

Electric Commission Basis Report Cover Letter
December 31, 2016

Page 1.01

			<u>Adjusted Results of Operations</u>	<u>Earnings Sharing</u>	<u>After Earnings Sharing</u>
Restated Net Operating Income	a	\$	414,394,849	\$ (7,410,157)	\$ 406,984,692
Restated Rate Base	b	\$	5,142,529,409	\$ -	\$ 5,142,529,409
Normalized Overall Rate of Return	c=a/b		8.06%	-0.15%	7.91%
Restated Net Operating Income	d=a	\$	414,394,849	\$ (7,410,157)	\$ 406,984,692
Restated Interest Expense	e	\$	155,818,641		\$ 155,818,641
Restated NOI less Restated Interest Exp	f=d-e	\$	258,576,208	\$ (7,410,157)	\$ 251,166,051
Restated Rate Base	g=b	\$	5,142,529,409	\$ -	\$ 5,142,529,409
Actual Equity Percent	h		48.91%		48.91%
Equity Rate Base	i=g*h	\$	2,515,211,134	\$ -	\$ 2,515,211,134
Restated Return on Actual Equity	j=f/i		10.28%	-0.29%	9.99%

PUGET SOUND ENERGY, INC.**Utility Capital Structure
Cost of Capital and Rate of Return****For The 12 Months Ending December 31, 2016**

	(A)	(B)	(C)	(D)	(E)
					Weighted Cost of Capital
	<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Cost</u>	
1					
2					
3					
4					
5					
6					
7	Short Term Debt	\$80,378,875	1.08%	4.20%	0.05% (A)
8					
9	Long Term Debt	\$3,743,421,926	50.01%	5.95%	2.98% (A)
10					
11	Common Stock	<u>\$3,661,028,217</u>	<u>48.91%</u>	9.80%	<u>4.79%</u>
12					
13	Total	<u>\$7,484,829,018</u>	<u>100.00%</u>		<u>7.82%</u>
14					
15					
16	(i) - Average of Month-End Balances			Total (A)	3.03%

**Decoupling Filing
Electric Earnings Test
2016 December CBR**

Line No.	Description (a)	Calculation (b)	Source (c)
1	Restated Rate Base	\$ 5,142,529,409	Commission basis report pg 1.01 line b
2	Threshold	7.77%	(Source: UE130137/UG130138)
3	Maximum Net Operating Income	\$ 399,574,535	line 1 x line 2
4	Restated Net Operating Income	\$ 414,394,849	Commission basis report pg 1.01 line a
5	Difference	\$ 14,820,314	line 4 - line 3
6	Excess Earnings	\$ 14,820,314	Greater of zero or line 5
7	Earnings Sharing Percentage	50%	UE-121697
8	After-Tax Earnings Sharing	\$ 7,410,157	line 6 x line 7
9	Net to Gross Conversion Factor	0.620346	As Approved in ERF
10	Earnings Sharing for CY 2016	\$ 11,945,200	line 8 / line 9

**PERIODIC ALLOCATED RESULTS OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER 31, 2016**

(Common cost is spread based on allocation factors developed for the 12 ME 12/31/2016)

	Electric	Gas	Total Amount
1 - OPERATING REVENUES:			
2 - SALES TO CUSTOMERS	\$ 2,147,655,566	\$ 854,614,988	\$ 3,002,270,554
3 - SALES FOR RESALE-FIRM	325,348	-	325,348
4 - SALES TO OTHER UTILITIES	180,683,383	-	180,683,383
5 - OTHER OPERATING REVENUES	60,271,453	35,895,209	96,166,662
6 - TOTAL OPERATING REVENUES	\$ 2,388,935,751	\$ 890,510,196	\$ 3,279,445,947
7			
8 - OPERATING REVENUE DEDUCTIONS:			
9			
10 - POWER COSTS:			
11 - FUEL	\$ 215,331,286	\$ -	\$ 215,331,286
12 - PURCHASED AND INTERCHANGED	546,513,843	313,953,738	860,467,582
13 - WHEELING	114,137,949	-	114,137,949
14 - RESIDENTIAL EXCHANGE	(69,823,672)	-	(69,823,672)
15 - TOTAL PRODUCTION EXPENSES	\$ 806,159,406	\$ 313,953,738	\$ 1,120,113,144
16			
17 - OTHER ENERGY SUPPLY EXPENSES	\$ 126,338,252	\$ 2,536,730	\$ 128,874,981
18 - TRANSMISSION EXPENSE	20,320,134	-	20,320,134
19 - DISTRIBUTION EXPENSE	86,297,607	59,765,034	146,062,640
20 - CUSTOMER ACCTS EXPENSES	48,794,685	26,674,421	75,469,106
21 - CUSTOMER SERVICE EXPENSES	20,016,503	7,926,046	27,942,549
22 - CONSERVATION AMORTIZATION	94,684,813	13,098,809	107,783,622
23 - ADMIN & GENERAL EXPENSE	118,560,450	52,765,995	171,326,445
24 - DEPRECIATION	270,719,902	124,027,466	394,747,368
25 - AMORTIZATION	46,836,789	11,987,329	58,824,119
26 - AMORTIZ OF PROPERTY LOSS	20,604,866	-	20,604,866
27 - OTHER OPERATING EXPENSES	(14,522,679)	(193,739)	(14,716,418)
28 - ASC 815	(83,794,605)	-	(83,794,605)
29 - TAXES OTHER THAN INCOME TAXES	232,019,597	96,060,993	328,080,590
30 - INCOME TAXES	19,618	(0)	19,617
31 - DEFERRED INCOME TAXES	189,448,153	65,109,447	254,557,601
32 - TOTAL OPERATING REV. DEDUCT.	\$ 1,982,503,490	\$ 773,712,268	\$ 2,756,215,758
NET OPERATING INCOME	\$ 406,432,260	\$ 116,797,929	\$ 523,230,189

**PUGET SOUND ENERGY
BALANCE SHEET
As of December 31, 2016**

FERC Account and Description	Dec-16	Dec 16 AMA
*ASSETS		
**UTILITY PLANT		
***Electric Plant		
101 Electric Plant in Service	9,396,472,413	9,215,978,925
102 Electric Plant Purchased or Sold	-	-
105 Electric Plant Held for Future Use	49,015,408	49,092,027
106 Comp. Construction Not Classfd.-Electric	73,458,402	49,893,812
107 Construction Work in Prog. - Electric	243,163,405	248,404,578
114 Electric Plant Acquisition Adjustments	282,791,675	282,791,675
Total Electric Plant	10,044,901,303	9,846,161,018
***Gas Plant		
101 Gas Plant in Service	3,444,210,171	3,384,955,115
105 Gas Plant Held for Future Use	1,436,770	2,415,940
106 Comp. Construction Not Classfd. - Gas	83,344,851	44,810,839
107 Construction Work in Progress - Gas	102,624,563	97,042,004
117.3 Gas Strd.in Resvr.& Pipln.-Noncurr.	8,654,564	8,654,564
Total Gas Plant	3,640,270,919	3,537,878,462
***Common Plant		
101 Plant in Service - Common	503,142,213	497,323,128
101.1 - Property under capital leases	644,576	74,136
105 Common Plant Held for Future Use	2,184,059	242,668
106 Comp Construction Not Classfd. - Common	2,541,490	1,401,505
107 Construction Work in Progress - Common	124,205,723	83,846,729
Total Common Plant	632,718,063	582,888,166
***Accumulated Depreciation and Amortization		
108 Accumulated Provision for Depreciation	(4,986,808,885)	(4,925,407,731)
111 Accumulated Provision for Amortization	(144,715,871)	(132,521,510)
115 Accm.Priv.for Amort.of Plant Acquis.Adj.	(121,205,532)	(116,690,319)
Less: Accumulated Depr and Amortizat	(5,252,730,288)	(5,174,619,560)
**NET UTILITY PLANT	9,065,159,997	8,792,308,085
**OTHER PROPERTY AND INVESTMENTS		
***Other Investments		
121 Nonutility Property	2,786,820	3,264,181
122 Accm.Prov.for Depr.& Amort.Non-utility P	343,834	148,035
123.1 Investment in Subsidiary Companies	29,527,738	29,738,570
124 Other Investments	49,106,001	51,029,880
***Total Other Investments	81,764,394	84,180,666
**TOTAL OTHER PROPERTY AND INVESTMENT	81,764,394	84,180,666
**CURRENT ASSETS		
***Cash		
131 Cash	24,594,661	18,632,611
134 Other Special Deposits	7,269,365	4,504,694
135 Working Funds	5,068,123	4,608,324
136 Temporary Cash Investments	-	3,166,667
***Total Cash	36,932,150	30,912,296
***Restricted Cash		
***Total Restricted Cash	-	-
***Accounts Receivable		
141 Notes Receivable	3,213,241	3,264,189
142 Customer Accounts Receivable	232,806,401	200,174,050
143 Other Accounts Receivable	89,735,816	76,189,223
146 Accounts Receiv.from Assoc. Companies	16,144,493	1,245,216
171 Interest and Dividends Receivable	-	-
173 Accrued Utility Revenues	234,052,760	156,091,168
185 Temporary Facilities	145,946	105,520
191 Unrecovered Purchased Gas Costs	2,784,765	(8,407,539)
***Total Accounts Receivable	578,883,422	428,661,826

***Allowance for Doubtful Accounts		
144 - Accumulated provision for uncollectible account credit	(9,797,823)	(9,587,163)
***Less: Allowance for Doubtful Accounts	(9,797,823)	(9,587,163)
***Materials and Supplies		
151 Fuel Stock	20,077,521	20,004,570
154 Plant Materials and Operating Supplies	104,509,800	95,306,836
156 Other Materials and Supplies	205,468	221,777
158.1 Carbon Allowances	4,083	4,083
163 Stores Expense Undistributed	1,864,432	3,231,270
164.1 Gas Stored - Current	36,506,049	33,417,610
164.2 Liquefied Natural Gas Stored	61,730	42,529
***Total Materials and Supplies	163,229,083	152,228,674
***Unrealized Gain-Derivative Instrumnts (ST)		
175 Invest in Derivative Instrumnts -Opt ST	54,341,129	30,005,022
176 Invest in Derivative Instrumnts-Gain ST	-	-
***Unrealized Gain on Derivatives (ST)	54,341,129	30,005,022
***Prepayments and Other Current Assets		
165 Prepayments	25,309,507	26,747,745
174 Misc.Current and Accrued Assets	-	7,366,396
186 Miscellaneous Deferred Debits	9,837	8,491
***Total Prepayments & Othr.Curr.Assets	25,319,344	34,122,632
Current Deferred Taxes		
Total Current Deferred Taxes	515,892,746	562,220,206
**TOTAL CURRENT ASSETS	1,364,800,051	1,228,563,492
**LONG-TERM ASSETS		
128 Qualified Pension Plan Funded Status	20,163,333	20,162,538
165 Long-Term Prepaid	22,437,376	10,187,946
165.8 Long-Term Prepaid Contra	(5,065,658)	(8,977,486)
165.9 Long-Term Prepaid	5,065,658	8,977,486
175 Invest in Derivative Instrumnts -Opt LT	8,738,208	7,313,196
176 Invest in Derivative Instrumnts-Gain LT	-	-
181 Unamortized Debt Expense	27,151,032	28,583,136
182.1 Extraordinary Property Losses	122,709,069	124,513,977
182.2 Unrecovered Plant & Reg Study Costs	5,230,665	7,794,400
Subtotal WUTC AFUDC	51,403,519	51,309,033
182.3 Other Regulatory Assets	580,964,326	571,632,385
183 Prelm. Survey and Investigation Charges	-	-
184 Clearing Accounts	5,441	(12,146)
186 Miscellaneous Deferred Debits	200,852,873	225,154,172
187 Def.Losses from Dispos.of Utility Plant	395,028	509,669
189 Unamortized Loss on Reacquired Debt	42,196,348	43,589,312
**TOTAL LONG-TERM ASSETS	1,082,247,217	1,090,737,619
*TOTAL ASSETS	\$ 11,593,971,660	\$ 11,195,789,862
*CAPITALIZATION AND LIABILITIES		
**CURRENT LIABILITIES		
230 Asset Retirement Obligations	(298,722)	(350,538)
244 FAS 133 Opt Unrealized Loss ST	(44,169,509)	(87,831,570)
245 FAS 133 Unrealized Loss ST	-	-
231 Notes Payable	(245,763,000)	(80,378,875)
232 Accounts Payable	(352,583,618)	(258,123,057)
233 Notes Payable to Associated Companies	-	-
234 Accounts Payable to Asscted Companies	-	-
235 Customer Deposits	(43,605,570)	(37,725,201)
236 Taxes Accrued	(111,128,413)	(104,881,674)
237 Interest Accrued	(48,087,314)	(57,765,635)
238 Dividends Declared	-	-
241 Tax Collections Payable	(1,358,171)	(1,199,317)
242 Misc. Current and Accrued Liabilities	(24,880,750)	(29,974,257)
243 Obligations Under Cap.Leases - Current	(665,055)	(74,989)
**TOTAL CURRENT LIABILITIES	(872,540,123)	(658,305,113)
**DEFERRED TAXES		

***Reg. Liability for Def.Income Tax		
283 Accum.Deferred Income Taxes - Other	(70,264,585)	(69,540,707)
***Total Reg.Liab.for Def.Income Tax	(70,264,585)	(69,540,707)
***Deferred Income Tax		
255 Accum.Deferred Investment Tax Credits	-	-
282 Accum. Def. Income Taxes - Other Prop.	(1,892,407,598)	(1,846,995,950)
283 Accum.Deferred Income Taxes - Other	(287,908,304)	(301,082,995)
***Total Deferred Income Tax	(2,180,315,902)	(2,148,078,945)
***TOTAL DEFERRED TAXES	(2,250,580,486)	(2,217,619,652)
***OTHER DEFERRED CREDITS		
Subtotal 227 Oblig Under Cap Lease - Noncurr	-	-
Total Unrealized Loss on Derivatives -LT	(16,260,549)	(25,985,003)
228.2 Accum. Prov.for Injuries and Damages	(425,000)	(367,417)
228.3 Pension & Post Retirement Liabilities	(91,147,184)	(94,061,449)
228.4 Accum. Misc.Operating Provisions	(281,621,011)	(283,554,075)
229 Accum Provision for Rate Refunds	-	-
230 Asset Retirement Obligations (FAS 143)	(200,046,393)	(102,119,690)
252 Customer Advances for Construction	(82,187,305)	(78,028,901)
253 Other Deferred Credits	(398,297,338)	(367,624,960)
254 Other Regulatory Liabilities	(135,698,471)	(130,058,412)
256 Def. Gains from Dispos.of Utility Plt	(2,882,761)	(3,192,483)
257 Unamortized Gain on Reacquired Debt	-	41,497
***TOTAL OTHER DEFERRED CREDITS	(1,208,566,012)	(1,084,950,893)
***CAPITALIZATION		
***SHAREHOLDER'S EQUITY		
****Common Equity		
201 Common Stock Issued	(859,038)	(859,038)
207 Premium on Capital Stock	(478,145,250)	(478,145,250)
211 Miscellaneous Paid-in Capital	(2,804,096,691)	(2,804,096,691)
214 Capital Stock Expense	7,133,879	7,133,879
215 Appropriated Retained Earnings	(20,239,166)	(17,384,436)
216 Unappropriated Retained Earnings	(237,152,563)	(238,381,646)
216.1 Unappr.Undistrib.Subsidiary Earnings	14,969,706	14,758,874
219 Other Comprehensive Income	145,509,911	144,869,575
433 Balance Transferred from Income	(380,581,213)	(222,569,261)
438 Dividends Declared - Common Stock	257,363,965	125,916,241
439 Adjustments to Retained Earnings	5,848,610	5,848,610
****Total Common Equity	(3,490,247,850)	(3,462,909,143)
***TOTAL SHAREHOLDER'S EQUITY	(3,490,247,850)	(3,462,909,143)
***REDEEMABLE SECURITIES AND LONG-TERM DEBT		
****Preferred Stock - Manditorily Redeemable Capital	-	-
****Total Preferred Stock - Mand Redeem	-	-
****Corporation Obligated, Mand Redeemable Preferred Stock Subscribed	-	-
****Corporation Obligated, Mand Redeem	-	-
****Long-term Debt		
221 Junior Subordinated Debt	(250,000,000)	(250,000,000)
221 Bonds	(3,523,860,000)	(3,523,860,000)
226 Unamort.Disct. on Long-term Debt-Debit	1,822,812	1,854,938
Long-term Debt	(3,772,037,188)	(3,772,005,062)
****Long-term Debt Total	(3,772,037,188)	(3,772,005,062)
***REDEEMABLE SECURITIES AND LTD	-	-
***TOTAL CAPITALIZATION	(7,262,285,038)	(7,234,914,204)
*TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ (11,593,971,660)</u>	<u>\$ (11,195,789,862)</u>

1	Account	Description	AMA 12 ME 12/31/16
3		Rate Base	
4	101 / 102 / 230XXXX1	Electric Plant in Service	\$ 9,123,140,018
5	101 / 253XXXX3	Common Plant-Allocation to Electric	325,921,180
6	114XXXX1	Electric Plant Aquisition Adjustment	282,791,675
6a	18600001 / 451/ 461	Snoqualmie Deferral -UE-130559	6,169,614
6b	18600801 / 811/ 821	Baker Deferral - UE-131387	1,571,147
6c	1822XXX1	White River Deferred Plant Costs	29,011,889
6d	1823XXX1	White River Deferred Relicensing & CWIP	(6,669,023)
6e	16599011 &18232321	Prepaid Colstrip 1&2 WECOA Coal Resrv Ded.	1,750,000
6f	18600531 / 671/ 691/791	Ferndale Deferral - UE-12843	15,068,074
6g	25300831	Hopkins II Wake Effect Settlement	-
6h	18230381/18230391	Goldendale Deferral -UE-070533	-
6i	18235521	Mint Farm Deferral	25,077,965
6j	1340xxxx	BPA Deposits	787,813
6k	18606XX	WHE Deferred Costs-UE-090704	-
6l	18231041	Prepaid Major Maint Sumas	-
6m	18230351	Chelan PUD Contract Initiation	127,183,673
6n	18220091	Upper Baker - Unrecovered Plant & Reg. Study Costs	120,634
6o	18232301 & 311 & 331	LSR Deposit Carry Charge & Deferral UE-100882	82,769,346
6p	18220101	Electron Unrecovered Loss	8,873,558
7	18230041	Colstrip Common FERC Adj - Reg Asset	21,589,277
8	18230051	Accum Amortization Colstrip-Common FERC	(17,006,270)
9	18230061	Colstrip Def Depr FERC Adj - Reg	1,108,243
10	18230071	BPA Power Exch Invstmt - Reg Asset	113,632,921
11	18230081	BPA Power Exch Inv Amortization - Reg Asset	(110,106,393)
12	18230031	Electric - Def AFUDC - Regulatory Asset	51,033,924
13	1861051	Capitalized OH	-
14	10500001	Electric - Plant Held for Future Use	49,092,027
15	10500003	Common Plant Held for Fut Use-Alloc to Electric	-
16	10600501	Electric - Const Completed Non Classified	49,893,812
16a	10600503	Common - Const Completed Non Classified	932,326
17	108XXXX1	Elec-Accum Depreciation	(3,499,501,666)
18	108XXXX3	Common Accum Depr-Allocation to Electric	(74,274,967)
19	111XXXX1	Elec-Accum Amortization	(33,036,164)
20	11100003	Common Accum Amort-Allocation to Electric	(62,364,366)
21	115XXXX1	Accum Amort Acq Adj - Electric	(116,690,319)
22	22840331,341, 19003011,25400491	Snoqualmie & Baker Treasury Grants	(103,982,567)
23	19000041	CIAC after 10/8/76 - Accum Def Income Tax	-
24	19000051	CIAC - 1986 Changes - Accum Def Income Tax	-
25	19000061	CIAC - 7/1/87 - Accum Def Income Tax	-
26	19000093	Vacation Pay - Accum Def Inc Taxes	-
26a	19000121	Cabot Gas Contract - Accum Def Inc Taxe	-
26b	19000151	DFIT - Westcoast Capacity Assignment - Electric	320,272
26c	19000711	DFIT- BNP Electric	439,061
27	19000191	RB-Consrv Pre91 Tax Settlmt - Accum Def Inc Tax	-
27.1	19000701	DFFIT SSCM INT - ELEC	-

1	Account	Description	AMA 12 ME 12/31/16
28	235XXX1	Customer Deposits - Electric	(6,513,083)
28a	23500003	Customer Deposits - Common	(20,840,331)
29	25400081	Residential Exchange	-
29.1	25400191& 25400201	Westcoast Pipeline Capacity Regulatory Liabilities	(2,169,524)
30	252XXX1	Cust Advances for Construction	(57,065,176)
31	28200101	Major Projects - Property Tax Expense	-
32	28200111	Def Inc Tax - Pre 1981 Additions	-
33	28200121, 161/28300341	Def Inc Tax - Post 1980 Additions	(1,283,074,360)
34	28200131	Colstrip 3 & 4 Deferred Inc Tax	-
35	28200141	Excess Def Taxes - Centralia Sale	-
35-1	28200151	Def FIT Indirect Cost Adj - Electric	-
35a	283XXXXX	Electric Portion of Common Deferred Taxes	(29,505,789)
35a2	19000433	NOL Carryforward	68,926,240
36	28300161	Def Inc Tax - Energy Conservation & FAS 133	-
37	28300261	Def FIT Bond Redemption Costs	-
37a	28300091	Accum Def Inc Tax - Snoqualmie	(2,159,365)
37b	28300741	Accum Def Inc Tax - Baker	(549,901)
37c	28300011	Def FIT - White River Water Right	(7,820,003)
37d	28300731	Accum Def Inc Tax - Ferndale	(5,273,826)
37e	28300431	Deferred Taxes WNP#3	(1,196,364)
37f	19000441	Deferred FIT FAS 143 Whitehorn 2 &3	6,602,967
37g	19000553	Common DFIT Summit Purchase Opt Buyout - Elec	118,390
37h	19000561	Def FIT - Wind Loss Settlement Agreemen	-
37i	28302061	DFIT - Electron Unrecovered Loss	(3,105,745)
37j	28300601\28300611\28300661	DFIT Mint Fam Costs-UE-090704	(8,777,288)
37k	28300631\28300641\28300671	DFIT Wild Horse Costs-UE-090704	-
37l	28300561	DFIT - Interest Chelan PUD Reg Asset	(14,157,425)
37m	28300081 & 28300721	DFIT BPA Prepayment & LSR	(5,127,679)
38	124001X1	Conservation Rate Base	-
39	18230181	1995 Conservation Trust Rate Base	-
40			
41	Working Capital- Rate Base		221,501,044
42	Rate Base		5,144,459,491
43			
44	Electric Rate Base Change		<u>5,144,459,491</u>
45			
46	Gross Utility Plant in Service		9,831,771,038
47	Less Accum Dep and Amort		(3,785,867,482)
48	Deferred Debits and Credits		245,814,298
49	Deferred Taxes		(1,284,340,816)
50	Allowance for Working Capital		221,501,044
51	Customer Deposits/Advances		(84,418,590)
52	Total Rate Base		<u>5,144,459,491</u>

			31-Dec-16
Code	Line No.	Description	AMA
1	1	Average Invested Capital	
2	2	Common Stock	859,038
3	3	Preferred Stock	-
4	4	Additional Paid in Capital	3,274,616,487
5	5	Unamortized Debt Expense	(21,922,315)
6	6	Unappropriated Retained Earnings	362,354,859
7	7	Notes Payable - Misc	-
8	8	Long Term Debt	3,772,005,062
9	9	Short Term Debt	80,378,875
10	10	Accumulated Deferred ITC	-
10.1	11	Treasury Grants	-
11	12	Deferred Debits-Other	-
12	13	Unamortized Gain/Loss on Debt	(43,630,809)
14	14	Total Average Invested Capital	<u>7,424,661,197</u>
15	15		
16	16	Average Operating Investments - Electric	
17	17		
18	18	Plant in Service (includes acquisition adj)	9,455,825,505
19	19	Electric Future Use Property	49,092,027
20	20	Customer Advances for Construction	(57,065,176)
21	21	Customer Deposits	(27,353,415)
22	22	Deferred Taxes	(1,067,951,632)
23	23	Deferred Debits/Credits - Other	132,362,237
24	24	Less: Accumulated Depreciation	(3,649,228,149)
25	25	Snoqualmie & Baker Treasury Grants	(103,982,567)
26	26	Common Plant-Allocation to Electric	326,853,506
27	27	Common Accum Depr-Allocation to Electric	(136,639,333)
28	28	Common Deferred Taxes-Allocation to Electric	(29,387,399)
29	29	NOL Carryforward	68,926,240
30	30	Total Average Operating Investment - Electric	<u>4,961,451,844</u>
31	31		
32	32	Average Operating Investments - Gas	
33	33		
34	34	Gas Utility Plant in Service	3,423,126,874
35	35	Deferred Items - Other	101,804,176
36	36	Gas Stored Underground, Non-Current	8,654,564
37	37	Gas Accumulated Depreciation	(1,320,749,606)
38	38	Gas Customer Advances for Construction	(20,963,726)
38.1	39	Gas Customer Deposits	(10,371,787)
39	40	DFIT 17	(551,161,706)
40	41	PGA	(8,407,539)
26	42	Common Plant-Allocation to Gas	162,667,994
27	43	Common Accumulated Depreciation-Allocation to Gas	(68,002,472)
28	44	Common Deferred Tax	(14,625,480)
29	45	NOL Carryforward	11,762,158
46	46	Total Average Operating Investment - Gas	<u>1,713,733,450</u>
47	47		
48	48	Total Electric & Gas Operating Investment	<u><u>6,675,185,294</u></u>
49	49		
50	50	Construction Work in Progress	
51	51		
51	52	Elec Construction Work in Process	304,389,039
52	53	Gas Construction Work in Process	124,904,272
53	54	Other Work in Process	1,957,608
60	55	Electric Preliminary Surveys	-
56	56	Total Construction Work in Progress	<u>431,250,919</u>
57	57		
58	58	Nonoperating	
59	59		
54	60	Non-Utility Property	3,412,216
55	61	Investment in Associated Companies	30,983,787
56	62	Other Investments & FAS 133	(141,738,659)
57	63	Deferred Items-Other	159,339,417
58	64	Deferred Federal Income Tax	(34,243,471)
59	65	Investment Tracking Funds	1,598,116
61	66		-
62	67		-

			31-Dec-16
Code	Line No.	Description	AMA
67	68	Merchandising Inventory - Gas Only	
	69	Total Non Operatting Investment	19,351,406
	70		
	71	Total CWIP & Nonoperating Investment	450,602,325
	72		
	73	Total Average Investments	7,125,787,619
	74	Rounding	
	75	Total Investor Supplied Capital	298,873,578

Allocation of Working Capital

Electric Working Capital

Total Investment	7,125,787,619
Less: Electric CWIP	(304,389,039)
Less: Gas	(124,904,272)
Interest Bearing Regulatory Assets	
Other Work in Progress	(1,957,608)
Preliminary Surveys	-
Total	6,694,536,700
Electric Working Capital Ratio	4.4644%
Electric Working Capital	221,501,044

Gas Working Capital

Total Investment	7,125,787,619
Less: Electric CWIP	(304,389,039)
Less: Gas CWIP	(124,904,272)
Interest Bearing Regulatory Assets	
Other Work in Progress	(1,957,608)
Preliminary Surveys	-
Total	6,694,536,700
Gas Working Capital Ratio	4.4644%
Gas Working Capital	76,508,603

Non Operating Working Capital

	863,932
--	----------------

**PUGET SOUND ENERGY-ELECTRIC & GAS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
ALLOCATION METHODS**

Method	Description		Electric	Gas	Total
1	* <u>12 Month Average Number of Customers</u>	12/31/2016	1,119,719	807,586	1,927,305
	Percent		58.10%	41.90%	100.00%
2	* <u>Joint Meter Reading Customers</u>	12/31/2016	759,651	450,504	1,210,155
	Percent		62.77%	37.23%	100.00%
3	* <u>Non-Production Plant</u>				
	Distribution	12/31/2016	\$ 3,561,850,556	\$ 3,319,192,245	\$ 6,881,042,801
	Transmission	12/31/2016	1,411,291,068	-	1,411,291,068
	Direct General Plant	12/31/2016	220,899,712	32,996,500	253,896,212
	Total		\$ 5,194,041,336	\$ 3,352,188,745	\$ 8,546,230,081
	Percent		60.78%	39.22%	100.00%
4	* <u>4-Factor Allocator</u>				
	Number of Customers	12/31/2016	1,119,719	807,586	1,927,305
	Percent		58.10%	41.90%	100.00%
	Labor - Direct Charge to O&M	12/31/2016	51,494,540	24,254,781	\$ 75,749,321
	Percent		67.98%	32.02%	100.00%
	T&D O&M Expense (Less Labor)	12/31/2016	77,247,846	36,555,222	\$ 113,803,068
	Percent		67.88%	32.12%	100.00%
	Net Classified Plant (Excluding General (Common)	12/31/2016	5,590,602,188	2,055,150,490	7,645,752,677
	Percent		73.12%	26.88%	100.00%
	Total Percentages		267.08%	132.92%	400.00%
	4 factor		66.77%	33.23%	100.00%
5	* <u>Direct Labor Allocator</u>				
	Direct Labor Accts 500-935	12/31/2016	57,144,838	27,470,504	84,615,342
	Total		\$ 57,144,838	\$ 27,470,504	\$ 84,615,342
	Percent		67.53%	32.47%	100.00%

**PUGET SOUND ENERGY-ELECTRIC
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 2,147,655,566	\$ (130,269,906)	\$ 2,017,385,661
3	325,348	5,418	330,766
4	180,683,383	-	180,683,383
5	60,271,453	21,063,355	81,334,808
6	<u>2,388,935,751</u>	<u>(109,201,133)</u>	<u>2,279,734,618</u>
7			
8	OPERATING REVENUE DEDUCTIONS:		
9			
10	<u>POWER COSTS:</u>		
11	\$ 215,331,286	\$ (785,785)	\$ 214,545,501
12	546,513,843	12,645,638	559,159,481
13	114,137,949	-	114,137,949
14	(69,823,672)	69,823,672	-
15	<u>806,159,406</u>	<u>81,683,525</u>	<u>887,842,931</u>
16			
17	\$ 126,338,252	\$ -	\$ 126,338,252
18	20,320,134	-	20,320,134
19	86,297,607	-	86,297,607
20	48,794,685	(3,039,312)	45,755,373
21	20,016,503	(17,360,764)	2,655,739
22	94,684,813	(94,658,603)	26,210
23	118,560,450	(852,862)	117,707,588
24	270,719,902	(188,181)	270,531,721
25	46,836,789	-	46,836,789
26	20,604,866	-	20,604,866
27	(14,522,679)	21,193,410	6,670,731
28	(83,794,605)	83,794,605	-
29	232,019,597	(142,137,397)	89,882,200
30	19,618	117,703,304	117,722,921
31	189,448,153	(163,301,446)	26,146,707
32	<u>\$ 1,982,503,490</u>	<u>\$ (117,163,722)</u>	<u>\$ 1,865,339,768</u>
33			
34	\$ 406,432,260	\$ 7,962,589	\$ 414,394,849
35			
36	\$ 5,144,459,491	\$ (1,930,082)	\$ 5,142,529,409
37			
38	7.90%		8.06%
39			
40	RATE BASE:		
41	\$ 9,831,771,038	\$ (4,539,303)	\$ 9,827,231,735
42	(3,785,867,482)	1,625,082	(3,784,242,400)
43	245,814,298	-	245,814,298
44	(1,284,340,816)	984,139	(1,283,356,677)
45	221,501,044	-	221,501,044
46	(84,418,590)	-	(84,418,590)
47	<u>\$ 5,144,459,491</u>	<u>\$ (1,930,082)</u>	<u>\$ 5,142,529,409</u>

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.		INCENTIVE PAY 3.09	EXCISE TAX & FILING FEE 3.10	D&O INSURANCE 3.11	MONTANA ENERGY 3.12	INTEREST ON CUST DEPOSITS 3.13	ASC 815 3.14	PENSION PLAN 3.15	INJURIES & DAMAGES 3.16	WILD HORSE SOLAR 3.17	TOTAL ADJUSTMENTS
1	OPERATING REVENUES										
2	SALES TO CUSTOMERS		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ (130,269,906)
3	SALES FROM RESALE-FIRM										5,418
4	SALES TO OTHER UTILITIES										-
5	OTHER OPERATING REVENUES										21,063,355
6	TOTAL OPERATING REVENUES		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (109,201,133)
7											
8	OPERATING REVENUE DEDUCTIONS:										
9											
10	POWER COSTS:										
11	FUEL		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (785,785)
12	PURCHASED AND INTERCHANGED										12,645,638
13	WHEELING										-
14	RESIDENTIAL EXCHANGE										69,823,672
15	TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,683,525
16											
17	OTHER POWER SUPPLY EXPENSES		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
18	TRANSMISSION EXPENSE										-
19	DISTRIBUTION EXPENSE										-
20	CUSTOMER ACCTS EXPENSES					117,816					(3,039,312)
21	CUSTOMER SERVICE EXPENSES										(17,360,764)
22	CONSERVATION AMORTIZATION										(94,658,603)
23	ADMIN & GENERAL EXPENSE	(2,858,897)	(27,825)	(17,473)				2,090,976	(196,026)		(852,862)
24	DEPRECIATION									(188,181)	(188,181)
25	AMORTIZATION										-
26	AMORTIZ OF PROPERTY GAIN/LOSS										-
27	OTHER OPERATING EXPENSES										21,193,410
28	ASC 815						83,794,605				83,794,605
29	TAXES OTHER THAN F.I.T.	(230,856)	(7,525)		11,695						(142,137,397)
30	FEDERAL INCOME TAXES	1,081,414	12,373	6,116	(4,093)			(731,842)	68,609	65,863	117,703,304
31	DEFERRED INCOME TAXES						(29,328,112)				(163,301,446)
32	TOTAL OPERATING REV. DEDUCT.	\$ (2,008,340)	\$ (22,978)	\$ (11,358)	\$ 7,602	\$ 117,816	\$ 54,466,493	\$ 1,359,135	\$ (127,417)	\$ (122,318)	\$ (117,163,722)
33											
34	NET OPERATING INCOME	\$ 2,008,340	\$ 22,978	\$ 11,358	\$ (7,602)	\$ (117,816)	\$ (54,466,493)	\$ (1,359,135)	\$ 127,417	\$ 122,318	\$ 7,962,589
35											
36	RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,930,082)	\$ (1,930,082)
37											
38	RATE OF RETURN										
39											
40	RATE BASE:										
41	GROSS UTILITY PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,539,303)	(4,539,303)
42	ACCUMULATED DEPRECIATION									1,625,082	1,625,082
43	DEFERRED DEBITS										-
44	DEFERRED TAXES									984,139	984,139
45	ALLOWANCE FOR WORKING CAPITAL										-
46	OTHER										-
47	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,930,082)	\$ (1,930,082)

PUGET SOUND ENERGY-ELECTRIC
TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION				
1	<u>TEMPERATURE NORMALIZATION ADJUSTMENT:</u>				
2		ACTUAL	TEMP ADJ	KWH	ADJ FOR LOSSES
3		GPI KWH	GPI KWH	CHANGE	7.30%
4	Jan-16	2,264,400,226	2,313,151,612	48,751,386	45,192,535
5	Feb-16	1,926,704,963	2,027,518,229	100,813,266	93,453,898
6	Mar-16	1,958,545,780	2,015,037,059	56,491,279	52,367,416
7	Apr-16	1,641,032,699	1,717,808,477	76,775,778	71,171,146
8	May-16	1,626,432,632	1,641,730,768	15,298,136	14,181,373
9	Jun-16	1,597,200,862	1,584,799,398	(12,401,464)	(11,496,157)
10	Jul-16	1,647,778,275	1,645,397,293	(2,380,982)	(2,207,171)
11	Aug-16	1,712,297,533	1,680,388,552	(31,908,981)	(29,579,626)
12	Sep-16	1,559,199,266	1,565,709,071	6,509,805	6,034,589
13	Oct-16	1,742,257,627	1,761,275,414	19,017,787	17,629,488
14	Nov-16	1,856,654,541	1,993,774,263	137,119,722	127,109,982
15	Dec-16	2,470,356,956	2,374,892,782	(95,464,173)	(88,495,289)
16		<u>22,002,861,360</u>	<u>22,321,482,918</u>	<u>318,621,558</u>	<u>295,362,185</u>
17					
18	REVENUE ADJUST Schedule 7			255,906,026	17,279,590
19	Schedule 24			23,029,871	1,431,673
20	Schedule 25			11,737,732	725,754
21	Schedule 26			(373,533)	(25,066)
22	Schedule 29			(158,597)	(9,881)
23	Schedule 31			840,932	48,112
24	Schedule 43			3,891,778	221,097
25	Schedule 40			333,797	20,963
26	Firm Resale			154,180	5,418
27	INCREASE (DECREASE) SALES TO CUSTOMERS			<u>295,362,185</u>	\$ 19,697,660
28					\$ 19,697,660
29	UNCOLLECTIBLES @			0.00702	\$ 138,238
30	ANNUAL FILING FEE @			0.00200	39,395
31	INCREASE (DECREASE) EXPENSE				<u>177,633</u>
32					
33	STATE UTILITY TAX @			0.03846	\$ 757,611
34	INCREASE (DECREASE) TAXES OTHER				<u>757,611</u>
35					
36	INCREASE (DECREASE) OPERATING INCOME				18,762,416
37					
38	INCREASE (DECREASE) FIT @			35%	6,566,846
39	INCREASE (DECREASE) NOI				<u>\$ 12,195,570</u>

**PUGET SOUND ENERGY-ELECTRIC
REVENUE & EXPENSE RESTATING
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT	ADJUSTMENT
1	SALES TO CUSTOMERS:		
2	REMOVE MERGER RATE CREDIT SCH 132	6,398,041	
3	REMOVE TEST YEAR EARNINGS SHARING ACCRUAL	167,434	
4	REMOVE SCHEDULE 95A TREASURY GRANTS	<u>55,985,014</u>	
5			
6	INCREASE (DECREASE) SALES TO CUSTOMERS	<u>62,550,490</u>	
7			
8	INCREASE (DECREASE) REVENUES		\$ 62,550,490
9			
10	UNCOLLECTIBLES @	0.00702 \$ 438,979	
11	ANNUAL FILING FEE @	0.00200 <u>125,101</u>	
12	INCREASE (DECREASE) EXPENSE		564,080
13			
14	STATE UTILITY TAX @	0.03846 \$ <u>2,405,817</u>	
15	INCREASE (DECREASE) TAXES OTHER		2,405,817
16			
17			
18			
19	OTHER OPERATING EXPENSES:		
20	REMOVE SCHEDULE 95A TREASURY GRANTS		
21	AMORTIZATION OF INTEREST AND GRANTS	41,121,740	
22	REMOVE ACCRUAL FOR FUTURE PTC LIABILITY		
23	(ACTUAL PTC'S REMOVED IN FIT ADJUSTMENT NO. 3.06)	<u>(19,884,023)</u>	
24	INCREASE (DECREASE) OPERATING EXPENSES		<u>21,237,717</u>
25			
26	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT		38,342,875
27			
28	INCREASE (DECREASE) FIT @	35%	<u>13,420,006</u>
29			
30	INCREASE (DECREASE) NOI		<u>\$ 24,922,869</u>

PUGET SOUND ENERGY-ELECTRIC
POWER COSTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	INCREASE (DECREASE)
1	PRODUCTION EXPENSES:			
2	FUEL	\$ 215,331,286	\$ 214,545,501	\$ (785,785)
3	PURCHASED AND INTERCHANGED	546,513,843	560,190,724	13,676,881
4	WHEELING	114,137,949	114,137,949	-
5	SALES TO OTHER UTILITIES	(180,683,383)	(180,683,383)	-
6	PURCHASES/SALES OF NON-CORE GAS & OTHER R	8,657,607	8,657,607	-
7	SUBTOTAL - POWER COSTS TO BE ADJUSTED	\$ 703,957,301	\$ 716,848,397	\$ 12,891,096
8				
9	INCREASE(DECREASE) INCOME			\$ (12,891,096)
10				
11	INCREASE(DECREASE) FIT @	35%		(4,511,884)
12	INCREASE(DECREASE) NOI			<u>\$ (8,379,213)</u>

PUGET SOUND ENERGY-ELECTRIC
FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME BEFORE INTEREST DEDUCTION	\$ 445,836,926
2		
3	ADD BACK	
4	CURRENT FIT	156,042,924
5	DEFERRED FIT	55,474,819
6	TOTAL RESTATED FIT	<u>211,517,743</u>
7		
8	CURRENT FIT	\$ -
9	DEFERRED FIT-DEBIT	635,655,376
10	DEFERRED FIT-CREDIT	(446,207,223)
11	SUB TOTAL	<u>189,448,153</u>
12		
13		
14	INCREASE(DECREASE) FIT	\$ 156,042,924
15	INCREASE(DECREASE) DEFERRED FIT	(133,973,334)
16	INCREASE(DECREASE) NOI	<u><u>\$ (22,069,590)</u></u>

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PUGET SOUND ENERGY-ELECTRIC
TAX BENEFIT OF RESTATED INTEREST
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 5,142,529,409
2		
3	WEIGHTED COST OF DEBT	3.03%
4	RESTATED INTEREST	<u>\$ 155,818,641</u>
5		
6		
7		
8		
9	INCREASE (DECREASE) INCOME	<u>\$ (155,818,641)</u>
10		
11	INCREASE (DECREASE) FIT @	35% \$ (54,536,524)
12		
13	INCREASE (DECREASE) NOI	<u><u>\$ 54,536,524</u></u>

**PUGET SOUND ENERGY-ELECTRIC
PASS-THROUGH REVENUE & EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>		
2	CONSERVATION RIDER - SCHEDULE 120		\$ 99,267,133
3	PROPERTY TAX TRACKER - SCHEDULE 140		60,114,321
4	MUNICIPAL TAXES - SCHEDULE 81		84,168,805
5	LOW INCOME RIDER - SCHEDULE 129		17,065,951
6	RESIDENTIAL EXCHANGE - SCH 194		(72,829,468)
7	REC PROCEEDS - SCH 137 REC AND BIOGAS PROCEEDS		(1,541,731)
8	EXPENSE OFFSET FOR SCH 137 REC AND BIOGAS PROCEEDS		1,508,966
9	DECOUPLING SCH 142 REVENUE		21,652,407
10	DECOUPLING SCH 142 SURCHARGE AMORT EXPENSE		(20,624,351)
11	GREEN POWER - SCH 135/136		4,457,871
12	GREEN POWER - SCH 135/136 ELIMINATE OVER EXPENSED		(1,780,536)
13	REMOVE JPUD GAIN ON SALE SCH 133		(10,086)
14	TOTAL (INCREASE) DECREASE REVENUES		<u>\$ 191,449,282</u>
15			
16	<u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>		
17	BAD DEBTS	0.702%	\$ (1,325,786)
18	ANNUAL FILING FEE	0.200%	(377,825)
19	STATE UTILITY TAX	3.846%	(7,265,943)
20	TOTAL		<u>\$ (8,969,554)</u>
21			
22	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>		
23	CONSERVATION AMORTIZATON - SCHEDULE 120		\$ (94,658,603)
24	PROPERTY TAX AMORTIZATION EXP - SCHEDULE 140		(57,371,846)
25	MUNICIPAL TAXES - SCHEDULE 81		(80,426,732)
26	LOW INCOME AMORTIZATION - SCHEDULE 129		(16,274,828)
27	RESIDENTIAL EXCHANGE - SCH 194		69,823,672
28	AMORT ON INTEREST ON REC PROCEEDS - SCH 137		(44,308)
29	GREEN POWER - SCH 135/136 TAGS CHARGED TO 557		(1,031,243)
30	GREEN POWER - SCH 135/136 CHARGED TO 908/909		(1,085,935)
31	GREEN POWER - SCH 135/136 BENEFITS PORTION OF ADMIN		(34,646)
32	GREEN POWER - SCH 135/136 TAXES PORTION OF ADMIN		(9,619)
33	REMOVE JPUD AMORT EXPENSE SCH 133		-
34	TOTAL INCREASE (DECREASE) EXPENSE		<u>\$ (181,114,087)</u>
35			
36	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT		\$ (1,365,641)
37	INCREASE (DECREASE) FIT		(477,974)
38	INCREASE (DECREASE) NOI		<u>\$ (887,667)</u>

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PUGET SOUND ENERGY-ELECTRIC
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	AMOUNT	
1	EXPENSES TO BE NORMALIZED		
2			
3			
4	2011 AND 2009 GRC EXPENSES TO BE NORMALIZED	\$ 1,040,000	
5			
6	ANNUAL NORMALIZATION (LINE 4 ÷ 2 YEARS)	520,000	
7	LESS TEST YEAR EXPENSE	183,893	
8	INCREASE (DECREASE) EXPENSE	\$ 336,107	336,107
9			
10	2014 AND 2013 PCORC EXPENSES TO BE NORMALIZED	\$ 273,000	
11			
12	ANNUAL NORMALIZATION (LINE 10 ÷ 4 YEARS)	68,250	
13	LESS TEST YEAR EXPENSE	-	
14	INCREASE (DECREASE) EXPENSE	\$ 68,250	\$ 68,250
15			
16			
17	TOTAL INCREASE (DECREASE) EXPENSE		\$ 404,357
18			
19	INCREASE(DECREASE) FIT @	35%	(141,525)
20	INCREASE(DECREASE) NOI		\$ (262,832)

PUGET SOUND ENERGY-ELECTRIC
BAD DEBTS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
 COMMISSION BASIS REPORT

LINE NO.	YEAR	NET	GROSS	SALES FOR	OTHER	SALES FOR	NET	PERCENT
		WRITEOFF'S	REVENUES	RESALE OTHEI	OPERATING	RESALE FIRM	REVENUES	WRITEOFFS TO REVENUE
		December	August	August	August	August	August	
1	12 ME 12/31/2013 and 8/31/2	\$ 14,147,611	\$ 2,136,090,988	\$ 39,991,496	\$ 7,882,218	\$ 343,586	\$ 2,087,873,688	0.6776%
2	12 ME 12/31/2015 and 8/31/2	12,194,538	2,030,915,814	38,417,261	44,931,386	318,610	1,947,248,557	0.6262%
3	12 ME 12/31/2016 and 8/31/2	17,232,326	2,221,903,291	54,786,787	16,912,199	324,713	2,149,879,591	0.8015%
4								
5	3-YR AVERAGE OF NET WRITE OFF RATE							0.7018%
6								
7	REPORTING PERIOD REVENUES		2,388,935,751	180,683,383	60,271,453	325,348	\$ 2,147,655,566	
8								
9								
10	PROFORMA BAD DEBT RATE						0.7018%	
11	PROFORMA BAD DEBTS						15,072,247	
12								
13	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR						17,480,805	
14	INCREASE (DECREASE) EXPENSE							\$ (2,408,559)
15								
16	INCREASE (DECREASE) NOI							\$ 2,408,559
17	INCREASE (DECREASE) FIT						35%	842,996
18	INCREASE (DECREASE) NOI							<u><u>\$ 1,565,563</u></u>

**PUGET SOUND ENERGY-ELECTRIC
INCENTIVE PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	INCREASE(DECREASE) IN EXPENSE	\$ 9,561,011	\$ 6,702,114	\$ (2,858,897)
2				
3	PAYROLL TAXES ASSOCI WITH MERIT PAY	\$ 772,052	\$ 541,196	\$ (230,856)
4	INCREASE(DECREASE) IN EXPENSE	\$ 10,333,063	\$ 7,243,310	\$ (3,089,753)
5				
6	INCREASE (DECREASE) INCOME			3,089,753
7	INCREASE (DECREASE) FIT @		35%	1,081,414
8				
9	INCREASE (DECREASE) NOI			<u><u>\$ 2,008,340</u></u>

PUGET SOUND ENERGY-ELECTRIC
EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 78,298,671
2	CHARGED TO EXPENSE FOR TEST YEAR	\$ 78,306,196
3	INCREASE(DECREASE) EXCISE TAX	\$ (7,525)
4		
5	RESTATED WUTC FILING FEE	\$ 4,334,904
6	CHARGED TO EXPENSE FOR TEST YEAR	4,362,729
7	INCREASE(DECREASE) WUTC FILING FEE	\$ (27,825)
8		
9	INCREASE(DECREASE) EXPENSE	\$ (35,350)
10		
11	INCREASE(DECREASE) OPERATING INCOME	\$ 35,350
12		
13	INCREASE(DECREASE) FIT	35% \$ 12,373
14		
15	INCREASE(DECREASE) NOI	<u><u>\$ 22,978</u></u>

PUGET SOUND ENERGY-ELECTRIC
D&O INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 110,774	\$ 93,300	\$ (17,473)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 110,774	\$ 93,300	\$ (17,473)
4				
5	INCREASE (DECREASE) OPERATING INCOME			17,473
6				
7	INCREASE (DECREASE) FIT @		35%	6,116
8				
9	INCREASE (DECREASE) NOI			<u>\$ 11,358</u>

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PUGET SOUND ENERGY-ELECTRIC
MONTANA ENERGY TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	AMOUNT
1	Actual KWh	4,529,179,000
2	Transmission Line Loss % for WECC	0.05
3	WETT Tax Rate	0.00015
4	WETT Tax	\$ 645,408
5		
6	EEELT Tax Rate	0.0002
7	EEELT Tax	\$ 905,836
8		
9	RESTATED ENERGY TAX	1,551,244
10	CHARGED TO EXPENSE	1,539,549
11	INCREASE (DECREASE) INCOME	\$ (11,695)
12		
13	INCREASE (DECREASE) FIT @ 35%	(4,093)
14	INCREASE (DECREASE) NOI	<u>\$ (7,602)</u>

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PUGET SOUND ENERGY-ELECTRIC
INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE			AMOUNT
NO.	DESCRIPTION		
1	INTEREST EXPENSE FOR TEST YEAR	\$	117,816
2			
3			
4	INCREASE (DECREASE) NOI	<u>\$</u>	<u>(117,816)</u>

PUGET SOUND ENERGY-ELECTRIC
ASC 815
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.		ACTUAL	RESTATED	ADJUSTMENT
1	ASC 815 OPERATING EXPENSE	\$ (83,794,605)	\$ -	\$ 83,794,605
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ (83,794,605)	\$ -	\$ 83,794,605
4				
5	INCREASE (DECREASE) OPERATING INCOME			(83,794,605)
6				
7	INCREASE (DECREASE) DEFERRED FIT @	35%		(29,328,112)
8				
9	INCREASE (DECREASE) NOI			<u>\$ (54,466,493)</u>

**PUGET SOUND ENERGY-ELECTRIC
PENSION PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 5,379,071	\$ 7,470,047	\$ 2,090,976
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 5,379,071	\$ 7,470,047	\$ 2,090,976
4				
5	INCREASE (DECREASE) INCOME			(2,090,976)
6	INCREASE (DECREASE) FIT @		35%	(731,842)
7				
8	INCREASE (DECREASE) NOI			<u>\$ (1,359,135)</u>

PUGET SOUND ENERGY-ELECTRIC
INJURIES AND DAMAGES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	INJURIES & DAMAGES ACCRUALS	\$ 112,500	\$ 46,667	\$ (65,833)
2	INJURIES & DAMAGES PAYMENTS IN EXCESS OF ACCRUALS	476,368	346,176	(130,193)
3	INCREASE/(DECREASE) IN EXPENSE	588,868	392,842	(196,026)
4				
5	INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 3)			\$ (196,026)
6	INCREASE (DECREASE) FIT @		35%	68,609
7				
8	INCREASE (DECREASE) NOI			<u>\$ 127,417</u>

PUGET SOUND ENERGY-ELECTRIC
WILD HORSE SOLAR
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
 COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	<u>WILD HORSE SOLAR RATEBASE (AMA)</u>			
2	<u>UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE	\$ 4,539,303		\$ (4,539,303)
4	ACCUM DEPRECIATION	(1,625,082)		1,625,082
5	DEFERRED INCOME TAX LIABILITY	(984,139)		984,139
6	NET WH SOLAR PLANT RATEBASE	1,930,082	-	(1,930,082)
7				
8	<u>WILD HORSE SOLAR OPERATING EXPENSE</u>			
9	DEPRECIATION EXPENSE	188,181		(188,181)
10				
11	INCREASE (DECREASE) EXPENSE	<u>\$ 188,181</u>	<u>\$ -</u>	<u>\$ (188,181)</u>
12				
13	INCREASE (DECREASE) FIT @		35%	65,863
14	INCREASE (DECREASE) NOI			<u>\$ 122,318</u>

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PUGET SOUND ENERGY-ELECTRIC
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
COMMISSION BASIS REPORT

LINE NO.	DESCRIPTION	RATE
1	BAD DEBTS	0.007018
2	ANNUAL FILING FEE	0.002000
3	STATE UTILITY TAX ((1 - LINE 1) * 3.8734%)	3.8734% <u>0.038462</u>
4		
5	SUM OF TAXES OTHER	0.047480
6		
7	CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 5)	0.952520
8	FEDERAL INCOME TAX ((1 - LINE 5) * 35%)	35% <u>0.333382</u>
9	CONVERSION FACTOR (1 - LINE 8)	<u><u>0.619138</u></u>

**Puget Sound Energy (“PSE”)
Additional Information Provided With
December 2016 Commission Basis Report**

This additional information supplied with PSE’s December 2016 Commission Basis Report (“CBR”) includes cost per customer trend analysis similar to reports supplied with PSE’s CBRs since December 2013. The information included with this report contains non-production O&M cost per customer for calendar years 2011 through 2016 using the same categories and methodology utilized in the development of the K-Factor which was supported by Exhibit No. ____ (KJB-16) in WUTC Docket Nos. UE-130137 and UG-130138 (“ERF/Decoupling Proceedings”).

As demonstrated on page three of this report, the overall annual average increase in non-production O&M for 2016 is lower than the historical growth rate presented in the ERF/Decoupling Proceedings at 1.5% versus 3.8%, and is lower than the benchmark of 1.9% used in developing the O&M component of the K-factor in the ERF/Decoupling Proceedings.

Page five of this analysis demonstrates that the electric annual growth rate on a cost per customer basis has declined to 2.3%, which is below the 4.7% electric historical growth rate presented in the ERF/Decoupling Proceedings. Page six of this analysis demonstrates that the natural gas annual growth rate on a cost per customer basis has declined to 0.3% compared to the 2.2% historical growth rate in Natural Gas related O&M presented in the ERF/Decoupling Proceedings.

Results of Earnings Test: The Company’s performance as detailed in its CBR, shows over-earnings for both gas and electric operations. When reporting on a Commission basis, prior to any earnings sharing, the electric rate of return is 8.06%, or .29% above authorized which equates to \$11.9 million of earnings sharing. Likewise, the gas rate of return on a Commission basis is 7.93%, or .16% above authorized which equates to \$2.2 million in earnings sharing. After the earnings sharing is accounted for, PSE’s rate of return is 7.91% and 7.85% for electric and gas respectively for the reporting period.

PSE’s rate plan and the company’s demonstrated efforts to align costs to customer growth offset by an increase in power costs have all contributed to allowing PSE to earn above its authorized rate of return. Additionally, there are other factors that are contributing to PSE’s reported earnings.

One important factor that increased the Company’s reported earnings in the CBR is the requirement to apply commission normalizing adjustments to the test year. In contrast to the CBR reported earnings, the Company’s actual results of operations demonstrate that the Company under-earned for gas and would have shared less earnings on electric based on test year results. On a Test Year basis¹, the company’s actual results of operations show that PSE over-earned less than on a Commission Basis at 7.98% for Electric and barely over-earned at 7.78% for Gas operations. Thus, PSE was over earning, but not to the extent that it will be sharing after adjustment based on the CBR.

For instance, weather was much warmer than normal for the reporting period. Although weather is not a factor in test year natural gas operations, since it is mostly all recovered on a decoupled basis, weather

¹ For the purposes of this calculation, Test Year was adjusted to remove ASC815, the test year earnings sharing accrual activity and to include the Tax Benefit of Interest in Net Operating Income.

still has a significant impact in the test year on the generation side of electric operations. Even though PSE did not experience the benefit of the normal weather, the Commission required adjustment requires PSE to share as if it did. When taking into account this adjustment to revenue and the offsetting increase in power costs, PSE's electric net operating income was increased by \$5.5 million above its actual earnings, which resulted in an 11 basis points increase in ROR and \$4.4 million in sharing.

It should also be noted that this Commission Basis Report includes an adjustment that adds back revenues associated with the Merger Rate Credit that were paid to customers during the reporting period through Schedule 132. This adjustment added \$4.0 million and \$1.7 million of net operating income to electric and gas, respectively, which resulted in 8 basis points and \$3.1 million of additional sharing for electric and 10 basis points and \$1.4 million in additional sharing for gas. Although it is appropriate to include the Merger Rate Credit adjustment in a general rate case to ensure these funds come from investors and do not get included in the base revenue requirement, PSE believes that it is inappropriate to add back these revenues in the commission basis report, especially for purposes of determining earnings sharing, considering PSE has already given these rate credits to customers through Schedule 132. This adjustment essentially requires PSE to pay earnings sharing on amounts that have already been credited to customers and that will never be included in PSE's earnings. Based on brief discussions with Commission Staff, the company has continued to include the adjustment in this CBR, despite the company's concerns regarding its appropriateness. Commission Staff indicated that this adjustment is likely required under WAC 480-100-257(2)(a), which requires showing "booked results of ...operations and rate base, and all the necessary adjustments as accepted by the commission in the utility's most recent general rate case or subsequent orders". A narrow interpretation of that section could be used to require PSE to include this adjustment; however, PSE still believes that this treatment should not be applicable for a CBR. Section (2) subsection (b) of the WAC states that adjustments can be made for "any other item that materially distorts reporting period earnings" and PSE believes it is this section of the WAC that allows the company to exclude these revenues for Commission reporting purposes. As discussed above, PSE believes the adjustment should not be included in the CBR, however, rather than changing its historical approach PSE's 2016 CBR report has continued to add back these revenues in a Commission Basis adjustment.

In conclusion, a summary of PSE's test year rate of return and earnings sharing and the impacts of Commission required adjustments is summarized below.

Description	Electric		Gas	
	ROR	Sharing	ROR	Sharing
Test Year	7.98%	\$ 8,903,809	7.78%	\$ 100,867
Weather	0.11%	\$ 4,391,930		
Merger Rate Credit	0.08%	3,117,816	0.10%	1,398,896
Other	-0.11%	(4,468,355)	0.05%	688,311
Commission Basis	8.06%	\$ 11,945,200	7.93%	\$ 2,188,074

**PUGET SOUND ENERGY
COMBINED RESULTS OF OPERATIONS
COMMISSION BASIS REPORT**

LINE NO.	DESCR	12ME Dec 2011	12ME Dec 2012	12ME Dec 2013	12ME Dec 2014	12ME Dec 2015	12ME Dec 2016	COMPOUND GROWTH RATE
		RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	
1	COMBINED EXPENSES:							
2	TRANSMISSION EXPENSE	\$ 9,530,907	\$ 19,073,045	\$ 19,383,744	\$ 21,589,406	\$ 19,801,305	\$ 20,320,134	
3	DISTRIBUTION EXPENSE	130,531,255	126,441,451	127,563,845	136,490,873	131,977,836	146,062,640	
4	CUSTOMER ACCOUNT EXPENSES	78,512,657	80,013,147	82,230,612	82,709,937	76,520,034	71,881,945	
5	CUSTOMER SERVICE EXPENSES	4,800,000	3,249,127	3,914,400	5,603,627	3,810,121	4,899,412	
6	ADMIN & GENERAL EXPENSE	142,745,361	145,172,486	154,517,147	159,194,144	156,849,476	170,342,501	
7	TOTAL EXPENSES	\$ 366,120,180	\$ 373,949,255	\$ 387,609,749	\$ 405,587,987	\$ 388,958,771	\$ 413,506,632	2.5%
8								
9	AVERAGE CUSTOMER COUNT	1,840,114	1,852,951	1,858,766	1,876,129	1,898,648	1,927,305	
10	ACTUAL COST PER CUSTOMER	\$ 198.97	\$ 201.81	\$ 208.53	\$ 216.18	\$ 204.86	\$ 214.55	CALCULATED 1.5%
11	2011 GROWN AT HISTORICAL RATE	\$ 198.97	\$ 206.45	\$ 214.22	\$ 222.28	\$ 230.64	\$ 239.32	COMBINED ERF 3.8%

Calculation of Combined Escalation Factors from ERF

Description	2006 GRC			2011 GRC		
	Electric	Gas	Combined	Electric	Gas	Combined
7 Number of years between test years				5.25	5.25	5.25
8						
9 Transmission & Distribution Expense	\$ 65,086,999	\$ 34,532,486	\$ 99,619,485	\$ 92,084,397	\$ 49,783,566	\$ 141,867,963
10 Customer Account & Services Expenses	37,706,383	25,038,278	62,744,661	49,173,646	31,704,844	80,878,490
11 Admin & General Expenses	74,379,848	41,714,840	116,094,688	99,871,160	43,995,146	143,866,305
12						
13 Total O&M	177,173,230	101,285,604	278,458,834	241,129,203	125,483,555	366,612,758
14						
15 Average Customer Count	1,004,833	678,712	1,683,546	1,075,057	750,800	1,825,856
16						
17 Average Cost per Customer	\$ 176.32	\$ 149.23	\$ 165.40	\$ 224.29	\$ 167.13	\$ 200.79
18						
19						
20 Annual Escalation Factor				4.7%	2.2%	3.8%
21						
22						

**PUGET SOUND ENERGY
ELECTRIC RESULTS OF OPERATIONS
COMMISSION BASIS REPORT**

LINE NO.	DESCR	12ME Dec 2011	12ME Dec 2012	12ME Dec 2013	12ME Dec 2014	12ME Dec 2015	12ME Dec 2016	COMPOUND GROWTH RATE
		RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	
1	<u>COMBINED EXPENSES:</u>							
2	TRANSMISSION EXPENSE	\$ 9,481,215	\$ 19,058,040	\$ 19,355,851	\$ 21,589,071	\$ 19,801,305	\$ 20,320,134	
3	DISTRIBUTION EXPENSE	78,245,091	74,862,781	77,321,920	84,585,141	82,427,091	86,297,607	
4	CUSTOMER ACCOUNT EXPENSES	48,140,876	49,220,845	50,570,101	51,078,600	48,055,081	45,755,373	
5	CUSTOMER SERVICE EXPENSES	3,719,955	2,032,132	2,090,482	2,575,945	2,145,431	2,655,739	
6	ADMIN & GENERAL EXPENSE	96,361,837	99,264,866	106,511,054	110,332,421	109,690,022	117,707,588	
7	TOTAL EXPENSES	\$ 235,948,974	\$ 244,438,664	\$ 255,849,409	\$ 270,161,178	\$ 262,118,931	\$ 272,736,441	2.9%
8								
9	AVERAGE CUSTOMER COUNT	1,083,403	1,089,296	1,085,381	1,091,517	1,103,635	1,119,719	
10	ACTUAL COST PER CUSTOMER	\$ 217.79	\$ 224.40	\$ 235.72	\$ 247.51	\$ 237.51	\$ 243.58	CALCULATED 2.3%
11	2011 GROWN AT HISTORICAL RATE	\$ 217.79	\$ 228.00	\$ 238.69	\$ 249.89	\$ 261.61	\$ 273.88	COMBINED ERF 4.7%

**PUGET SOUND ENERGY
GAS RESULTS OF OPERATIONS
COMMISSION BASIS REPORT**

LINE NO.	DESCR	12ME Dec 2011	12ME Dec 2012	12ME Dec 2013	12ME Dec 2014	12ME Dec 2015	12ME Dec 2016	2011-2016
		RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	COMPOUND GROWTH RATE
1	COMBINED EXPENSES:							
2	TRANSMISSION EXPENSE	\$ 49,692	\$ 15,005	\$ 27,893	\$ 335	\$ -	\$ -	
3	DISTRIBUTION EXPENSE	52,286,164	51,578,669	50,241,925	51,905,732	49,550,744	59,765,034	
4	CUSTOMER ACCOUNT EXPENSES	30,371,782	30,792,302	31,660,511	31,631,337	28,464,953	26,126,572	
5	CUSTOMER SERVICE EXPENSES	1,080,045	1,216,995	1,823,918	3,027,682	1,664,690	2,243,672	
6	ADMIN & GENERAL EXPENSE	46,383,523	45,907,620	48,006,093	48,861,723	47,159,453	52,634,913	
7	TOTAL EXPENSES	\$ 130,171,206	\$ 129,510,591	\$ 131,760,339	\$ 135,426,809	\$ 126,839,840	\$ 140,770,191	1.6%
8								
9	AVERAGE CUSTOMER COUNT	756,711	763,655	773,385	784,612	795,013	807,586	
10	ACTUAL COST PER CUSTOMER	\$ 172.02	\$ 169.59	\$ 170.37	\$ 172.60	\$ 159.54	\$ 174.31	CALCULATED 0.3%
11	2011 GROWN AT HISTORICAL RATE	\$ 172.02	\$ 175.77	\$ 179.61	\$ 183.53	\$ 187.53	\$ 191.62	COMBINED ERF 2.2%