PSE_letterhead

October 31, 2016

*DELIVERED VIA WEB PORTAL AND COURIER*

Steven V. King

Executive Director and Secretary

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Drive SW

Olympia, WA 98504-7250

RE: Electric and Gas Accounting Reports Pursuant to Order 07 in UE-130137/UG-130138 - Expedited Rate Filing (“ERF”) and UE-121697/UG-121705 – Decoupling **Do Not Re-Docket**

Dear Mr. King:

Enclosed are an original and two copies of Puget Sound Energy (“the Company”) “Commission Basis” Results of Operations for the twelve-month period ended June 30, 2016. Two separate reports are being provided, one for electric and one for natural gas. Electronic workpapers supporting these reports have been submitted separately to Commission Staff and are available upon request. These reports are being submitted pursuant to Order 07 in UE-130137 and UG-130138 (ERF) and UE-121697 and UG-121705 (Decoupling) (“Order No. 07”) and are being submitted following WAC 480-07-880(3). These reports were prepared following the guidance of WAC 480-100-257 and WAC 480-90-257 and, therefore, do not necessarily reflect all adjustments the Company would submit in a rate filing. Additionally, there are no pro-forma adjustments made in these reports in accordance with WAC 480-100-257 and WAC 480-90-257.

The results for electric show a normalized overall rate of return of 7.99% and a return on actual common equity of 10.13%. The results for gas show a normalized overall rate of return of 8.44% and a return on actual common equity of 11.06%. The Company’s authorized rate of return is 7.77% overall and 9.80% on common equity.

In compliance with paragraph 215 of Order No. 07, on August 28, 2014, PSE participated in a recessed open meeting in which it reported on cost cutting and other initiatives. At the recessed open meeting, the Commissioners expressed the desire for PSE to provide additional information reflecting the impacts of these measures in its periodic Commission Basis Reports. Accordingly, also enclosed is report and write-up associated with PSE’s O&M costs for the reporting period.

If you have any questions, please feel free to call me at (425) 456-2105.

Sincerely,

Susan E. Free,

Manager of Revenue Requirement

Enclosures

cc: Service List