**To:** Bonneville Power Administration

**From:** Puget Sound Energy

**PSE Response to BPA Request for Information #1**

**2022 Annual Update to Puget Sound Energy’s**

**Transmission Rate**

PSE response to BPA’s request for information #1 to Puget Sound Energy’s 2023 Annual Update to its Transmission Formula Rate. PSE responses in green text below.

* 1. Refer to 2023\_Formula\_Rate\_Year\_Comparison, Line 16, New Transmission Plant Additions for Current Calendar Year (weighted by months in service). Please provide a detailed explanation for the 123.71%, increase, including a summary of the main drivers.

**PSE Response to BPA 1.1:** Referring to formula line 16, New Transmission Plant Additions for the Current Year increased 123.71%, or $20.4 million, primarily due to three large capital projects projected to go into service in 2023. As was discussed in the PSE 2022 Attachment K meeting, $28 million from the Energize Eastside project’s 230 kV substation at Richards Creek, $23.9 million for the Sammamish-Juanita 115 kV line, and $10 million of the Thurston Transmission Capacity project are all forecasted to go online in 2023. These projects are the primary drivers increasing New Transmission Plant Additions for the Current Year over new plant additions in the prior year.

* 1. Refer to Worksheet 5 in 2023\_Formula\_Rate\_PATRR. Please explain whether Puget reviewed this list under FERC’s seven-factor test and *Mansfield* test.

**PSE Response to BPA 1.2:** In the initial PSE OATT formula rate case (January 6, 2012, ER12-778-000) PSE Attachment A is the petition to the Washington Utilities and Transportation Commission (WUTC) and FERC to reclassify the 115 kV plant as transmission plant to follow the NERC definition of transmission plant. PSE used the FERC seven-factor test as the basis of classifying transmission plant as plant above the 100 kV rating. The Settlement to the initial filing (approved by FERC May 6, 2013, ER12-778-000) included approval for the results of the FERC seven – factor test and classification requirement of plant above 100 kV as transmission plant, both for accounting and reporting as well as rate recovery under the FERC jurisdiction. PSE has continued to classify plant over 100 kV as transmission plant as per the Settlement.

* 1. Refer to 2023\_Formula\_Rate\_Year\_Comparison, Line 43, Total Prepayments Allocated to Transmission. Please provide a detailed explanation for the 43.28% increase, including a summary of the main drivers.

**PSE Response to BPA 1.3:** Referring to line 43, Total Prepayments Allocated to transmission increased 43.28%, or $1.8 million, primarily due to renewed or new prepaid application software contracts (primarily Oracle, SAP, and Zetron system contracts).

* 1. Refer to 2023\_Formula\_Rate\_Year\_Comparison, Line 47, Undistributed Stores Exp. Please provide a detailed explanation for the 138.39%, increase, including a summary of the main drivers.

**PSE Response to BPA 1.4:** Referring to the formula line 47, Undistributed Stores expense increased 138.39%, or $385 thousand of which $54 thousand was allocated to the revenue requirement. The primary driver for increased supplies is replenishing materials and supplies levels effected by COVID supply chain disruptions, constraints and shortages.

* 1. Refer to 2023\_Formula\_Rate\_Year\_Comparison, Line 51, Total Materials & Supplies Allocated to Transmission. Please provide a detailed explanation for the 12.7% increase, including a summary of the main drivers.

**PSE Response to BPA 1.5:** Referring to the formula line 51, Total Materials and Supplies Allocated to Transmission increased 12.7%, or $89 thousand, primarily due to replenishing materials and supplies levels effected by COVID supply chain disruptions, constraints and shortages.

* 1. Refer to 2023\_Formula\_Rate\_Year\_Comparison, Line 60. Please explain the drivers behind the $19 million increase, with reference to specific FERC Accounts.

**PSE Response to BPA 1.6:** Referring to formula line 60, Transmission O&M increased $19 million, or 13.13% primarily due to increases in account 565 Transmission of Electricity By Others, or direct assigned O&M to third parties. As shown in formula line 63, direct assigned O&M to third parties is removed from the revenue requirement. PSE transmission O&M that flows through to the revenue requirement, as shown on formula line 64, increased $1.123 million, or 5.51%, primarily due to increased transmission plant and increases in the cost of operating and maintaining the PSE transmission system.

* 1. Refer to 2023\_Formula\_Rate\_Year\_Comparison, Line 65. Please explain the drivers behind the $9.2 million increase, with reference to specific FERC Accounts. BPA understands that only a fraction is allocated to Transmission.

**BPA Response to BPA 1.7:** Referring to formula line 65, Total Administration and General Expenses increased $9.2 million, or 6.11%, primarily due to increases in regulatory commission expenses and slight increase in wages due to hiring and increases in cost of labor. As shown in formula line 68, regulatory expenses attributed to state regulatory is removed and therefore excluded from the revenue requirement.

* 1. Refer to Attachment 6, cell F119. Please explain why the interest rate is the same for the AATRR and PATRR.

**PSE Response to BPA 1.8:** Referring to Attachment 6, the interest rate is part of the compilation of the True –Up that only applies to the PATRR that incorporates the True-Up adjustment to the transmission rate. In the AATRR, Attachment 6 does not flow the transmission plant forecast (AATRR formula line 16) nor the True-Up adjustment (AATRR formula line 178) into the revenue requirement. You will notice that AATRR formula lines 16 and 178 are blank. Therefore, the AATRR Attachment 6 (as well as 6A – Colstrip and 6B - Southern Intertie) is an unused carry-over from the PATRR.

* 1. Please provide a copy of Puget’s FERC Form 1.

**PSE Response to BPA 1.9:** An HTML version of the PSE FERC Form 1 will be sent via email to the BPA email addresses sent with the Information Request. The HTML file is 14.3MB, but hopefully not too large for the BPA email parameters and able to get through the BPA email firewall. If not, the PSE FERC Form 1 was filed with FERC April 14, 2023, so a search on the FERC elibrary for Puget Sound Energy on 04/14/2023 will find it as one of the top results.