

**PUGET SOUND ENERGY - GAS  
 DEPRECIATION STUDY  
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016  
 2017 GENERAL RATE CASE**

<b>LINE NO.</b>	<b>DESCRIPTION</b>	<b>ACTUAL</b>	<b>Per Public Counsel RESTATED</b>	<b>ADJUSTMENT</b>
1	403 GAS DEPRECIATION EXPENSE	\$ 113,989,496	\$ 79,319,168	\$ (34,670,328)
2	403 GAS PORTION OF COMMON	7,429,557	5,363,793	(2,065,764)
3	403 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	27,368	27,368	-
4	404 DEPR. EXP. ON ASSETS NOT INCLUDED IN STUDY	11,632,340	11,632,340	-
5	SUBTOTAL DEPRECIATION EXPENSE	<u>133,078,761</u>	<u>96,342,669</u>	<u>(36,736,092)</u>
6				
7	403.1 DEPR. EXP - FAS 143 (RECOVERED IN RATES)	173,995	114,322	(59,673)
8	403.1 DEPR. EXP - FAS 143 (NOT RECOVERED IN RATES)	51,681	-	(51,681)
9	SUBTOTAL DEPRECIATION EXPENSE 403.1	<u>225,676</u>	<u>114,322</u>	<u>(111,354)</u>
10				
11	TOTAL DEPRECIATION EXPENSE	<u>133,304,437</u>	<u>96,456,990</u>	<u>(36,847,446)</u>
12				
13	<b><u>AMORTIZATION EXPENSE</u></b>			
14	4111 ACCRETION EXP. - FAS 143 (RECOVERED IN RATES)	28,810	18,930	(9,881)
15	4111 ACCRETION EXP. - FAS 143 (NOT RECOVERED IN RATES)	4,853	-	(4,853)
16	SUBTOTAL ACCRETION EXPENSE 411.1	<u>33,663</u>	<u>18,930</u>	<u>(14,733)</u>
17				
18	FLEET DEPR. EXP. ON INC STMNT NOT RECORDED IN 403	<u>408,688</u>	<u>171,927</u>	<u>(236,761)</u>
19				
20				
21				
22	INCREASE(DECREASE) EXPENSE			(37,098,940)
23	FIT		35%	12,984,629
24	INCREASE(DECREASE) NOI			<u>\$ 24,114,311</u>
25				
26				
27	<b><u>ADJUSTMENT TO RATE BASE</u></b>			
28	ADJUSTMENT TO ACCUM. DEPREC. AT 50% DEPREC. EXPENSE LINE 22	50%		\$ 18,549,470
29	DFIT			<u>(6,492,315)</u>
30	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ 12,057,156</u>

ACCOUNT NUMBER	DESCRIPTION	ACQUISITION VALUE	DEPRECIATION EXPENSE	CURRENT RATE	CURRENT RATE %	PROPOSED RATE Per PSE	Diff % RATE	PROPOSED DEPRECIATION EXPENSE AMOUNT Per PSE	PROPOSED RATE Per Public Counsel	Diff % RATE	PROPOSED DEPRECIATION EXPENSE AMOUNT Per Public Counsel	INCREASE (DECREASE) AMOUNT
<b>GAS PLANT</b>												
305	<b>MANUFACTURED GAS PRODUCTION PLANT STRUCTURES AND IMPROVEMENTS</b>											
	DIERINGER	43,406.61										
	SWARR	465,330.71										
	TOTAL STRUCTURES AND IMPROVEMENTS	508,737.32	2,543.64	0.50	0.50%	0.28%	56.30%	1,431.97	0.28%	100.00%	1,431.97	-
311	<b>LIQUEFIED PETROLEUM GAS EQUIPMENT</b>											
	DIERINGER	685,182.60										
	SWARR	5,385,099.43										
	TOTAL LIQUEFIED PETROLEUM GAS EQUIPMENT	6,070,282.03	57,667.68	0.95	0.95%	0.57%	60.45%	34,861.00	0.57%	100.00%	34,861.00	-
320	<b>OTHER EQUIPMENT</b>	4,852.88	2.40	0.05	0.05%	4.97%	9932.25%	238.37	4.97%	100.00%	238.37	-
<b>UNDERGROUND STORAGE PLANT</b>												
350.3	EASEMENTS	33,641.10	507.15	2.01	2.01%	3.28%	163.12%	827.27	3.28%	100.00%	827.27	-
351.1	STRUCTURES AND IMPROVEMENTS - WELLS	230,122.07	3,644.99	1.63	1.63%	1.63%	100.11%	3,648.89	1.63%	100.00%	3,648.89	-
351.2	STRUCTURES AND IMPROVEMENTS - COMPRESSOR S	469,567.31	1,173.96	0.25	0.25%	2.51%	1002.63%	11,770.42	2.51%	100.00%	11,770.42	-
351.3	STRUCTURES AND IMPROVEMENTS - MEASURING ANI	2,244.87	-	-	0.00%	1.83%	-	-	1.83%	100.00%	-	-
351.4	STRUCTURES AND IMPROVEMENTS - OTHER	134,361.93	2,015.52	1.50	1.50%	2.80%	186.66%	3,762.17	2.80%	100.00%	3,762.17	-
352	WELLS	11,293,925.79	135,492.81	1.20	1.20%	1.80%	150.36%	203,727.43	1.80%	100.00%	203,727.43	-
352.2	RESERVOIRS	1,757,701.36	35,505.60	2.02	2.02%	1.49%	73.83%	26,214.02	1.49%	100.00%	26,214.02	-
352.3	NON-RECOVERABLE NATURAL GAS	4,185,430.83	87,894.00	2.10	2.10%	1.88%	89.74%	78,878.96	1.88%	100.00%	78,878.96	-
353	LINES	2,676,181.41	65,058.73	2.50	2.50%	2.25%	89.92%	58,502.21	2.25%	100.00%	58,502.21	-
354	COMPRESSOR STATION EQUIPMENT	17,989,110.13	459,364.14	2.56	2.56%	3.06%	119.62%	549,483.37	3.06%	100.00%	549,483.37	-
355	MEASURING AND REGULATING EQUIPMENT	530,739.26	17,355.12	3.27	3.27%	4.21%	128.84%	22,360.93	4.21%	100.00%	22,360.93	-
356	PURIFICATION EQUIPMENT	2,662,646.77	50,057.76	1.88	1.88%	2.73%	145.36%	72,763.00	2.73%	100.00%	72,763.00	-
357	OTHER EQUIPMENT	376,479.90	3,345.54	0.95	0.95%	5.24%	551.93%	18,464.94	5.24%	100.00%	18,464.94	-
	TOTAL UNDERGROUND STORAGE PLANT	42,322,152.73	861,415.32		2.04%	2.48%	121.94%	1,050,403.61	2.48%	100.00%	1,050,403.61	-
<b>OTHER STORAGE PLANT</b>												
361	STRUCTURES AND IMPROVEMENTS	4,155,602.12	118,850.28	2.86	2.86%	2.50%	87.38%	103,847.05	2.50%	100.00%	103,847.05	-
362	GAS HOLDERS	3,683,221.39	133,700.88	3.63	3.63%	3.48%	95.78%	128,055.95	3.48%	100.00%	128,055.95	-
363	PURIFICATION EQUIPMENT	3,984,038.93	125,098.80	3.14	3.14%	2.63%	83.64%	104,629.98	2.63%	100.00%	104,629.98	-
364	TRANSPORTATION EQUIPMENT	970,580.63	31,155.72	3.21	3.21%	3.32%	72.42%	22,562.06	3.32%	100.00%	22,562.06	-
	TOTAL OTHER STORAGE PLANT	12,793,443.07	408,805.68		3.20%	2.81%	87.84%	359,095.04	2.81%	100.00%	359,095.04	-
<b>DISTRIBUTION PLANT</b>												
374.2	EASEMENTS	5,872,231.94	23,673.57	2.01	2.01%	1.58%	78.64%	18,616.84	1.58%	100.00%	18,616.84	-
374.3	EASEMENTS FROM TRANSMISSION	7,998,815.58	160,776.24	2.01	2.01%	1.45%	72.31%	116,258.03	1.45%	100.00%	116,258.03	-
375	STRUCTURES AND IMPROVEMENTS	36,537,811.97	616,845.81	2.19	2.19%	2.53%	115.69%	713,621.19	2.53%	100.00%	713,621.19	-
376.2	MAINS - PLASTIC	1,180,051,441.55	31,510,603.63	2.77	2.77%	2.44%	88.20%	27,791,399.21	1.82%	74.50%	20,703,717.91	(7,087,681.30)
376.4	MAINS - WRAPPED STEEL	536,417,722.49	17,328,115.94	3.27	3.27%	2.21%	67.73%	11,736,223.12	1.58%	71.34%	8,372,606.48	(3,363,616.64)
376.5	MAINS - CATHODIC PROTECTION	35,642,748.71	1,019,750.72	2.90	2.90%	3.58%	123.61%	1,260,508.70	3.58%	100.00%	1,260,508.70	-
378	MEASURING AND REGULATING STATION EQUIPMENT	109,594,096.15	4,518,926.17	4.17	4.17%	4.13%	98.93%	4,470,542.00	3.11%	75.39%	3,370,230.31	(1,100,311.69)
380.1	SERVICES - CATHODIC PROTECTION	20,729,198.53	592,747.26	2.90	2.90%	3.51%	121.01%	717,282.96	3.51%	100.00%	717,282.96	-
380.2	SERVICES - PLASTIC	962,277,703.47	42,618,886.88	4.58	4.58%	3.20%	69.76%	29,730,990.02	2.82%	88.26%	26,241,323.36	(3,489,666.66)
380.3	SERVICES - WRAPPED STEEL	37,555,623.54	1,724,431.56	4.58	4.58%	3.94%	86.01%	1,483,111.50	3.26%	82.76%	1,227,433.82	(255,677.68)
381	METERS **	79,272,361.52	2,043,932.51	2.73	2.73%	4.07%	148.98%	3,045,101.63	4.07%	100.00%	3,045,101.63	-
382	METER INSTALLATIONS	165,961,349.56	3,723,206.50	2.40	2.40%	2.25%	93.78%	3,491,697.57	2.25%	100.00%	3,491,697.57	-
383	HOUSE REGULATORS	16,689,214.72	395,279.91	2.41	2.41%	1.44%	59.75%	236,169.41	1.44%	100.00%	236,169.41	-
384	HOUSE REGULATOR INSTALLATIONS	83,183,112.24	2,030,682.95	2.46	2.46%	1.81%	73.52%	1,492,934.18	1.81%	100.00%	1,492,934.18	-
385	INDUSTRIAL MEASURING AND REGULATING STATION E	38,074,911.89	1,457,958.44	3.91	3.91%	6.85%	175.25%	2,555,010.79	6.85%	100.00%	2,555,010.79	-
	TOTAL DISTRIBUTION PLANT	3,315,858,343.86	109,765,818.09		3.31%	2.68%	80.95%	88,859,467.14	2.22%	82.79%	73,562,513.18	(15,296,953.97)
386	<b>RESIDENTIAL AND COMMERCIAL WATER HEATERS AND CONVERSION BURNERS FULLY ACCRUED AMORTIZED</b>											
	FULLY ACCRUED	16,795,703.85	-					-	0.00%		-	-
	AMORTIZED	10,445,838.30	148,700.53	2.55	2.55%	10.00%	392.30%	583,346.54	10.00%	100.00%	583,346.54	-
			1,152,391.40	5.52	5.52%	10.00%	181.22%	2,088,407.39	10.00%	100.00%	2,088,407.39	-
			16,747.53	1.37	1.37%	10.00%	730.19%	122,288.18	10.00%	100.00%	122,288.18	-
	TOTAL RESIDENTIAL AND COMMERCIAL WATER HEATERS AND CONVERSION BURNERS FULLY ACCRUED AMORTIZED	27,241,542.15	1,317,839.46					2,794,042.11			2,794,042.11	-
387	<b>OTHER EQUIPMENT</b>	5,758,985.84	155,922.50	2.66	2.66%	12.05%	453.09%	706,472.16	12.05%	100.00%	706,472.16	-
<b>GENERAL PLANT</b>												
390	STRUCTURES AND IMPROVEMENTS	2,445,499.70	297,388.06	89.59	89.59%	2.78%	3.10%	9,221.52	2.78%	100.00%	9,221.52	-
391.1	OFFICE FURNITURE AND EQUIPMENT											
	FULLY ACCRUED	3,282,777.32	157,819.72	5.00	5.00%	5.00%	99.99%	157,799.32	0.00%	0.00%	-	(157,799.32)
	AMORTIZED	3,172,210.01	114,092.52		16.44%	5.00%	30.41%	34,698.66	5.00%	100.00%	34,698.66	-
	TOTAL GENERAL PLANT	8,900,487.03	569,300.30					201,719.50			34,698.66	(157,799.32)

ACCOUNT NUMBER	DESCRIPTION	ACQUISITION VALUE	DEPRECIATION EXPENSE	CURRENT RATE	CURRENT RATE %	PROPOSED RATE	Diff %	PROPOSED DEPRECIATION EXPENSE AMOUNT	PROPOSED RATE	Diff %	PROPOSED DEPRECIATION EXPENSE AMOUNT	INCREASE (DECREASE) AMOUNT
391.2	OFFICE FURNITURE AND EQUIPMENT - COMPUTERS	186,638.97	37,577.72	20.00	20.00%	20.00%	100.01%	37,580.95	20.00%	100.00%	37,580.95	-
392 *	TRANSPORTATION EQUIPMENT		531,271.07	9.00	9.00%	4.53%	50.34%	267,453.72	4.53%	100.00%	267,453.72	-
		<u>6,312,129.06</u>	<u>33,646.68</u>					<u>2,540.77</u>	<u>4.53%</u>	<u>100.00%</u>	<u>2,540.77</u>	-
		6,312,129.06	564,917.75					269,994.49			269,994.49	-
393	STORES EQUIPMENT FULLY ACCRUED	50,148.16	1,701.48		16.44%	0.00%	0.00%	-	0.00%	0.00%	-	-
394	TOOLS, SHOP AND GARAGE EQUIPMENT FULLY ACCRUED AMORTIZED	3,648,171.26	132,770.27	5.00	5.00%	5.00%	100.08%	132,872.01	0.00%	0.00%	-	(132,872.01)
		<u>7,514,501.83</u>	<u>253,647.24</u>					<u>77,210.16</u>	<u>5.00%</u>	<u>100.00%</u>	<u>77,210.16</u>	-
		11,162,673.09	386,417.51		16.44%	5.00%	30.44%	210,082.16	5.00%	100.00%	77,210.16	(132,872.01)
395	LABORATORY EQUIPMENT FULLY ACCRUED AMORTIZED	22,161.00	24,706.84	5.00	5.00%	5.00%	99.99%	24,703.62	0.00%	0.00%	-	(24,703.62)
		<u>2,830,609.16</u>	<u>107,170.86</u>					<u>32,593.55</u>	<u>5.00%</u>	<u>100.00%</u>	<u>32,593.55</u>	-
		2,852,770.16	131,877.70		16.44%	5.00%	30.41%	57,297.17	5.00%	100.00%	32,593.55	(24,703.62)
396 **	POWER OPERATED EQUIPMENT	484,657.89	8.05		6.00%	6.43%	107.12%	8.62	6.43%	100.00%	8.62	-
			<u>4,671.00</u>					<u>1,325.99</u>	<u>6.43%</u>	<u>100.00%</u>	<u>1,325.99</u>	-
		484,657.89	4,679.05		22.64%	6.43%	28.39%	1,334.62	6.43%	100.00%	1,334.62	-
397	COMMUNICATION EQUIPMENT FULLY ACCRUED AMORTIZED	3,740,400.02	62,834.25	6.67	6.67%	6.67%	100.05%	62,865.96	0.00%	0.00%	-	(62,865.96)
		<u>1,317,655.82</u>	<u>215,300.76</u>					<u>51,484.65</u>	<u>6.67%</u>	<u>100.00%</u>	<u>51,484.65</u>	-
		5,058,055.84	278,135.01		27.91%	6.67%	23.91%	114,350.61	6.67%	100.00%	51,484.65	(62,865.96)
398	MISCELLANEOUS EQUIPMENT FULLY ACCRUED AMORTIZED	60,682.07	9,560.28	6.67	6.67%	6.67%	99.95%	9,555.54	0.00%	0.00%	-	(9,555.54)
		<u>155,624.42</u>	<u>4,911.30</u>					<u>1,173.26</u>	<u>6.67%</u>	<u>100.00%</u>	<u>1,173.26</u>	-
		216,306.49	14,471.58		27.91%	6.67%	23.89%	10,728.80	6.67%	100.00%	1,173.26	(9,555.54)
	SUBTOTAL	3,445,782,206.57	114,559,092.87		3.32%	2.75%	82.67%	94,709,099.70	2.29%	83.44%	79,024,349.28	(15,684,750.42)
	Remove CC300 depreciation not booked to 403 - to be adjusted separately											
392 *	TRANSPORTATION EQUIPMENT		(564,917.75)					(269,994.49)			(269,994.49)	294,923.26
396 **	POWER OPERATED EQUIPMENT		(4,679.05)					(1,334.62)			(1,334.62)	3,344.43
	<b>ADJUSTED SUBTOTAL</b>		<b>113,989,496.07</b>					<b>94,437,770.59</b>			<b>78,753,020.18</b>	<b>(15,386,482.72)</b>
	<b>UNRECOVERED RESERVE TO BE AMORTIZED</b>											
386	RESIDENTIAL AND COMMERCIAL WATER HEATERS AND CONVERSION BURI		-					(411,818.40)			(411,818.40)	(411,818.40)
391.1	OFFICE FURNITURE AND EQUIPMENT		-					292,550.42			292,550.42	292,550.42
391.2	OFFICE FURNITURE AND EQUIPMENT - COMPUTERS		-					(8,677.39)			(8,677.39)	(8,677.39)
393	STORES EQUIPMENT		-					4,111.91			4,111.91	4,111.91
394	TOOLS, SHOP AND GARAGE EQUIPMENT		-					339,277.36			339,277.36	339,277.36
395	LABORATORY EQUIPMENT		-					46,743.08			46,743.08	46,743.08
397	COMMUNICATION EQUIPMENT		-					296,312.64			296,312.64	296,312.64
398	MISCELLANEOUS EQUIPMENT		-					7,648.39			7,648.39	7,648.39
	<b>TOTAL DIRECTGAS EXPENSE</b>		<b>113,989,496.07</b>					<b>95,003,918.59</b>			<b>79,319,168.17</b>	<b>(14,820,334.73)</b>
	<b>NONDEPRECIABLE PLANT</b>											
301	STRUCTURES AND IMPROVEMENTS	158,691.96										-
302	FRANCHISES AND CONSENTS	406,713.91	32,947.32					32,947.32			32,947.32	-
303	MISCELLANEOUS INTANGIBLE PLANT	14,658,160.96	1,528,016.82					1,528,016.82			1,528,016.82	-
304	LAND AND LAND RIGHTS	153,210.77										-
350	LAND AND LAND RIGHTS	1,247,232.71	40.32					40			40.32	-
350.2	RIGHT OF WAY	3,436.65										-
360	LAND AND LAND RIGHTS	1,704,569.38										-
374	LAND AND LAND RIGHTS	9,300,951.18										-
374.1	LAND AND LAND RIGHTS	951,975.18										-
388	ARO	9,413,855.15	173,994.92					173,994.92			173,994.92	-
389	LAND AND LAND RIGHTS	121,045.02										-
	Move ARC to separate line		(173,994.92)					(173,994.92)			(173,994.92)	-
	<b>TOTAL NONDEPRECIABLE PLANT AND ACCOUNTS NC</b>	<b>38,119,842.87</b>	<b>1,561,004.46</b>					<b>1,561,004.46</b>			<b>1,561,004.46</b>	<b>-</b>
	<b>TOTAL GAS PLANT</b>	<b>\$ 3,483,902,049.44</b>	<b>\$ 115,550,500.53</b>					<b>\$ 96,564,923.05</b>			<b>\$ 80,880,172.63</b>	<b>\$ (14,820,334.73)</b>

Allocate for CC 300 portion of I/S	
* 392	Transportation Equipment
** 396	Power Operated Equipment

Test Year
564,917.75
4,679.05

157,519.85	Restated
778.64	Restated

Restated
269,994.49
1,334.62

\$ (19,849,993)

(172,063.76)

(1,951.21)

ACCOUNT NUMBER	DESCRIPTION	ACQUISITION VALUE	DEPRECIATION EXPENSE	CURRENT RATE	CURRENT RATE %	PROPOSED RATE	Difft % RATE	PROPOSED DEPRECIATION EXPENSE AMOUNT	PROPOSED RATE	Difft % RATE	PROPOSED DEPRECIATION EXPENSE AMOUNT	INCREASE (DECREASE) AMOUNT
	CC 300 Depr. Exp. portion of Income Statement	-	569,596.80 58% 332,313.45			Portion allocated to Fleet Overheads	-	271,329.11 58% 158,298.49			271,329.11 58% 158,298.49	Portion allocated to Fleet Overheads

**PUGET SOUND ENERGY  
GAS PLANT**

**TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE  
AND CALCULATED ANNUAL DEPRECIATION RATES AS OF SEPTEMBER 30, 2016**

ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)		NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF SEPTEMBER 30, 2016 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (10)=(7)/(8)	
								ACCRUAL AMOUNT (8)	ACCRUAL RATE (9)=(8)/(5)		
<b>GAS PLANT</b>											
<b>MANUFACTURED GAS PRODUCTION PLANT</b>											
305.00	STRUCTURES AND IMPROVEMENTS										
	DIERINGER	06-2021	60-R4	*	0	43,406.61	40,577	2,830	599	1.38	4.7
	SWARR	06-2037	60-R4	*	0	465,330.71	448,227	17,104	833	0.18	20.5
	<i>TOTAL STRUCTURES AND IMPROVEMENTS</i>					508,737.32	488,804	19,934	1,432	0.28	13.9
311.00	LIQUEFIED PETROLEUM GAS EQUIPMENT										
	DIERINGER	06-2021	60-R4	*	(5)	685,182.60	693,989	25,453	5,448	0.80	4.7
	SWARR	06-2037	60-R4	*	(5)	5,385,099.43	5,056,390	597,964	29,413	0.55	20.3
	<i>TOTAL LIQUEFIED PETROLEUM GAS EQUIPMENT</i>					6,070,282.03	5,750,379	623,417	34,861	0.57	17.9
320.00	OTHER EQUIPMENT	06-2037	35-S4	*	0	4,852.88	771	4,082	241	4.97	16.9
	<b>TOTAL MANUFACTURED GAS PRODUCTION PLANT</b>					<b>6,583,872.23</b>	<b>6,239,954</b>	<b>647,433</b>	<b>36,534</b>	<b>0.55</b>	
<b>UNDERGROUND STORAGE PLANT</b>											
350.30	EASEMENTS	06-2043	SQUARE	*	0	33,641.10	4,128	29,513	1,103	3.28	26.8
351.10	STRUCTURES AND IMPROVEMENTS - WELL:	06-2043	55-R4	*	(5)	230,122.07	176,869	64,759	3,755	1.63	17.2
351.20	STRUCTURES AND IMPROVEMENTS - COMP	06-2043	55-R4	*	(5)	469,567.31	206,697	286,349	11,770	2.51	24.3
351.30	STRUCTURES AND IMPROVEMENTS - MEAS	06-2043	55-R4	*	(5)	2,244.87	1,742	615	41	1.83	15.0
351.40	STRUCTURES AND IMPROVEMENTS - OTHE	06-2043	50-S1.5	*	(5)	134,361.93	57,630	83,450	3,762	2.80	22.2
352.00	WELLS	06-2043	60-R4	*	(5)	11,293,925.79	6,644,223	5,214,399	203,779	1.80	25.6
352.20	RESERVOIRS	06-2043	60-R4	*	(5)	1,757,701.36	1,155,812	689,775	26,214	1.49	26.3
352.30	NON-RECOVERABLE NATURAL GAS	06-2043	SQUARE	*	0	4,185,430.83	2,075,387	2,110,044	78,879	1.88	26.8
353.00	LINES	06-2043	55-R4	*	(20)	2,676,181.41	1,677,916	1,533,502	60,162	2.25	25.5
354.00	COMPRESSOR STATION EQUIPMENT	06-2043	45-R3	*	(10)	17,969,110.13	6,442,890	13,323,131	550,255	3.06	24.2
355.00	MEASURING AND REGULATING EQUIPMENT	06-2043	25-L2	*	(5)	530,739.26	247,504	309,772	22,361	4.21	13.9
356.00	PURIFICATION EQUIPMENT	06-2043	45-R3	*	(5)	2,662,646.77	1,060,024	1,735,756	72,763	2.73	23.9
357.00	OTHER EQUIPMENT	06-2043	30-S0	*	0	376,479.90	27,304	349,176	19,740	5.24	17.7
	<b>TOTAL UNDERGROUND STORAGE PLANT</b>					<b>42,322,152.73</b>	<b>19,778,125</b>	<b>25,730,241</b>	<b>1,054,584</b>	<b>2.49</b>	
<b>OTHER STORAGE PLANT</b>											
361.00	STRUCTURES AND IMPROVEMENTS	06-2044	50-R3	*	0	4,155,602.12	1,470,839	2,684,763	103,847	2.50	25.9
362.00	GAS HOLDERS	06-2044	40-S3	*	(20)	3,683,221.39	1,315,578	3,104,288	128,056	3.48	24.2
363.00	PURIFICATION EQUIPMENT	06-2044	40-R2.5	*	(5)	3,984,038.93	1,726,879	2,456,361	104,630	2.63	23.5
364.00	TRANSPORTATION EQUIPMENT	06-2044	25-L3	*	10	970,580.63	584,041	289,481	22,562	2.32	12.8
	<b>TOTAL OTHER STORAGE PLANT</b>					<b>12,793,443.07</b>	<b>5,097,338</b>	<b>8,534,893</b>	<b>359,095</b>	<b>2.81</b>	
<b>DISTRIBUTION PLANT</b>											
374.20	EASEMENTS		65-R4		0	5,872,231.94	119,065	5,753,167	92,820	1.58	62.0
374.30	EASEMENTS - FROM TRANSMISSION		65-R4		0	7,998,815.58	1,728,529	6,270,286	116,258	1.45	53.9
375.00	STRUCTURES AND IMPROVEMENTS		45-R3		(5)	36,537,811.97	5,426,316	32,938,387	925,716	2.53	35.6



**PUGET SOUND ENERGY  
GAS PLANT**

**TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE  
AND CALCULATED ANNUAL DEPRECIATION RATES AS OF SEPTEMBER 30, 2016**

ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF SEPTEMBER 30, 2016 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	CALCULATED ANNUAL		COMPOSITE ACCRAUAL REMAINING LIFE (10)=(7)/(8)
							ACCRAUAL AMOUNT (8)	RATE (9)=(8)/(5)	
FULLY ACCRUED AMORTIZED		FULLY ACCRUED 15-SQ	0 0	60,682.07 155,624.42	60,682 54,926	0 100,698	0 10,375	- 6.67	- 9.7
<i>TOTAL MISCELLANEOUS EQUIPMENT</i>				216,306.49	115,608	100,698	10,375	4.80	9.7
<b>TOTAL GENERAL PLANT</b>				<b>35,223,866.69</b>	<b>22,687,192</b>	<b>11,856,995</b>	<b>1,196,831</b>	<b>3.40</b>	
<b>UNRECOVERED RESERVE TO BE AMORTIZED</b>									
386.00	RESIDENTIAL AND COMMERCIAL WATER HEATERS AND CONVERSION BURNERS				2,059,092		(411,818)	****	
391.10	OFFICE FURNITURE AND EQUIPMENT				(1,462,752)		292,550	****	
391.20	OFFICE FURNITURE AND EQUIPMENT - COMPUTERS				43,387		(8,677)	****	
393.00	STORES EQUIPMENT				(20,560)		4,112	****	
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT				(1,696,387)		339,277	****	
395.00	LABORATORY EQUIPMENT				(233,715)		46,743	****	
397.00	COMMUNICATION EQUIPMENT				(1,481,563)		296,313	****	
398.00	MISCELLANEOUS EQUIPMENT				(38,242)		7,648	****	
<b>TOTAL UNRECOVERED RESERVE TO BE AMORTIZED</b>					<b>(2,830,740)</b>		<b>566,148</b>		
<b>TOTAL DEPRECIABLE PLANT</b>				<b>3,445,782,206.57</b>	<b>1,341,767,371</b>	<b>3,809,788,164</b>	<b>96,859,458</b>		
<b>DEPRECIABLE PLANT AND ACCOUNTS NOT STUDIED</b>									
301.00	STRUCTURES AND IMPROVEMENTS			158,691.96					
302.00	FRANCHISES AND CONSENTS			406,713.91	169,615.97				
303.00	MISCELLANEOUS INTANGIBLE PLANT			14,658,160.96	6,248,902.68				
304.00	LAND AND LAND RIGHTS			153,210.77					
350.00	LAND AND LAND RIGHTS			1,247,232.71					
350.20	RIGHT OF WAY			3,436.65	40.32				
360.00	LAND AND LAND RIGHTS			1,704,569.38					
374.00	LAND AND LAND RIGHTS			9,300,951.18					
374.10	LAND AND LAND RIGHTS			951,975.18					
388.00	ARO			9,413,855.15	606,977.00				
389.00	LAND AND LAND RIGHTS			121,045.02					
<b>TOTAL NONDEPRECIABLE PLANT</b>				<b>38,119,842.87</b>	<b>7,025,536</b>				
<b>TOTAL GAS PLANT</b>				<b>3,483,902,049.44</b>	<b>1,348,792,907</b>	<b>3,809,788,164</b>	<b>96,859,458</b>		

\* LIFE SPAN PROCEDURE IS USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE

\*\* FOR NEW ADDITIONS FOR AMR MODULES, THE RECOMMENDATION IS A 15-S2.5 SURVIVOR CURVE, (5) NET SALVAGE AND A 7.00% DEPRECIATION RATE. FOR NEW ADDITIONS FOR AMI MODULES, THE RECOMMENDATION IS A 20-S2.5 SURVIVOR CURVE, (5) NET SALVAGE AND A 5.25% DEPRECIATION RATE.

\*\*\* FOR NEW ADDITIONS FOR 393 - STORES EQUIPMENT, THE RECOMMENDATION IS A 20 YEAR AMORTIZATION PERIOD AND A 5% AMORTIZED RATE.

\*\*\*\* 5-YEAR AMORTIZATION OF UNRECOVERED RESERVE RELATED TO AMORTIZATION ACCOUNTING.

NOTE: FOR NEW ASSETS FOR THE COMPANY'S EQUIPMENT LEASE PROGRAM, THE FOLLOWING ESTIMATES AND DEPRECIATION RATES ARE RECOMMENDED:

<u>LIFE</u>	<u>NET SALVAGE</u>	<u>RATE</u>
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PUGET SOUND ENERGY  
GAS PLANT

TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE  
AND CALCULATED ANNUAL DEPRECIATION RATES AS OF SEPTEMBER 30, 2016

<u>ACCOUNT</u> (1)	<u>PROBABLE RETIREMENT DATE</u> (2)	<u>SURVIVOR CURVE</u> (3)	<u>NET SALVAGE PERCENT</u> (4)	<u>ORIGINAL COST AS OF SEPTEMBER 30, 2016</u> (5)	<u>BOOK DEPRECIATION RESERVE</u> (6)	<u>FUTURE ACCRUALS</u> (7)	<u>CALCULATED ANNUAL ACCRUAL AMOUNT</u> (8)	<u>COMPOSITE ACCRUAL REMAINING RATE</u> (9)=(8)/(5)	<u>COMPOSITE LIFE</u> (10)=(7)/(8)
RESIDENTIAL FURNACES	17-S3	0	5.89						
RESIDENTIAL WATER HEATERS	15-L3	0	6.67						
COMMERCIAL WATER HEATERS	10-L3	0	10.00						



ACCOUNT NUMBER	DESCRIPTION	ACQUISITION VALUE	DEPRECIATION EXPENSE	4 FACTOR ALLOCATOR CURRENT ELECTRIC 67.18%	4 FACTOR ALLOCATOR Current GAS 32.82%	CURRENT RATE	CURRENT RATE	PROPOSED RATE Per PSE	Diff % RATE	PROPOSED DEPRECIATION EXPENSE AMOUNT Per PSE	4 FACTOR ALLOCATOR PROPOSED ELECTRIC 67.18%	4 FACTOR ALLOCATOR PROPOSED GAS 32.82%	INCREASE (DECREASE) AMOUNT
<b>COMMON PLANT</b>													
389.1	LAND AND LAND RIGHTS - EASEMENTS	14,082,567.58	281,651.40	189,213.41	92,437.99	2.00	2.00%	1.65%	82.26%	231,681.04	155,643.32	76,037.72	(16,400.27)
390	STRUCTURES AND IMPROVEMENTS EAST SIDE TELECOMMUNICATION OFFICE FACTORIA	25,949,969.49 18,065,002.23	1,338,163.75 952,025.64	898,978.41 639,570.82	439,185.34 312,454.82	5.27 5.27	5.27% 5.27%	2.95% 1.88%	55.94% 35.58%	748,551.23 338,741.01	502,876.71 227,566.21	245,674.51 111,174.80	(193,510.83) (201,280.02)
	OTHER STRUCTURES	45,026,876.40	1,846,509.14	1,240,484.84	606,024.30	5.27	5.27%	1.28%	24.38%	450,196.04	302,441.70	147,754.34	(458,269.96)
		89,041,848.12	4,136,698.53	2,779,034.07	1,357,664.46					1,537,488.27	1,032,884.62	504,603.65	(853,060.81)
391.1	OFFICE FURNITURE AND EQUIPMENT	21,112,177.85	374,011.60 495,366.96 869,378.56	251,260.99 332,787.52 584,048.52	122,750.61 162,579.44 285,330.04	5.00	5.00% 16.44%	5.00% 5.00%	100.10% 30.45%	374,384.02 150,824.15 525,208.17	251,511.18 101,323.66 352,834.85	122,872.83 49,500.49 172,373.32	122.23 (113,078.95) (112,956.72)
391.2	OFFICE FURNITURE AND EQUIPMENT - COMPI	63,265,264.67	11,802,785.69	7,929,111.43	3,873,674.26	20.00	20.00%	20.00%	100.01%	11,804,366.85	7,930,173.65	3,874,193.20	518.94
392	TRANSPORTATION EQUIPMENT	4,200,662.92	374,440.27 (353.22) 374,087.05	251,548.97 (237.29) 251,311.68	122,891.30 (115.93) 122,775.37	9.00	9.00% 60.00%	1.43% 1.43%	15.92% 2.39%	59,594.95 (8.43) 59,586.51	40,035.89 (5.67) 40,030.22	19,559.06 (2.77) 19,556.29	(103,332.24) 113.16 (103,219.08)
393	STORES EQUIPMENT	92,575.77	2,683.68 1,803.24 4,486.92	1,802.90 1,211.42 3,014.31	880.78 591.82 1,472.61	5.00	5.00% 16.44%	5.00% 5.00%	100.00% 30.42%	2,683.80 548.51 3,232.31	1,802.98 368.49 2,171.47	880.82 180.02 1,060.85	0.04 (411.80) (411.76)
394	TOOLS, SHOP AND GARAGE EQUIPMENT	1,586,280.50	38,814.78 21,582.00 60,396.78	26,075.77 14,498.79 40,574.56	12,739.01 7,083.21 19,822.22	5.00	5.00% 16.44%	5.00% 5.00%	99.91% 30.39%	38,781.00 6,558.81 45,339.81	26,053.08 4,406.21 30,459.29	12,727.92 2,152.60 14,880.53	(11.09) (4,930.61) (4,941.70)
396	POWER OPERATED EQUIPMENT	405,180.32	24,310.80	16,332.00	7,978.80	6.00	6.00%	2.84%	47.33%	11,505.99	7,729.72	3,776.27	(4,202.54)
397	COMMUNICATION EQUIPMENT ** FULLY ACCRUED AMORTIZED	21,530,076.08 63,796,965.93	3,356,202.05 2,058,324.03 5,414,526.08	2,254,696.54 1,382,782.08 3,637,478.62	1,101,505.51 675,541.95 1,777,047.46	6.67	6.67% 27.91%	6.67% 6.67%	99.93% 23.88%	3,353,840.92 491,610.51 3,845,451.43	2,253,110.33 330,263.94 2,583,374.27	1,100,730.59 161,346.57 1,262,077.16	(774.92) (514,195.38) (514,970.30)
398	MISCELLANEOUS EQUIPMENT	1,051,805.58	39,622.04 27,739.68 67,361.72	26,618.09 18,635.52 45,253.60	13,003.95 9,104.16 22,108.12	6.67	6.67% 27.91%	6.67% 6.67%	100.03% 23.91%	39,633.66 6,631.96 46,265.62	26,625.89 4,455.35 31,081.24	13,007.77 2,176.61 15,184.37	3.81 (6,927.55) (6,923.74)
		\$ 280,165,405.32	\$ 23,035,683.53	\$ 15,475,372.20	\$ 7,560,311.33		8.22%	6.46%	78.62%	\$ 18,110,126.00	\$ 12,166,382.65	\$ 5,943,743.35	\$ (1,616,567.98)
392 *	Remove CC300 depreciation not booked		(374,087.05)	(251,311.68)	(122,775.37)					(59,586.51)	(40,030.22)	(19,556.29)	103,219.08
396 **	to 403 to be adjusted separately		(24,310.80)	(16,332.00)	(7,978.80)					(11,505.99)	(7,729.72)	(3,776.27)	4,202.54
	<b>SUBTOTAL (excludes CC 300)</b>	<b>\$ 280,165,405.32</b>	<b>\$ 22,637,285.68</b>	<b>\$ 15,207,728.52</b>	<b>\$ 7,429,557.16</b>		8.08%	6.44%	79.69%	<b>\$ 18,039,033.50</b>	<b>\$ 12,118,622.70</b>	<b>\$ 5,920,410.79</b>	<b>\$ (1,509,146.37)</b>
<b>UNRECOVERED RESERVE TO BE AMORTIZED</b>													
391.1	OFFICE FURNITURE AND EQUIPMENT		-	-	-					316,970.16	212,940.55	104,029.61	104,029.61
391.2	OFFICE FURNITURE AND EQUIPMENT - COMPUTERS		-	-	-					(151,112.36)	(101,517.28)	(49,595.08)	(49,595.08)
393	STORES EQUIPMENT		-	-	-					882.65	592.96	289.69	289.69
394	TOOLS, SHOP AND GARAGE EQUIPMENT		-	-	-					18,966.71	12,741.83	6,224.87	6,224.87
397	COMMUNICATION EQUIPMENT		-	-	-					1,473,760.04	990,072.00	483,688.05	483,688.05
398	MISCELLANEOUS EQUIPMENT		-	-	-					(1,598.56)	(1,073.91)	(524.65)	(524.65)
	TOTAL UNRECOVERED RESERVE TO BE AMOI	\$ -	\$ -	\$ -	\$ -					\$ 1,657,868.64	\$ 1,113,756.15	\$ 544,112.49	\$ 544,112.49
	<b>TOTAL COMMON</b>	<b>280,165,405.32</b>	<b>22,637,285.68</b>	<b>15,207,728.52</b>	<b>7,429,557.16</b>					<b>19,696,902.14</b>	<b>13,232,378.86</b>	<b>\$ 6,464,523.28</b>	<b>\$ (965,033.88)</b>
<b>NONDEPRECIABLE PLANT AND ACCOUNTS NOT STUDIED</b>													
302	FRANCHISES AND CONSENTS	31,729.64	2,347.00	1,576.71	770.29					2,347.00	1,576.71	770.29	-
303	MISCELLANEOUS INTANGIBLE PLANT	166,359,858.70	27,664,698.00	18,585,144.12	9,079,553.88					27,664,698.00	18,585,144.12	9,079,553.88	-
389	LAND AND LAND RIGHTS	28,496,665.23	-	-	-					-	-	-	-
390.1	STRUCTURES AND IMPROVEMENTS - LEASEH	46,511,320.42	3,019,656.99	2,028,605.57	991,051.42					3,019,656.99	2,028,605.57	991,051.42	-
391.21	OFFICE FURNITURE AND EQUIPMENT - COMPI	756,461.72	-	-	-					-	-	-	-
392.1	AIRCRAFT	1,509,234.08	-	-	-					-	-	-	-
392.2	AIRCRAFT ENGINE REBUILD	832,657.21	83,265.72	55,937.91	27,327.81					83,265.72	55,937.91	27,327.81	-
399	ARO	157,467.00	157,467.00	105,786.33	51,680.67					157,467.00	105,786.33	51,680.67	-
	Needed to reconcile		-	-	-					-	-	-	-
	<b>TOTAL COMMON PLANT</b>	<b>\$ 244,497,927.00</b>	<b>\$ 30,927,434.71</b>	<b>\$ 20,777,050.64</b>	<b>\$ 10,150,384.07</b>					<b>\$ 30,927,434.71</b>	<b>\$ 20,777,050.64</b>	<b>\$ 10,150,384.07</b>	<b>\$ -</b>
	Move ARC to separate line		\$ (157,467.00)	\$ (105,786.33)	\$ (51,680.67)					\$ (157,467.00)	\$ (105,786.33)	\$ (51,680.67)	\$ -
	<b>Total Amortization</b>	<b>\$ 244,497,927.00</b>	<b>\$ 30,769,967.71</b>	<b>\$ 20,671,264.31</b>	<b>\$ 10,098,703.40</b>					<b>\$ 30,769,967.71</b>	<b>\$ 20,671,264.31</b>	<b>\$ 10,098,703.40</b>	<b>\$ -</b>
	<b>Total Common Depreciation and Amortization</b>	<b>\$ 524,663,332.32</b>	<b>\$ 53,407,253.39</b>	<b>\$ 35,878,992.83</b>	<b>\$ 17,528,260.56</b>					<b>\$ 50,466,869.85</b>	<b>\$ 33,903,643.16</b>	<b>\$ 16,563,226.68</b>	<b>\$ (965,033.88)</b>

ACCOUNT NUMBER	DESCRIPTION	ACQUISITION VALUE	DEPRECIATION EXPENSE	4 FACTOR ALLOCATOR CURRENT ELECTRIC 67.18%	4 FACTOR ALLOCATOR Current GAS 32.82%	CURRENT RATE	CURRENT RATE	PROPOSED RATE Per PSE	Diff % RATE	PROPOSED DEPRECIATION EXPENSE AMOUNT Per PSE	4 FACTOR ALLOCATOR PROPOSED ELECTRIC 67.18%	4 FACTOR ALLOCATOR PROPOSED GAS 32.82%	INCREASE (DECREASE) AMOUNT \$ (965,033.88)
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524,663,332.32	53,564,720.39	35,984,779.16	17,579,941.23							50,624,336.85	34,009,429.49	16,614,907.35	
	(2,940,383.54)										34,009,429.49	16,614,907.35	

Allocate for CC 300 portion of I/S	
* C392	Transportation Equipment
** C396	Power Operated Equipment
CC 300 Depr. Exp. portion of Income Statement	

Test Year	
71,713.80	122,775.37
4,660.47	7,978.80
	130,754.17
	58%
	76,374.27

Restated		
11,422.94	19,556.29	(60,290.86)
2,205.74	3,776.27	(2,454.73)
	23,332.56	
	58%	
	13,628.68	

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**PUGET SOUND ENERGY  
COMMON PLANT**

**TABLE 3. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE  
AND CALCULATED ANNUAL DEPRECIATION RATES AS OF SEPTEMBER 30, 2016**

ACCOUNT (1)	PROBABLE RETIREMENT DATE (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF SEPTEMBER 30, 2016 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (10)=(7)/(8)
							ACCRUAL AMOUNT (8)	ACCRUAL RATE (9)=(8)/(5)	
<b>COMMON PLANT</b>									
<b>GENERAL PLANT</b>									
389.10		60-R4	0	14,082,567.58	1,627,421	12,455,147	231,681	1.65	53.8
390.00									
	06-2038	55-R2.5	* (5)	25,949,969.49	11,448,503	15,798,965	764,997	2.95	20.7
	06-2059	55-R2.5	* (5)	18,065,002.23	6,095,742	12,872,510	338,741	1.88	38.0
		55-R2.5	(5)	45,026,876.40	20,435,307	26,842,913	578,539	1.28	46.4
				89,041,848.12	37,979,553	55,514,388	1,682,277	1.89	33.0
391.10		20-SQ	0	21,112,177.85	9,489,789	11,622,389	1,056,660	5.00	11.0
391.20		5-SQ	0	63,265,264.67	29,820,000	33,445,265	12,654,748	20.00	2.6
392.00		12-L3	10	4,200,662.92	3,393,820	386,777	60,171	1.43	6.4
393.00		20-SQ	0	92,575.77	40,154	52,422	4,629	5.00	11.3
394.00		20-SQ	0	1,586,280.50	530,000	1,056,280	79,245	5.00	13.3
396.00		14-L3	10	405,180.32	274,569	90,093	11,506	2.84	7.8
397.00									
		FULLY ACCRUED		21,530,076.08	17,976,166	3,553,910	0	-	-
		15-SQ	0	63,796,965.93	20,785,000	43,011,966	4,252,264	6.67	10.1
				85,327,042.01	38,761,166	46,565,876	4,252,264	4.98	11.0
398.00		15-SQ	0	1,051,805.58	588,500	463,306	70,176	6.67	6.6
<b>TOTAL GENERAL PLANT</b>				<b>280,165,405.32</b>	<b>122,504,971</b>	<b>161,651,943</b>	<b>20,103,357</b>	<b>7.18</b>	
<b>UNRECOVERED RESERVE TO BE AMORTIZED</b>									
391.10					(1,584,851)		316,970	**	
391.20					755,562		(151,112)	**	
393.00					(4,413)		883	**	
394.00					(94,834)		18,967	**	
397.00					(7,368,800)		1,473,760	**	
398.00					7,993		(1,599)	**	
<b>TOTAL UNRECOVERED RESERVE TO BE AMORTIZED</b>					<b>(8,289,343)</b>		<b>1,657,869</b>		
<b>TOTAL DEPRECIABLE PLANT</b>				<b>280,165,405.32</b>	<b>(8,289,343)</b>	<b>161,651,943</b>	<b>20,103,357</b>		
<b>NONDEPRECIABLE PLANT AND ACCOUNTS NOT STUDIED</b>									
302.00				31,729.64	7,171				
303.00				166,359,858.70	65,088,600				
389.00				28,496,665.23					
390.10				46,511,320.42	34,903,368				
392.10				1,509,234.08	923,765				
392.20				832,657.21	796,961				
<b>TOTAL NONDEPRECIABLE PLANT</b>				<b>243,741,465.28</b>	<b>101,719,865</b>				
<b>TOTAL COMMON PLANT</b>				<b>523,906,871</b>	<b>215,935,493</b>	<b>161,651,943</b>	<b>21,761,226</b>		

\* LIFE SPAN PROCEDURE USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE.

\*\* 5-YEAR AMORTIZATION OF UNRECOVERED RESERVE RELATED TO AMORTIZATION ACCOUNTING.



ACCOUNT NUMBER	DESCRIPTION	DEPRECIATION EXPENSE	CURRENT RATE	CURRENT RATE %	PROPOSED RATE Per PSE	Diffit % RATE	PROPOSED DEPRECIATION EXPENSE AMOUNT Per PSE	PROPOSED RATE Per Public Counsel	Diffit % RATE	PROPOSED DEPRECIATION EXPENSE AMOUNT Per Public Counsel	INCREASE (DECREASE) AMOUNT
<b>DISTRIBUTION PLANT</b>											
376.2	MAINS - PLASTIC	173,994.92	2.77	2.77%	2.44%	88.20%	153,458.26	1.82%	74.50%	114,321.57	(39,136.68)
	<b>TOTAL GAS ARO ACCRETION RECOVERED IN RATES</b>	<b>\$ 173,994.92</b>					<b>\$ 153,458.26</b>			<b>\$ 114,321.57</b>	<b>\$ (39,136.68)</b>
<b>STRUCTURES AND IMPROVEMENTS</b>											
390	SOUTH KING COMPLEX GAS PORTION	51,680.67	5.27	5.27%	2.95%	55.94%	-	2.95%	100.00%	-	-
	<b>TOTAL GAS ARO ACCRETION NOT RECOVERED IN RATES</b>	<b>\$ 51,680.67</b>					<b>\$ -</b>			<b>\$ -</b>	<b>\$ -</b>
		<b>\$ 225,675.59</b>					<b>\$ 153,458.26</b>			<b>\$ 114,321.57</b>	<b>\$ (39,136.68)</b>

ACCOUNT NUMBER	DESCRIPTION	DEPRECIATION EXPENSE	CURRENT RATE	CURRENT RATE %	PROPOSED RATE Per PSE	Diff % RATE	PROPOSED DEPRECIATION EXPENSE AMOUNT Per PSE	PROPOSED RATE Per Public Counsel	Diff % RATE	PROPOSED DEPRECIATION EXPENSE AMOUNT Per Public Counsel	INCREASE (DECREASE) AMOUNT
<b>DISTRIBUTION PLANT</b>											
376.2	MAINS - PLASTIC	28,810.30	2.77	2.77%	2.44%	88.20%	25,409.81	1.82%	74.50%	18,929.51	(6,480.30)
	<b>TOTAL GAS ARO ACCRETION RECOVERED IN RATES</b>	<u>\$ 28,810.30</u>					<u>\$ 25,409.81</u>			<u>\$ 18,929.51</u>	<u>\$ (6,480.30)</u>
<b>STRUCTURES AND IMPROVEMENTS</b>											
390	SOUTH KING COMPLEX GAS PORTION	4,852.63	5.27	5.27%	2.95%	55.94%	-	2.95%	100.00%	-	-
	<b>TOTAL GAS ARO ACCRETION NOT RECOVERED IN RATES</b>	<u>\$ 4,852.63</u>					<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>
		<b>\$ 33,662.93</b>					<b>\$ 25,409.81</b>			<b>\$ 18,929.51</b>	<b>\$ (6,480.30)</b>

Puget Sound EnergyReclass for ARO Accretion and ARC Depreciation October 2015 - September 2016

ARO	Asset ID	Vintage	FERC	411 Adj.		403.1 Recalls in Nov. 2015 (note 1)	Calculated (Depr + Accr.)	Recorded Reclass (negative sign in PP)	Difference between Calculated vs. Recorded	Manual JE's to 411.10
				403 Adj. Depr	Accretion ARO-1000					
<b>Recoverable in rates:</b>										
Colstrip 1 & 2 Ash Pond Capping	76110	2003	E317	(3,982.36)	72,109.53		68,127.17	68,127.17	-	(652.54)
Colstrip 3 & 4 Ash Pond Capping	76111	2003	E317	3,374.58	39,492.69		42,867.27	42,867.27	-	(357.38)
Distribution Wood Poles	12771690	2005	E374	53,931.16	29,083.46		83,014.62	83,014.62	-	
Ferndale	12971225	2006	E347	28,450.01	37,567.05	24,447.10	90,464.16	90,464.16	-	10,680.03
Frederickson 1/Epcor	85044/45	2006	E317	8,795.58	55,301.75		64,097.33	64,097.33	-	
Gas Mains	12771693	2006	G359	173,994.92	28,810.30		202,805.22	202,805.22	-	
Hopkins Ridge Wind Project	81633	2005	E347	445,066.78	266,713.80	(25,234.39)	686,546.19	686,546.19	-	
Lower Snake River Wind	11193345	2012	E347	478,487.03	472,792.87	(333,212.98)	618,066.92	618,066.92	-	
Meteorological Towers -LSR	13997947	2013	E347	2,459.77	3,053.11	1,277.62	6,790.50	6,790.50	-	(178.28)
Transmission Wood Poles	82937	2005	E359	99,569.24	133,039.32		232,608.56	232,608.56	-	
Wild Horse Wind Project (New)	12971222	2013	E347	235,972.94	212,740.68	159,595.63	608,309.25	608,309.25	-	53,190.52
Transmission Wood Poles (Site ARO)				-	40,084.48		40,084.48		(40,084.48)	2
<b>Total recoverable in rates</b>				<b>1,526,119.65</b>	<b>1,390,789.04</b>	<b>(173,127.02)</b>	<b>2,743,781.67</b>	<b>2,703,697.19</b>	<b>(40,084.48)</b>	<b>62,682.35</b>
<b>Not recoverable in rates:</b>										
Colstrip 1 & 2 Ash Pond Capping	76110	2003	E317	645,438.00	535,738.77					4,409.54
Colstrip 3 & 4 Ash Pond Capping	76111	2003	E317	694,356.62	580,610.28					4,159.42
Crystal Mtn. Generator Site	13084613	2013	E347	30,434.94	10,965.29	8,148.37				2,186.73
South King Complex	13056748	2013	C399	157,468.21	13,504.32	(3,186.48)				1,281.28
<b>Total not recoverable in rates</b>				<b>1,527,697.77</b>	<b>1,140,818.66</b>	<b>4,961.89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,036.97</b>
<b>Total ARO Depreciation</b>				<b>3,053,817.42</b>	<b>2,531,607.70</b>	<b>(168,165.13)</b>	<b>2,743,781.67</b>	<b>2,703,697.19</b>	<b>(40,084.48)</b>	<b>74,719.32</b>
<b>Note</b>				2,885,652.29						

Manual JE's to 411.10 check PP report Depr report 1604 ARO 1000 report

403.1			411.1			Total		
Electric	Gas	Total	Electric	Gas	Total	Electric	Gas	Total
(3,982.36)		(3,982.36)	71,456.99		71,456.99	67,474.63	-	67,474.63
3,374.58		3,374.58	39,135.30		39,135.30	42,509.88	-	42,509.88
53,931.16		53,931.16	29,083.46		29,083.46	83,014.62	-	83,014.62
28,450.01		28,450.01	48,247.08		48,247.08	76,697.09	-	76,697.09
8,795.58		8,795.58	55,301.75		55,301.75	64,097.33	-	64,097.33
	173,994.92	173,994.92		28,810.30	28,810.30	-	202,805.22	202,805.22
445,066.78		445,066.78	266,713.80		266,713.80	711,780.58	-	711,780.58
478,487.03		478,487.03	472,792.87		472,792.87	951,279.90	-	951,279.90
2,459.77		2,459.77	2,874.83		2,874.83	5,334.60	-	5,334.60
99,569.24		99,569.24	133,039.32		133,039.32	232,608.56	-	232,608.56
235,972.94		235,972.94	265,931.20		265,931.20	501,904.14	-	501,904.14
-		-	40,084.48		40,084.48	40,084.48	-	40,084.48
<b>1,352,124.73</b>	<b>173,994.92</b>	<b>1,526,119.65</b>	<b>1,424,661.08</b>	<b>28,810.30</b>	<b>1,453,471.38</b>	<b>2,776,785.81</b>	<b>202,805.22</b>	<b>2,979,591.03</b>
645,438.00		645,438.00	540,148.31		540,148.31	1,185,586.31	-	1,185,586.31
694,356.62		694,356.62	584,769.71		584,769.71	1,279,126.33	-	1,279,126.33
30,434.94		30,434.94	13,152.02		13,152.02	43,586.96	-	43,586.96
105,787.14	51,681.07	157,468.21	9,932.97	4,852.63	14,785.60	115,720.11	56,533.70	172,253.81
<b>1,476,016.70</b>	<b>51,681.07</b>	<b>1,527,697.77</b>	<b>1,148,003.00</b>	<b>4,852.63</b>	<b>1,152,855.64</b>	<b>2,624,019.71</b>	<b>56,533.70</b>	<b>2,680,553.41</b>
<b>2,828,141.43</b>	<b>225,675.99</b>	<b>3,053,817.42</b>	<b>2,572,664.09</b>	<b>33,662.93</b>	<b>2,606,327.02</b>	<b>5,400,805.52</b>	<b>259,338.92</b>	<b>5,660,144.44</b>
			#REF!					

1. PA adjusted the accretion expense (decrease by \$168,185.14) because ,after 2007 conversion, incorrect inflation/discount rate set up on PowerPlant in July 2015. In November 2015, PA found that additional JE will be needed to reclass from the underlying asset to accumulated reserve for ARO recoverable in rates (-\$173,127.02).

ARO Reclass Adjustment 07-2015 Due to inflation/discount rate correction

ARO	Add. Reclass AMT in Nov. 15	2017 GRC Four Factor Allocator For South King 403.1 Depr.		2017 GRC Four Factor Allocator For South King 411.1 Depr.	
		Electric	Gas	Electric	Gas
Ferndale	24,447.10	#REF!	#REF!	#REF!	#REF!
Hopkins Ridge Wind Project	(25,234.39)	#REF!	#REF!	#REF!	#REF!
Lower Snake River Wind	(333,212.98)	#REF!	#REF!	#REF!	#REF!
Meteorological Towers -LSR	1,277.62	#REF!	#REF!	#REF!	#REF!
Wild Horse Wind Project (New)	159,595.63	#REF!	#REF!	#REF!	#REF!
<b>Total recoverable in rates</b>	<b>(173,127.02)</b>	<b>#REF!</b>	<b>Chk</b>	<b>#REF!</b>	<b>Chk</b>
<b>Not recovered in rates:</b>					
South King Complex	(3,186.48)				
Crystal Mtn. Generator Site	8,148.37				
<b>Total not recovered in rates</b>	<b>4,961.89</b>				

2. For the Transmission Wood Poles, additional accretion of \$40,084.48 will be reclassified to the underlying assets in November 2016

3. PA adjusted the depreciation expenses (decrease by \$53,014.08 in December)

4. Depreciation expense was decrease by \$8k because Colstrip AROs had an incorrect inflation/ discount rate was set up on PowerPlant because CAFRF should be the average of multiple years cash outflows (3.21%) instead of CAFRF averages from 2015 to 2040 (3.14%). Going forward, ARO depreciation will automatically reallocate over remaining life from 2016 to 2040.

12ME Sep 2015 D&A Expense	Total	Electric	Gas	Common	Check
In New Depr Study	388,358,848	250,591,014	114,732,150	23,035,684	
Not Part of Study	45,296,622	11,877,723	1,734,999	31,683,900	
<b>PP D&amp;A Expense per 1085 Combined</b>	<b>433,655,470</b>	<b>262,468,737</b>	<b>116,467,149</b>	<b>54,719,584</b>	
	0	0	0	(0)	
<b>Not in GAAP D&amp;A Expense</b>					
CC300 WO 40309300	(884,454)	(481,480)	(237,283)	(165,691)	-
Capital Lease WO 90201001	(756,462)			(756,462)	-
<b>SAP Transaction</b>					
40300341	(173,057)		(173,057)		-
					-
<b>Total Utility Plant D&amp;A</b>	<b>431,841,498</b>	<b>261,987,258</b>	<b>116,056,809</b>	<b>53,797,430</b>	
<b>GAAP D&amp;A Expense - Utility Plant</b>					
***** Total Depreciation Expense	390,437,770	252,831,199	114,495,845	23,110,726	-
** Total Amortization Expense	41,403,037	9,155,369	1,560,964	30,686,705	-
<b>Total Utility Plant D&amp;A per GAAP IS</b>	<b>431,840,807</b>	<b>261,986,568</b>	<b>116,056,809</b>	<b>53,797,431</b>	
Check	690	690	0	(0)	(0)
<b>Add back Accretion Expense</b>					
Actual GAAP Expense - Total	(856,858)	(61,849)	(927,658)	132,649	
		TRANSPORTATION EQUIPMENT	564,917.75	374,087.05	
		POWER OPERATED EQUIPMENT	4,679.05	24,310.80	
		TOTAL TRANSPORTATION & PWR EQUIPMENT	569,596.80	398,397.85	
		PORTION NOT IN INCOME STATEMENT	237,283.35	165,691.36	
		% NOT INCLUDED IN INCOME STATEMENT	41.66%	41.59%	
		% INCLUDED IN INCOME STATEMENT	58.34%	58.41%	

Check

Common Includes Landis & Gyr \$756,461.72 and ARO \$157,468.21

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Booked as a depreciation expense in SAP, but a reserve expense in PP.

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(0)