

**Exh. MCC-9
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 Gas Revenue Requirements

June 30, 2017

PURET SOUND ENERGY - GAS
COMPARISON OF PRE-STAFF REVENUE REQUIREMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016

Adj. No. (A)	Description (B)	FSE Direct (Supplemental) 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 @13.7% (L)	Return on Rate Base (M)	StaffPSE @7.74% Diff (N) = (E) - (I)	StaffPSE @13.7% Diff (O) = (L) - (J)
	Actual Results of Operations	119,145,769	1,727,319,760	23,448,256	6.90%	119,145,769	1,727,319,760	23,448,256	119,145,769	1,727,319,760	13,148,034	6.90%	-	(10,300,722)
	Common Adjustments													
11.01	REVENUES AND EXPENSES	(32,674,131)	-	52,661,989	-1.89%	(32,674,131)	-	52,661,989	(32,674,131)	-	52,661,989	-1.89%	-	-
11.02	TEMPERATURE NORMALIZATION	16,048,445	-	(25,862,592)	0.93%	16,453,238	-	(26,489,368)	16,453,238	-	(26,489,368)	0.93%	(656,776)	(656,776)
11.03	PASS-THROUGH REVENUES AND EXPENSES	756,148	-	(1,186,474)	0.04%	756,148	-	(1,186,474)	756,148	-	(1,186,474)	0.04%	-	-
11.04	FEDERAL INCOME TAX	700,822	-	(1,129,538)	0.04%	700,822	-	(1,129,538)	700,822	-	(1,129,538)	0.04%	-	-
11.05	TAX BENEFIT OF PRO FORMA INTEREST	18,425,659	-	(29,897,250)	1.07%	17,817,214	-	(28,716,599)	17,817,214	-	(28,332,430)	1.02%	980,651	1,364,820
11.06	DEPRECIATION STUDY	13,174,098	6,587,049	93,058	0.00%	(57,738)	6,587,049	93,058	13,174,098	6,587,049	20,450,092	0.73%	-	(39,281)
11.07	NORMALIZE INJURIES AND DAMAGES	35,240	-	(56,797)	0.00%	35,240	-	(56,797)	35,240	-	(56,797)	0.00%	-	-
11.08	BAD DEBTS	104,023	-	(18,754)	0.01%	104,023	-	(18,754)	104,023	-	(18,754)	0.01%	-	-
11.09	INCENTIVE PAY	(50,137)	-	48,807	-0.00%	(50,137)	-	48,807	(50,137)	-	48,807	-0.00%	(65,280)	(65,280)
11.10	DIRECTORS & OFFICERS INSURANCE	(1,636)	-	(18,754)	0.00%	(1,636)	-	(18,754)	(1,636)	-	(18,754)	0.00%	-	-
11.11	STATE CASE EXPENSES	(103,090)	-	169,377	-0.01%	(103,090)	-	169,377	(103,090)	-	169,377	-0.01%	(71,872)	(71,872)
11.12	DEFERRED GAINS/LOSSES ON PROPERTY SALES	43,174	-	(72,809)	0.00%	43,174	-	(72,809)	43,174	-	(72,809)	0.00%	-	-
11.13	PROPERTY & LIABILITY INSURANCE	(572,091)	-	923,058	-0.03%	(572,091)	-	923,058	(572,091)	-	923,058	-0.03%	-	-
11.14	PENSION PLAN	(907,409)	-	1,462,502	-0.05%	(907,409)	-	1,462,502	(907,409)	-	1,462,502	-0.05%	-	-
11.15	WAGE INCREASE	(46,689)	-	75,250	0.00%	(46,689)	-	75,250	(46,689)	-	75,250	0.00%	-	-
11.16	INVESTMENT PLAN	(58,781)	-	8,969,152	-0.32%	(58,781)	-	8,969,152	(58,781)	-	8,969,152	-0.32%	-	-
11.17	EMPLOYEE INSURANCE	(2,235,700)	-	3,587,235	-0.13%	(2,235,700)	-	3,587,235	(2,235,700)	-	3,587,235	-0.13%	-	-
11.18	ENVIRONMENTAL REMEDIATION	212,048	7,775,116	628,166	-0.02%	212,048	7,775,116	628,166	212,048	7,775,116	981,800	-0.02%	-	(46,566)
11.19	PAYMENT PROCESSING COSTS	33,509	-	(54,008)	0.00%	33,509	-	(54,008)	33,509	-	(54,008)	0.00%	-	-
11.20	SOUTH KING SERVICE CENTER	(4,003,724)	19,011,708	8,824,612	-0.30%	(4,003,724)	19,011,708	8,824,612	(4,003,724)	19,011,708	8,711,237	-0.30%	-	(113,375)
11.21	FILING FEE AND EXCISE TAX													
11.22	POWER COSTS													
7.01	Staff Only Adjustments													
13.22	INVESTOR SUPPLIED WORKING CAPITAL													
13.24	LEGAL COSTS													
	Total Adjustment	2,977,785	33,373,873	(636,065)	0.04%	7,939,259	(24,767,078)	(15,885,610)	7,700,901	(24,767,078)	(15,333,751)	0.53%	(5,992,310)	(6,638,052)
	Adjusted Results of Operations	122,123,553	1,760,693,633	22,812,690	6.94%	127,085,027	1,702,552,682	7,563,140	126,845,670	1,702,552,682	(2,205,717)	7.43%	(15,249,550)	(14,717,686)
	Bank	22,123,553	752%	14,524,314	752%	172,961,037	752%	4,092,505.8	124,444,679	752%	(1,248,577)	752%	(15,249,550)	(23,018,008)

PSI Proposed 23.0120%

Diff (13.24550)

NR Impact (5.36887)

Staff Proposed (2.26517)