	-	-	-	(75,474.99)	(75,474.99)	
53	TOTAL ADJUSTMENT TO RATE BASE	-	-	-	-	-	2,335,884.13	2,335,884.13	
54									
55	Projected								
56	403 GAS DEPRECIATION EXPENSE	-	-	-	-	212,452.39	212,452.39	881,172.93	1,093,625.32
57	403 GAS PORTION OF COMMON	-	-	-	-	58,537.62	58,537.62	1,001,332.56	1,059,870.17
58	404 GAS AMORTIZATION EXPENSE	-	-	-	-	864,875.47	864,875.47	1,575,923.90	2,440,799.37
59	404 GAS PORTION OF COMMON	-	-	-	-	685,637.42	685,637.42	4,916,127.20	5,601,764.62
60	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	-	-	-	1,821,502.90	1,821,502.90	8,374,556.58	10,196,059.48
61									
62	INCREASE (DECREASE) EXPENSE	-	-	-	-	1,821,502.90	1,821,502.90	8,374,556.58	10,196,059.48
63									
64	INCREASE (DECREASE) FIT	21%	-	-	-	(382,515.61)	(382,515.61)	(1,758,656.88)	(2,141,172.49)
65									
66	INCREASE (DECREASE) NOI	-	-	-	-	(1,438,987.29)	(1,438,987.29)	(6,615,899.70)	(8,054,886.99)
67									
68	INCREASE TO RATE BASE	-	-	-	-	13,304,012.33	13,304,012.33	67,432,604.70	80,736,617.03
69	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	-	(506,590.61)	(506,590.61)	(6,132,803.36)	(6,639,393.97)
70	DFIT	-	-	-	-	(413,352.15)	(413,352.15)	(1,313,004.12)	(1,726,356.27)
71	TOTAL ADJUSTMENT TO RATE BASE	-	-	-	-	12,384,069.57	12,384,069.57	59,986,797.22	72,370,866.78
72									
73	Total All Provisional Proformas								
74	403 GAS DEPRECIATION EXPENSE	-	-	-	-	4,557,966.38	4,557,966.38	9,537,739.81	14,095,706.19
75	403 GAS PORTION OF COMMON	-	-	-	-	80,698.21	80,698.21	1,541,138.98	1,621,837.19
76	404 GAS AMORTIZATION EXPENSE	-	-	-	-	967,791.80	967,791.80	1,881,881.80	2,849,673.60
77	404 GAS PORTION OF COMMON	-	-	-	-	828,446.04	828,446.04	8,538,823.06	9,367,269.11
78	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	-	-	-	-	6,434,902.43	6,434,902.43	21,499,583.66	27,934,486.09
79									
80	INCREASE (DECREASE) EXPENSE	-	-	-	-	6,434,902.43	6,434,902.43	21,499,583.66	27,934,486.09
81									
82	INCREASE (DECREASE) FIT	21%	-	-	-	(1,351,329.51)	(1,351,329.51)	(4,514,912.57)	(5,866,242.08)
83									
84	INCREASE (DECREASE) NOI	-	-	-	-	(5,083,572.92)	(5,083,572.92)	(16,984,671.09)	(22,068,244.01)
85									
86	INCREASE TO RATE BASE	-	-	-	-	103,553,266.41	103,553,266.41	272,107,695.09	375,660,961.50
87	ACCUM. DEPRECIATION & AMORTIZATION	-	-	-	-	(1,979,695.59)	(1,979,695.59)	(17,296,967.89)	(19,276,663.48)
88	DFIT	-	-	-	-	(848,796.66)	(848,796.66)	(2,719,640.69)	(3,568,437.35)
89	TOTAL ADJUSTMENT TO RATE BASE	-	-	-	-	100,724,774.16	100,724,774.16	252,091,086.51	352,815,860.67

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NATURAL GAS

LINE NO.	DESCRIPTION	DEC 2023 TRADITIONAL PROFORMA ADJUSTMENTS	Dec-23 ADJUSTED RESULTS OF OPERATIONS	2024 GAP YEAR PROFORMA ADJUSTMENTS	ADJUSTED RESULTS START OF RATE YEAR 1	2025 RATE YEAR 1 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 1	2026 RATE YEAR 2 PROVISIONAL ADJUSTMENTS	ADJUSTED RESULTS END OF RATE YEAR 2
1									
2	403 GAS DEPRECIATION EXPENSE	-	-	-	-	(214,282)	(214,282)	(455,630)	(669,912)
3	403 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-
4	404 GAS AMORTIZATION EXPENSE	-	-	-	-	-	-	-	-
5	404 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-
6	SUBTOTAL DEPRECIATION EXPENSE 403	-	-	-	-	(214,282)	(214,282)	(455,630)	(669,912)
7	403.1 GAS ASSET RETIREMENT COST DEPRECIATION	-	-	-	-	-	-	-	-
8	403.1 GAS PORTION OF COMMON	-	-	-	-	-	-	-	-
9	411.10 GAS ASSET RETIREMENT OBLIGATION ACCRETION	-	-	-	-	-	-	-	-
10	TOTAL DEPRECIATION AND ACCRETION	-	-	-	-	(214,282)	(214,282)	(455,630)	(669,912)
11									
12	INCREASE (DECREASE) EXPENSE	-	-	-	-	(214,282)	(214,282)	(455,630)	(669,912)
13									
14									
15	INCREASE (DECREASE) FIT	-	-	-	-	44,999	44,999	95,682	140,682
16	INCREASE (DECREASE) DFIT	-	-	-	-	3,663,960	3,663,960	43,486	3,707,447
17	INCREASE (DECREASE) TAX EXPENSE	-	-	-	-	3,708,960	3,708,960	139,169	3,848,128
18									
19	INCREASE (DECREASE) NOI	-	-	-	-	(3,494,677)	(3,494,677)	316,461	(3,178,216)
20									
21	ADJUSTMENT TO RATE BASE:	-	-	-	-	-	-	-	-
22	ADJUSTMENT TO ACCUM. DEPREC.	-	-	-	-	68,042	68,042	442,097	510,139
23	DFIT	-	-	-	-	(7,274,793)	(7,274,793)	(18,379,248)	(25,654,041)
24	TOTAL ADJUSTMENT TO RATEBASE	-	-	-	-	(7,206,751)	(7,206,751)	(17,937,151)	(25,143,902)
25									
26									
27	Four Factor Allocation Percentages:								
28									
				Gas:		34.55%			
				Electric:		65.45%			