

EXHIBIT NO. ___(DAD-12)
DOCKET NO. UE-121697/UG-121705
DOCKET NO. UE-130137/UG-130138
WITNESS: DANIEL A. DOYLE

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-121697
and UG-121705 (*consolidated*)

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-130137
and UG-130138 (*consolidated*)

**FOURTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF DANIEL A. DOYLE
ON BEHALF OF PUGET SOUND ENERGY, INC.**

DECEMBER 19, 2014

Impact on ROE of the Lack of an Earnings Sharing Dead Band (Using Electric as an Example)

Description	(A) As Filed UE-140536	(B) Adjust NOI to Achieve ROR	(C) Adjusted to Achieve ROR	(D) Adjust NOI to Achieve ROE	(E) Adjusted to Achieve ROE	(F) With Earnings Sharing with 25bp Dead Band	(G) With Earnings Sharing with No Dead Band
10 Restated Net Operating Income	a						
11 Restated Rate Base	b						
12							
13 Normalized Overall Rate of Return	c=a/b						
14 Authorized Rate of Return	7.56%	0.21%	7.77%	0.15%	7.92%	7.92%	7.84%
15 Rate of Return Shortfall	7.77%	0.21%	7.77%	0.15%	7.77%	7.77%	7.77%
16	(0.21%)		0.00%		0.15%	0.15%	0.07%
17							
18 Restated Net Operating Income	d=a						
19 Restated Interest Expense	e						
20 Restated NOI less Restated Interest Exp	f=d-e						
21							
22 Restated Rate Base	g=b						
23 Actual Equity Percent	h						
24 Equity Rate Base	i=g*h						
25							
26 Restated Return on Actual Equity	j=f/i	0.44%	9.50%	0.30%	9.80%	9.80%	9.65%
27 Authorized Return on Equity	9.80%	0.44%	9.80%	0.30%	9.80%	9.80%	9.80%
28 Return on Equity Shortfall	(0.74%)		(0.30%)		0.00%	0.00%	(0.15%)