

**Exh. MCC-7  
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**

***Gas Results of Operations for the Twelve Months Ended September 30, 2016***

**June 30, 2017**

**OVERALL REVENUE SUFFICIENCY CALCULATION**

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

STAFF POSITION

LINE NO.	DESCRIPTION	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT SUFFICIENCY	AFTER RATE DECREASE	NEW (LESS) CURRENT OTHER SCHEDULE REVENUE	NEW FINAL REVENUE REQUIREMENT SUFFICIENCY	Rate Decr
									Rate Decr
1	OPERATING REVENUES:								
2	SALES TO CUSTOMERS	\$ 857,492,456	\$ (53,217,757)	\$ 804,274,699	\$ (2,205,717)	\$ 802,068,982	\$ 51,434,626	\$ (53,640,343)	-0.3%
3	MUNICIPAL ADDITIONS	37,980,142	0	37,980,142	-	37,980,142	664,064	(664,064)	0.0%
4	OTHER OPERATING REVENUES	895,472,599	(78,146,757)	817,325,841	(2,205,717)	815,120,124	52,098,690	(51,304,407)	-0.3%
5	TOTAL OPERATING REVENUES	\$ 1,780,945,197	\$ (131,364,514)	\$ 1,649,580,683	\$ (4,411,434)	\$ 1,645,169,249	\$ 104,197	\$ (108,609)	
6									
7	OPERATING REVENUE DEDUCTIONS:								
8	GAS COSTS:								
9	PURCHASED GAS	\$ 326,393,369	\$ 31,737,524	\$ 358,130,893	\$ -	\$ 358,130,893			
10	TOTAL PRODUCTION EXPENSES	\$ 326,393,369	\$ 31,737,524	\$ 358,130,893	\$ -	\$ 358,130,893			
11	OTHER POWER SUPPLY EXPENSES	\$ 2,420,905	\$ 34,478	\$ 2,455,383	\$ -	\$ 2,455,383			
12	TRANSMISSION EXPENSE	55,510,540	682,382	56,192,922	(11,337)	56,181,585	267,787	(279,125)	
13	DISTRIBUTION EXPENSE	26,085,152	1,893,506	27,978,658	(11,337)	27,967,321			
14	CUSTOMER ACCOUNT EXPENSES	7,953,019	(5,668,879)	2,284,141		2,284,141			
15	CUSTOMER SERVICE EXPENSES	12,460,807	(12,460,807)	-		-			
16	CONSERVATION AMORTIZATION	50,479,810	119,701	50,599,511	(4,411)	50,595,100	104,197	(108,609)	
17	ADMIN & GENERAL EXPENSE	122,080,785	(20,280,517)	101,800,268		101,800,268			
18	DEPRECIATION	11,666,003	(8,253)	11,657,750		11,657,750			
19	AMORTIZATION	(230,973)	3,282,914	3,051,941		3,051,941			
20	OTHER OPERATING EXPENSES	95,653,987	(61,232,569)	34,421,424	(84,527)	34,336,897	1,996,526	(2,081,053)	
21	TAXES OTHER THAN INCOME TAXES	-	3,339,702	3,339,702	(736,904)	2,602,798	17,405,547	(18,142,451)	
22	INCOME TAXES	65,853,423	(27,288,647)	38,564,776		38,564,776			
23	DEFERRED INCOME TAXES	776,326,830	(85,847,658)	690,479,171	(837,180)	689,641,992	19,774,058	(20,611,238)	
24	TOTAL OPERATING REV. DEDUCT.	\$ 1,191,457,669	\$ (770,901)	\$ 1,190,686,768	\$ (1,568,537)	\$ 1,189,118,231	\$ 32,324,632	\$ (33,693,169)	
25	NET OPERATING INCOME	\$ 589,487,528	\$ 7,700,901	\$ 597,188,429	\$ -	\$ 597,188,429	\$ -	\$ -	
26	RATE BASE	\$ 1,727,319,760	\$ (24,767,078)	\$ 1,702,552,682	\$ -	\$ 1,702,552,682			
27	RATE OF RETURN	6.90%		7.45%		7.37%			
28	RATE BASE:								
29	UTILITY PLANT IN SERVICE	\$ 3,545,031,363	\$ (7,686,460)	\$ 3,537,344,903	\$ -	\$ 3,537,344,903			
30	ACCUMULATED DEPRECIATION	(1,363,034,789)	2,736,291	(1,360,298,498)		(1,360,298,498)			
31	ACCUMULATED DEFERRED FIT	(502,155,618)	(9,058,658)	(511,214,276)		(511,214,276)			
32	OTHER	(30,161,803)	-	(30,161,803)		(30,161,803)			
33	TOTAL NET INVESTMENT	\$ 1,649,679,153	\$ (14,008,826)	\$ 1,635,670,327		\$ 1,635,670,327			
34	ALLOWANCE FOR WORKING CAPITAL	77,640,607	(10,758,252)	66,882,355		66,882,355			
35	TOTAL RATE BASE	\$ 1,727,319,760	\$ (24,767,078)	\$ 1,702,552,682		\$ 1,702,552,682			
36	Rate of Return								7.37%
37	Conversion Factor								62.05%
38	Revenue Requirement	\$ 13,148,034	\$ (15,353,751)	\$ (2,205,717)	\$ 2,205,717	\$ -			(0)



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

STAFF POSITION

CONTESTED CONTESTED

LIN E NO.	BAD DEBTS 11.08	INCENTIVE PAY 11.09	D&O INSURANCE 11.10	INTEREST ON CUSTOMER DEPOSITS 11.11	RATE CASE EXPENSES 11.12	DEFERRED GAINS/ LOSSES PROP SALES 11.13	PROPERTY & LIABILITY INS 11.14	PENSION PLAN 11.15	WAGE INCREASE 11.16	INVESTMENT PLAN 11.17	CONTESTED	
1												
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
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13												
14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
15												
16	\$ -	\$ (3,616)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
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	\$ (56,797)	\$ (167,657)	\$ (18,754)	\$ 80,807	\$ -	\$ 71,472	\$ (72,809)	\$ 922,058	\$ 1,462,502	\$ 75,250		



**PUGET SOUND ENERGY-GAS  
REVENUE AND EXPENSES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2	REMOVE SCHEDULE 141 EXPEDITED RATE FILING	\$ 1,918,596
3	REMOVE SCHEDULE 142 DECOUPLING AND K-FACTOR	(32,898,997)
4	ANNUALIZING PGA RATE CHANGES	(26,236,731)
5	OTHER	(271,004)
6	REMOVE MERGER RATE CREDIT SCHEDULE 132	2,772,307
7	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	<u>\$ (54,715,829)</u> \$ (54,715,829)
8		
9	OTHER OPERATING REVENUES	
10	REMOVE SCHEDULE 141 EXPEDITED RATE FILING	\$ 28,151
11	REMOVE SCHEDULE 142 DECOUPLING AND K-FACTOR	(498,562)
12	REMOVE OVERTHEARNINGS ACCRUALS	(7,451)
13	REMOVE CURRENT/PRIOR PERIOD DECOUPLING DEFERRALS	(40,606,072)
14	REMOVE DECOUPLING AMORTIZATION	16,583,944
15	OTHER	129,801
16	MERGER RATE CREDIT SCHEDULE 132, RENTALS	<u>53,666</u>
17	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	\$ (24,316,522) <u>\$ (24,316,522)</u>
18		
19	TOTAL INCREASE (DECREASE) REVENUES	\$ (79,032,351)
20		
21	OPERATING EXPENSES:	
22	ADJUST GAS COSTS FOR 2014 AND 2015 PGA RATE CHANGES	\$ (25,080,484)
23	MIGRATION ADJUSTMENT FOR SCHEDULE 41	519,928
24	OTHER ADJUSTMENTS	(610,932)
25	TOTAL PURCHASE GAS COSTS	<u>\$ (25,171,488)</u>
26		
27	UNCOLLECTIBLES @	0.005140 \$ (406,226)
28	ANNUAL FILING FEE @	0.002000 (158,065)
29	INCREASE (DECREASE) EXPENSES	<u>\$ (25,735,779)</u>
30		
31	STATE UTILITY TAX @	0.038322 <u>\$ (3,028,678)</u>
32		
33	INCREASE (DECREASE) TAXES OTHER	<u>\$ (3,028,678)</u>
34		
35	INCREASE (DECREASE) INCOME	\$ (50,267,894)
36	INCREASE (DECREASE) FIT @	35% (17,593,763)
37	INCREASE (DECREASE) NOI	<u><u>\$ (32,674,131)</u></u>

CONTESTED

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

REVISED

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	TEMPERATURE NORMALIZATION ADJUSTMENT:			
2		ACTUAL	TEMP ADJ	THERMS
3		<u>THERMS</u>	<u>THERMS</u>	<u>CHANGE</u>
4	Oct-15	73,139,428	86,924,721	13,785,293
5	Nov-15	123,121,516	116,468,848	(6,652,668)
6	Dec-15	156,989,624	164,739,947	7,750,323
7	Jan-16	151,262,374	159,671,151	8,408,777
8	Feb-16	118,408,551	136,061,121	17,652,570
9	Mar-16	112,362,332	123,642,985	11,280,653
10	Apr-16	72,229,905	90,586,915	18,357,009
11	May-16	59,674,800	69,939,514	10,264,714
12	Jun-16	50,540,839	52,984,669	2,443,830
13	Jul-16	45,432,546	46,775,662	1,343,116
14	Aug-16	44,532,806	44,532,806	0
15	Sep-16	51,851,549	52,065,503	213,953
16		<u>1,059,546,271</u>	<u>1,144,393,843</u>	<u>84,847,572</u>
17	REVENUE ADJUSTMENT:			
18	RESIDENTIAL (23)			\$ 45,482,414
19	COMMERCIAL & INDUSTRIAL (31)			11,449,253
20	LARGE VOLUME (41)			1,941,701
21	TRANSPORTATION -LARGE VOLUME (41T)			(159,747)
22	TRANSPORTATION - GENERAL SERVICES (31T)			-
23	INTERRUPTIBLE (85)			(134,913)
24	TRANSPORTATION INTERRUPTIBLE (85T)			201,734
25	LIMITED INTERRUPTIBLE (86)			472,662
26	TRANSPORTATION - LIMITED INTERRUPTIBLE (86T)			-
27	NON EXCLUSIVE INTERRUPTIBLE (87)			338,455
28	TRANSPORTATION - NON EXCLUSIVE INTERRUPT (87T)			20,334
29	CONTRACTS			<u>18,167</u>
30	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ 59,630,060
31				
32	OPERATING EXPENSES			\$ 31,634,036
33	PURCHASED GAS COSTS			\$ 31,634,036
34				
35	UNCOLLECTIBLES @		0.5140%	\$ 306,499
36	ANNUAL FILING FEE @		0.2000%	119,260
37	INCREASE (DECREASE) EXPENSES			\$ 425,759
38				
39	STATE UTILITY TAX @		3.8322%	\$ 2,285,143
40	INCREASE (DECREASE) TAXES OTHER			\$ 2,285,143
41				
42	INCREASE (DECREASE) INCOME			\$ 25,285,121
43				
44	INCREASE (DECREASE) FIT @		35%	8,849,793
45	INCREASE (DECREASE) NOI			\$ 16,435,328

**PUGET SOUND ENERGY-GAS  
PASS THROUGH REVENUE AND EXPENSE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME RIDER - SCHEDULE 129	\$ 5,670,995
3	REMOVE CONSERVATION TRACKER - SCHEDULE 120	12,315,700
4	REMOVE PROPERTY TAX TRACKER - SCHEDULE 140	20,149,803
5	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCH 106	(26,488,407)
6	REMOVE CARBON OFFSET - SCHEDULE 137	97,441
7	REMOVE OTHER ASSOC WITH CARBON OFFSET - SCHEDULE 137	(25,090)
8	REMOVE PROPERTY TAX TRACKER-SCHEDULE 140, OTHER REVENUES	270,441
9		
10	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	40,067,189
11	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	367,128
12	TOTAL (INCREASE) DECREASE REVENUES	\$ 52,425,199
13		
14	<u>ADJUST REVENUE SENSITIVE ITEMS FOR REMOVAL OF REVENUE:</u>	
15	BAD DEBTS	0.5140% \$ (269,466)
16	ANNUAL FILING FEE	0.2000% (104,850)
17	STATE UTILITY TAX	3.8322% (2,009,038)
18	TOTAL INCREASE (DECREASE) EXPENSE	4.5462% \$ (2,383,354)
19		
20	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
21	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129 (FERC 908)	\$ (5,670,995)
22	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120 (FERC 908)	(12,460,807)
23	REMOVE PROPERTY TAX AMORTIZATION EXP - SCHEDULE 140 (FERC 4081)	(19,519,465)
24	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106 (FERC 8051)	25,320,257
25	REMOVE CARBON OFFSET AMORTIZATION EXP - SCHEDULE 137 (FERC 805)	(45,482)
26	REMOVE CARBON OFFSET AMORTIZATION EXP - SCHEDULE 137 (FERC 908)	(22,641)
27	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS (FERC 4081)	(38,775,248)
28	TOTAL INCREASE (DECREASE) EXPENSE	\$ (51,174,380)
29		
30	INCREASE (DECREASE) IN OPERATING INCOME BEFORE TAXES	\$ 1,132,535
31	INCREASE (DECREASE) FIT	396,387
32	INCREASE (DECREASE) NOI	\$ 736,148



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

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME (LOSS)	\$ 75,965,215
2		
3	<u>ADD BACK:</u>	
4	CURRENT FIT 35%	26,587,825
5	DEFERRED FIT	38,564,776
6	DEFERRED FIT - OTHER	
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	
8	TOTAL RESTATED FIT	\$ 65,152,601
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	
12	DEFERRED FIT DEBIT	\$ 262,308,679
13	DEFERRED FIT- CREDIT	(196,455,256)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	
15	-	
16	TOTAL CHARGED TO EXPENSE	\$ 65,853,423
17		
18	INCREASE(DECREASE) FIT	\$ 26,587,825
19	INCREASE(DECREASE) DEFERRED FIT	(27,288,647)
20	INCREASE(DECREASE) ITC	-
21	INCREASE(DECREASE) NOI	\$ 700,822

CONTESTED

**Adj. 11.05**

PUGET SOUND ENERGY-GAS  
TAX BENEFIT OF PRO FORMA INTEREST  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE

		<i>REVISED</i>	
LINE	NO. DESCRIPTION		AMOUNT
1	RATE BASE	\$ 1,702,552,682	
2			
3	NET RATE BASE	\$ 1,702,552,682	
4			
5	WEIGHTED AVERAGE COST OF DEBT	<u>2.95%</u>	
6	PROFORMA INTEREST		<u>\$ 50,225,304</u>
7			
8	INCREASE (DECREASE) INCOME		\$ (50,225,304)
9			
10	INCREASE (DECREASE) FIT @	35%	<u>\$ (17,578,856.44)</u>
11	INCREASE (DECREASE) NOI		<u><u>\$ 17,578,856</u></u>

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

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	403 GAS DEPRECIATION EXPENSE	\$ 113,989,496	\$ 95,003,919	\$ (18,985,577)
2	403 GAS PORTION OF COMMON	7,429,557	6,464,523	(965,034)
3	403 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	27,368	27,368	-
4	404 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	11,632,340	11,632,340	-
5	SUBTOTAL DEPRECIATION EXPENSE 403	\$ 133,078,761	\$ 113,128,150	\$ (19,950,611)
6				
7	403.1 DEPR. EXP- ASC 410 (RECOVERED IN RATES)	\$ 173,995	\$ 153,458	\$ (20,537)
8	403.1 DEPR. EXP - ASC 410 (NOT RECOVERED IN RATES)	51,681	-	(51,681)
9	SUBTOTAL DEPRECIATION EXPENSE 403.1	\$ 225,676	\$ 153,458	\$ (72,217)
10				
11	TOTAL DEPRECIATION EXPENSE	\$ 133,304,437	\$ 113,281,608	\$ (20,022,829)
12				
13	<u>AMORTIZATION EXPENSE</u>			
14	411.10 ACCRETION EXP. - ASC 410 (RECOVERED IN RATES)	28,810	25,410	(3,400)
15	411.10 ACCRETION EXP. - ASC 410 (NOT RECOVERED IN RATES)	4,853	-	(4,853)
16	SUBTOTAL ACCRETION EXPENSE 411.10	\$ 33,663	\$ 25,410	\$ (8,253)
17				
18	DEPRECIATION EXPENSE 403 ASSOCIATED WITH FLEET	\$ 408,688	\$ 171,927	\$ (236,761)
19				
20				
21	INCREASE (DECREASE) EXPENSE			\$ (20,267,842)
22	INCREASE (DECREASE) FIT			7,093,745
23	INCREASE (DECREASE) NOI			<u>\$ 13,174,098</u>
24				
25				
26	<u>ADJUSTMENT TO RATE BASE</u>			
27	ADJUSTMENT TO ACCUM. DEPREC. AT 50% DEPREC. EXPENSE LINE 21	50%		\$ 10,133,921
28	DEFERRED FIT			<u>(3,546,872)</u>
29				
30	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ 6,587,049</u>

**PUGET SOUND ENERGY-GAS  
NORMALIZE INJURIES AND DAMAGES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	ACCRUALS	\$ 190,500	\$ 188,000	\$ (2,500)
2	PAYMENTS IN EXCESS OF ACCRUALS	97,272	188,598	91,327
3	INCREASE/(DECREASE) IN EXPENSE	<u>\$ 287,772</u>	<u>\$ 376,598</u>	<u>\$ 88,827</u>
4				
5	INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 3)			\$ 88,827
6	INCREASE (DECREASE) FIT @		35%	<u>(31,089)</u>
7				
8	INCREASE (DECREASE) NOI			<u><u>\$ (57,738)</u></u>

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

LINE NO.	DESCRIPTION	NET WRITEOFFS	GROSS REVENUES	OTHER OPERATING REVENUE	NET REVENUES	REVISED WRITE-OFF'S TO REVENUE
1	12 MOS ENDED	September	May	May	May	
2	12 ME 9/30/2013 AND 5/31/2013	\$ 4,809,212	\$ 1,027,088,769	\$ 13,300,355	\$ 1,013,788,414	0.4744%
3	12 ME 9/30/2015 AND 5/31/2015	\$ 4,346,973	\$ 979,494,166	\$ 69,423,909	910,070,257	0.4777%
4	12 ME 9/30/2016 AND 5/31/2016	\$ 5,107,472	\$ 898,177,820	\$ 32,301,965	865,875,855	0.5899%
5	3-YR AVERAGE OF NET WRITE OFF RATE					0.5140%
6						
7	TEST PERIOD REVENUES		\$ 895,472,599	\$ 37,980,142	\$ 857,492,456	
8						
9						
10	PROFORMA BAD DEBT RATE				0.5140%	
11	PROFORMA BAD DEBTS				\$ 4,407,511	
12						
13	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR				\$ 4,461,726	
14	INCREASE (DECREASE) EXPENSE					\$ (54,215)
15						
16	INCREASE (DECREASE) FIT				35%	18,975
17	INCREASE (DECREASE) NOI					\$ 35,240

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

LINE NO.	DESCRIPTION	REVISED		
		ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1	INCENTIVE / MERIT PAY			
2	PRODUCTION MANUF. GAS	\$ 7,066	\$ 6,789	\$ (277)
3	OTHER GAS SUPPLY	22,939	22,040	(899)
4	STORAGE, LNG T&G	62,068	59,628	(2,440)
5	TRANSMISSION	-	-	-
6	DISTRIBUTION	1,884,333	1,808,917	(75,416)
7	CUSTOMER ACCTS	542,498	512,936	(29,562)
8	CUSTOMER SERVICE	74,581	71,452	(3,128)
9	SALES	122	116	(5)
10	ADMIN. & GENERAL	980,493	941,485	(39,008)
11	TOTAL INCENTIVE / MERIT PAY	\$ 3,574,099	\$ 3,423,363	\$ (150,736)
12				
13	PAYROLL TAXES ASSOC WITH MERIT PAY	\$ 220,503	\$ 211,203	\$ (9,300)
14	INCREASE(DECREASE) EXPENSE	\$ 3,794,601	\$ 3,634,566	\$ (160,035)
15				
16	INCREASE(DECREASE) FIT @		35%	<u>56,012</u>
17	INCREASE(DECREASE) NOI			<u>\$ 104,023</u>

**PUGET SOUND ENERGY-GAS  
DIRECTORS AND OFFICERS INSURANCE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. EXPENSE	\$ 84,382	\$ 66,480	\$ (17,901)
2				
3	INCREASE (DECREASE) D&O EXPENSE			\$ (17,901)
4				
5	INCREASE (DECREASE) OPERATING EXPENSE			(17,901)
6				
7	INCREASE (DECREASE) FIT @		35%	6,265
8	INCREASE (DECREASE) NOI			<u>\$ 11,636</u>

PUGET SOUND ENERGY-GAS  
INTEREST ON CUSTOMER DEPOSITS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE

		<i>REVISED</i>
LINE NO.	DESCRIPTION	ADJUSTMENT
1	INTEREST EXPENSE AT MOST CURRENT INTEREST RATE	<u>\$ 50,137</u>
2		
3	INCREASE (DECREASE) NOI	<u>\$ (50,137)</u>



CONTESTED

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

LINE NO.	DESCRIPTION	AMOUNT
1	EXPENSES TO BE NORMALIZED:	
2		
3	ESTIMATED 2009 AND 2011 GRC EXPENSES TO BE NORMALIZED	\$ -
4		
5	ANNUAL NORMALIZATION (LINE 3 , 2 YEARS)	-
6	LESS TEST YEAR EXPENSE	-
7		
8	INCREASE (DECREASE) EXPENSE	\$ - \$ -
9		
10		
11	TOTAL INCREASE (DECREASE) EXPENSE	\$ -
12		
13	INCREASE(DECREASE) FIT @	35% -
14	INCREASE(DECREASE) NOI	\$ -

CONTESTED

PUGET SOUND ENERGY-GAS  
DEFERRED GAINS/LOSSES ON PROPERTY SALES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE

	AMOUNT
1 DEFERRED GAIN RECORDED FOR UG-111049, at 12/31/2017	\$ 169,980
2 DEFERRED LOSS RECORDED FOR UG-111049, at 12/31/2017	(45,289)
3 TOTAL DEFERRED NET GAIN TO AMORTIZE	<u>\$ 124,691</u>
4	
5 DEFERRED GAIN PENDING APPROVAL SINCE UG-111049	\$ (92,025)
6 DEFERRED LOSS PENDING APPROVAL SINCE UG-111049	35,892
7 NET LOSS PENDING APPROVAL (LINE 5 + LINE 6)	<u>\$ (56,133)</u>
8	
9 NET LOSS (LINE 3 + LINE 7)	\$ 68,558
10	
11 ANNUAL AMORTIZATION (LINE 9 ÷ 36 MONTHS) x 12	22,853
12	
13 AMORTIZATION OF DEFERRED NET GAIN FOR TEST YEAR	<u>\$ (45,370)</u>
14	
15 INCREASE (DECREASE) EXPENSE	\$ 68,223
16	
17 INCREASE (DECREASE) FIT @ 35%	<u>(23,878)</u>
18	
19 INCREASE (DECREASE) NOI	<u><u>\$ (44,345)</u></u>

**PUGET SOUND ENERGY-GAS  
PROPERTY & LIABILITY INSURANCE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 243,606	\$ 218,736	\$ (24,870)
2	LIABILITY INSURANCE EXPENSE	1,270,903	1,226,274	(44,629)
3	INCREASE(DECREASE) EXPENSE	\$ 1,514,508	\$ 1,445,010	\$ (69,499)
4				
5				
6	INCREASE (DECREASE) FIT @	35%		24,325
7	INCREASE (DECREASE) NOI			\$ 45,174

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

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 2,950,666	\$ 3,830,806	\$ 880,140
2	INCREASE(DECREASE) EXPENSE	\$ 2,950,666	\$ 3,830,806	\$ 880,140
3				
4	INCREASE(DECREASE) OPERATING EXPENSE (LINE 2)			\$ 880,140
5	INCREASE (DECREASE) FIT @	35%		(308,049)
6	INCREASE (DECREASE) NOI			<u>\$ (572,091)</u>

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

REVISED

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION MANUF. GAS	\$ 98,067	\$ 100,993	\$ 2,926
3	OTHER GAS SUPPLY	318,407	327,922	9,515
4	STORAGE, LNG T&G	861,493	887,146	25,653
5	TRANSMISSION	-	-	-
6	DISTRIBUTION	26,154,849	26,912,646	757,798
7	CUSTOMER ACCTS	7,529,966	7,631,378	101,412
8	CUSTOMER SERVICE	1,035,197	1,063,037	27,840
9	SALES	1,679	1,729	50
10	ADMIN. & GENERAL	13,609,380	14,007,221	397,841
11	TOTAL WAGE INCREASE	\$ 49,609,038	\$ 50,932,073	\$ 1,323,035
12				
13	PAYROLL TAXES	\$ 4,455,803	\$ 4,528,782	\$ 72,979
14	TOTAL WAGES & TAXES	\$ 54,064,840	\$ 55,460,855	\$ 1,396,014
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ 1,396,014
17	INCREASE (DECREASE) FIT @ 35%			(488,605)
18	INCREASE (DECREASE) NOI			\$ (907,409)

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

LINE NO.	DESCRIPTION		<i>REVISED</i> AMOUNT
1	NON-UNION (INC. EXECUTIVES)		
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT		\$3,612,889
3	RATE YEAR NON-UNION WAGE INCREASE	2.98%	<u>107,664</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT		<u>\$3,720,553</u>
5			
6	IBEW		
7	INVESTMENT PLAN APPLICABLE TO IBEW		\$1,319,813
8	RATE YEAR IBEW WAGE INCREASE	0.69%	<u>9,074</u>
9	TOTAL COMPANY CONTRIBUTION FOR IBEW		<u>\$1,328,886</u>
10			
11	UA		
12	INVESTMENT PLAN APPLICABLE TO UA		\$489,151
13	RATE YEAR UA WAGE INCREASE	3.00%	<u>14,675</u>
14	TOTAL COMPANY CONTRIBUTION FOR UA		<u>\$503,825</u>
15			
16	TOTAL		
17	TOTAL PROFORMA COSTS (LN 4 + LN 9 + LN 14 + LN 19)		<u>\$5,553,265</u>
18	PRO FORMA COSTS APPLICABLE TO OPERATIONS	55%	<u>\$3,035,366</u>
19	FOR TEST YEAR 9/30/16		<u>2,963,537</u>
20	INCREASE (DECREASE) EXPENSE		<u>\$71,829</u>
21			
22	INCREASE (DECREASE) FIT @	35%	<u>(25,140)</u>
23	INCREASE (DECREASE) NOI		<u><u>(\$46,689)</u></u>

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

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	NON-UNION EMPLOYEES	\$ 7,372,992
3	UNION EMPLOYEES	4,441,873
4	RESTATED INSURANCE COSTS	<u>\$ 11,814,865</u>
5		
6	APPLICABLE TO OPERATIONS @ 54.66%	\$ 6,457,901.25
7	CHARGED TO EXPENSE DURING TEST YEAR	<u>6,367,469</u>
8	INCREASE(DECREASE) EXPENSE	\$ 90,432.57
9		
10	INCREASE(DECREASE) FIT @ 35%	<u>(31,651)</u>
11		
12	INCREASE(DECREASE) NOI	<u><u>\$ (58,781)</u></u>

CONTESTED

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

LINE NO.	DESCRIPTION	AMOUNT
1	<u>GAS ENVIRONMENTAL REMEDIATION</u>	
2		
3	DEFERRED COSTS NET OF SITE SPECIFIC RECOVERIES AS OF SEPTEMBER 30, 2016	\$ 16,073,456
4	ANNUAL AMORTIZATION (LINE 3 , 5 YEARS)	\$ 3,214,691
5		
6	TOTAL RATE YEAR AMORTIZATION GAS ENVIRONMENTAL (LINE 4 + LINE 9)	\$ 3,214,691
7		
8	INCREASE (DECREASE) FIT @ 35% (LINE 11 X 35%)	35% (1,125,142)
9		
10	INCREASE (DECREASE) NOI	\$ (2,089,549)
11		
12		
13		
14		
15		



CONTESTED

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

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	<u>NEW SERVICE AGREEMENT</u>			
2	CUST REC & COLLECTION EXPENSE	\$ 755,449	\$ 602,573	\$ (152,876)
3	INCREASE (DECREASE) IN EXPENSE	\$ 755,449	\$ 602,573	\$ (152,876)
4				
5				
6	<u>DOCKET UE-160203 &amp; UG-160204 CREDIT CARD FEES</u>			
7	EXPECTED RATE YEAR LEVEL OF FEES	\$ -	\$ 1,784,914	\$ 1,784,914
8	AMORTIZATION OF DEFERRAL (Over 3 years)		597,372	597,372
9	INCREASE (DECREASE) IN EXPENSE	\$ -	\$ 2,382,286	\$ 2,382,286
10				
11	INCREASE(DECREASE) OPERATING EXPENSE (LINES 3 & 9)			\$ 2,229,410
12				
13	INCREASE (DECREASE) FIT @		35%	(780,294)
14				
15	INCREASE (DECREASE) NOI			\$ (1,449,117)

PUGET SOUND ENERGY-GAS  
SOUTH KING SERVICE CENTER  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	<u>SOUTH KING SERVICE CENTER RATEBASE (AMA)</u>			
2	<u>UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE BUILDING PURCHASE	\$ 1,253,529	\$ 10,065,787	\$ 8,812,259
4	PLANT BALANCE -LEASEHOLD IMPROVEMENTS	1,121,972	-	(1,121,972)
5	ACCUMULATED DEPRECIATION ON BLG PURCH	(20,067)	(585,832)	(565,765)
6	ACC DEPR-NEW BLG-PORITION INC IN DEPR STUDY	15,174		(15,174)
7	ACCUMULATED AMORT ON LEASEHOLD	(531,419)	-	531,419
8	DEFERRED FIT	6,619	138,652	132,033
9	DEF TAX LIAB-PORT INC IN DEPR STUDY	(2,317)		2,317
10	NET SOUTH KING RATEBASE	<u>\$ 1,843,492</u>	<u>\$ 9,618,607</u>	<u>\$ 7,775,116</u>
11				
12	<u>OPERATING EXPENSE</u>			
13	RENT	\$ 177,706	\$ -	\$ (177,706)
14	DEPRECIATION EXPENSE	25,548	49,830	24,282
15	DEPR EXP-PORITION INC DEP STUDY ADJ	(19,319)	-	19,319
16	LEASEHOLD AMORT. EXPENSE EXPENSES	192,123	-	(192,123)
17	INCREASE (DECREASE) EXPENSE	<u>\$ 376,058</u>	<u>\$ 49,830</u>	<u>\$ (326,228)</u>
18				
19	INCREASE (DECREASE) FIT @		35%	114,180
20				
21	INCREASE (DECREASE) NOI			<u>\$ 212,048</u>

PUGET SOUND ENERGY-GAS  
FILING FEE AND EXCISE TAX  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	EXCISE TAXES	\$ 33,506,394	\$ 33,499,604	\$ (6,790)
2	WUTC FILING FEE	1,759,698	1,714,935	(44,763)
3	INCREASE(DECREASE) EXCISE AND WUTC FILING FEE	\$ 35,266,092	\$ 35,214,539	\$ (51,553)
4				
5	INCREASE(DECREASE) OPERATING EXPENSE			\$ (51,553)
6	INCREASE(DECREASE) FIT @	35%		18,044
7	INCREASE(DECREASE) NOI			\$ 33,509

CONTESTED

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>ADJUSTMENT</u>
1	<u>GAS LEGAL COSTS</u>	
2		
3	TOTAL RATE YEAR LEGAL COSTS	(904,198)
4		
5	INCREASE (DECREASE) FIT @	35% 316,469
6		
7	INCREASE (DECREASE) NOI	587,728.83
8		
9		
10		

**PUGET SOUND ENERGY-GAS  
COST RECOVERY MECHANISM  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE**

	ACTUAL	PROFORMA RESTATED	ADJUSTMENT
1 <u>ADJUSTMENT TO OPERATING REVENUES</u>			
2 REMOVE SCH. 149 REVENUE	\$ 6,319,268	\$ -	\$ (6,319,268)
3			
4 <u>ADJUSTMENT TO OPERATING EXPENSES</u>			
5 403 DEPRECIATION EXPENSE	\$ 3,104,236	\$ 2,803,485	\$ (300,751)
6 PORTION INCLUDED IN DEPRECIATION STUDY ADJ	(428,345)		428,345
7 ADJUSTED DEPRECIATION EXPENSE	\$ 2,675,891	\$ 2,803,485	\$ 127,594
8			
9 UNCOLLECTIBLES @ 0.005140	\$ 32,481	\$ -	\$ (32,481)
10 ANNUAL FILING FEE @ 0.002000	12,639	-	(12,639)
11 INCREASE (DECREASE) EXPENSES	\$ 45,120	\$ -	\$ (45,120)
12			
13 STATE UTILITY TAX @ 0.038322	\$ 242,167	\$ -	\$ (242,167)
14			
15 INCREASE (DECREASE) TAXES OTHER	\$ 287,287	\$ -	\$ (287,287)
16			
17 INCREASE (DECREASE) INCOME	\$ 3,356,090	\$ (2,803,485)	\$ (6,159,575)
18 INCREASE (DECREASE) FIT @ 35%	1,174,632	(981,220)	(2,155,851)
19			
20 INCREASE (DECREASE) NOI	\$ 2,181,459	\$ (1,822,265)	\$ (4,003,724)
21			
22 <u>ADJUSTMENT TO RATE BASE</u>			
23 PLANT	\$ 80,492,630	\$ 112,498,583	\$ 32,005,953
24 ACCUM DEPRECIATION, CURRENT LEVEL	(3,605,695)	(10,739,633)	(7,133,937)
25 A/D PORTION INCLUDED IN DEPRECIATION STUDY ADJ	214,173	-	(214,173)
26 ACCUMULATED DEFERRED INCOME TAXES	(13,894,871)	(19,615,966)	(5,721,095)
27 ADFIT PORTION INCLUDED IN DEPRECIATION STUDY ADJ	(74,960)	-	74,960
28			
29 TOTAL ADJUSTMENT TO RATEBASE	\$ 63,131,276	\$ 82,142,985	\$ 19,011,708