**Additional Information Provided With**

**June 2015 Commission Basis Report**

**Compliance Filing** **UE-121697/UG-121705 and UE-130137/UG-130138**

PSE has provided O&M cost per customer consistent with the methodology utilized in the development of the K-Factor (KJB-16). The attached analysis reflects the Commission Basis Results for the non-production O&M on a cost per customer basis for the period encompassing calendar year 2011 through the twelve months ending June 2015. As demonstrated on page two, the overall annual average increase in O&M is lower than the historical growth rate and has slowed compared to that presented in the ERF/Decoupling proceedings at 2.0% versus 3.8%. Additionally, it has declined since the twelve months ended December 2014 when it was 2.8%.

On page four of the analysis, the electric annual growth rate is 3.5%, which is below the electric historical growth rate of 4.7% presented in the ERF/Decoupling proceedings. On page five of the analysis, the natural gas annual growth rate represents a decrease in cost per customer at -0.6% compared to the 2.2% historical natural gas growth rate presented in the ERF/Decoupling proceedings.