

**Exh. MCC-4  
Dockets UE-170033/UG-170034  
Witness: Melissa Cheesman**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**DOCKETS UE-170033 and  
UG-170034 (*Consolidated*)**

**EXHIBIT TO  
TESTIMONY OF**

**Melissa C. Cheesman**

**ON BEHALF OF STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

***Comparison of PSE-Staff Electric Revenue Requirements***

**June 30, 2017**

PLUGT SOUND ENERGY - ELECTRIC  
COMPARISON OF PSE STAFF REVENUE REQUIREMENTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016

Adj. No. (A)	Description (B)	PSE Direct NOI (C)	Rate Base (D)	Rev Req @7.74% (E)	Return on Rate Base (F)	NOI* (G)	Rate Base* (H)	Rev Req @7.74 (I)	NOI (J)	Rate Base (K)	Rev Req @7.77% (L)	Return on Rate Base (M)	StaffPSE Diff (N) = (E) - (I)	StaffPSE Diff (O) = (L) - (J)
-	Actual Results of Operations	401,002,972	5,153,204,462	3,464,894	7.78%	401,002,972	5,153,204,462	3,464,894	401,002,972	5,153,204,462	3,464,894	7.78%	-	(30,800,138)
	<b>Common Adjustments</b>													
13.01	REVENUES AND EXPENSES	(29,139,114)	-	47,070,619	-0.57%	(29,139,114)	-	47,070,619	(29,139,114)	-	47,070,619	-0.57%	(4,894,653)	(4,894,653)
13.02	TEMPERATURE NORMALIZATION	17,527,344	-	(28,313,247)	0.34%	20,557,384	-	(31,207,900)	17,527,344	-	(31,207,900)	0.40%	-	-
13.03	PASS-THROUGH REVENUES AND EXPENSES	(1,000,540)	-	1,616,249	-0.22%	(1,000,540)	-	1,616,249	(1,000,540)	-	1,616,249	-0.02%	-	-
13.04	FEDERAL INCOME TAX	(27,023,239)	-	43,652,686	-0.52%	(27,023,239)	-	43,652,686	(27,023,239)	-	43,652,686	-0.52%	-	-
13.05	TAX BENEFIT OF PRO FORMA INTEREST	53,347,930	-	(86,176,955)	1.04%	52,398,643	-	(84,643,300)	53,347,930	-	(84,643,300)	1.04%	1,534,455	2,665,810
13.06	DEPRECIATION STUDY	(4,610,611)	(17,305,306)	53,745,459	-0.65%	(18,354,159)	(9,177,080)	28,501,454	(18,354,159)	(9,177,080)	28,501,454	-0.34%	(25,344,006)	(25,189,155)
13.07	NORMALIZE INJURIES AND DAMAGES	69,387	-	(112,087)	0.00%	69,387	-	(112,087)	69,387	-	(112,087)	0.00%	-	-
13.08	BAD DEBTS	681,065	-	(1,100,176)	0.01%	681,065	-	(1,100,176)	681,065	-	(1,100,176)	0.01%	-	-
13.09	INCENTIVE PAY	(109,903)	-	177,535	0.00%	(109,903)	-	177,535	(109,903)	-	177,535	0.00%	-	-
13.10	DIRECTORS & OFFICERS INSURANCE	16,141	-	(26,074)	0.00%	16,141	-	(26,074)	16,141	-	(26,074)	0.00%	-	-
13.11	INTEREST ON CUSTOMER DEPOSITS	(176,666)	-	285,284	0.00%	(176,666)	-	285,284	(176,666)	-	285,284	0.00%	-	-
13.12	RATE CASE EXPENSES	(264,905)	-	427,970	-0.1%	-	-	-	-	-	-	0.00%	(427,970)	(427,970)
13.13	DEFERRED GAIN/LOSSES ON PROPERTY SALES	171,200	-	(276,552)	0.00%	171,200	-	(276,552)	171,200	-	(276,552)	0.00%	-	-
13.14	PROPERTY & LIABILITY INSURANCE	66,147	-	(106,852)	0.00%	66,147	-	(106,852)	66,147	-	(106,852)	0.00%	-	-
13.15	PENSION PLAN	(1,184,945)	-	1,914,132	-0.02%	(1,184,945)	-	1,914,132	(1,184,945)	-	1,914,132	-0.02%	-	-
13.16	WAGE INCREASE	(68,705)	-	1,357,716	0.00%	(68,705)	-	1,357,716	(68,705)	-	1,357,716	0.00%	-	-
13.17	EMPLOYEE INSURANCE	(121,751)	-	196,674	0.00%	(121,751)	-	196,674	(121,751)	-	196,674	0.00%	-	-
13.18	ENVIRONMENTAL REMEDIATION	(924,655)	-	1,493,698	-0.02%	(924,655)	-	1,493,698	(924,655)	-	1,493,698	-0.02%	-	-
13.19	PAYMENT PROCESSING COSTS	(3,087,501)	-	4,987,475	-0.06%	(3,087,501)	-	4,987,475	(3,087,501)	-	4,987,475	-0.06%	(669,855)	(669,855)
13.20	SOUTH KING SERVICE CENTER	434,046	15,915,060	1,288,713	-0.02%	434,046	15,915,060	1,288,713	434,046	15,915,060	1,288,713	-0.02%	(1,740,212)	(1,740,212)
13.21	FILING FEE AND EXCISE TAX	10,262	-	(16,577)	0.00%	10,262	-	(16,577)	10,262	-	(16,577)	0.00%	-	(95,123)
13.22	POWER COSTS	(14,772,510)	-	23,863,155	-0.29%	(14,772,510)	-	23,863,155	(14,772,510)	-	23,863,155	-0.29%	(19,292,656)	(19,292,656)
14.01	MONTANA ELECTRIC ENERGY TAX	61,133	-	(98,753)	0.00%	61,133	-	(98,753)	61,133	-	(98,753)	0.00%	-	-
14.02	WILD HORSE SOLAR	137,890	(1,969,341)	(468,972)	0.07%	137,890	(1,969,341)	(468,972)	137,890	(1,969,341)	(468,972)	0.01%	-	11,771
14.03	ACCOUNTING STANDARDS CODIFICATION 815 (FORMERLY SFAS 133)	(4,672,884)	-	67,316,883	-0.87%	(4,672,884)	-	67,316,883	(4,672,884)	-	67,316,883	-0.87%	-	-
14.05	STORM DAMAGE	(8,389,018)	-	13,351,416	-0.16%	(8,389,018)	-	13,351,416	(8,389,018)	-	13,351,416	-0.16%	(16,477,244)	(16,288,136)
14.06	REGULATORY ASSETS AND LIABILITIES	1,736,212	(44,085,326)	(8,316,627)	0.09%	1,736,212	(44,085,326)	(8,316,627)	1,736,212	(44,085,326)	(8,316,627)	0.09%	-	-
14.07	GLACIER BATTERY STORAGE	(145,490)	-	2,842,787	-0.08%	(145,490)	-	2,842,787	(145,490)	-	2,842,787	-0.01%	-	(16,991)
14.08	ENERGY BALANCE MARKET	(3,492,717)	-	5,131,869	-0.08%	(3,492,717)	-	5,131,869	(3,492,717)	-	5,131,869	-0.08%	(6,283,688)	(6,283,688)
14.09	GOLDSBEND CAPACITY UPGRADE	2,156	-	2,264,682	-0.03%	2,156	-	2,264,682	2,156	-	2,264,682	-0.03%	-	(108,426)
14.10	MINT FARM CAPACITY UPGRADE	(3,288,310)	-	4,798,143	-0.06%	(3,288,310)	-	4,798,143	(3,288,310)	-	4,798,143	-0.06%	(5,106,288)	(5,091,557)
14.11	WHITE RIVER	(3,121,857)	-	4,161,375	-0.05%	(3,121,857)	-	4,161,375	(3,121,857)	-	4,161,375	-0.05%	-	-
14.12	TRANSFER OF HYDRO TREASURY GRANTS IN RATEBASE	3,129,292	(54,762,869)	(11,901,989)	0.14%	3,129,292	(54,762,869)	(11,901,989)	3,129,292	(54,762,869)	(11,901,989)	0.14%	11,846,814	11,846,814
14.13	PRODUCTION ADJUSTMENT	-	-	-	-	-	-	-	-	-	-	-	(8,512,516)	(7,749,688)
13.06A	REGULATORY ASSET COLSTRIP	-	-	-	0.00%	(4,608,844)	(127,629,334)	(8,512,516)	(4,608,844)	(127,629,334)	(7,749,688)	0.11%	(8,512,516)	(7,749,688)
13.23	INVESTOR SUPPLIED WORKING CAPITAL	(95,600,488)	(55,456,691)	147,696,960	-1.77%	(95,600,488)	(55,456,691)	147,696,960	(95,600,488)	(55,456,691)	147,696,960	-1.77%	(6,451,704)	(6,451,704)
13.24	LEGAL COSTS	305,400,483	5,097,747,770	143,032,066	5.99%	305,400,483	5,097,747,770	143,032,066	305,400,483	5,097,747,770	143,032,066	5.99%	(75,470,044)	(73,464,063)
	<b>Total Adjustment</b>													
	<b>Adjusted Results of Operations</b>	206,002,443	774%	89,102,205	7.74%	206,002,443	774%	89,102,205	206,002,443	774%	89,102,205	7.74%	73,470,044	(104,264,202)
	LESS: Sales from Renewal-Firm													
	dash													

PSE Proposed  
Diff  
ROR Impact  
Staff Proposed

14,033,266  
(74,470,646)  
(28,754,158)  
39,257,864

73.7%

26,618,332

74,032,896  
39,767,864  
39,362,721

73.7%

26,618,332

74,032,896  
39,767,864  
39,362,721

73.7%

26,618,332