

**EXH. SEF-10
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**

**SECOND 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
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE

LINE NO.	ACTUAL RESULTS OF OPERATIONS	REVISED TOTAL ADJUSTMENTS	REVISED ADJUSTED RESULTS OF OPERATIONS	REVISED REVENUE REQUIREMENT DEFICIENCY	REVISED AFTER RATE INCREASE	
1	OPERATING REVENUES:					
2	SALES TO CUSTOMERS	\$ 857,492,456	\$ (54,809,291)	\$ 802,683,165	\$ 22,812,690	\$ 825,495,855
3	MUNICIPAL ADDITIONS	-	0	13,051,143	-	13,051,143
4	OTHER OPERATING REVENUES	\$ 37,980,142	(24,929,000)	13,051,143	-	13,051,143
5	TOTAL OPERATING REVENUES	\$ 895,472,599	\$ (79,738,291)	\$ 815,734,308	\$ 22,812,690	\$ 838,546,998
6						
7	OPERATING REVENUE DEDUCTIONS:					
8	GAS COSTS:					
10						
11	PURCHASED GAS	\$ 326,393,369	\$ 30,816,427	\$ 357,209,797	\$ -	\$ 357,209,797
12	TOTAL PRODUCTION EXPENSES	\$ 326,393,369	\$ 30,816,427	\$ 357,209,797	\$ -	\$ 357,209,797
14	OTHER POWER SUPPLY EXPENSES	\$ 2,420,905	\$ 34,478	\$ 2,455,383	\$ -	\$ 2,455,383
15	TRANSMISSION EXPENSE	\$ 55,510,540	\$ 682,382	\$ 56,192,923	\$ -	\$ 56,192,923
16	DISTRIBUTION EXPENSE	\$ 26,085,152	\$ 3,082,069	\$ 29,167,222	\$ 117,257	\$ 29,284,479
17	CUSTOMER ACCOUNT EXPENSES	\$ 7,953,019	\$ (5,663,879)	\$ 2,289,141	\$ -	\$ 2,284,141
18	CUSTOMER SERVICE EXPENSES	\$ 12,460,807	\$ (12,460,807)	\$ -	\$ -	\$ -
19	CONSERVATION AMORTIZATION	\$ 50,479,810	\$ 1,452,435	\$ 51,932,246	\$ 45,625	\$ 51,977,871
20	ADMIN & GENERAL EXPENSE	\$ 122,080,785	\$ (20,280,517)	\$ 101,800,268	\$ -	\$ 101,800,268
21	DEPRECIATION	\$ 11,666,003	\$ (8,253)	\$ 11,657,750	\$ -	\$ 11,657,750
22	AMORTIZATION	\$ -	\$ 0	\$ -	\$ -	\$ -
23	AMORTIZATION OF PROPERTY LOSS	\$ (230,973)	\$ 8,723,078	\$ 8,492,105	\$ -	\$ 8,492,105
24	OTHER OPERATING EXPENSES	\$ -	\$ 0	\$ -	\$ -	\$ -
25	ASC 815	\$ -	\$ 0	\$ -	\$ -	\$ -
26	TAXES OTHER THAN INCOME TAXES	\$ 95,653,987	\$ (61,293,554)	\$ 34,360,433	\$ 874,228	\$ 35,234,661
27	INCOME TAXES	\$ -	\$ (506,288)	\$ (506,288)	\$ 7,621,446	\$ 7,115,158
28	DEFERRED INCOME TAXES	\$ 65,853,423	\$ (27,288,647)	\$ 38,564,776	\$ -	\$ 38,564,776
29	TOTAL OPERATING REV. DEDUCT.	\$ 776,326,830	\$ (113,532,503)	\$ 662,794,327	\$ 8,658,556	\$ 671,452,883
30	NET OPERATING INCOME	\$ 119,145,769	\$ 2,977,785	\$ 122,123,553	\$ 14,154,134	\$ 136,277,687
31						
32	RATE BASE	\$ 1,727,319,760	\$ 33,373,873	\$ 1,760,693,633	\$ -	\$ 1,760,693,633
33						
34	RATE OF RETURN	6.90%	6.94%	6.94%	7.74%	7.74%
35						
36	RATE BASE:					
37	UTILITY PLANT IN SERVICE	\$ 3,545,081,363	\$ 39,696,239	\$ 3,584,777,602	\$ -	\$ 3,584,777,602
38	ACCUMULATED DEPRECIATION	\$ (1,363,034,789)	\$ 2,736,291	\$ (1,360,298,498)	\$ -	\$ (1,360,298,498)
39	ACCUMULATED DEFERRED FIT	\$ (502,155,618)	\$ (9,058,658)	\$ (511,214,276)	\$ -	\$ (511,214,276)
40	OTHER	\$ (30,161,803)	\$ -	\$ (30,161,803)	\$ -	\$ (30,161,803)
41	TOTAL NET INVESTMENT	\$ 1,649,679,153	\$ 33,373,873	\$ 1,683,053,026	\$ -	\$ 1,683,053,026
42	ALLOWANCE FOR WORKING CAPITAL	\$ 77,640,607	\$ -	\$ 77,640,607	\$ -	\$ 77,640,607
43	TOTAL RATE BASE	\$ 1,727,319,760	\$ 33,373,873	\$ 1,760,693,633	\$ -	\$ 1,760,693,633
44						
45						
46						

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

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
Adjustment Summary (Page 1)

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12ME Sept 30, 2016	<i>REVISED</i>					DEPRECIATION STUDY 11.06
		REVENUE & EXPENSES 11.01	TEMPERATURE NORMALIZATION 11.02	PASS THROUGH REVENUE & EXPENSE 11.03	FEDERAL INCOME TAX 11.04	TAX BENEFIT OF PRO FORMA INTEREST 11.05	
1	OPERATING REVENUES:						
2	SALES TO CUSTOMERS	\$ 857,492,456	\$ (54,715,829)	\$ 58,038,526	\$ (51,812,721)	\$ -	\$ -
3	MUNICIPAL ADDITIONS	37,980,142	(24,316,522)	(612,478)			
4	TOTAL OPERATING REVENUES	\$ 895,472,599	\$ (79,032,351)	\$ 58,038,526	\$ (52,425,199)	\$ -	\$ -
5							
6	OPERATING REVENUE DEDUCTIONS:						
7							
8	GAS COSTS:						
9							
10	11 PURCHASED GAS	\$ 326,393,369	\$ (25,171,488)	\$ 30,713,140	\$ 25,274,776	\$ -	\$ -
11							
12	TOTAL PRODUCTION EXPENSES	\$ 326,393,369	\$ (25,171,488)	\$ 30,713,140	\$ 25,274,776	\$ -	\$ -
13							
14	OTHER POWER SUPPLY EXPENSES	2,420,905					
15	TRANSMISSION EXPENSE	-					
16	DISTRIBUTION EXPENSE	55,510,540					
17	CUSTOMER ACCOUNT EXPENSES	26,085,152	(406,226)	298,318	(269,466)		
18	CUSTOMER SERVICE EXPENSES	7,953,019			(5,693,636)		
19	CONSERVATION AMORTIZATION	12,460,807			(12,460,807)		
20	ADMIN & GENERAL EXPENSE	50,479,810	(158,065)	116,077	(104,850)		
21	DEPRECIATION	122,080,785					(20,259,589)
22	AMORTIZATION	11,666,003					(8,253)
23	AMORTIZATION OF PROPERTY LOSS	(230,973)					
24	OTHER OPERATING EXPENSES	-					
25	ASC 815	-					
26	TAXES OTHER THAN INCOME TAXES	95,653,987	(3,028,678)	2,224,152	(60,303,751)		
27	INCOME TAXES	-	(17,593,763)	8,640,394	396,387	26,587,825	7,093,745
28	DEFERRED INCOME TAXES	65,853,423			(27,288,647)	(18,425,659)	
29	TOTAL OPERATING REV. DEDUCT.	\$ 776,326,830	\$ (21,186,732)	\$ 11,278,941	\$ (78,436,122)	\$ (700,822)	\$ (13,174,098)
30							
31	NET OPERATING INCOME	\$ 119,145,769	\$ (32,674,131)	\$ 1,604,644	\$ 736,148	\$ 700,822	\$ 13,174,098
32							
33	RATE BASE	\$ 1,727,319,760	\$ -	\$ -	\$ -	\$ -	\$ 6,587,049
34							
35	RATE OF RETURN	6.90%					
36							
37	RATE BASE:						
38	UTILITY PLANT IN SERVICE	\$ 3,545,031,363	\$ -	\$ -	\$ -	\$ -	\$ -
39	ACCUMULATED DEPRECIATION	(1,363,034,789)					10,133,921
40	ACCUMULATED DEFERRED FIT	(502,155,618)					(3,546,872)
41	OTHER	(30,161,803)					
42	TOTAL NET INVESTMENT	\$ 1,649,679,153	\$ -	\$ -	\$ -	\$ -	\$ 6,587,049
43	ALLOWANCE FOR WORKING CAPITAL	77,640,607					
44	TOTAL RATE BASE	\$ 1,727,319,760	\$ -	\$ -	\$ -	\$ -	\$ 6,587,049
45							
46							

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

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
Adjustment Summary (Page 2)

LINE NO.	INJURIES & DAMAGES 11.07	REVISED BAD DEBTS 11.08	REVISED INCENTIVE PAY 11.09	D&O INSURANCE 11.10	CUSTOMER DEPOSITS 11.11	INTEREST ON RATE CASE EXPENSES 11.12	DEFERRED GAINS/LOSSES PROP SALES 11.13	PROPERTY & LIABILITY INS 11.14	PENSION PLAN 11.15
1 OPERATING REVENUES:									
2 SALES TO CUSTOMERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 MUNICIPAL ADDITIONS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 OTHER OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6									
7 OPERATING REVENUE DEDUCTIONS:									
8									
9 GAS COSTS:									
10 PURCHASED GAS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11									
12 TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13									
14 OTHER POWER SUPPLY EXPENSES	\$ -	\$ -	\$ (3,616)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15 TRANSMISSION EXPENSE	\$ -	\$ -	\$ (75,416)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16 DISTRIBUTION EXPENSE	\$ -	\$ -	\$ (29,562)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17 CUSTOMER ACCOUNT EXPENSES	\$ -	\$ (54,215)	\$ (3,133)	\$ -	\$ 50,137	\$ -	\$ -	\$ -	\$ -
18 CUSTOMER SERVICE EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19 CONSERVATION AMORTIZATION	\$ -	\$ -	\$ (39,008)	\$ (17,901)	\$ -	\$ 431,719	\$ (69,499)	\$ 880,140	\$ -
20 ADMIN & GENERAL EXPENSE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21 DEPRECIATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22 AMORTIZATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23 AMORTIZATION OF PROPERTY LOSS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24 ASC 815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25 TAXES OTHER THAN INCOME TAXES	\$ -	\$ -	\$ (9,300)	\$ -	\$ -	\$ -	\$ 161,677	\$ -	\$ -
26 DEFERRED INCOME TAXES	\$ -	\$ -	\$ 56,012	\$ 6,265	\$ -	\$ (151,102)	\$ (56,587)	\$ 24,325	\$ (308,049)
27									
28 TOTAL OPERATING REV. DEDUCT.	\$ (31,089)	\$ 18,975	\$ (104,023)	\$ (11,636)	\$ 50,137	\$ 280,617	\$ 105,090	\$ (45,174)	\$ 572,091
29									
30 NET OPERATING INCOME	\$ (57,738)	\$ 35,240	\$ 104,023	\$ 11,636	\$ (50,137)	\$ (280,617)	\$ (105,090)	\$ 45,174	\$ (572,091)
31									
32 RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33									
34 RATE OF RETURN	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35									
36 RATE BASE:									
37 UTILITY PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38 ACCUMULATED DEPRECIATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39 ACCUMULATED DEFERRED FIT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40 OTHER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41 TOTAL NET INVESTMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42 ALLOWANCE FOR WORKING CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43 TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44									
45									
46									

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

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
Adjustment Summary (Page 3)

LINE NO.	REVISIED INCREASE 11.16	REVISIED INVESTMENT PLAN 11.17	EMPLOYEE INSURANCE 11.18	ENVIRONMENTAL REMEDIATION 11.19	PAYMENT PROCESSING COSTS 11.20	SOUTH KING SERVICE CENTER 11.21	WUTC FILING FEE EXCISE TAX 11.22	COST RCVRY MECH 7.01	REVISIED TOTAL ADJUSTMENTS	REVISIED ADJUSTED RESULTS OF OPERATIONS
1										
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,319,268)	\$ (54,809,291)	\$ 802,683,165
3										
4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,319,268)	\$ (79,738,291)	\$ 13,051,143
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,209,797
16	\$ 38,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,478	\$ 2,455,383
17	757,798								682,382	56,192,923
18	101,412				3,424,154			(32,481)	3,082,069	29,167,222
19	27,891								(5,668,879)	2,284,141
20	397,841	71,829	90,433			(177,706)	(44,763)	(12,639)	1,452,435	51,932,246
21						(148,522)		127,594	(20,280,517)	101,800,268
22									(8,253)	11,657,750
23										
24									8,723,078	8,492,105
25				8,561,401						
26										
27										
28	72,979							(6,790)	(61,293,554)	34,360,433
29	(488,605)	(25,140)	(31,651)	(2,996,490)	(1,198,454)	114,180	18,044	(2,155,851)	(506,288)	(506,288)
30	907,409	46,689	58,781	5,564,911	2,225,700	(212,048)	(33,509)	(2,315,544)	(713,532,503)	336,409,958
31										
32	\$ (907,409)	\$ (46,689)	\$ (58,781)	\$ (5,564,911)	\$ (2,225,700)	\$ 212,048	\$ 33,509	\$ (4,003,724)	\$ 2,977,783	\$ 122,123,553
33										
34										
35										
36										
37										6.94%
38										
39										
40										
41										
42										
43										
44										
45										
46										

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