

**PUGET SOUND ENERGY
COST RECOVERY MECHANISM
2015 PROGRAM YEAR
SEPTEMBER 2015 UPDATE**

2014 CRM Program, Year 2	\$ 2,086,137
2015 CRM Program, Year 1	5,143,082
2014 CRM Program Year 1 True Up to Actuals	(30,244)
Total Revenue Requirement For September 2015 Filing	\$ 7,198,975

* True Up due to Bonus Depreciation approved in late December 2014 and the update for October 2014 actual amounts.

Cost Recovery Mechanism (CRM)
 Allocated Cost of Service and Rates for November 1, 2015 - October 31, 2016

Allocation Factor	Total	23, 16 Residential	31, 31T Commercial & Industrial	41, 41T Large Volume	85, 85T Interruptible	86, 86T Limited Interruptible	87, 87T Non-Exclusive Interruptible	Contracts
Projected Therms November 2015 - October 2016	1,207,138,104	621,398,189	222,094,711	101,137,908	101,685,782	10,619,898	111,418,067	38,783,549
2015 Program Year 1 Rates								
Revenue Requirement	\$ 5,143,082	\$ 3,373,050	\$ 1,188,316	\$ 266,505	\$ 125,421	\$ 25,729	\$ 116,334	\$ 47,727
Rate per Therm	\$ 0.00426	\$ 0.00543	\$ 0.00535	\$ 0.00264	\$ 0.00123	\$ 0.00242	\$ 0.00104	\$ 0.00123
Rate per Mantle		\$ 0.10						
Annual Revenue from Rates	\$ 5,143,755	\$ 3,374,192	\$ 1,188,207	\$ 267,004	\$ 125,074	\$ 25,700	\$ 115,875	\$ 47,704
2014 Program Year 2 Rates								
Revenue Requirement	\$ 2,055,893	\$ 1,357,264	\$ 477,865	\$ 101,327	\$ 47,631	\$ 9,887	\$ 43,890	\$ 18,029
Rate per Therm	\$ 0.00170	\$ 0.00218	\$ 0.00215	\$ 0.00100	\$ 0.00047	\$ 0.00093	\$ 0.00039	\$ 0.00046
Rate per Mantle		\$ 0.04						
Annual Revenue from Rates	\$ 2,052,252	\$ 1,354,648	\$ 477,504	\$ 101,138	\$ 47,792	\$ 9,877	\$ 43,453	\$ 17,840
Rounding Error	\$ (2,968)	\$ (1,474)	\$ (471)	\$ 310	\$ (186)	\$ (40)	\$ (896)	\$ (212)
Total CRM Rates (Effective Nov 1, 2015)								
Rate per Therm	\$ 0.00596	\$ 0.00761	\$ 0.00750	\$ 0.00364	\$ 0.00170	\$ 0.00335	\$ 0.00143	\$ 0.00169
Rate per Mantle		\$ 0.14						

Puget Sound Energy
 IPL-CRM REVENUE REQUIREMENT MODEL
 Program Year 2015

(Spending November 1 to October 31)

Input Capital Costs and Rates			
Cost of Capital	% of Capital	Cost	Weighted Cost
Pre Tax Long Term Debt	4.00%	2.68%	0.11%
Pre Tax Short Term Debt	48.00%	6.16%	2.96%
Common Equity	48.00%	9.80%	4.70%
Total Pre Tax Cost of Capital	100.00%		7.77%
Federal Tax Rate			35.00%
Revenue Sensitive Rate			4.41%
Depreciation Rate			2.88%
Bonus Tax Depreciation toggled (1 = yes, 2 = no)			2
Replacement Plan Investment			
Normalized Investment (baseline)			
Investment			\$37,756,932

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
1 Depreciation	\$ 1,088,939	\$ 1,088,939	\$ 1,088,939	\$ 1,088,939	\$ 1,088,939	\$ 1,088,939	\$ 1,088,939
2 Federal Taxes on Equity Return	\$ 941,114	\$ 904,828	\$ 863,643	\$ 824,202	\$ 786,374	\$ 750,039	\$ 715,085
Return on Rate Base							
3 Long Term Debt	\$ 39,830	\$ 38,295	\$ 36,552	\$ 34,882	\$ 33,281	\$ 31,744	\$ 30,264
4 Short Term Debt	\$ 1,098,606	\$ 1,056,248	\$ 1,008,171	\$ 962,129	\$ 917,971	\$ 875,556	\$ 834,753
5 Common Equity	\$ 1,747,783	\$ 1,680,394	\$ 1,603,908	\$ 1,530,660	\$ 1,460,409	\$ 1,392,930	\$ 1,328,016
6 Total Return	\$ 2,886,220	\$ 2,774,937	\$ 2,648,630	\$ 2,527,672	\$ 2,411,662	\$ 2,300,230	\$ 2,193,033
7 Cost of Service	\$ 4,916,272	\$ 4,768,703	\$ 4,601,211	\$ 4,440,812	\$ 4,286,975	\$ 4,139,208	\$ 3,997,056
8 Revenue Sensitive Items	\$ 226,810	\$ 220,002	\$ 212,275	\$ 204,875	\$ 197,778	\$ 190,960	\$ 184,402
9 Total Cost of Service	\$ 5,143,082	\$ 4,988,705	\$ 4,813,486	\$ 4,645,687	\$ 4,484,752	\$ 4,330,168	\$ 4,181,459
10							
11							
12 Total Cost of Service (Capital & O&M)	\$ 5,143,082	\$ 4,988,705	\$ 4,813,486	\$ 4,645,687	\$ 4,484,752	\$ 4,330,168	\$ 4,181,459
13							
19 Rate Base - net of deprec. & def. tax	\$ 37,155,247	\$ 35,722,664	\$ 34,096,681	\$ 32,539,547	\$ 31,046,110	\$ 29,611,611	\$ 28,231,624
20							
21							
22 Federal Taxable Equity Income	\$ 2,688,897	\$ 2,585,222	\$ 2,467,551	\$ 2,354,862	\$ 2,246,783	\$ 2,142,970	\$ 2,043,101
23 Less: Federal Tax	\$ 941,114	\$ 904,828	\$ 863,643	\$ 824,202	\$ 786,374	\$ 750,039	\$ 715,085
24 Return	\$ 1,747,783	\$ 1,680,394	\$ 1,603,908	\$ 1,530,660	\$ 1,460,409	\$ 1,392,930	\$ 1,328,016
25							
26							
27 Book Depreciation	\$ 1,088,939	\$ 1,088,939	\$ 1,088,939	\$ 1,088,939	\$ 1,088,939	\$ 1,088,939	\$ 1,088,939
28 Tax Depreciation	\$ 1,415,885	\$ 2,725,673	\$ 2,521,030	\$ 2,332,246	\$ 2,157,054	\$ 1,995,454	\$ 1,845,559
29 Book-Tax Difference	\$ 326,946	\$ 1,636,734	\$ 1,432,092	\$ 1,243,307	\$ 1,068,115	\$ 906,515	\$ 756,620
30 Tax Effect	\$ 114,431	\$ 572,857	\$ 501,232	\$ 435,157	\$ 373,840	\$ 317,280	\$ 264,817
31							
32 MACRS Depreciation - 20	3.75%	7.22%	6.68%	6.18%	5.71%	5.29%	4.89%

Cost Recovery Mechanism (CRM)
 Allocated Cost of Service and Rates for November 1, 2015 - October 31, 2016

	Allocation Factor	Total	23, 16 Residential	31, 31T Commercial & Industrial	41, 41T Large Volume	85, 85T Interruptible	86, 86T Limited Interruptible	87, 87T Non-Exclusive Interruptible	Contracts
Plant Revenue Requirement									
Mains 376		\$ 3,586,114	\$ 2,331,063	\$ 821,917	\$ 197,997	\$ 93,309	\$ 18,871	\$ 87,225	\$ 35,732
Services 380		\$ 241,219	\$ 176,498	\$ 61,574	\$ 1,825	\$ 746	\$ 391	\$ 98	\$ 87
Total		\$ 3,827,333	\$ 2,507,561	\$ 883,492	\$ 199,822	\$ 94,055	\$ 19,261	\$ 87,324	\$ 35,819
Depreciation									
Mains 376	376	\$ 979,951	\$ 636,992	\$ 224,599	\$ 54,105	\$ 25,498	\$ 5,157	\$ 23,835	\$ 9,764
Services 380	380	\$ 108,988	\$ 79,745	\$ 27,821	\$ 825	\$ 337	\$ 177	\$ 44	\$ 39
Total		\$ 1,088,939	\$ 716,738	\$ 252,420	\$ 54,930	\$ 25,835	\$ 5,333	\$ 23,880	\$ 9,803
Revenue Requirement Before Other Taxes		\$ 4,916,272	\$ 3,224,299	\$ 1,135,911	\$ 254,752	\$ 119,890	\$ 24,595	\$ 111,203	\$ 45,622
Revenue Taxes		0.955900							
Revenue Requirement		\$ 5,143,082	\$ 3,373,050	\$ 1,188,316	\$ 266,505	\$ 125,421	\$ 25,729	\$ 116,334	\$ 47,727
Percent of Total		100.0%	65.6%	23.1%	5.2%	2.4%	0.5%	2.3%	0.9%
Projected Therms November 2015 - October 2016		1,207,138,104	621,398,189	222,094,711	101,137,908	101,685,782	10,619,898	111,418,067	38,783,549
Rate per Therm		\$ 0.00426	\$ 0.00543	\$ 0.00535	\$ 0.00264	\$ 0.00123	\$ 0.00242	\$ 0.00104	\$ 0.00123
Rate per Mantle			\$ 0.10						
Annual Revenue from Rates		\$ 5,143,755	\$ 3,374,192	\$ 1,188,207	\$ 267,004	\$ 125,074	\$ 25,700	\$ 115,875	\$ 47,704

Puget Sound Energy
IPL-CRM REVENUE REQUIREMENT MODEL

Program Year

2014

(Spending November 1 to October 31)

		Originally Filed in 2014	Updated Cost for 2014 Filing (Actuals through October 2014)	Difference
1	Depreciation	\$ 507,420	\$ 535,993	\$ 28,573
2	Federal Taxes on Equity Return	\$ 425,958	\$ 411,823	\$ (14,135)
	Return on Rate Base			
3	Long Term Debt	\$ 18,028	\$ 17,429	\$ (598)
4	Short Term Debt	\$ 497,240	\$ 480,740	\$ (16,500)
5	Common Equity	\$ 791,064	\$ 764,814	\$ (26,250)
6	Total Return	\$ 1,306,332	\$ 1,262,983	\$ (43,348)
7	Cost of Service	\$ 2,239,710	\$ 2,210,800	\$ (28,910)
8	Revenue Sensitive Items	\$ 103,328	\$ 101,994	\$ (1,334)
9	Total Cost of Service	\$ 2,343,038	\$ 2,312,794	\$ (30,244)
10				
11				
12	Total Cost of Service (Capital & O&M)	\$ 2,343,038	\$ 2,312,794	\$ (30,244)
13				
14				
15	Annual Cost of Service as % of Investment	13.71%	12.80%	0.91%
16				
17		\$ 253,710	\$ 267,997	\$ 14,287
18		\$ 23,380	\$ 1,546,959	\$ 1,523,579
19	Rate Base - net of deprec. & def. tax	\$ 16,816,835	\$ 16,258,797	\$ (558,038)
20				
21				
22	Federal Taxable Equity Income	\$ 1,217,021	\$ 1,176,637	\$ (40,385)
23	Less: Federal Tax	\$ 425,958	\$ 411,823	\$ (14,135)
24	Return	\$ 791,064	\$ 764,814	\$ (26,250)
25				
26				
27	Book Depreciation	\$ 507,420	\$ 535,993	\$ 28,573
28	Tax Depreciation	\$ 641,022	\$ 9,375,759	\$ 8,734,737
29	Book-Tax Difference	\$ 133,602	\$ 8,839,766	\$ 8,706,164
30	Tax Effect	\$ 46,761	\$ 3,093,918	\$ 3,047,157
31				
32	MACRS Depreciation - 20 year	3.75%	51.88%	
33				
34				

Cost Recovery Mechanism (CRM)
 Allocated Cost of Service and Rates for November 1, 2015 - October 31, 2016

Allocation Factor	Total	23, 16 Residential	31, 31T	41, 41T	85, 85T Interruptible	86, 86T	87, 87T	Contracts
			Commercial & Industrial	Large Volume		Limited Interruptible	Non-Exclusive Interruptible	
Plant Revenue Requirement								
Mains 376	\$ 1,249,305	\$ 812,079	\$ 286,334	\$ 68,977	\$ 32,506	\$ 6,574	\$ 30,387	\$ 12,448
Services 380	\$ 151,357	\$ 110,746	\$ 38,636	\$ 1,145	\$ 468	\$ 245	\$ 62	\$ 54
Total	\$ 1,400,662	\$ 922,826	\$ 324,969	\$ 70,122	\$ 32,974	\$ 6,819	\$ 30,449	\$ 12,503
Depreciation								
Mains 376	376 \$ 471,493	\$ 306,482	\$ 108,064	\$ 26,032	\$ 12,268	\$ 2,481	\$ 11,468	\$ 4,698
Services 380	380 \$ 93,074	\$ 68,101	\$ 23,758	\$ 704	\$ 288	\$ 151	\$ 38	\$ 33
Total	\$ 564,566	\$ 374,583	\$ 131,822	\$ 26,736	\$ 12,556	\$ 2,632	\$ 11,506	\$ 4,731
Revenue Requirement Before Other Taxes	\$ 1,965,228	\$ 1,297,409	\$ 456,791	\$ 96,859	\$ 45,530	\$ 9,451	\$ 41,955	\$ 17,234
Revenue Taxes	0.955900							
Revenue Requirement	\$ 2,055,893	\$ 1,357,264	\$ 477,865	\$ 101,327	\$ 47,631	\$ 9,887	\$ 43,890	\$ 18,029
Percent of Total	100.0%	66.0%	23.2%	4.9%	2.3%	0.5%	2.1%	0.9%
Projected Therms November 2015 - October 2016	1,207,138,104	621,398,189	222,094,711	101,137,908	101,685,782	10,619,898	111,418,067	38,783,549
Rate per Therm	\$ 0.00170	\$ 0.00218	\$ 0.00215	\$ 0.00100	\$ 0.00047	\$ 0.00093	\$ 0.00039	\$ 0.00046
Rate per Mantle		\$ 0.04						
Annual Revenue from Rates	\$ 2,052,252	\$ 1,354,648	\$ 477,504	\$ 101,138	\$ 47,792	\$ 9,877	\$ 43,453	\$ 17,840

Puget Sound Energy
IPL-CRM REVENUE REQUIREMENT MODEL
Program Year 2014

(Spending November 1 to October 31)

Input Capital Costs and Rates			
Cost of Capital	% of Capital	Cost	Weighted Cost
Pre Tax Long Term Debt	4.00%	2.68%	0.11%
Pre Tax Short Term Debt	48.00%	6.16%	2.96%
Common Equity	48.00%	9.80%	4.70%
Total Pre Tax Cost of Capital	100.00%		7.77%
Federal Tax Rate			35.00%
Revenue Sensitive Rate			4.41%
Depreciation Rate			2.97%
Bonus Tax Depreciation toggled (1 = yes, 2 = no)			2
Replacement Plan Investment			
Normalized Investment (baseline)			
Investment			\$17,093,926

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
1 Depreciation	\$ 507,420	\$ 507,420	\$ 507,420	\$ 507,420	\$ 507,420	\$ 507,420	\$ 507,420
2 Federal Taxes on Equity Return	\$ 425,958	\$ 409,292	\$ 390,409	\$ 372,315	\$ 354,952	\$ 338,264	\$ 322,202
Return on Rate Base							
3 Long Term Debt	\$ 18,028	\$ 17,322	\$ 16,523	\$ 15,757	\$ 15,022	\$ 14,316	\$ 13,636
4 Short Term Debt	\$ 497,240	\$ 477,786	\$ 455,742	\$ 434,621	\$ 414,352	\$ 394,872	\$ 376,121
5 Common Equity	\$ 791,064	\$ 760,114	\$ 725,045	\$ 691,442	\$ 659,196	\$ 628,205	\$ 598,375
6 Total Return	\$ 1,306,332	\$ 1,255,222	\$ 1,197,310	\$ 1,141,820	\$ 1,088,570	\$ 1,037,393	\$ 988,133
7 Cost of Service	\$ 2,239,710	\$ 2,171,934	\$ 2,095,140	\$ 2,021,556	\$ 1,950,942	\$ 1,883,078	\$ 1,817,755
8 Revenue Sensitive Items	\$ 103,328	\$ 100,201	\$ 96,658	\$ 93,264	\$ 90,006	\$ 86,875	\$ 83,861
9 Total Cost of Service	\$ 2,343,038	\$ 2,272,136	\$ 2,191,798	\$ 2,114,819	\$ 2,040,948	\$ 1,969,953	\$ 1,901,616
10							
11							
12 Total Cost of Service (Capital & O&M)	\$ 2,343,038	\$ 2,272,136	\$ 2,191,798	\$ 2,114,819	\$ 2,040,948	\$ 1,969,953	\$ 1,901,616
13							
14							
15 Annual Cost of Service as % of Investment	13.71%	13.29%	12.82%	12.37%	11.94%	11.52%	11.12%
16							
17	\$ 253,710						
18	\$ 23,380						
19 Rate Base - net of deprec. & def. tax	\$ 16,816,835	\$ 16,158,881	\$ 15,413,368	\$ 14,699,025	\$ 14,013,520	\$ 13,354,699	\$ 12,720,556
20							
21							
22 Federal Taxable Equity Income	\$ 1,217,021	\$ 1,169,406	\$ 1,115,454	\$ 1,063,757	\$ 1,014,148	\$ 966,469	\$ 920,577
23 Less: Federal Tax	\$ 425,958	\$ 409,292	\$ 390,409	\$ 372,315	\$ 354,952	\$ 338,264	\$ 322,202
24 Return	\$ 791,064	\$ 760,114	\$ 725,045	\$ 691,442	\$ 659,196	\$ 628,205	\$ 598,375
25							
26							
27 Book Depreciation	\$ 507,420	\$ 507,420	\$ 507,420	\$ 507,420	\$ 507,420	\$ 507,420	\$ 507,420
28 Tax Depreciation	\$ 641,022	\$ 1,234,011	\$ 1,141,361	\$ 1,055,892	\$ 976,576	\$ 903,414	\$ 835,551
29 Book-Tax Difference	\$ 133,602	\$ 726,590	\$ 633,941	\$ 548,471	\$ 469,156	\$ 395,994	\$ 328,131
30 Tax Effect	\$ 46,761	\$ 254,307	\$ 221,879	\$ 191,965	\$ 164,204	\$ 138,598	\$ 114,846
31							
32 MACRS Depreciation - 20	3.75%	7.22%	6.68%	6.18%	5.71%	5.29%	4.89%

Year	20-Years	bonus only	normal depr	total with bonus			
1	3.750%	50.000%	1.875%	51.875%	x	1,000	=
2	7.219%		3.610%	3.610%	x	1,000	=
3	6.677%		3.339%	3.339%	x	1,000	=
4	6.177%		3.089%	3.089%	x	1,000	=
5	5.713%		2.857%	2.857%	x	1,000	=
6	5.285%		2.643%	2.643%	x	1,000	=
7	4.888%		2.444%	2.444%	x	1,000	=
8	4.522%		2.261%	2.261%	x	1,000	=
9	4.462%		2.231%	2.231%	x	1,000	=
10	4.461%		2.231%	2.231%	x	1,000	=
11	4.462%		2.231%	2.231%	x	1,000	=
12	4.461%		2.231%	2.231%	x	1,000	=
13	4.462%		2.231%	2.231%	x	1,000	=
14	4.461%		2.231%	2.231%	x	1,000	=
15	4.462%		2.231%	2.231%	x	1,000	=
16	4.461%		2.231%	2.231%	x	1,000	=
17	4.462%		2.231%	2.231%	x	1,000	=
18	4.461%		2.231%	2.231%	x	1,000	=
19	4.462%		2.231%	2.231%	x	1,000	=
20	4.461%		2.231%	2.231%	x	1,000	=
21	2.231%		1.116%	1.116%	x	1,000	=
	<u>100.000%</u>	<u>50.000%</u>	<u>50.000%</u>	<u>100.000%</u>			

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Cost Recovery Mechanism (CRM)
 Allocated Cost of Service and Rates for November 1, 2014 - October 31, 2015

Allocation Factor	Total	23, 16 Residential	31, 31T	41, 41T	85, 85T Interruptible	86, 86T	87, 87T	Contracts
			Commercial & Industrial	Large Volume		Limited Interruptible	Non-Exclusive Interruptible	
Plant Revenue Requirement								
Mains 376	\$ 1,542,383	\$ 1,002,587	\$ 353,505	\$ 85,158	\$ 40,132	\$ 8,116	\$ 37,516	\$ 15,368
Services 380	\$ 189,906	\$ 138,953	\$ 48,476	\$ 1,437	\$ 587	\$ 308	\$ 77	\$ 68
Total	\$ 1,732,289	\$ 1,141,540	\$ 401,982	\$ 86,595	\$ 40,719	\$ 8,424	\$ 37,593	\$ 15,437
Depreciation								
Mains 376	376 \$ 421,593	\$ 274,046	\$ 96,627	\$ 23,277	\$ 10,970	\$ 2,218	\$ 10,254	\$ 4,201
Services 380	380 \$ 85,828	\$ 62,799	\$ 21,909	\$ 650	\$ 265	\$ 139	\$ 35	\$ 31
Total	\$ 507,420	\$ 336,845	\$ 118,535	\$ 23,927	\$ 11,235	\$ 2,358	\$ 10,289	\$ 4,232
Revenue Requirement Before Other Taxes	\$ 2,239,710	\$ 1,478,385	\$ 520,517	\$ 110,522	\$ 51,954	\$ 10,781	\$ 47,882	\$ 19,668
Revenue Taxes	0.955900							
Revenue Requirement	\$ 2,343,038	\$ 1,546,589	\$ 544,531	\$ 115,621	\$ 54,351	\$ 11,279	\$ 50,091	\$ 20,576
Percent of Total	100.0%	66.0%	23.2%	4.9%	2.3%	0.5%	2.1%	0.9%
Projected Therms November 2014 - October 2015	1,184,162,950	603,460,316	219,873,879	89,882,437	89,619,352	8,459,670	130,637,060	42,230,237
Rate per Therm	\$ 0.00198	\$ 0.00256	\$ 0.00248	\$ 0.00129	\$ 0.00061	\$ 0.00133	\$ 0.00038	\$ 0.00049
Rate per Mantle		\$ 0.05						
Annual Revenue from Rates	\$ 2,342,348	\$ 1,544,858	\$ 545,287	\$ 115,948	\$ 54,668	\$ 11,251	\$ 49,642	\$ 20,693

Pipeline Integrity Program
Allocation Factors for Mains and Services

Account	Description	Total	23, 16 Residential	31, 31T Commercial & Industrial	41, 41T Large Volume	85, 85T Interruptible	86, 86T Limited Interruptible	87, 87T Non-Exclusive Interruptible	Contracts
380	Services	\$ 709,842,395	\$ 521,396,625	\$ 181,898,443	\$ 5,392,717		\$ 1,154,609		
380	Services Direct	\$ 2,750,063				\$ 2,203,904		\$ 290,012	\$ 256,147
	Services - Accum Reserve	\$ (300,389,260)	\$ (220,643,269)	\$ (76,975,310)	\$ (2,282,076)		\$ (488,605)		
	Services Direct - Accum Reserve	\$ (1,163,765)				\$ (932,642)		\$ (122,727)	\$ (108,396)
380	Services Total	\$ 411,039,434	\$ 300,753,356	\$ 104,923,133	\$ 3,110,641	\$ 1,271,262	\$ 666,005	\$ 167,285	\$ 147,751
	Percent	100.0%	73.2%	25.5%	0.8%	0.3%	0.2%	0.0%	0.0%
376	Mains	\$ 1,340,632,646	\$ 871,444,527	\$ 307,265,463	\$ 74,019,070	\$ 34,882,573	\$ 7,054,551	\$ 32,608,363	\$ 13,358,097
	Mains - Accum Reserve	\$ (389,908,287)	\$ (253,450,074)	\$ (89,364,787)	\$ (21,527,634)	\$ (10,145,213)	\$ (2,051,739)	\$ (9,483,784)	\$ (3,885,056)
	Mains Total	\$ 950,724,359	\$ 617,994,454	\$ 217,900,676	\$ 52,491,436	\$ 24,737,360	\$ 5,002,813	\$ 23,124,579	\$ 9,473,041
	Percent	100.0%	65.0%	22.9%	5.5%	2.6%	0.5%	2.4%	1.0%

Source: 2011 Gas General Rate Case, Docket UG-111049, compliance cost of service study.

COST BREAKDOWN BY PROGRAM

2014 FILED				
WBS Element	WBS Description	Nov 13-Sept 2014 Costs	Oct 2014 Forecast	Total CRM Actual and Forecast
P100126601	CAP-Dupont Plastic Replacement	\$8,552,566	\$1,369,716	\$9,922,282
P100128501	CAP - Older Wrapped Steel Main Replacemnt	\$4,459,570	\$838,110	\$5,297,681
P100128201	CAP - Wrapped Steel Service Replacement	\$1,554,161	\$319,802	\$1,873,963
Grand Total		\$14,566,298	\$2,527,628	\$17,093,926
Mains				\$15,219,963
Services				\$1,873,963
				89.04%
				10.96%

DEPRECIATION EXPENSE CALCULATION

Type	Rate per Study	FERC G376	FERC G380	Total
Main	2.77%	421,592.97		421,592.97
Services	4.58%		85,827.51	85,827.51
Total Annual Depr		421,592.97	85,827.51	507,420.48
WEIGHTED AVERAGE COMPOSITE RATE				2.97%

2015				
WBS Element	WBS Description	Actuals Nov 2014 - Jul 2015	Forecast Aug 2015 - Oct 2015	Total CRM Actual and Forecast
P100126601	CAP-Dupont Plastic Replacement	\$22,690,715	\$5,234,885	\$27,925,599
P100128501	CAP - Older Wrapped Steel Main Replacemnt	\$6,082,899	\$1,969,286	\$7,452,185
P100128201	CAP - Wrapped Steel Service Replacement	\$1,956,095	\$413,552	\$2,379,647
Grand Total		\$30,739,208	\$7,017,723	\$37,756,932
Mains				\$35,377,285
Services				\$2,379,647
				93.70%
				6.30%

DEPRECIATION EXPENSE CALCULATION

Type	Rate per Study	FERC G376	FERC G380	Total
Main	2.77%	979,950.79		979,950.79
Services	4.58%		108,987.83	108,987.83
Total Annual Depr		979,950.79	108,987.83	1,088,938.62
WEIGHTED AVERAGE COMPOSITE RATE				2.88%

True up of 2014 Cost, September 2015				
WBS Element	WBS Description	Nov 13-Sept 2014 Costs	Oct 2014 Actuals	Total 2014 CRM Actual
P100126601	CAP-Dupont Plastic Replacement	\$8,552,566	\$2,122,315	\$10,674,881
P100128501	CAP - Older Wrapped Steel Main Replacemnt	\$4,459,570	\$986,234	\$5,445,804
P100128201	CAP - Wrapped Steel Service Replacement	\$1,554,161	\$398,906	\$1,953,068
Grand Total		\$14,566,298	\$3,507,455	\$18,073,753
Mains				\$16,120,685
Services				\$1,953,068
				89.19%
				10.81%

DEPRECIATION EXPENSE CALCULATION

Type	Rate per Study	FERC G376	FERC G380	Total
Main	2.77%	446,542.98		446,542.98
Services	4.58%		89,450.51	89,450.51
Total Annual Depr		446,542.98	89,450.51	535,993.49
WEIGHTED AVERAGE COMPOSITE RATE				2.97%

36.10 years
21.83 years

36.10 years
21.83 years

**PUGET SOUND ENERGY-ELECTRIC
PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
2011 GENERAL RATE INCREASE WITH NEW PCB COSTS**

LINE NO.	DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1	SHORT TERM DEBT	4.00%	2.68%	0.11%
2	LONG TERM DEBT	48.00%	6.16%	2.96%
3	PREFERRED	0.00%	0.00%	0.00%
4	EQUITY	48.00%	9.80%	4.70%
5	TOTAL	100.00%		7.77%
6				
7	AFTER TAX SHORT TERM DEBT ((LINE 1)* 65%)	4.00%	1.74%	0.07%
8	AFTER TAX LONG TERM DEBT ((LINE 2)* 65%)	48.00%	4.00%	1.92%
9	PREFERRED	0.00%	0.00%	0.00%
10	EQUITY	48.00%	9.80%	4.70%
11	TOTAL AFTER TAX COST OF CAPITAL	100.00%		6.69%

**PUGET SOUND ENERGY-GAS
CONVERSION FACTOR - GAS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	RATE
1	BAD DEBTS	0.003723
2	ANNUAL FILING FEE	0.002000
3	STATE UTILITY TAX - NET OF BAD DEBTS (3.852% - (LINE 1 * 3.852%))	3.852% <u>0.038377</u>
4		
5	SUM OF TAXES OTHER	0.044100
6		
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)	0.955900
8	FEDERAL INCOME TAX (LINE 7 * 35%)	35% 0.334565
9	CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 5 + LINE 8)	<u>0.621335</u>

104 MACRS

Table 14.

150% declining balance method and a half-year convention

And the Recovery Period is

Electric T & D Gas D

If the Recovery Year Is	And the Recovery Period is					
	3yr	5 yr	7 yr	10 yr	15 yr	20 yr
1	33.33	20.00	14.29	10.00	5.00	3.75%
2	44.45	32.00	24.49	18.00	9.50%	7.22%
3	14.81	19.20	17.49	14.40	8.55	6.68%
4	7.41	11.52	12.49	11.52	7.70	6.18%
5		11.52	8.93	9.22	6.93	5.71%
6		5.76	8.92	7.37	6.23	5.29%
7			8.93	6.55	5.90	4.89%
8			4.46	6.55	5.90	4.52%
9				6.56	5.91	4.46%
10				6.55	5.90	4.46%
11				3.28	5.91	4.46%
12					5.90	4.46%
13					5.91	4.46%
14					5.90	4.46%
15					5.91	4.46%
16					2.95	4.46%
17						4.46%
18						4.46%
19						4.46%
20						4.46%
21						2.23%
	100	100	100	100	90.595	1