

**EXH. SEF-9
DOCKETS UE-170033/UG-170034
2017 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-170033
Docket UG-170034**

**FIRST EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED SUPPLEMENTAL DIRECT TESTIMONY OF**

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

APRIL 3, 2017

PUGET SOUND ENERGY-GAS
GENERAL RATE INCREASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE

LINE NO.	DESCRIPTION	
1	RATE BASE	\$ 1,760,693,633
2	RATE OF RETURN	<u>7.74%</u>
3		
4	OPERATING INCOME REQUIREMENT	\$ 136,277,687
5		
6	PRO FORMA OPERATING INCOME	<u>\$ 122,123,553</u>
7	OPERATING INCOME DEFICIENCY	<u>\$ 14,154,134</u>
8		
9	CONVERSION FACTOR	<u>0.620450</u>
10	REVENUE REQUIREMENT DEFICIENCY	<u>\$ 22,812,690</u>

Note: Amounts in bold and italics are different from January 13, 2017 original filing.

**PUGET SOUND ENERGY-GAS
PRO FORMA COST OF CAPITAL
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO. DESCRIPTION	PRO FORMA CAPITAL %	COST %	COST OF CAPITAL
1 SHORT & LONG TERM DEBT	51.50%	5.81%	2.99%
2 EQUITY	48.50%	9.80%	4.75%
3 TOTAL COST OF CAPITAL	100.00%		7.74%
4			
5 AFTER TAX DEBT	51.50%	5.81%	1.94%
6 EQUITY	48.50%	9.80%	4.75%
7 TOTAL AFTER TAX COST OF CAPITAL	100.00%		6.69%

**PUGET SOUND ENERGY-GAS
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	BAD DEBTS			0.005140
2	ANNUAL FILING FEE			0.002000
3	STATE UTILITY TAX (3.852% - (LINE 1 * 3.852%))		3.852%	0.038322
4				
5	SUM OF TAXES OTHER			0.045462
6				
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)			0.954538
8	FEDERAL INCOME TAX (LINE 7 * 35%)		35%	0.334088
9				
10	CONVERSION FACTOR			0.620450