

Puget Sound Energy
Docket No. UG-170034
Exhibit RCS-4
Gas Utility Revenue Requirement and Adjustment Schedules
Accompanying the Direct Testimony of Ralph Smith

Number	Description	No. of Pages	Confidential	Applies to This Utility	Page No.
Revenue Requirement Summary Schedules					
A	Calculation of Revenue Deficiency (Sufficiency)	2	No	Yes	2-3
A-1	Gross Revenue Conversion Factor	1	No	Yes	4
B	Adjusted Rate Base	1	No	Yes	5
B.1	Summary of Rate Base Adjustments	1	No	Yes	6
C	Adjusted Net Operating Income	1	No	Yes	7
C.1	Summary of Net Operating Income Adjustments	2	No	Yes	8-9
D	Capital Structure and Cost Rates	1	No	Yes	10
Rate Base Adjustments					
B-1	White River	1	No	No	11
B-2	Production Adjustment	1	No	No	12
B-3	Accumulated Depreciation Related to Proposed Depreciation Rates	1	No	Yes	13
B-4	Accumulated Deferred Income Taxes Related to Proposed Depreciation Rates	1	No	Yes	14
B-5	Gas Plant Held For Future Use	1	No	No	15
Net Operating Income Adjustments					
C-1	Temperature Normalization	1	No	Yes	16
C-2	Bad Debt Expense	1	No	Yes	17
C-3	Incentive Compensation	1	No	Yes	18
C-4	Interest on Customer Deposits	1	No	Yes	19
C-5	Payroll Expense	1	No	Yes	20
C-6	Investment Plan Expense	1	No	Yes	21
C-7	Power Costs	1	No	No	22
C-8	Montana Electric Tax	1	No	No	23
C-9	Storm Damage Expense	1	No	No	24
C-10	White River Amortization Expense	1	No	No	25
C-11	Production Adjustment Amortization Expense	1	No	No	26
C-12	Depreciation and Amortization Expense at Proposed New Depreciation Rates	1	No	Yes	27
C-13	Interest Synchronization	1	No	Yes	28
C-14	Pension Expense	1	No	Yes	29
C-15	Environmental Remediation	1	No	Yes	30
C-16	Credit Card Payment Processing Costs	1	No	Yes	31
Total Pages (including Contents page)		31			

Puget Sound Energy - Gas Operations
 Calculation of Revenue Deficiency (Sufficiency)

Exhibit RCS-4
 Schedule A
 Docket No. UG-170034
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Test Year Ended September 30, 2016

Line No.	Description	Schedule Reference	Per Company (A)	Per Public Counsel (B)	Difference (C)
1	Adjusted rate base	B	\$ 1,760,693,633	\$ 1,766,163,740	\$ 5,470,107
2	Rate of return	D	7.74%	7.28%	
3	Net operating income required (Calculated)		\$ 136,277,687	\$ 128,576,720	\$ (7,700,967)
4	Adjusted net operating income	C	\$ 122,011,947	\$ 136,973,644	\$ 14,961,697
5	Net operating income deficiency		\$ 14,265,740	\$ (8,396,924)	\$ (22,662,664)
6	Gross revenue conversion factor	A-1	0.620450	0.620450	
7	Revenue deficiency (Sufficiency)		\$ 22,992,570	\$ (13,533,604)	\$ (36,526,174)

Notes and Source

Amounts in Column A are from PSE's original filing. Company revisions contained in its April 3, 2017 supplemental filing are treated as adjustments to PSE's original filing for purposes of this presentation.

8	Operating Revenue at Current Rates	C	\$ 815,784,351	\$ 815,734,308	
9	Percentage Increase	L7 / L8	2.82%	-1.66%	

Puget Sound Energy
Revenue Requirement Reconciliation
Test Year Ended September 30, 2016

Line No.	Description	Schedule Reference	Component	Public Counsel Adjustments (A)	Public Counsel Multiplier (B)	Public Counsel Revenue Requirement Amount (C)
1	Rate Base Rate Base per PSE's Filing	D A-1 B	ROR Difference GRCF	\$ 1,760,693,633	-0.4600% 0.62045 -0.741%	\$ (13,053,736)
2	Effect of Public Counsel Adjustments to Rate Base					
3	White River	D A-1	Rate of Return GRCF	\$ -	7.280% 0.620450	\$ -
4	Production Adjustment	B-1		\$ -	11.73%	\$ -
5	Accumulated Depreciation Related to Proposed Depreciation Rates	B-2		\$ 8,415,549	11.73%	\$ 987,432
6	Accumulated Deferred Income Taxes Related to Proposed Depreciation Rates	B-3		\$ (2,945,442)	11.73%	\$ (345,601)
7	Gas Plant Held For Future Use	B-4		\$ -	11.73%	\$ -
8	Total Public Counsel Rate Base Adjustments	B-5		\$ 5,470,107		\$ -
9	Public Counsel Adjusted Original Cost Rate Base	B		\$ 1,766,163,740		\$ -
10	Net Operating Income					
11	Effect of Public Counsel Adjustments on NOI					
12	Temperature Normalization	C-1	Pre-Tax Operating Income Amount	\$ (23,513)	Public Counsel GRCF Sch. A-1	\$ 37,897
13	Bad Debt Expense	C-2		\$ (298,575)	0.62045	\$ (312,796)
14	Incentive Compensation	C-3		\$ 167,747	0.62045	\$ 175,736
15	Interest on Customer Deposits	C-4		\$ 19,428	0.62045	\$ 31,313
16	Payroll Expense	C-5		\$ (99,628)	0.62045	\$ (104,373)
17	Investment Plan Expense	C-6		\$ 4,750	0.62045	\$ (7,656)
18	Power Costs	C-7		\$ -	0.62045	\$ -
19	Montana Electric Tax	C-8		\$ -	0.62045	\$ -
20	Storm Damage Expense	C-9		\$ -	0.62045	\$ -
21	White River Amortization Expense	C-10		\$ -	0.62045	\$ -
22	Production Adjustment Amortization Expense	C-11		\$ -	0.62045	\$ -
23	Depreciation and Amortization Expense at Proposed New Depreciation Rates	C-12		\$ (16,831,098)	0.62045	\$ (17,632,709)
24	Interest Synchronization	C-13		\$ 57,245	0.62045	\$ (92,264)
25	Pension Expense	C-14		\$ (555,934)	0.62045	\$ (582,411)
26	Environmental Remediation	C-15		\$ (4,176,449)	0.62045	\$ (4,375,360)
27	Credit Card Payment Processing Costs	C-16		\$ (1,194,744)	0.62045	\$ (1,251,646)
28	Total Public Counsel Adjustments to Operating Income	C-1		\$ 14,961,697		\$ -
29	Net Operating Income per Company Filing	C		\$ 122,011,947		\$ -
30	Public Counsel Adjusted Net Operating Income	C		\$ 136,973,644		\$ -
31	Gross Revenue Conversion Factor Difference:					
32	Per Public Counsel	A-1			0.62045	\$ (36,526,174)
33	Per Company	A-1			0.62045	\$ 22,992,570
34	Difference	A			0.000000	\$ (13,533,604)
35	GRCF Difference	A			\$ 14,265,740	\$ (13,533,604)
36	Public Counsel Revenue Requirement Adjustments ABOVE	A				\$ (13,533,604)
37	Company Requested Base Rate Revenues	A				\$ -
38	Reconciled Revenue Requirement	A				\$ -
39	Revenue Requirement Calculated on Schedule A	A				\$ -
40	Unidentified Difference	A				\$ -
41	Unidentified Difference as percent of Public Counsel base rate revenue increase	A				0.00%

Notes and Source
Pre-tax return computed using Gross Revenue Conversion Factor

Test Year Ended September 30, 2016

Line No.	Description	Tax Rate (A)	Company Proposed (B)	Tax Rate (C)	Public Counsel Proposed (D)
1	Bad Debts		0.005140		0.005140
2	Annual Filing Fee		0.002000		0.002000
3	State Utility Tax (0% - (Line 1 * 0%))	3.8520%	0.038322	3.8520%	0.038322
4	Sum of Taxes Other		0.045462		0.045462
5	Conversion Factor Excluding Federal Income Tax (1 - Line 0.941131)		0.954538		0.954538
6	Federal Income Taxes	35%	0.334088	35%	0.334088
7	Gross Revenue Conversion Factor		0.6204500		0.6204500

Notes and Source

Col. A: PSE Exhibit__(SEF-3), page 3

Col. B: Derived from Column A

Components of Revenue Requirement Increase

	PSE	Percent	Public Counsel	Percent
8	Net Income			
9	Bad Debts	62.05%	\$ (8,396,925)	62.04500%
10	Annual Filing Fee	0.51%	\$ (69,563)	0.51400%
11	State Utility Tax	0.20%	\$ (27,067)	0.20000%
12	Current Income Taxes	3.83%	\$ (518,635)	3.83220%
13	Total Revenue Increase	100.00%	\$ (4,521,419)	33.4088%
14	Total Revenue Increase (From Schedule A)		\$ (13,533,604)	100.0000%

Test Year Ended September 30, 2016

Line No.	Description	Company Proposed (A)	Public Counsel Adjustments (B)	Public Counsel Proposed (C)
1	Gross Utility Plant in Service	\$ 3,584,727,602	\$ -	\$ 3,584,727,602
2	Accumulated Depreciation & Amortization	\$ (1,360,298,498)	\$ 8,415,549	\$ (1,351,882,949)
3	Net Utility Plant in Service	\$ 2,224,429,105	\$ 8,415,549	\$ 2,232,844,654
4	Deferred Taxes	\$ (511,214,276)	\$ (2,945,442)	\$ (514,159,718)
5	Allowance for Working Capital	\$ 77,640,607	\$ -	\$ 77,640,607
6	Other	\$ (30,161,803)	\$ -	\$ (30,161,803)
7	Subtotal	\$ (463,735,471)	\$ (2,945,442)	\$ (466,680,914)
8	Total Rate Base	\$ 1,760,693,633	\$ 5,470,107	\$ 1,766,163,740

Notes and Source

Col.A: PSE Exhibit (SEF-4), page 1 of 4

Col.B: Schedule B.1

Line No.	Description	Public Counsel Adjustments	White River B-1 N/A for Gas	Production Adjustment B-2 N/A for Gas	Accumulated Depreciation Related to Proposed Depreciation Rates B-3	ADITT Related to Proposed Depreciation Rates B-4	Plant Held For Future Use B-5 N/A for Gas
Utility Plant in Service							
1	Gross Utility Plant in Service	\$ -					
2	Accumulated Depreciation and Amortization	\$ 8,415,549			\$ 8,415,549		
3	Deferred Taxes	\$ (2,945,442)				\$ (2,945,442)	
4	Allowance for Working Capital	\$ -					
5	Other	\$ -					
6	Total Rate Base	\$ 5,470,107	\$ -	\$ -	\$ 8,415,549	\$ (2,945,442)	\$ -

Test Year Ended September 30, 2016

Line No.	Description	Per Company (A)	Public Counsel Adjustments (B)	Public Counsel Proposed (C)	Public Counsel Requirement Change (D)	Public Counsel Proposed With Revenue Increase (E)
	Operating Revenues					
1	Sales to Customers	\$ 802,733,208	\$ (50,044)	\$ 802,683,165		
2	Municipal Additions	\$ -	\$ -	\$ -		
3	Other Operating Revenue	\$ 13,051,143	\$ -	\$ 13,051,143		
4	Total Operating Revenue	\$ 815,784,351	\$ (50,044)	\$ 815,734,308	\$ (13,533,609)	\$ 802,200,699
	Gas Costs					
5	Purchased Gas	\$ 357,221,391	\$ (11,594)	\$ 357,209,797		\$ 357,209,797
6	Total Production Expenses	\$ 357,221,391	\$ (11,594)	\$ 357,209,797	\$ -	\$ 357,209,797
7	Other Power Supply Expenses	\$ 2,453,474	\$ 1,910	\$ 2,455,383		\$ 2,455,383
8	Transmission Expense	\$ -	\$ -	\$ -		\$ -
9	Distribution Expense	\$ 56,144,612	\$ 48,310	\$ 56,192,923		\$ 56,192,923
10	Customer Accounts Expenses	\$ 29,428,338	\$ (1,455,859)	\$ 27,972,479		\$ 27,972,479
11	Customer Service Expenses	\$ 2,284,310	\$ (170)	\$ 2,284,141		\$ 2,284,141
12	Conservation Amortization	\$ -	\$ -	\$ -		\$ -
13	Administrative & General Expense	\$ 51,946,100	\$ (569,789)	\$ 51,376,311	\$ (96,630)	\$ 51,279,681
14	Depreciation	\$ 101,800,268	\$ (16,824,618)	\$ 84,975,650		\$ 84,975,650
15	Amortization	\$ 11,657,750	\$ (6,480)	\$ 11,651,270		\$ 11,651,270
16	Amortization of Property Gain/Loss	\$ -	\$ -	\$ -		\$ -
17	Other Operating Expenses	\$ 8,492,105	\$ (4,176,449)	\$ 4,315,655		\$ 4,315,655
18	ASC 815	\$ -	\$ -	\$ -		\$ -
19	Taxes Other Than Income Taxes	\$ 34,356,123	\$ 4,310	\$ 34,360,433	\$ (518,635)	\$ 33,841,798
20	Income Taxes	\$ (576,843)	\$ 7,978,689	\$ 7,401,846	\$ (4,521,419)	\$ 2,880,427
21	Deferred Income Taxes	\$ 38,564,776	\$ -	\$ 38,564,776		\$ 38,564,776
22	Total Operating Expenses	\$ 693,772,404	\$ (15,011,741)	\$ 678,760,663	\$ (5,136,684)	\$ 673,623,979
23	Net Operating Income	\$ 122,011,947	\$ 14,961,697	\$ 136,973,644	\$ (8,396,925)	\$ 128,576,719
24	Rate Base	\$ 1,760,693,633	\$ 5,470,107	\$ 1,766,163,740		\$ 1,766,163,740
25	Rate of Return	6.93%		7.76%		7.28%

Notes and Source

Col.A: PSE Exhibit No. __ (SEF-4), page 1 of 4

Col.B: Schedule C.1

Col.C: Col.A + Col.B

Line No.	Description	Public Counsel Adjustments	Temperature Normalization	Bad Debt Expense	Incentive Compensation	Interest on Customer Deposits	Payroll Expense	Investment Plan	Power Costs
		C-1	C-2	C-3	C-4	C-5	C-6	C-7	
	Operating Revenues								N/A for Gas
1	Sales to Customers	\$ (50,044)	\$ (50,044)						
2	Municipal Additions	\$ -							
3	Other Operating Revenue	\$ -							
4	Total Operating Revenue	\$ (50,044)	\$ (50,044)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Gas Costs								
5	Purchased Gas	\$ (11,594)	\$ (11,594)						
6	Total Production Expenses	\$ (11,594)	\$ (11,594)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Other Power Supply Expenses	\$ 1,910		\$ 4,099			\$ (2,189)		
8	Transmission Expense	\$ -							
9	Distribution Expense	\$ 48,310		\$ 84,429			\$ (36,119)		
10	Customer Accounts Expenses	\$ (1,455,859)	\$ (257)	\$ 24,215	\$ 19,428		\$ (5,927)		
11	Customer Service Expenses	\$ (170)		\$ 3,215			\$ (3,385)		
12	Conservation Amortization	\$ -							
13	Administrative & General Expense	\$ (569,789)	\$ (100)	\$ 42,041			\$ (48,489)	\$ (7,307)	
14	Depreciation	\$ (16,824,618)							
15	Amortization	\$ (6,480)							
16	Amortization of Property Gain/Loss	\$ -							
17	Other Operating Expenses	\$ (4,176,449)							
18	ASC 815	\$ -							
19	Taxes Other Than Income Taxes	\$ 4,310	\$ (1,918)	\$ 9,748			\$ (3,520)		
20	PRE-TAX OPERATING EXPENSES	\$ (22,990,430)	\$ (13,869)	\$ (298,575)	\$ 167,747	\$ 19,428	\$ (99,628)	\$ (7,307)	\$ -
21	PRE-TAX OPERATING INCOME	\$ 22,940,386	\$ (36,174)	\$ 298,575	\$ (167,747)	\$ (19,428)	\$ 99,628	\$ 7,307	\$ -
22	Income Taxes	\$ 7,978,689	\$ (12,661)	\$ 104,501	\$ (58,711)	\$ -	\$ 34,870	\$ 2,557	\$ -
23	TOTAL OPERATING EXPENSES	\$ (15,011,741)	\$ (26,530)	\$ (194,074)	\$ 109,036	\$ 19,428	\$ (64,758)	\$ (4,750)	\$ -
24	OPERATING INCOME	\$ 14,961,697	\$ (23,513)	\$ 194,074	\$ (109,036)	\$ (19,428)	\$ 64,758	\$ 4,750	\$ -

Notes and Source
 Line 15: Federal Income Tax Rate 35.00%

Line No.	Description	Depreciation & Amortization										Credit Card Payment Processing Costs
		Montana Electric Energy Tax C-8	Storm Damage C-9	White River C-10	Production Adjustment C-11	Expense Under Proposed Rates C-12	Interest Synchronization C-13	Pension Expense C-14	Environmental Remediation C-15	Processing Costs C-16		
Operating Revenues												
1	Sales to Customers											
2	Municipal Additions											
3	Other Operating Revenue											
4	Total Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas Costs												
5	Purchased Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Total Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Other Power Supply Expenses											
8	Transmission Expense											
9	Distribution Expense											
10	Customer Accounts Expenses											
11	Customer Service Expenses											
12	Conservation Amortization											
13	Administrative & General Expense											
14	Depreciation											
15	Amortization											
16	Amortization of Property Gain/Loss											
17	Other Operating Expenses											
18	ASC 815											
19	Taxes Other Than Income Taxes											
20	PRE-TAX OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ (16,831,098)	\$ -	\$ -	\$ (555,934)	\$ (4,176,449)	\$ (1,194,744)	\$ (1,194,744)
21	PRE-TAX OPERATING INCOME	\$ -	\$ -	\$ -	\$ -	\$ 16,831,098	\$ -	\$ -	\$ 555,934	\$ 4,176,449	\$ 1,194,744	\$ 1,194,744
22	Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,890,884	\$ -	\$ -	\$ (57,245)	\$ 194,577	\$ 1,461,757	\$ 418,160
23	TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ (10,940,214)	\$ -	\$ -	\$ (57,245)	\$ (361,357)	\$ (2,714,692)	\$ (776,584)
24	OPERATING INCOME	\$ -	\$ -	\$ -	\$ -	\$ 10,940,214	\$ -	\$ -	\$ 57,245	\$ 361,357	\$ 2,714,692	\$ 776,584

Notes and Source

Line 15: Federal Income Tax Rate 35.00%

Test Year Ended September 30, 2016

Line No.	Description	Pro Forma Capital (A)	Cost % (B)	Cost of Capital (C)
Per Company				
1	Short & Long Term Debt	51.50%	5.81%	2.99%
2	Equity	48.50%	9.80%	4.75%
3	Total Cost of Capital	100.00%		7.74%
4	After Tax Debt	51.50%	5.81%	1.94%
5	Equity	48.50%	9.80%	4.75%
6	Total After Tax Cost of Capital	100.00%		6.69%
Per Public Counsel				
7	Long-Term Debt	51.50%	5.81%	2.99%
8	Preferred Stock	48.50%	8.85%	4.29%
9	Total Capital Structure	100.00%		7.28%
10	After Tax Debt	51.50%	5.81%	1.94%
11	Equity	48.50%	8.85%	4.29%
12	Total After Tax Cost of Capital	100.00%		6.23%
13	Difference			-0.460%
14	Weighted Cost of Debt			2.99%

Notes and Source

Lines 1-6: PSE Exhibit__ (KJB-3), page 2

Lines 7-12: Per the recommendation of Public Counsel witness J. Randall Woolridge

Puget Sound Energy
White River

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Test Year Ended September 30, 2016

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
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NOT USED FOR GAS OPERATIONS

Puget Sound Energy
Production Adjustment

Test Year Ended September 30, 2016

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<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> <u>(A)</u>
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NOT USED FOR GAS OPERATIONS

Puget Sound Energy
 Accumulated Depreciation Related to Proposed Depreciation Rates

Exhibit RCS-4
 Schedule B-3
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Test Year Ended September 30, 2016

Line No.	Description	Amount (A)	Reference
1	Public Counsel Adjustment to Depreciation Expense	\$ (16,831,098)	A
2	Percentage of Public Counsel Adjustment Allocable to Accumulated Depreciation	50%	
3	Public Counsel Adjustment to Accumulated Depreciation	<u>\$ 8,415,549</u>	

Notes and Source

A: See Schedule C-12

Line No.	PP Asset Number	Description	Vintage Year	Date Recorded in PHFFU*	Amount	Reference
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NOT USED FOR GAS OPERATIONS

Puget Sound Energy
Temperature Normalization

Exhibit RCS-4
Schedule C-1
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Test Year Ended September 30, 2016

Line No.	Description	Amount (A)	Reference
1	Sales to Customers	\$ (50,044)	Line 19
2	Purchased Gas	\$ (11,594)	Line 20
3	Customer Accounts Expense	\$ (257)	Line 21
4	Administrative & General Expense	\$ (100)	Line 22
5	State Utility Tax	\$ (1,918)	Line 23
6	Total Operating Expenses	\$ (2,275)	

Notes and Source

Col. C: Amounts from Adjustment No. 13.02G from PSE's supplemental filing

Col. D: Amounts from Adjustment No. 6.02G from PSE's original filing

Description	Rate (B)	PSE Supplemental Rate Year Amount (C)	PSE As-Filed Rate Year Amount (D)	Public Counsel Adjustment (E)
Revenue Adjustment				
7 Residential (23)		\$ 44,404,445	\$ 44,523,855	\$ (119,410)
8 Commercial & industrial (31)		\$ 11,258,712	\$ 11,244,974	\$ 13,738
9 Large volume (41)		\$ 1,919,219	\$ 1,860,804	\$ 58,416
10 Transportation -Large volume (41T)		\$ (156,843)	\$ (155,790)	\$ (1,053)
11 Transportation - general services (31T)		\$ -	\$ -	\$ -
12 Interruptible (85)		\$ (290,910)	\$ (269,744)	\$ (21,165)
13 Transportation Interruptible (85T)		\$ 206,474	\$ 209,445	\$ (2,971)
14 Limited interruptible (86)		\$ 382,863	\$ 373,192	\$ 9,671
15 Transportation - limited interruptible (86T)		\$ -	\$ -	\$ -
16 Non exclusive interruptible (87)		\$ 270,446	\$ 257,956	\$ 12,491
17 Transportation - non exclusive interrupt (87T)		\$ 23,316	\$ 23,924	\$ (607)
18 Contracts		\$ 20,802	\$ 19,955	\$ 847
19 Total Increase (Decrease) Sales to Customers		\$ 58,038,526	\$ 58,088,570	\$ (50,044)
Operating Expenses				
20 Purchased Gas Costs		\$ 30,713,140	\$ 30,724,734	\$ (11,594)
21 Uncollectibles	0.5140%	\$ 298,318	\$ 298,575	\$ (257)
22 Annual Filing Fee	0.2000%	\$ 116,077	\$ 116,177	\$ (100)
23 State Utility Tax	3.832%	\$ 2,224,152	\$ 2,226,070	\$ (1,918)

Test Year Ended September 30, 2016

Line No.	Description	Amount (A)	Reference
1	Public Counsel Adjustment to Bad Debt Expense	\$ (298,575)	A

Notes and Source

A: Adjustment derived from Adjustment No. 13.08G from PSE's supplemental filing and calculated below:

Line No.	Description	Gross Revenues (B)		Other Operating Revenue (C)		Net Revenues Sales to Customers PSE As-Filed (D)		Net Revenues Sales to Customers PSE Supplemental		Adjustment
		September	May	September	May	September	May	September	May	
2	Test Period Revenues	\$ 4,809,212	\$ 1,027,088,769	\$ 37,980,142	\$ 857,492,456	\$ 857,492,456	\$ 857,492,456	\$ 857,492,456		
3	Temperature Normalization Adjustment	\$ 4,346,973	\$ 979,494,166		\$ 58,088,570	\$ -	\$ -	\$ -		
4	Normalized Test Period Revenues	\$ 5,107,472	\$ 898,177,820		\$ 915,581,026	\$ 857,492,456	\$ 857,492,456	\$ 857,492,456		
5	Proforma Bad Debt Rate				0.5140%	0.5140%	0.5140%	0.5140%		
6	Proforma Bad Debts				\$ 4,706,086	\$ 4,407,511	\$ 4,407,511	\$ 4,407,511		
7	Uncollectibles Charged to Expense in Test Year				\$ 4,461,726	\$ 4,461,726	\$ 4,461,726	\$ 4,461,726		
8	Increase (Decrease) Uncollectibles Expense				\$ 244,360	\$ (54,215)	\$ (54,215)	\$ (298,575)		
9	12 ME 9/30/2013 AND 5/31/2013	\$ 4,809,212	\$ 1,027,088,769		\$ 13,300,355	\$ 1,013,788,414	\$ 1,013,788,414	\$ 1,013,788,414	0.4744%	
10	12 ME 9/30/2015 AND 5/31/2015	\$ 4,346,973	\$ 979,494,166		\$ 69,423,909	\$ 910,070,257	\$ 910,070,257	\$ 910,070,257	0.4777%	
11	12 ME 9/30/2016 AND 5/31/2016	\$ 5,107,472	\$ 898,177,820		\$ 32,301,965	\$ 865,875,855	\$ 865,875,855	\$ 865,875,855	0.5899%	
12	3-Year of Net Write Off Rate								0.5140%	

Puget Sound Energy
Incentive Compensation

Exhibit RCS-4
Schedule C-3
Docket No. UG-170034

Test Year Ended September 30, 2016

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Line No.	Description	PSE		PSE		Public Counsel Adjustment (C)
		Supplemental Rate Year Amount (A)	As-Filed Rate Year Amount (B)	As-Filed Rate Year Amount (B)	Public Counsel Adjustment (C)	
	Wages					
1	Production Manufactured Gas	\$ 6,789	\$ 6,478	\$ 6,478	\$ 310	
2	Other Gas Supply	\$ 22,040	\$ 21,029	\$ 21,029	\$ 1,011	
3	Storage, LNG T&G	\$ 59,628	\$ 56,850	\$ 56,850	\$ 2,778	
4	Transmission	\$ -	\$ -	\$ -	\$ -	
5	Distribution	\$ 1,808,917	\$ 1,724,488	\$ 1,724,488	\$ 84,429	
6	Customer Accounts	\$ 512,936	\$ 488,720	\$ 488,720	\$ 24,215	
7	Customer Service	\$ 71,452	\$ 68,243	\$ 68,243	\$ 3,210	
8	Sales	\$ 116	\$ 111	\$ 111	\$ 5	
9	Administrative & General	\$ 941,485	\$ 899,444	\$ 899,444	\$ 42,041	
10	Total	\$ 3,423,363	\$ 3,265,364	\$ 3,265,364	\$ 157,999	
11	Payroll Tax Expense	\$ 211,203	\$ 201,456	\$ 201,456	\$ 9,748	
12	Net Impact on Operating Expenses				\$ 167,747	

Notes and Source

Col. A: Amounts from Adjustment No. 13.09G from PSE's supplemental filing

Col. B: Amounts from Adjustment No. 6.09G from PSE's original filing

Puget Sound Energy
Interest on Customer Deposits

Exhibit RCS-4
Schedule C-4
Docket No. UG-170034
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Test Year Ended September 30, 2016

Line No.	Description	Amount (A)	Reference
1	Interest on Customer Deposits Expense - PSE Supplemental	\$ 50,137	A
2	Interest on Customer Deposits Expense - PSE As-Filed	\$ 30,709	B
3	Adjustment to Interest on Customer Deposits	<u>\$ 19,428</u>	L1 - L2

Notes and Source

A: Amount derived from Adjustment No. 13.11G from PSE's supplemental filing

B: Amount derived from Adjustment No. 6.11G from PSE's original filing

Puget Sound Energy
Payroll Expense
Test Year Ended September 30, 2016

Exhibit RCS-4
Schedule C-5
Docket No. UG-170034
Page 1 of 1

Test Year Ended September 30, 2016

Line No.	Description	PSE Supplemental Rate Year Amount (A)	PSE As-Filed Rate Year Amount (B)	Public Counsel Adjustment (C)
	Wages			
1	Production Manufactured Gas	\$ 100,993	\$ 101,219	(227)
2	Other Gas Supply	\$ 327,922	\$ 328,606	(683)
3	Storage, LNG T&G	\$ 887,146	\$ 888,425	(1,279)
4	Transmission	\$ -	\$ -	-
5	Distribution	\$ 26,912,646	\$ 26,948,765	(36,119)
6	Customer Accounts	\$ 7,631,378	\$ 7,637,304	(5,927)
7	Customer Service	\$ 1,063,037	\$ 1,066,415	(3,378)
8	Sales	\$ 1,729	\$ 1,736	(6)
9	Administrative & General	\$ 14,007,221	\$ 14,055,711	(48,489)
10	Total	\$ 50,932,073	\$ 51,028,181	\$ (96,108)
11	Payroll Tax Expense	\$ 4,528,782	\$ 4,532,302	\$ (3,520)

Notes and Source

Col. A: Amounts from Adjustment No. 13.16G from PSE's supplemental filing

Col. B: Amounts from Adjustment No. 6.16G from PSE's original filing

Puget Sound Energy
Investment Plan Expense

Exhibit RCS-4
Schedule C-6
Docket No. UG-170034
Page 1 of 1

Test Year Ended September 30, 2016

Line No.	Description	Amount (A)	Reference
1	Adjustment to Investment Plan Expense	\$ (7,307)	A

Notes and Source

Col. B: Amounts below from Adjustment No. 13.17G from PSE's supplemental filing

Col. C: Amounts below from Adjustment No. 6.17G from PSE's original filing

Description	PSE Supplemental Rate Year Amount (B)	PSE As-Filed Rate Year Amount (C)	Public Counsel Adjustment (D)	Reference
Non-Union (Including Executives)				
2	Investment Plan Applicable to Management	\$ 3,612,889	\$ 3,612,889	
3	Rate Year Non-Union Wage Increase Percentage	2.98%	3.35%	
4	Rate Year Non-Union Wage Increase	\$ 107,664	\$ 121,032	L2 x L3
5	Total Company Contribution for Management	\$ 3,720,553	\$ 3,733,921	L2 + L4
IBEW				
6	Investment Plan Applicable to IBEW	\$ 1,319,813	\$ 1,319,813	
7	Rate Year IBEW Wage Increase Percentage	0.69%	0.69%	
8	Rate Year IBEW Wage Increase	\$ 9,074	\$ 9,074	L6 x L7
9	Total Company Contribution for IBEW	\$ 1,328,887	\$ 1,328,887	L6 + L8
UA				
10	Investment Plan Applicable to UA	\$ 489,151	\$ 489,151	
11	Rate Year UA Wage Increase Percentage	3.00%	3.00%	
12	Rate Year UA Wage Increase	\$ 14,675	\$ 14,675	L10 x L11
13	Total Company Contribution for UA	\$ 503,826	\$ 503,826	L10 + L12
Total				
14	Total Investment Plan Expense	\$ 5,553,266	\$ 5,566,634	
15	Investment Plan Expense applicable to Operations Percentage	54.66%	54.66%	
16	Investment Plan Expense Applicable to Operations	\$ 3,035,366	\$ 3,042,673	\$ (7,307) L14 x L15

Puget Sound Energy
Power Costs
Test Year Ended September 30, 2016

Exhibit RCS-4
Schedule C-7
Docket No. UG-170034
Page 1 of 1

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> (A)	<u>Reference</u>
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NOT USED FOR GAS OPERATIONS

Puget Sound Energy
Montana Electric Tax

Exhibit RCS-4
Schedule C-8
Docket No. UG-170034
Page 1 of 1

Test Year Ended September 30, 2016

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> (A)	<u>Reference</u>
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NOT USED FOR GAS OPERATIONS

Puget Sound Energy
Storm Damage Expense

Test Year Ended September 30, 2016

Exhibit RCS-4
Schedule C-9
Docket No. UG-170034
Page 1 of 1

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
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(A)

NOT USED FOR GAS OPERATIONS

Puget Sound Energy
White River Amortization Expense

Test Year Ended September 30, 2016

Exhibit RCS-4
Schedule C-10
Docket No. UG-170034
Page 1 of 1

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
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(A)

NOT USED FOR GAS OPERATIONS

Puget Sound Energy
Production Adjustment Amortization Expense
Test Year Ended September 30, 2016

Exhibit RCS-4
Schedule C-11
Docket No. UG-170034
Page 1 of 1

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
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(A)

NOT USED FOR GAS OPERATIONS

Line No.	Description	Proposed Depreciation Expense Per Company (A)	Proposed Depreciation Expense Per Public Counsel (B)	Public Counsel Adjustment (C)	Reference
Depreciation Expense					
1	403 Gas Depreciation Expense	\$ 95,003,919	\$ 79,319,168	\$ (15,684,750)	
2	403 Gas Portion of Common	\$ 6,464,523	\$ 5,363,793	\$ (1,100,731)	
3	403 Depreciation Expense on Assets Not Included in Study	\$ 27,368	\$ 27,368	\$ -	
4	404 Depreciation Expense on Assets Not Included in Study	\$ 11,632,340	\$ 11,632,340	\$ -	
5	Subtotal Depreciation Expense - Account 403	<u>\$ 113,128,150</u>	<u>\$ 96,342,669</u>	<u>\$ (16,785,481)</u>	
6	403.1 Depreciation Expense - ASC 410 (Recovered in Rates)	\$ 153,458	\$ 114,322	\$ (39,137)	
7	403.1 Depreciation Expense - ASC 410 (Not Recovered in Rates)	\$ -	\$ -	\$ -	
8	Subtotal Depreciation Expense - Account 403.1	<u>\$ 153,458</u>	<u>\$ 114,322</u>	<u>\$ (39,137)</u>	
9	Total Depreciation Expense	<u>\$ 113,281,608</u>	<u>\$ 96,456,990</u>	<u>\$ (16,824,618)</u>	L5 + L8
Amortization Expense					
10	411.10 Accretion Expense - ASC 410 (Recovered in Rates)	\$ 25,410	\$ 18,930	\$ (6,480)	
11	411.10 Accretion Expense - ASC 410 (Not Recovered in Rates)	\$ -	\$ -	\$ -	
12	Subtotal Accretion Expense - Account 411.10	<u>\$ 25,410</u>	<u>\$ 18,930</u>	<u>\$ (6,480)</u>	
13	Depreciation Expense 403 Associated With Fleet	<u>\$ 171,927</u>	<u>\$ 171,927</u>	<u>\$ -</u>	
14	Total Depreciation & Amortization Expense	<u>\$ 113,478,945</u>	<u>\$ 96,647,847</u>	<u>\$ (16,831,098)</u>	L9 + L12 + L13

Notes and Source
Col. A: Amounts from Adjustment No. 6.06G from PSE filing
Col. B: Amounts calculated from the depreciation rates proposed by Public Counsel witness Roxie McCullar
Col. C: Col. B - Col. A

Puget Sound Energy
Interest Synchronization
Fully Projected Future Test Year Ended 12/31/2017
(Thousands of Dollars)

Exhibit RCS-4
Schedule C-13
Docket No. UG-170034
Page 1 of 1

Line No.	Description	Amount (A)	Reference
1	Adjusted Rate Base, per Public Counsel	\$ 1,766,163,740	Schedule B
2	Weighted Cost of Debt, per Public Counsel	2.99%	Per AGO - Schedule D
3	Interest Deduction for Tax Purposes	\$ 52,808,296	L1 x L2
4	Interest Deduction per Company	\$ 52,644,740	Note A
5	Increase (Decrease) in Deductible Interest	\$ 163,556	L3 - L4
6	Federal Income Tax Rate	35.00%	
7	Increase (Decrease) to Federal Income Tax Expense	\$ (57,245)	L8 x L9

Notes and Source:

Note A: Amount from Adjustment 6.05 in PSE's gas filing

Test Year Ended September 30, 2016

Line No.	Description	Pension Expense Per Company (A)	Pension Expense Per Public Counsel (B)	Public Counsel Adjustment (C)
1	Adjustment to Pension Expense	\$ 3,830,806	\$ 3,274,872	\$ (555,934)

Notes and Source

Col. A: Amount from Adjustment No. 6.15G from PSE's filing

Col. B: Amount derived from the amounts provided in the response to ICNU No. 056 and calculated below:

Description	2013 Qualified Pension Benefits	2014 Qualified Pension Benefits	2015 Qualified Pension Benefits	2016 Qualified Pension Benefits	4-Year Average
2 Service Cost	\$ 19,285,000	\$ 17,437,000	\$ 21,287,000	\$ 18,913,000	
3 Interest Cost	\$ 24,753,000	\$ 28,039,000	\$ 28,088,000	\$ 28,689,000	
4 Expected (Return) on Plan Assets	\$ (40,685,000)	\$ (43,252,000)	\$ (45,462,000)	\$ (46,814,000)	
5 Amortization of Prior Service Cost / (Credit)	\$ (1,573,000)	\$ (1,573,000)	\$ (1,573,000)	\$ (1,573,000)	
6 Amortization of Net Loss / Gain	\$ 20,612,000	\$ 13,195,000	\$ 20,555,000	\$ 15,257,000	
7 Net Periodic Pension Cost	\$ 22,392,000	\$ 13,846,000	\$ 22,895,000	\$ 14,472,000	\$ 18,401,250
8 O&M Percentage Allocation	54.66%	54.66%	54.66%	54.66%	
9 O&M Portion of Net Periodic Pension Cost	\$ 12,239,270	\$ 7,568,102	\$ 12,514,206	\$ 7,910,268	
10 Gas Operations Allocation Percentage	32.56%	32.56%	32.56%	32.56%	
11 O&M Portion of Net Periodic Pension Cost For Gas Operations	\$ 3,985,106	\$ 2,464,174	\$ 4,074,625	\$ 2,575,583	\$ 3,274,872

Puget Sound Energy
Environmental Remediation

Exhibit RCS-4
Schedule C-15
Docket No. UG-170034
Page 1 of 1

Test Year Ended September 30, 2016

Line No.	Description	Per Company (A)	Per Public Counsel (B)	Public Counsel Adjustment (C)	Reference
1	Deferred Costs Net of Site Specific Recoveries as of 9/30/2016	\$ 72,192,483	\$ 72,192,483		
2	Recoveries from Insurance or Third Parties Through 9/30/2016	\$ (50,267,725)	\$ (50,267,725)		
3	Percentage to Allocate a Pro Rata Share of Insurance Proceeds and Third Parties	58%	100%		
4	Share of Deferred Unassigned Recoveries as of 9/30/2016	\$ (29,385,479)	\$ (50,267,725)		L2 x L3
5	Deferred Costs Net of Site Specific and Unassigned Recoveries as of 9/30/2016	\$ 42,807,005	\$ 21,924,759		L1 + L4
6	Amortization Period (Years)	5	5		
7	Environmental Remediation Amortization Expense	\$ 8,561,401	\$ 4,384,952	\$ (4,176,449)	L5 / L6

Notes and Source

Cols. A&B: Amounts from Adjustment No. 6.19G from PSE's filing

Test Year Ended September 30, 2016

Line No.	Description	Per PSE (A)	Per Public Counsel (B)	Public Counsel Adjustment (C)
1	Customer Records & Collection Expense Deferral - Gas Operations	\$ 1,792,116	\$ 1,792,116	
2	Proposed Amortization Period	1	3	
3	Amortization of Customer Records & Collection Expense Deferral - Gas Operations	\$ 1,792,116	\$ 597,372	\$ (1,194,744)

Notes and Source

Amounts below from Adjustment No. 6.20G and related workpapers from PSE's filing

	Electric	Gas	Total
4 Total Customer Records & Collection Expense Deferral	\$ 4,278,147	\$ 4,278,147	
5 Operations Allocation Percentage	58.11%	41.89%	
6 Customer Records & Collection Expense Deferral Allocated Between Electric and Gas Operations	\$ 2,486,031	\$ 1,792,116	\$ 4,278,147