

**BEFORE THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	
	)	DOCKETS UE-170033 and
Complainant,	)	UG-170034 (Consolidated)
	)	
v.	)	
	)	
PUGET SOUND ENERGY	)	
	)	
Respondent.	)	
_____	)	

**EXHIBIT NO. BGM-3**  
**ELECTRIC SERVICES REVENUE REQUIREMENT**

## Electric Revenue Requirement Summary (\$000)

Line	Adj. No.	Description	Company Filing @ ICNU Cost of Capital			ICNU Proposed			Impact of ICNU Adjustments:				ICNU Position	
			Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)	Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)	Pre-Tax Net Oper. Income	Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)		
1	1.00	Per Book Results (Y/E Sep. 30, 2016)	401,003	5,153,204	(31,768)	401,003	5,153,204	(31,768)						
<i>Restating Adjustments:</i>														
2	6.01	Revenues & Expenses	(29,139)	-	47,071	(29,139)	-	47,071	-	-	-	-	-	ICNU Neutral
3	6.02	Temperature Normalization	17,527	-	(28,313)	17,527	-	(28,313)	-	-	-	-	-	ICNU Neutral
4	6.03	Pass-Through Revs. & Exps.	(1,001)	-	1,616	(1,001)	-	1,616	-	-	-	-	-	ICNU Neutral
5	6.04	Federal Income Tax	(27,023)	-	43,653	(27,023)	-	43,653	-	-	-	-	-	ICNU Neutral
6	6.05	Tax Benefit Of Proforma Interest	53,350	-	(86,181)	50,867	-	(82,170)	-	(2,483)	-	4,010	-	ICNU Update
7	6.06	Depreciation Study	(34,611)	(17,305)	53,841	(20,408)	(10,204)	31,746	21,851	14,203	7,102	(22,094)	-	ICNU Oppose
8	6.07	Normalize Inj & Dmgs	69	-	(112)	69	-	(112)	-	-	-	-	-	ICNU Neutral
9	6.08	Bad Debts	549	-	(887)	549	-	(887)	-	-	-	-	-	ICNU Neutral
10	6.09	Incentive Pay	158	-	(255)	158	-	(255)	-	-	-	-	-	ICNU Neutral
11	6.10	D&O Insurance	16	-	(26)	16	-	(26)	-	-	-	-	-	ICNU Neutral
12	6.11	Interest On Cust Deposits	(108)	-	175	(108)	-	175	-	-	-	-	-	ICNU Neutral
13	6.12	Rate Case Expenses	(265)	-	428	(265)	-	428	-	-	-	-	-	ICNU Neutral
14	6.13	Deferred G/L On Property Sales	171	-	(277)	171	-	(277)	-	-	-	-	-	ICNU Neutral
15	6.14	Property & Liability Ins	66	-	(107)	66	-	(107)	-	-	-	-	-	ICNU Neutral
16	6.15	Pension Plan	(1,185)	-	1,914	930	-	(1,502)	3,253	2,115	-	(3,416)	-	ICNU Oppose
17	6.16	Wage Increase	(1,497)	-	2,418	(1,497)	-	2,418	-	-	-	-	-	ICNU Neutral
18	6.17	Investment Plan	(107)	-	172	(107)	-	172	-	-	-	-	-	ICNU Neutral
19	6.18	Employee Insurance	(122)	-	197	(122)	-	197	-	-	-	-	-	ICNU Neutral
20	6.19	Environmental Remediation	(925)	-	1,494	(553)	-	893	572	372	-	(601)	-	ICNU Oppose
21	6.20	Payment Processing Costs	(3,088)	-	4,987	(3,088)	-	4,987	-	-	-	-	-	ICNU Neutral
22	6.21	South King Service Center	434	15,915	1,201	434	15,915	1,201	-	-	-	-	-	ICNU Neutral
23	6.22	Excise Tax And Wutc Filing Fee	10	-	(17)	10	-	(17)	-	-	-	-	-	ICNU Neutral
24	IN-1	Colstrip End of Life Accounting	-	-	-	(18,067)	(101,681)	17,030	(27,795)	(18,067)	(101,681)	17,030	-	ICNU Proposed
25	IN-3	PTC Amortization	-	-	-	28,484	-	(46,012)	43,822	28,484	-	(46,012)	-	ICNU Proposed
26	IN-4	Plant Held for Future Use	-	-	-	-	(49,313)	(5,895)	-	-	(49,313)	(5,895)	-	ICNU Proposed
27	IN-6	Ardmore Substation Overruns	-	-	-	225	(13,843)	(2,018)	346	225	(13,843)	(2,018)	-	ICNU Proposed
28		<b>Restated Results</b>	<b>374,286</b>	<b>5,151,814</b>	<b>11,225</b>	<b>399,134</b>	<b>4,994,079</b>	<b>(47,771)</b>	<b>42,048</b>	<b>24,849</b>	<b>(157,735)</b>	<b>(58,996)</b>		
<i>Pro Forma Adjustments</i>														
29	7.01	Power Costs	(19,501)	-	31,502	(6,974)	-	11,265	19,273	12,527	-	(20,237)	-	ICNU Oppose
30	7.02	MT Electric Energy Tax	45	-	(73)	45	-	(73)	-	-	-	-	-	ICNU Neutral
31	7.03	Wild Horse Solar	138	(1,969)	(458)	138	(1,969)	(458)	-	-	-	-	-	ICNU Neutral
32	7.04	ASC 815 (Prev. SFAS 133)	(41,673)	-	67,317	(41,673)	-	67,317	-	-	-	-	-	ICNU Neutral
33	7.05	Storm Damage	(6,713)	-	10,843	(6,713)	-	10,843	-	-	-	-	-	ICNU Neutral
34	7.06	Reg Assets & Liabilities	1,736	(44,085)	(8,074)	1,736	(44,085)	(8,074)	-	-	-	-	-	ICNU Neutral
35	7.07	Glacier Battery Strg	(145)	2,843	575	(145)	2,843	575	-	-	-	-	-	ICNU Neutral
36	7.08	Energy Imb Market	(3,493)	5,132	6,256	(3,493)	5,132	6,256	-	-	-	-	-	ICNU Neutral
37	7.09	Goldendale Capacity Upgrade	2	18,141	2,165	2	18,141	2,165	-	-	-	-	-	ICNU Neutral
38	7.10	Mint Farm Capacity Upgrade	-	19,005	2,272	-	19,005	2,272	-	-	-	-	-	ICNU Neutral
39	7.11	White River	(3,376)	(3,888)	4,989	(3,376)	(3,888)	4,989	-	-	-	-	-	ICNU Neutral
40	7.12	Reclass Of Hydro Treasury Grants	(2,132)	5,740	4,130	-	-	-	3,280	2,132	(5,740)	(4,130)	-	ICNU Oppose
41	7.13	Production Adjustment	3,131	(54,768)	(11,605)	3,147	(54,623)	(11,613)	24	16	145	(8)	-	ICNU Update
42	IN-2	Pro Forma Net Operating Loss Carryforward	-	-	-	-	(73,969)	(8,842)	-	-	(73,969)	(8,842)	-	ICNU Proposed
43		Less: Firm Sales for Resale	251	-	(406)	251	-	(406)	-	-	-	-	-	
44		<b>Pro Forma Results</b>	<b>302,557</b>	<b>5,097,962</b>	<b>120,656</b>	<b>342,081</b>	<b>4,860,663</b>	<b>28,444</b>	<b>64,626</b>	<b>39,524</b>	<b>(237,299)</b>	<b>(92,212)</b>		



PUGET SOUND ENERGY - ELECTRIC REVENUE REQUIREMENT CALCULATIONS  
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
ADJUSTED RESULTS DETAIL

LINE NO.	NORMALIZE INJ & DMGS 6.07	BAD DEBTS 6.08	INCENTIVE PAY 6.09	D&O INSURANCE 6.10	INTEREST ON CUST DEPOSITS 6.11	RATE CASE EXPENSES 6.12	DEFERRED G/L ON PROPERTY SALES 6.13	PROPERTY & LIABILITY INS 6.14
1	OPERATING REVENUES							
2		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT							
4	SALES TO OTHER UTILITIES							
5	OTHER OPERATING REVENUES							
6	TOTAL OPERATING REVENUES							
7		-	-	-	-	-	-	-
8	OPERATING REVENUE DEDUCTIONS:							
9								
10	POWER COSTS:							
11	FUEL							
12		-		-	-	-	-	-
13	PURCHASED AND INTERCHANGED WHEELING							
14			(6,667)					
15	RESIDENTIAL EXCHANGE							
16	TOTAL PRODUCTION EXPENSES							
17	-	-	(6,667)	-	-	-	-	-
18	OTHER POWER SUPPLY EXPENSES							
19			(55,745)					
20	TRANSMISSION EXPENSE							
21			(18,098)					
22	DISTRIBUTION EXPENSE							
23			(67,990)					
24	CUSTOMER ACCTS EXPENSES							
25		(845,154)	(33,993)		108,171			
26	CUSTOMER SERVICE EXPENSES							
27			(2,883)					
28	CONSERVATION AMORTIZATION							
29	(106,750)		(42,689)	(24,832)		407,545		(101,765)
30	ADMIN & GENERAL EXPENSE							
31	DEPRECIATION							
32	AMORTIZATION							
33	AMORTIZ OF PROPERTY GAIN/LOSS							
34	OTHER OPERATING EXPENSES							
35							(263,384)	
36	ASC 815							
37	TAXES OTHER THAN INCOME TAXES							
38			(14,322)					
39	37,363	295,804	84,835	8,691		(142,641)	92,184	35,618
40	INCOME TAXES							
41	DEFERRED INCOME TAXES							
42	(69,387)	(549,350)	(157,551)	(16,141)	108,171	264,905	(171,200)	(66,147)
43	TOTAL OPERATING REV. DEDUCT.							
44	\$ 69,387	\$ 549,350	\$ 157,551	\$ 16,141	\$ (108,171)	\$ (264,905)	\$ 171,200	\$ 66,147
45	NET OPERATING INCOME							
46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	RATE BASE							
48	RATE OF RETURN							
49	RATE BASE:							
50	GROSS UTILITY PLANT IN SERVICE							
51	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52	ACCUM DEPR AND AMORT							
53	DEFERRED DEBITS AND CREDITS							
54	DEFERRED TAXES							
55	ALLOWANCE FOR WORKING CAPITAL							
56	OTHER							
57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
58	TOTAL RATE BASE							

PUGET SOUND ENERGY - ELECTRIC REVENUE REQUIREMENT CALCULATIONS  
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
ADJUSTED RESULTS DETAIL

LINE NO.	PENSION PLAN 6.15	WAGE INCREASE 6.16	INVESTMENT PLAN 6.17	EMPLOYEE INSURANCE 6.18	ENVIRONMENTAL REMEDIATION 6.19	PAYMENT PROCESSING COSTS 6.20	SOUTH KING SERVICE CENTER 6.21	EXCISE TAX AND WUTC FILING FEE 6.22
1 OPERATING REVENUES								
2 SALES TO CUSTOMERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 SALES FROM RESALE-FIRM/SPECIAL CONTRACT								
4 SALES TO OTHER UTILITIES								
5 OTHER OPERATING REVENUES								
6 TOTAL OPERATING REVENUES	-	-	-	-	-	-	-	-
7								
8 OPERATING REVENUE DEDUCTIONS:								
9								
10 POWER COSTS:								
11 FUEL	-	-	-	-				
12 PURCHASED AND INTERCHANGED		146,755						
13 WHEELING								
14 RESIDENTIAL EXCHANGE								
15 TOTAL PRODUCTION EXPENSES	-	146,755	-	-	-	-	-	-
16								
17 OTHER POWER SUPPLY EXPENSES	-	339,481	-	-				
18 TRANSMISSION EXPENSE		238,226						
19 DISTRIBUTION EXPENSE		368,168						
20 CUSTOMER ACCTS EXPENSES		129,718				4,750,002		
21 CUSTOMER SERVICE EXPENSES		46,641						
22 CONSERVATION AMORTIZATION								
23 ADMIN & GENERAL EXPENSE	(1,430,088)	893,431	163,910	187,309			(363,750)	(51,913)
24 DEPRECIATION							(304,014)	
25 AMORTIZATION								
26 AMORTIZ OF PROPERTY GAIN/LOSS								
27 OTHER OPERATING EXPENSES					850,441			
28 ASC 815								
29 TAXES OTHER THAN INCOME TAXES		140,715						36,125
30 INCOME TAXES	500,531	(806,098)	(57,368)	(65,558)	(297,654)	(1,662,501)	233,717	5,526
31 DEFERRED INCOME TAXES								
32 TOTAL OPERATING REV. DEDUCT.	(929,557)	1,497,038	106,542	121,751	552,787	3,087,501	(434,046)	(10,262)
33								
34 NET OPERATING INCOME	\$ 929,557	\$ (1,497,038)	\$ (106,542)	\$ (121,751)	\$ (552,787)	\$ (3,087,501)	\$ 434,046	\$ 10,262
35								
36 RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,915,060	\$ -
37								
38 RATE OF RETURN								
39								
40 RATE BASE:								
41 GROSS UTILITY PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	15,741,421	
42 ACCUM DEPR AND AMORT							(101,363)	
43 DEFERRED DEBITS AND CREDITS								
44 DEFERRED TAXES							275,003	
45 ALLOWANCE FOR WORKING CAPITAL								
46 OTHER								
47 TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,915,060	\$ -

**PUGET SOUND ENERGY - ELECTRIC REVENUE REQUIREMENT CALCULATIONS**  
**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016**  
**ADJUSTED RESULTS DETAIL**

LINE NO.	COLST. 1&2 EOL ACCOUNTING IN-1	PTC REG. LIAB. AMORT IN-3	PLANT HELD FOR FUTURE USE IN-4	ARDMORE SUB OVRN IN-6	POWER COSTS 7.01	MT ELECTRIC ENERGY TAX 7.02	WILD HORSE SOLAR 7.03	ASC 815 (PREV. SFAS 133) 7.04	STORM DAMAGE 7.05	REG ASSETS & LIABILITIES 7.06
1	OPERATING REVENUES									
2	\$	-	\$	-	\$	-	\$	-	\$	-
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT									
4					(172,694,095)					
5					35,075,789					
6					(137,618,306)					
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	POWER COSTS:									
11					(27,358,720)					
12					(103,930,243)					
13					(5,225,456)					
14										
15					(136,514,419)					
16										
17					9,584,909					
18					(16,783)				(131,868)	
19									(271,443)	
20										
21										
22										
23										
24										
25	27,795,233	(43,821,596)		(340,985)			(212,138)			
26									10,730,322	(241,268)
27										(2,429,827)
28								\$ 64,111,668		
29					56,686	(69,720)				
30	(9,728,332)	15,337,559		119,345	(3,755,045)	24,402	74,248		(3,614,454)	934,883
31								(22,439,084)		
32	18,066,902	(28,484,038)		(221,640)	(130,644,651)	(45,318)	(137,890)	41,672,584	6,712,557	(1,736,212)
33										
34	\$	(18,066,902)	\$	28,484,038	\$	(6,973,655)	\$	45,318	\$	137,890
35										
36	\$	(101,680,983)	\$	-	\$	(49,313,213)	\$	(13,780,037)	\$	-
37										
38										
39										
40										
41	\$	(101,680,983)	\$	(49,313,213)	\$	(13,639,381)	\$	-	\$	(4,539,303)
42					(170,492)			1,590,016		
43										(58,945,766)
44					29,836			979,946		14,860,440
45										
46										
47	\$	(101,680,983)	\$	-	\$	(49,313,213)	\$	(13,780,037)	\$	-

**PUGET SOUND ENERGY - ELECTRIC REVENUE REQUIREMENT CALCULATIONS**  
**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016**  
**ADJUSTED RESULTS DETAIL**

LINE NO.	GLACIER BATTERY STRG 7.07	ENERGY IMB MARKET 7.08	GOLDENDALE CAPACITY UPGRADE 7.09	MINT FARM CAPACITY UPGRADE 7.10	WHITE RIVER 7.11	RECLASS OF HYDRO TREASURY GRANTS 7.12	PRODUCTION ADJUSTMENT 7.13	NOL C/F IN-2	TOTAL ADJUSTMENTS
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS								\$ (182,861,223)
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT								(7,993)
4	SALES TO OTHER UTILITIES								(172,694,095)
5	OTHER OPERATING REVENUES								24,572,574
6	TOTAL OPERATING REVENUES								(330,990,738)
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL								(27,358,720)
12	PURCHASED AND INTERCHANGED								(103,793,705)
13	WHEELING								(5,225,456)
14	RESIDENTIAL EXCHANGE								69,268,220
15	TOTAL PRODUCTION EXPENSES								(67,109,661)
16									
17	OTHER POWER SUPPLY EXPENSES								9,861,453
18	TRANSMISSION EXPENSE								71,477
19	DISTRIBUTION EXPENSE								28,735
20	CUSTOMER ACCTS EXPENSES								2,726,768
21	CUSTOMER SERVICE EXPENSES								(17,231,810)
22	CONSERVATION AMORTIZATION								(97,540,765)
23	ADMIN & GENERAL EXPENSE								(1,160,276)
24	DEPRECIATION								(263,065)
25	223,831		(3,317)				(3,796,102)	-	27,715,420
26		5,373,411					(299,560)	-	(11,704,391)
27					5,194,475		(265,522)		15,418,006
28						\$	(230,039)		15,634,819
29							(53,153)		(144,222,468)
30	(78,341)	(1,880,694)	1,161		(1,818,066)		1,771,501	-	71,839,399
31	DEFERRED INCOME TAXES								(140,252,061)
32	TOTAL OPERATING REV. DEDUCT.								(271,813,687)
33									
34	\$ (145,490)	\$ (3,492,717)	\$ 2,156	\$ -	\$ (3,376,409)	\$ -	\$ 3,146,683	\$ -	\$ (59,177,051)
35									
36	\$ 2,842,787	\$ 5,131,869	\$ 18,140,954	\$ 19,004,590	\$ (3,888,479)	\$ -	\$ (54,622,971)	\$ (73,969,464)	\$ (292,478,341)
37									
38	RATE OF RETURN								
39									
40	RATE BASE:								
41	\$ 5,283,143	\$ 16,120,232	\$ (46,657)	\$ 24,765,516	\$ 45,432		\$ (105,313,256)		\$ (212,577,050)
42	(723,725)	(9,403,469)	21,111,913	(1,572,187)			44,057,476	(73,969,464)	(34,879,429)
43					(6,052,170)		(5,147,126)		(70,145,062)
44	(1,716,630)	(1,584,894)	(2,924,302)	(4,188,739)	2,118,259		11,779,935		25,123,200
45	ALLOWANCE FOR WORKING CAPITAL								-
46	OTHER								-
47	TOTAL RATE BASE								(292,478,341)

**PUGET SOUND ENERGY - ELECTRIC REVENUE REQUIREMENT CALCULATIONS**  
**STATEMENT OF OPERATING INCOME AND ADJUSTMENTS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016**  
**ADJUSTED RESULTS DETAIL**

LINE NO.		ADJUSTED RESULTS OF OPERATIONS	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	OPERATING REVENUES						
2	SALES TO CUSTOMERS	\$ 1,963,187,085	\$ 2,146,048,308	\$ (182,861,223)	\$ 1,963,187,085	\$ 28,457,142	\$ 1,991,644,228
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT	316,389	324,382	(7,993)	316,389	406,090	722,479
4	SALES TO OTHER UTILITIES	28,431,646	201,125,742	(172,694,095)	28,431,646		28,431,646
5	OTHER OPERATING REVENUES	72,413,913	47,841,339	24,572,574	72,413,913		72,413,913
6	TOTAL OPERATING REVENUES	2,064,349,033	2,395,339,771	(330,990,738)	2,064,349,033	28,863,232	2,093,212,265
7							
8	OPERATING REVENUE DEDUCTIONS:						
9							
10	POWER COSTS:						
11	FUEL	207,644,167	235,002,887	(27,358,720)	207,644,167	-	207,644,167
12	PURCHASED AND INTERCHANGED	428,552,754	532,346,459	(103,793,705)	428,552,754		428,552,754
13	WHEELING	108,574,738	113,800,193	(5,225,456)	108,574,738		108,574,738
14	RESIDENTIAL EXCHANGE	-	(69,268,220)	69,268,220	-		-
15	TOTAL PRODUCTION EXPENSES	744,771,658	811,881,319	(67,109,661)	744,771,658	-	744,771,658
16							
17	OTHER POWER SUPPLY EXPENSES	135,758,890	125,897,437	9,861,453	135,758,890	-	135,758,890
18	TRANSMISSION EXPENSE	20,341,527	20,270,050	71,477	20,341,527		20,341,527
19	DISTRIBUTION EXPENSE	83,384,764	83,356,029	28,735	83,384,764		83,384,764
20	CUSTOMER ACCTS EXPENSES	50,326,934	47,600,166	2,726,768	50,326,934	206,574	50,533,508
21	CUSTOMER SERVICE EXPENSES	2,597,317	19,829,127	(17,231,810)	2,597,317		2,597,317
22	CONSERVATION AMORTIZATION	26,210	97,566,975	(97,540,765)	26,210		26,210
23	ADMIN & GENERAL EXPENSE	113,439,483	114,599,759	(1,160,276)	113,439,483	57,726	113,497,209
24	DEPRECIATION	296,072,405	268,356,985	27,715,420	296,072,405		296,072,405
25	AMORTIZATION	33,980,584	45,684,975	(11,704,391)	33,980,584		33,980,584
26	AMORTIZ OF PROPERTY GAIN/LOSS	36,022,873	20,604,866	15,418,006	36,022,873		36,022,873
27	OTHER OPERATING EXPENSES	5,637,626	(9,997,194)	15,634,819	5,637,626		5,637,626
28	ASC 815	-	(64,111,668)	64,111,668	-		-
29	TAXES OTHER THAN INCOME TAXES	86,577,789	230,800,257	(144,222,468)	86,577,789	1,109,993	87,687,782
30	INCOME TAXES	71,840,199	800	71,839,399	71,840,199	9,621,125	81,461,324
31	DEFERRED INCOME TAXES	41,744,854	181,996,915	(140,252,061)	41,744,854		41,744,854
32	TOTAL OPERATING REV. DEDUCT.	1,722,523,112	1,994,336,799	(271,813,687)	1,722,523,112	10,995,419	1,733,518,532
33							
34	NET OPERATING INCOME	\$ 341,825,921	\$ 401,002,972	\$ (59,177,051)	\$ 341,825,921	\$ 17,867,813	\$ 359,693,734
35							
36	RATE BASE	4,860,726,121	5,153,204,462	(292,478,341)	4,860,726,121	-	4,860,726,121
37							
38	RATE OF RETURN	7.03%	7.78%		7.03%		7.40%
39							
40	RATE BASE:						
41	GROSS UTILITY PLANT IN SERVICE	9,547,824,457	9,760,401,507	(212,577,050)	9,547,824,457		9,547,824,457
42	ACCUM DEPR AND AMORT	(3,778,684,236)	(3,743,804,806)	(34,879,429)	(3,778,684,236)		(3,778,684,236)
43	DEFERRED DEBITS AND CREDITS	183,113,558	253,258,620	(70,145,062)	183,113,558		183,113,558
44	DEFERRED TAXES	(1,238,809,268)	(1,263,932,468)	25,123,200	(1,238,809,268)		(1,238,809,268)
45	ALLOWANCE FOR WORKING CAPITAL	227,005,242	227,005,242	-	227,005,242		227,005,242
46	OTHER	(79,723,633)	(79,723,633)	-	(79,723,633)		(79,723,633)
47	TOTAL RATE BASE	\$ 4,860,726,121	\$ 5,153,204,462	\$ (292,478,341)	\$ 4,860,726,121		\$ 4,860,726,121

Rate Increase
1.45%



Adj. 3.01

**PUGET SOUND ENERGY-ELECTRIC  
GENERAL RATE INCREASE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	
1	RATE BASE	\$ 4,860,726,121
2	RATE OF RETURN	<u>7.40%</u>
3		
4	OPERATING INCOME REQUIREMENT	359,693,733
5		
6	PRO FORMA OPERATING INCOME	<u>341,825,921</u>
7	OPERATING INCOME DEFICIENCY	17,867,812
8		
9	CONVERSION FACTOR	<u>0.6190510</u>
10	REVENUE REQUIREMENT DEFICIENCY	28,863,232
11	SALES FROM RESALE-FIRM	<u>406,090</u>
12		
13	REVENUE REQUIREMENT DEFICIENCY	<u>\$ 28,457,142</u>

Adj. 3.02

**PUGET SOUND ENERGY-ELECTRIC  
PRO FORMA COST OF CAPITAL  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>PRO FORMA CAPITAL %</b>	<b>COST %</b>	<b>COST OF CAPITAL</b>
1	SHORT & LONG TERM DEBT	51.50%	5.81%	2.99%
2	EQUITY	48.50%	9.10%	4.41%
3	TOTAL COST OF CAPITAL	100.00%		7.40%
4				
5	AFTER TAX DEBT	51.50%	5.81%	1.94%
6	EQUITY	48.50%	9.10%	4.41%
7	TOTAL AFTER TAX COST OF CAPITAL	100.00%		6.35%

Adj. 3.03
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**PUGET SOUND ENERGY-ELECTRIC  
CONVERSION FACTOR  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
GENERAL RATE CASE**

LINE NO. DESCRIPTION	RATE
1 BAD DEBTS	0.007157
2 ANNUAL FILING FEE	0.002000
3 STATE UTILITY TAX ( 3.8734% - ( LINE 1 * 3.8734% ) )	3.8734% <u>0.038457</u>
4	
5 SUM OF TAXES OTHER	0.047614
6	
7 CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX ( 1 - LINE 5 )	0.952386
8 FEDERAL INCOME TAX ( LINE 7 * 35% )	35% <u>0.333335</u>
9 CONVERSION FACTOR INCL FEDERAL INCOME TAX ( LINE 7 - LINE 8 )	<u><u>0.619051</u></u>

Adj. 6.05

**PUGET SOUND ENERGY-ELECTRIC  
TAX BENEFIT OF PRO FORMA INTEREST  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
RESTATING ADJUSTMENT DETAIL**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 4,860,726,121
2		
3	NET RATE BASE	<u>4,860,726,121</u>
4		
5	WEIGHTED AVERAGE COST OF DEBT	<u>2.99%</u>
6	PROFORMA INTEREST	<u>145,335,711</u>
7		
8	INCREASE (DECREASE) INCOME	(145,335,711)
9		
10	INCREASE (DECREASE) FIT @	35% <u>(50,867,499)</u>
11	INCREASE (DECREASE) NOI	<u><u>\$ 50,867,499</u></u>

Adj. 6.06

**PUGET SOUND ENERGY-ELECTRIC  
DEPRECIATION STUDY  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
RESTATING ADJUSTMENT DETAIL**

LINE NO. DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1 403 ELEC. DEPRECIATION EXPENSE	\$ 249,419,038	\$ 284,937,649	\$ 35,518,611
2 403 ELEC. PORTION OF COMMON	15,207,048	13,232,379	(1,974,669)
3 403 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	55,938	55,938	-
4 404 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	29,770,695	29,770,695	-
5 SUBTOTAL DEPRECIATION EXPENSE 403	<u>294,452,719</u>	<u>327,996,661</u>	<u>33,543,942</u>
6			
7 403.1 DEPR. EXP- FAS 143 (RECOVERED IN RATES)	1,352,125	1,739,314	387,189
8 403.1 DEPR. EXP - FAS 143 (NOT RECOVERED IN RATES)	1,476,017	-	(1,476,017)
9 SUBTOTAL DEPRECIATION EXPENSE 403.1	<u>2,828,141</u>	<u>1,739,314</u>	<u>(1,088,827)</u>
10			
11 TOTAL DEPRECIATION EXPENSE	<u>297,280,860</u>	<u>329,735,975</u>	<u>32,455,115</u>
12			
13 AMORTIZATION EXPENSE			
14 411.10 ACCRETION EXP. - ASC 410 (RECOVERED IN RATES)	1,424,661	1,820,785	396,124
15 411.10 ACCRETION EXP. - ASC 410 (NOT RECOVERED IN RATES)	1,148,003	-	(1,148,003)
16 SUBTOTAL ACCRETION EXPENSE 411.10	<u>2,572,664</u>	<u>1,820,785</u>	<u>(751,879)</u>
17			
18 DEPRECIATION EXPENSE 403 ASSOCIATED WITH FLEET	<u>846,819</u>	<u>539,849</u>	<u>(306,970)</u>
19			
20			
21 INCREASE (DECREASE) EXPENSE			31,396,266
22 INCREASE (DECREASE) FIT			(10,988,693)
23 INCREASE (DECREASE) NOI			<u>\$ (20,407,573)</u>
24			
25			
26 <b>ADJUSTMENT TO RATE BASE</b>			
27 ADJUSTMENT TO ACCUM. DEPREC. AT 50% DEPREC. EXP. LINE 21	50%		\$ (15,698,133)
28 DFIT			5,494,346
29			
30 TOTAL ADJUSTMENT TO RATEBASE			<u>\$ (10,203,786)</u>

Adj. 6.15

**PUGET SOUND ENERGY-ELECTRIC  
PENSION PLAN  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
RESTATING ADJUSTMENT DETAIL**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 6,111,576	\$ 4,681,488	\$ (1,430,088)
2				
3	INCREASE(DECREASE) EXPENSE	6,111,576	4,681,488	(1,430,088)
4				
5	INCREASE (DECREASE) FIT @	35%		500,531
6	INCREASE (DECREASE) NOI			<u>\$ 929,557</u>

**Adj. 6.19**

**PUGET SOUND ENERGY-ELECTRIC  
ENVIRONMENTAL REMEDIATION  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
RESTATING ADJUSTMENT DETAIL**

<b>LINE NO.</b>	<b>DESCRIPTION</b>		<b>AMOUNT</b>
1	<b><u>ELECTRIC ENVIRONMENTAL REMEDIATION</u></b>		
2			
3	DEFERRED COSTS NET OF SITE SPECIFIC RECOVERIES AS OF SEPTEMBER 30, 2016	\$ 9,596,412	
4	ANNUAL AMORTIZATION (LINE 3 ÷ 5 YEARS)		1,919,282
5			
6	<b><u>INSURANCE PROCEEDS &amp; THIRD PARTIES PAYMENTS</u></b>		
7			
8	SHARE OF DEFERRED UNASSIGNED RECOVERIES AS OF SEPTEMBER 30, 2016	(5,344,209)	
9	ANNUAL AMORTIZATION (LINE 8 ÷ 5 YEARS)		(1,068,842)
10			
11	TOTAL RATE YEAR AMORTIZATION ENVIRONMENTAL (LINE 4 + LINE 9)		<u>850,441</u>
12			
13	INCREASE (DECREASE) FIT @ 35% (LINE 11 X 35%)	35%	<u>(297,654)</u>
14			
15	INCREASE (DECREASE) NOI		<u><u>\$ (552,787)</u></u>

Adj. IN-1

**PUGET SOUND ENERGY-ELECTRIC  
COLSTRIP END OF LIFE ACCOUNTING  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
RESTATING ADJUSTMENT DETAIL**

LINE NO.	DESCRIPTION	DR.	CR.	ADJUSTMENT
1	1/1/2018 RECLASSIFICATION:			
2	FERC 182.2.xx COLSTRIP END OF LIFE BALANCING ACCOU	101,680,983.18		
3	FERC 311 - STRUCTURES AND IMPROVEMENTS		8,362,380	
4	FERC 312 - BOILER PLANT EQUIPMENT		82,347,353	
5	FERC 314 - TURBOGENERATOR UNITS		32,833,776	
6	FERC 315 - ACCESSORY ELECTRIC EQUIPMENT		5,023,063	
7	FERC 316 - MISCELLANEOUS POWER PLANT EQUIPMENT		1,339,194	
8	FERC 392 - TRANSPORTATION EQUIPMENT		25,412	
9	FERC 394 - TOOLS, SHOP AND GARAGE EQUIPMENT		187,939	
10	FERC 396 - POWER OPERATED EQUIPMENT		157,625	
11	FERC 397 - COMMUNICATION EQUIPMENT		694	
12	FERC 350.99 - EASEMENTS - GIF		178	
13	FERC 354.9 - TOWERS AND FIXTURES - GIF		427	
14	FERC 355.9 - POLES AND FIXTURES - GIF	17,719		
15	FERC 356.9 - OVERHEAD CONDUCTORS AND DEVICES - GIF		52,845	
16	ALLOWANCE FOR DEFERRED INCOME TAXES	28,632,185		
21				
22	<b>RATE BASE IMPACT OF RECLASSIFICATION</b>			<b>(101,680,983)</b>
23				
24	2018 AMORTIZATION (INCLUDES RETURN ON BALANCE):	18,066,902		
25	FERC 407.xx - AMORTOF UNRECVRD COLSTRIP 1&2 COSTS		18,066,902	
26	FERC 182.2.xx COLSTRIP END OF LIFE BALANCING ACCOUNT			
27				
28	<b>INCREASE(DECREASE) POST TAX OPERATING EXPENSE</b>			<b>18,066,902</b>
29	<i>TAX EFFECTS INTERNALIZED TO ACCOUNT IN CARRYING CHARGE</i>			
30	PRE TAX OPERATING EXPENSE @ 35%			<b><u>\$ 27,795,233</u></b>



Adj. IN-3

**PUGET SOUND ENERGY-ELECTRIC  
PRODUCTION TAX CREDIT REGULATORY LIABILITY AMORTIZATION  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
RESTATING ADJUSTMENT DETAIL**

LINE NO.	DESCRIPTION	DR.	CR.	ADJUSTMENT
1	REGULATORY LIABILITY BALANCE 12/31/2016	\$ 197,197,183		
2				
3	AMORTIZATION (S/L 4.5 YEARS)	\$ 43,821,596		
4	PTC REGULATORY LIABILITY		\$ 43,821,596	
5				
6	ADJUSTMENT			\$ 43,821,596
7	INCREASE(DECREASE) FIT @	35%		\$ (15,337,559)
8	INCREASE(DECREASE) NOI			\$ (28,484,037)

Adj. IN-4

**PUGET SOUND ENERGY-ELECTRIC  
PLANT HELD FOR FUTURE USE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
RESTATING ADJUSTMENT DETAIL**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>TEST PERIOD</b>	<b>RESTATED</b>	<b>ADJUSTMENT</b>
1	RATE BASE			
2	FERC 105 - PLANT HELD FOR FUTURE USE	\$ 49,313,213	\$ -	\$ (49,313,213)

Adj. 7.01

**PUGET SOUND ENERGY-ELECTRIC  
POWER COSTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
PRO FORMA ADJUSTMENT DETAIL**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	PRODUCTION EXPENSES:			
2	501-STEAM FUEL	\$ 85,246,015	\$ 79,063,626	\$ (6,182,389)
3	547-FUEL	149,756,872	128,580,540	(21,176,331)
4	555-PURCHASED POWER	523,037,996	414,141,853	(108,896,143)
5	557-OTHER POWER EXPENSE	9,308,464	9,504,882	196,419
6	565-WHEELING	113,800,193	108,574,738	(5,225,456)
7	447-SALES FOR RESALE	(201,125,742)	(28,431,646)	172,694,095
8	456-PURCHASES/SALES OF NON-CORE GAS	18,023,678	(15,588,634)	(33,612,312)
9				-
10	PRODUCTION O&M	125,897,437	135,482,346	9,584,909
11	TRANS. EXP. INCL. 500KV O&M	662,135	645,352	(16,783)
12	456-1 VARIABLE TRANSM. INCOME - COLSTRIP, 3RD AC & NI	(8,228,549)	(9,692,026)	(1,463,477)
13	EQUITY RETURN ON CENTRALIA TRANSITION COAL PPA		4,769,481	4,769,481
14				
15	INCREASE (DECREASE) EXPENSE	816,378,499	827,050,512	10,672,013
16				
17	INCREASE (DECREASE) OPERATING INCOME	(816,378,499)	(827,050,512)	(10,672,013)
18				
19	STATE UTILITY TAX SAVINGS FOR LINE 12	3.873%		(56,686)
20	INCREASE (DECREASE) INCOME			(10,728,699)
21	INCREASE (DECREASE) FIT @	35%		(3,755,045)
22	INCREASE (DECREASE) NOI			<u>\$ (6,973,655)</u>

Adj. 7.12

**PUGET SOUND ENERGY-ELECTRIC  
TRANSFER OF HYDRO TREASURY GRANTS IN RATEBASE  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
PRO FORMA ADJUSTMENT DETAIL**

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	<b><u>HYDRO TREASURY GRANTS RATEBASE</u></b>			
2	NET HYDRO TREASURY GRANTS BALANCE IN DEFFERED DEBITS & CREDITS	\$ (101,559,499)	\$ (101,559,499)	\$ -
3	COLSTRIP 1/2 RETIREMENT ACCOUNT	-	-	-
4	<b>TOTAL TREASURY GRANTS RATEBASE</b>	<u>\$ (101,559,499)</u>	<u>\$ (101,559,499)</u>	<u>\$ -</u>
5				
6				
7	<b><u>HYDRO TREASURY GRANTS OPERATING EXPENSE</u></b>			
8	AMORTIZATION EXPENSE	\$ (3,279,780)	\$ (3,279,780)	\$ -
9	<b>TOTAL TREASURY GRANTS EXPENSE</b>	<u>(3,279,780)</u>	<u>(3,279,780)</u>	<u>-</u>
10				
11	INCREASE (DECREASE) FIT @	35%		-
12	INCREASE (DECREASE) NOI			<u>\$ -</u>



**Adj. IN-2**

**PUGET SOUND ENERGY-ELECTRIC  
NET OPERATING LOSS CARRYFORWARDS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
PRO FORMA ADJUSTMENT DETAIL**

<b>LINE</b>	<b>DESCRIPTION</b>	<b>ACTUAL</b>	<b>PROFORMA</b>	<b>INCREASE (DECREASE)</b>
1	RATE BASE:			
2	190.433-NET OPERATING LOSS CARRYFORWARD	\$ 73,969,464	\$ -	\$ (73,969,464)