

**Exh. MCC-8  
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**

***Calculation of Gas Revenue Requirement Deficiency***

**June 30, 2017**

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

LINE NO.	DESCRIPTION	REVENUE REQUIREMENT DEFICIENCY	@ 2011	(LESS) OTHER SCHEDULE* REVENUE	FINAL REVENUE REQUIREMENT SUFFICIENCY
1	RATE BASE	\$	1,702,552,682		
2	RATE OF RETURN		7.37%		
3					
4	OPERATING INCOME REQUIREMENT	\$	125,478,133		
5					
6	PRO FORMA OPERATING INCOME	\$	126,846,670		
7	OPERATING INCOME SUFFICIENCY	\$	(1,368,537)		
8					
9	CONVERSION FACTOR		0.620450		
10	REVENUE REQUIREMENT SUFFICIENCY	\$	(2,205,717)	\$	52,098,690
				\$	(54,304,407)

\* Note: Current 2017 revenues related to PSE's ERF, and Decoupling that will be folded into base rates.

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 TERM DEBT	1.00%	3.06%	0.03%
2	LONG TERM DEBT	51.00%	5.73%	2.92%
3	EQUITY	48.00%	9.20%	4.42%
4	TOTAL COST OF CAPITAL	100.00%		7.37%
5				
6	AFTER TAX SHORT TERM DEBT	1.00%	3.06%	0.02%
7	AFTER TAX LONG TERM DEBT	51.00%	5.73%	1.90%
8	EQUITY	48.00%	9.20%	4.42%
9	TOTAL AFTER TAX COST OF CAPITAL	100.00%		6.34%

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 DEBITS			0.005140
2	ANNUAL FILING FEE			0.002000
3	STATE UTILITY TAX ( 3.852% - ( LINE 1 * 3.852% ) )		3.852%	0.0388322
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