

Puget Sound Energy - Washington
Comparison of PSE Proposed Net Salvage Accrual and Average Net Salvage Actually Incurred
As of September 30, 2016

| Account | Description | 9/30/16 Investment | Future Net Salvage Percent | PSE Proposed | | COR Included | | Five-Year Average COR Actually Incurred | PSE Proposed COR Accrual / Five-Year COR Actually Incurred | |
|---------------------------------|------------------------------------|-----------------------------|-------------------------------------|---------------------|---------------------------|-----------------|-------------------------|--|--|-------------------|
| | | | | Rate | Accrual | in PSE Proposed | Rate | | | Accrual |
| | | A | B | | | | | | | |
| <u>ELECTRIC PLANT</u> | | | | | | | | | | |
| TRANSMISSION PLANT | | | | | | | | | | |
| 350 thru 350.99 | Easements | 36,126,697 | 0% | 0.00% | 0 | 0.00% | 0 | 0 | 0.0 | |
| 352 thru 352.9 | Structures and Improvements | 9,804,944 | -5% | 1.49% | 145,637 | 0.07% | 6,935 | 0 | 0.0 | |
| 353 thru 353.9 | Station Equipment | 595,475,583 | -10% | 2.35% | 13,971,629 | 0.21% | 1,270,148 | 613,269 | 2.1 | |
| 354 thru 354.9 | Tower and Fixtures | 92,203,928 | -15% | 1.25% | 1,153,732 | 0.16% | 150,487 | 0 | 0.0 | |
| 355 thru 355.9 | Poles and Fixtures | 343,456,967 | -40% | 3.27% | 11,231,120 | 0.93% | 3,208,891 | 1,057,822 | 3.0 | |
| 356 thru 356.9 | Overhead Conductors and Devices | 291,641,567 | -10% | 1.35% | 3,942,452 | 0.12% | 358,405 | 123,660 | 2.9 | |
| 357 thru 357.7 | Underground Conduit | 1,210,859 | 0% | 2.20% | 26,673 | 0.00% | 0 | 0 | 0.0 | |
| 358.7 thru 358.9 | Underground Conductors and Devices | 36,956,730 | 0% | 1.49% | 548,817 | 0.00% | 0 | 0 | 0.0 | |
| 359 thru 359.99 | Roads and Trails | 1,955,836 | 0% | 1.48% | 28,962 | 0.00% | 0 | 0 | 0.0 | |
| TOTAL TRANSMISSION PLANT | | <u>1,406,877,276</u> | | <u>2.20%</u> | <u>31,020,060</u> | | <u>4,994,866</u> | <u>1,794,752</u> | <u>2.8</u> | |
| DISTRIBUTION PLANT | | | | | | | | | | |
| 360.10 | EASEMENTS | 6,192,998 | 0% | 1.13% | 69,962 | 0.00% | 0 | 0 | 0.0 | |
| 361.00 | STRUCTURES AND IMPROVEMENTS | 7,980,827 | -10% | 1.76% | 140,499 | 0.16% | 12,773 | 6,351 | 2.0 | |
| 362.00 | STATION EQUIPMENT | 434,912,649 | -15% | 2.04% | 8,871,422 | 0.27% | 1,157,142 | 272,048 | 4.3 | |
| 363.00 | BATTERY STORAGE EQUIPMENT | 1,194,183 | 0% | 4.99% | 59,617 | 0.00% | 0 | 0 | 0.0 | |
| 364.00 | POLES, TOWERS AND FIXTURES | 340,904,415 | -50% | 3.14% | 10,713,901 | 1.05% | 3,571,300 | 2,600,667 | 1.4 | |
| 365.00 | OVERHEAD CONDUCTORS AND DEVICES | 409,216,187 | -25% | 3.74% | 15,306,553 | 0.75% | 3,061,311 | 1,936,404 | 1.6 | |
| 366.00 | UNDERGROUND CONDUIT | 672,272,623 | -10% | 1.77% | 11,912,719 | 0.16% | 1,082,974 | (5,400) | -200.6 | |
| 367.00 | UNDERGROUND CONDUCTORS AND DEVICES | 844,856,752 | -40% | 3.93% | 33,220,993 | 1.12% | 9,491,712 | 1,985,431 | 4.8 | |
| 368.00 | LINE TRANSFORMERS | 462,673,681 | -50% | 4.06% | 18,805,777 | 1.35% | 6,268,592 | 2,352,592 | 2.7 | |
| 369.00 | SERVICES | 182,057,677 | -60% | 3.15% | 5,727,599 | 1.18% | 2,147,850 | 597,978 | 3.6 | |
| 370.00 | METERS | 140,665,914 | -10% | 8.34% | 11,730,432 | 0.76% | 1,066,403 | 1,157,315 | 0.9 | |
| 373.00 | STREET LIGHTING AND SIGNAL SYSTEMS | 53,727,968 | -15% | 4.75% | 2,552,518 | 0.62% | 332,937 | 312,465 | 1.1 | |
| TOTAL DISTRIBUTION PLANT | | <u>3,556,655,873</u> | | <u>3.35%</u> | <u>119,111,992</u> | | <u>0.79%</u> | <u>28,192,994</u> | <u>11,215,852</u> | <u>2.5</u> |

Source: Exhibit No. JJS-3r