

**EXH. SEF-7
DOCKETS UE-18___/UG-18___
PSE EXPEDITED RATE FILING
WITNESS: SUSAN E. FREE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of:

PUGET SOUND ENERGY

Expedited Rate Filing

**Docket UE-18___
Docket UG-18___**

**SIXTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

JUNE 15, 2018

2018 ERF LIST OF CBR AND GRC ADJUSTMENTS

Report	Exhibit	Page No.		Ref. No.		Description	Comments
	No.	Electric	Gas	Electric	Gas		
CBR	5(E) & 6(G)	1 - 4	1 - 3	5.01	6.01	CBR Summary Pages	As usual
CBR	5(E) & 6(G)	5	4	5.02	6.02	Cost of Capital	WACOD will be for CBR Period--ERF will make same as GRC results
CBR	5(E) & 6(G)	6	5	5.03	6.03	Test Year Income Statement	As usual
CBR	5(E) & 6(G)	7 - 10	6 - 9	5.04	6.04	Test Year Balance Sheet	As usual
CBR	5(E) & 6(G)	11 - 12	10	5.05	6.05	Test Year Rate Base	As usual
CBR	5(E) & 6(G)	13	11	5.06	6.06	Test Year Working Capital	End of Period; New a/c & CWIP trtmt
CBR	5(E) & 6(G)	14	12	5.07	6.07	Allocation Methods	As usual
CBR	5(E) & 6(G)	15	13	5.08	6.08	Temperature Normalization	As usual based on general rate case
CBR	5(E) & 6(G)	16	14	5.09	6.09	Revenues and Expenses	As usual
CBR	5(E) & 6(G)	17	15	5.10	6.10	Federal Income Taxes	35% for 9 months and 21% for 3 months; see Ref. No. 3.07E / 4.07G
CBR	5(E) & 6(G)	18	16	5.11	6.11	Tax Benefit of Interest	Using Cost of Capital from 5.02E / 6.02G
CBR	5(E) & 6(G)	19	17	5.12	6.12	Pass-Through Revenue and Expenses	As usual
CBR	5(E) & 6(G)	20	18	5.13	6.13	Rate Case Expenses	As usual
CBR	5(E) & 6(G)	21	19	5.14	6.14	Bad Debt Expense	As usual
CBR	5(E) & 6(G)	22	20	5.15	6.15	Incentive Pay	As usual
CBR	5(E) & 6(G)	23	21	5.16	6.16	Excise Tax and Filing Fee	As usual
CBR	5(E) & 6(G)	24	22	5.17	6.17	D&O Insurance	As usual for CBR
CBR	5(E) & 6(G)	25	23	5.18	6.18	Interest on Customer Deposits	As usual for CBR
CBR	5(E) & 6(G)	26	24	5.19	6.19	Pension Plan	As usual
CBR	5(E) & 6(G)	27	25	5.20	6.20	Injuries and Damages	As usual
CBR	5(E) & 6(G)	28	26	5.21	6.21	Miscellaneous Adjustments	Remove non-operating costs from operating accounts
CBR	5(E) & 6(G)	29	27	5.22	6.22	ASC 815	As usual
CBR	5(E) & 6(G)	30	--	5.23	--	Storm Damage	Normalization piece only as usual
CBR	5(E) & 6(G)	31	--	5.24	--	Power Costs	PCORC items are eliminated in ERF Adj. 3.03E / 4.03G so will have a page displayed for this standard CBR adjustment, but the amounts will be zero - consistent with how we did first ERF

2018 ERF LIST OF CBR AND GRC ADJUSTMENTS

Report	Exhibit	Page No.		Ref. No.		Description	Comments
	No.	Electric	Gas	Electric	Gas		
CBR	5(E) & 6(G)	32	--	5.25	--	Montana Electric Energy Tax	PCORC items are eliminated in ERF Adj. 3.03E / 4.03G so will have a page displayed for this standard CBR adjustment, but the amounts will be zero - consistent with how we did first ERF
CBR	5(E) & 6(G)	33	--	5.26	--	Wild Horse Solar	PCORC items are eliminated in ERF Adj. 3.03E / 4.03G so will have a page displayed for this standard CBR adjustment, but the amounts will be zero - consistent with how we did first ERF
CBR	5(E) & 6(G)	34	--	5.27	--	Conversion Factor	As usual using prorated statutory tax rate
ERF	3(E) & 4(G)	1 - 3	1 - 3	3.01	4.01	Deficiency Calculation	Will use authorized ROR including updated WACOD
ERF	3(E) & 4(G)	4	4	3.02	4.02	ERF Summary Page	As usual
ERF	3(E) & 4(G)	5	--	3.03	--	Remove Non-ERF Summary (PCORC)	Like first ERF
--	3(E) & 4(G)	--	5	--	4.03	Remove Non-ERF Summary (PGA)	Like first ERF
--	3(E) & 4(G)	--	5	--	4.03	Remove Non-ERF Summary (CRM)	Remove EOP CRM for 2017 and 2018 layers
ERF	3(E) & 4(G)	6	6	3.04	4.04	ERF Adjustments Summary	As usual
ERF	3(E) & 4(G)	7	7	3.05	4.05	Annualize Tax Reform Revenues	Excludes Production, PGA and CRM
ERF	3(E) & 4(G)	8	8	3.06	4.06	Restate Depreciation Expense	Restate test year depreciation expense on TY plant at new depreciation rates, done the same as 2009 GRC adjustment that followed approval of 2007 depreciation study.
ERF	3(E) & 4(G)	9	9	3.07	4.07	Adjust FIT Expense for TCJA	Annualize 21% statutory tax rate including ERF only ARAM from first quarter 2018
ERF	3(E) & 4(G)	10	10	3.08	4.08	Deferred Gain/Loss On Property Sales	Annualize amortizations b/c included in annualized revenues
--	--	--	--	--	--	Property and Liability Insurance	GRC proformed to Apr 2016 - 2017 premiums; therefore fully in ERF Test Year and no adjustment is needed
--	--	--	--	--	--	Wage Increase	GRC proformed the wage increases that were effective 1/2016 (IBEW), 10/2016 (UA) and 3/2017 (Mgmt). Therefore, these are all fully included in the test year and no adjustment is necessary.
--	--	--	--	--	--	Investment Plan	See wage increase
--	--	--	--	--	--	Employee Insurance	GRC restated the test year using average TY rate and average TY participant counts; therefore, will include test year amounts from ERF and no adjustment is needed.
ERF	3(E) & 4(G)	11	11	3.09	4.09	Environmental Remediation	Annualize amortizations b/c included in annualized revenues

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	No.	Electric	Gas	Electric	Gas		
ERF	3(E) & 4(G)	12	12	3.10	4.10	Payment Processing Costs	Annualize amortizations b/c included in annualized revenues
--	--	--	--	--	--	South King Service Center	SKSC went into service in August 2016, therefore, fully in test year and no adjustment is needed.
--	--	--	--	--	--	ASC 815	N/A - already done in CBR
ERF	3(E) & 4(G)	13	--	3.11	--	Storm Damage	Annualize amortizations b/c included in annualized revenues
--	--	--	--	--	--	Power Costs	N/A - not ERF related.
--	--	--	--	--	--	Montana Electric Energy Tax	N/A - not ERF related.
--	--	--	--	--	--	Wild Horse Solar	N/A - not ERF related.
--	--	--	--	--	--	Regulatory Assets and Liabilities	N/A - not ERF related.
--	--	--	--	--	--	Glacier Battery Storage	Placed in service in September 2016, therefore fully in test period and no adjustment for the delivery portion is needed.
--	--	--	--	--	--	Energy IMB Market	N/A - not ERF related.
--	--	--	--	--	--	Goldendale Capacity Upgrade	N/A - not ERF related.
--	--	--	--	--	--	Mint Farm Capacity Upgrade	N/A - not ERF related.
--	--	--	--	--	--	White River	N/A - not ERF related.
--	--	--	--	--	--	Reclass Of Hydro Treasury Grant	N/A - not ERF related.