

**Puget Sound Energy**  
**Docket No. UE-170033**  
**Exhibit RCS-3r**  
**Electric Utility Revenue Requirement and Adjustment Schedules**  
**Accompanying the Direct Testimony of Ralph Smith**

<b>Number</b>	<b>PSE Adj. No.</b>	<b>Description</b>	<b>No. of Pages</b>	<b>Confidential</b>	<b>Applies to This Utility</b>	<b>Page No.</b>
		<b>Revenue Requirement Summary Schedules</b>				
A		Calculation of Revenue Deficiency (Sufficiency)	2	No	Yes	2-3
A-1		Gross Revenue Conversion Factor	1	No	Yes	4
B		Adjusted Rate Base	1	No	Yes	5
B.1		Summary of Rate Base Adjustments	1	No	Yes	6
C		Adjusted Net Operating Income	1	No	Yes	7
C.1		Summary of Net Operating Income Adjustments	2	No	Yes	8-9
D		Capital Structure and Cost Rates	1	No	Yes	10
		<b>Rate Base Adjustments</b>				
B-1	7.11	White River	1	No	Yes	11
B-2	7.13	Production Adjustment	1	No	Yes	12
B-3	6.06	Accumulated Depreciation Related to Proposed Depreciation Rates	1	No	Yes	13
B-4	6.06	Accumulated Deferred Income Taxes Related to Proposed Depreciation Rates	1	No	Yes	14
B-5		Electric Plant Held For Future Use	1	No	Yes	15
		<b>Net Operating Income Adjustments</b>				
C-1		Temperature Normalization	1	No	No	16
C-2	6.08	Bad Debt Expense	1	No	Yes	17
C-3	6.09	Incentive Compensation	1	No	Yes	18
C-4	6.11	Interest on Customer Deposits	1	No	Yes	19
C-5	6.16	Payroll Expense	1	No	Yes	20
C-6	6.17	Investment Plan Expense	1	No	Yes	21
C-7	7.01	Power Costs	1	No	Yes	22
C-8	7.02	Montana Electric Energy Tax	1	No	Yes	23
C-9	7.05	Storm Damage Expense	2	No	Yes	24-25
C-10	7.11	White River Amortization Expense	1	No	Yes	26
C-11	7.13	Production Adjustment	1	No	Yes	27
C-12	6.06	Depreciation and Amortization Expense at Proposed New Depreciation Rates	1	No	Yes	28
C-13	6.05	Interest Synchronization	1	No	Yes	29
C-14	6.15	Pension Expense	1	No	Yes	30
C-15	6.19	Environmental Remediation	1	No	Yes	31
C-16	6.20	Credit Card Payment Processing Costs	1	No	Yes	32
		Total Pages (including Contents page)	32			

Puget Sound Energy - Electric Operations  
 Calculation of Revenue Deficiency (Sufficiency)

Exhibit RCS-3r  
 Schedule A  
 Docket No. UE-170033  
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Test Year Ended September 30, 2016

Line No.	Description	Schedule Reference	Per Company (A)	Per Public Counsel (B)	Difference (C)
1	Adjusted rate base	B	\$ 5,097,962,433	\$ 5,106,130,927	\$ 8,168,494
2	Rate of return	D	7.74%	7.28%	
3	Net operating income required (Calculated)		\$ 394,582,292	\$ 371,726,331	\$ (22,855,961)
4	Adjusted net operating income	C	\$ 302,305,322	\$ 327,940,092	\$ 25,634,770
5	Net operating income deficiency		\$ 92,276,970	\$ 43,786,239	\$ (48,490,731)
6	Gross revenue conversion factor	A-1	0.6190510	0.6190510	
7	Revenue deficiency (Sufficiency)		\$ 149,061,984	\$ 70,731,231	\$ (78,330,753)
8	Sales from Resale - Firm		\$ 406,090	\$ 405,143	\$ (947)
9	Net Revenue Requirement Deficiency		\$ 148,655,894	\$ 70,326,088	\$ (78,329,806)

Notes and Source

Amounts in Column A are from PSE's original filing. Company revisions contained in its April 3, 2017 supplemental filing are treated as adjustments to PSE's original filing for purposes of this presentation.

10	Operating Revenue at Current Rates	C	\$ 2,064,349,033	\$ 2,067,334,450	
11	Percentage Increase	L9 / L10	7.20%	3.40%	

Line No.	Description	Schedule Reference	Component	(A) Public Counsel Adjustments	(B) Public Counsel Multiplier	(C) Public Counsel Revenue Requirement Amount
1	<b>Rate Base</b>	D	ROR Difference		-0.46000%	
	Rate Base per PSE's Filing	A-1	GRCF	\$ 5,097,962,433	0.61905	\$ (37,881,575)
		B			-0.743%	
2	<b>Effect of Public Counsel Adjustments to Rate Base</b>	D	Rate of Return		7.280%	
	White River	A-1	GRCF	\$ (220,245)	0.619051	\$ (25,901)
	Production Adjustment	B-1		\$ 5,583	11.76%	\$ 657
	Accumulated Depreciation Related to Proposed Depreciation Rates	B-2		\$ 13,568,804	11.76%	\$ 1,595,683
	Accumulated Deferred Income Taxes Related to Proposed Depreciation Rates	B-3		\$ (4,749,081)	11.76%	\$ (558,489)
	Electric Plant Held For Future Use	B-4		\$ (436,566)	11.76%	\$ (51,340)
	Total Public Counsel Rate Base Adjustments	B-5		\$ 8,168,494		
8	<b>Public Counsel Adjusted Original Cost Rate Base</b>	B		\$ 5,106,130,927		
	<b>Net Operating Income</b>					
	<b>Effect of Public Counsel Adjustments on NOI</b>					
9	Temperature Normalization	C-1	Pre-Tax Operating Income Amount	\$ -	0.61905	\$ -
10	Bad Debt Expense	C-2		\$ 131,715	0.61905	\$ (212,769)
11	Incentive Compensation	C-3		\$ (267,454)	0.61905	\$ 432,038
12	Interest on Customer Deposits	C-4		\$ (68,435)	0.61905	\$ 110,548
13	Payroll Expense	C-5		\$ (139,323)	0.61905	\$ (225,058)
14	Investment Plan Expense	C-6		\$ 9,837	0.61905	\$ (15,890)
15	Power Costs	C-7		\$ 4,728,594	0.61905	\$ (7,638,457)
16	Montana Electric Energy Tax	C-8		\$ 15,815	0.61905	\$ (25,547)
17	Storm Damage Expense	C-9		\$ 936,344	0.61905	\$ (1,512,547)
18	White River Amortization Expense	C-10		\$ 88,098	0.61905	\$ (142,311)
19	Production Adjustment	C-11		\$ (1,626)	0.61905	\$ 2,626
20	Depreciation and Amortization Expense at Proposed New Depreciation Rates	C-12		\$ 17,639,445	0.61905	\$ (28,494,333)
21	Interest Synchronization	C-13		\$ 85,483	0.61905	\$ (138,087)
22	Pension Expense	C-14		\$ 748,462	0.61905	\$ (1,209,048)
23	Environmental Remediation	C-15		\$ 371,888	0.61905	\$ (600,740)
24	Credit Card Payment Processing Costs	C-16		\$ 1,077,280	0.61905	\$ (1,740,212)
25	Total Public Counsel Adjustments to Operating Income	C-1		\$ 25,634,770		
26	Net Operating Income per Company Filing	C		\$ 302,305,322		
27	<b>Public Counsel Adjusted Net Operating Income</b>	C		\$ 327,940,092		
	<b>Gross Revenue Conversion Factor Difference:</b>					
28	Per Public Counsel	A-1		0.61905		
29	Per Company	A-1		0.61905		
30	Difference			0.000000		
31	Company Adjusted NOI Deficiency	A		\$ 92,276,970		
32	GRCF Difference					
33	<b>PUBLIC COUNSEL REVENUE REQUIREMENT ADJUSTMENTS ABOVE</b>					
34	Company Requested Base Rate Revenues	A		\$ (78,330,752)		
35	Reconciled Revenue Requirement			\$ 149,061,984		
36	Revenue Requirement Calculated on Schedule A	A		\$ 70,731,232		
37	Unidentified Difference			\$ 70,731,231		
38	Unidentified Difference as percent of Public Counsel base rate revenue increase				0.00%	

Notes and Source  
Pre-tax return computed using Gross Revenue Conversion Factor

Test Year Ended September 30, 2016

Line No.	Description	Tax Rate (A)	Company Proposed (B)	Tax Rate (C)	Public Counsel Proposed (D)
1	Bad Debts		0.007157		0.007157
2	Annual Filing Fee		0.002000		0.002000
3	State Utility Tax (0% - (Line 1 * 3.8734%))	3.873%	0.038457	3.873%	0.038457
4	Sum of Taxes Other		0.047614		0.047614
5	Conversion Factor Excluding Federal Income Tax (1 - Line 0.941131)		0.952386		0.952386
6	Federal Income Taxes	35%	0.333335	35%	0.333335
7	Gross Revenue Conversion Factor		0.6190510		0.6190510

Notes and Source

Col. A: PSE Exhibit\_(KJB-3), page 3

Col. C: Derived from Column B

Components of Revenue Requirement Increase

	PSE	Percent	Public Counsel	Percent
8 Net Income	\$ 92,276,970	61.91%	\$ 43,786,239	61.90510%
9 Bad Debts	\$ 1,066,837	0.72%	\$ 506,223	0.71570%
10 Annual Filing Fee	\$ 298,124	0.20%	\$ 141,462	0.20000%
11 State Utility Tax	\$ 5,732,477	3.85%	\$ 2,720,111	3.84570%
12 Current Income Taxes	\$ 49,687,577	33.33%	\$ 23,577,202	33.33351%
13 Total Revenue Increase	\$ 149,061,985	100.00%	\$ 70,731,237	100.00000%
14 Total Revenue Increase (From Schedule A)			\$ 70,731,231	

Puget Sound Energy  
Adjusted Rate Base

Exhibit RCS-3r  
Schedule B  
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Test Year Ended September 30, 2016

Line No.	Description	Company Proposed		Public Counsel Adjustments		Public Counsel Proposed	
		(A)	(B)	(C)	(D)	(E)	(F)
1	Gross Utility Plant in Service	\$ 9,709,883,806	\$ (436,566)	\$ 9,709,447,240			
2	Accumulated Depreciation & Amortization	\$ (3,808,860,830)	\$ 13,568,804	\$ (3,795,292,026)			
3	Net Utility Plant in Service	\$ 5,901,022,976	\$ 13,132,238	\$ 5,914,155,214			
4	Deferred Debits and Credits	\$ 284,673,057	\$ (333,257)	\$ 284,339,800			
5	Deferred Taxes	\$ (1,235,015,209)	\$ (4,630,487)	\$ (1,239,645,696)			
6	Allowance for Working Capital	\$ 227,005,242	\$ -	\$ 227,005,242			
7	Other	\$ (79,723,633)	\$ -	\$ (79,723,633)			
8	Total Rate Base	\$ 5,097,962,433	\$ 8,168,494	\$ 5,106,130,927			

Notes and Source

Col.A: PSE Exhibit\_(KJB-4), page 1 of 6

Col.B: Schedule B.1

Line No.	Description	Public Counsel Adjustments	White River	Production Adjustment	Accumulated Depreciation Related to		Plant Held For Future Use
					Proposed Depreciation Rates	ADIT Related to Proposed Depreciation Rates	
			B-1	B-2	B-3	B-4	B-5
<b>Utility Plant in Service</b>							
1	Gross Utility Plant in Service	\$ (436,566)					\$ (436,566)
2	Accumulated Depreciation and Amortization	\$ 13,568,804			\$ 13,568,804		
3	Deferred Debits and Credits	\$ (333,257)	\$ (338,840)	\$ 5,583			
4	Deferred Taxes	\$ (4,630,487)	\$ 118,595			\$ (4,749,081)	
5	Allowance for Working Capital	\$ -					
6	Other	\$ -					
7	<b>Total Rate Base</b>	<b>\$ 8,168,494</b>	<b>\$ (220,245)</b>	<b>\$ 5,583</b>	<b>\$ 13,568,804</b>	<b>\$ (4,749,081)</b>	<b>\$ (436,566)</b>

Line No.	Description	Per Company (A)	Public Counsel Adjustments (B)	Public Counsel Proposed (C)	Public Counsel Revenue Requirement Change (D)	Public Counsel Proposed With Revenue Increase (E)
<b>Operating Revenues</b>						
1	Sales to Customers	\$ 1,963,187,085	\$ -	\$ 1,963,187,085		\$ 2,138,065,687
2	Sales from Resale - Firm Special Contract	\$ 316,389	\$ -	\$ 316,389		
3	Sales to Other Utilities	\$ 28,431,646	\$ 1,712,711	\$ 30,144,358		
4	Other Operating Revenue	\$ 72,413,913	\$ 1,272,706	\$ 73,686,618		
5	Total Operating Revenue	\$ 2,064,349,033	\$ 2,985,417	\$ 2,067,334,450	\$ 70,731,237	\$ 2,138,065,687
<b>Power Costs</b>						
6	Fuel	\$ 207,644,167	\$ (3,067,477)	\$ 204,576,689		\$ 204,576,689
7	Purchased and Interchanged	\$ 447,825,754	\$ (1,207,071)	\$ 446,618,683		\$ 446,618,683
8	Wheeling	\$ 108,574,738	\$ (13,980)	\$ 108,560,758		\$ 108,560,758
9	Residential Exchange	\$ -	\$ -	\$ -		\$ -
10	Total Production Expenses	\$ 764,044,658	\$ (4,288,528)	\$ 759,756,130	\$ -	\$ 759,756,130
11	Other Power Supply Expenses	\$ 135,758,890	\$ 52,719	\$ 135,811,609		\$ 135,811,609
12	Transmission Expense	\$ 20,341,527	\$ 10,723	\$ 20,352,250		\$ 20,352,250
13	Distribution Expense	\$ 83,384,764	\$ 68,316	\$ 83,453,081		\$ 83,453,081
14	Customer Accounts Expenses	\$ 50,326,934	\$ (1,754,558)	\$ 48,572,376		\$ 48,572,376
15	Customer Service Expenses	\$ 2,597,317	\$ 1,298	\$ 2,598,615		\$ 2,598,615
16	Conservation Amortization	\$ 26,210	\$ -	\$ 26,210		\$ 26,210
17	Administrative & General Expense	\$ 116,672,055	\$ (1,158,789)	\$ 115,513,266	\$ 647,685	\$ 116,160,951
18	Depreciation	\$ 318,264,218	\$ (27,011,130)	\$ 291,253,087		\$ 291,253,087
19	Amortization	\$ 50,006,947	\$ (126,478)	\$ 49,880,469		\$ 49,880,469
20	Amortization of Property Gain/Loss	\$ 36,022,873	\$ (1,572,629)	\$ 34,450,243		\$ 34,450,243
21	Other Operating Expenses	\$ 9,489,542	\$ (572,136)	\$ 8,917,406		\$ 8,917,406
22	ASC 815	\$ -	\$ -	\$ -		\$ -
23	Taxes Other Than Income Taxes	\$ 86,577,789	\$ (6,837)	\$ 86,570,951	\$ 2,720,111	\$ 89,291,062
24	Income Taxes	\$ 46,785,134	\$ 13,708,676	\$ 60,493,810	\$ 23,577,202	\$ 84,071,012
25	Deferred Income Taxes	\$ 41,744,854	\$ -	\$ 41,744,854		\$ 41,744,854
26	<b>Total Operating Expenses</b>	\$ 1,762,043,712	\$ (22,649,354)	\$ 1,739,394,358	\$ 26,944,998	\$ 1,766,339,356
27	<b>Net Operating Income</b>	\$ 302,305,322	\$ 25,634,770	\$ 327,940,092	\$ 43,786,239	\$ 371,726,331
28	<b>Rate Base</b>	\$ 5,097,962,433	\$ 8,168,494	\$ 5,106,130,927		\$ 5,106,130,927
29	Rate of Return	5.93%		6.42%		7.28%

Notes and Source

Col.A: PSE Exhibit No. \_\_ (KJB-4), page 1 of 6

Col.B: Schedule C.1

Col.C: Col.A + Col.B

Line No.	Description	Public Counsel Adjustments	Temperature Normalization C-1	Bad Debt Expense C-2	Incentive Compensation C-3	Interest on Customer Deposits C-4	Payroll Expense C-5	Investment Plan C-6	Power Costs C-7
<b>Operating Revenues</b>									
1	Sales to Customers	\$ -							
2	Sales from Resale - Firm Special Contract	\$ -							
3	Sales to Other Utilities	\$ 1,712,711							\$ 1,712,711
4	Other Operating Revenue	\$ 1,272,706							\$ 1,272,706
5	Total Operating Revenue	\$ 2,985,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,985,417
<b>Power Costs</b>									
6	Fuel	\$ (3,067,477)							\$ (3,067,477)
7	Purchased and Interchanged	\$ (1,207,071)		\$ 17,047			\$ (16,209)		\$ (1,207,888)
8	Wheeling	\$ (13,980)							\$ (13,980)
9	Residential Exchange	\$ -							\$ -
10	Total Production Expenses	\$ (4,288,528)	\$ -	\$ -	\$ 17,047	\$ -	\$ (16,209)	\$ -	\$ (4,289,345)
11									
12	Other Power Supply Expenses	\$ 52,719		\$ 81,704					\$ (27,613)
13	Transmission Expense	\$ 10,723		\$ 35,270					\$ (24,547)
14	Distribution Expense	\$ 68,316		\$ 96,476					\$ (28,160)
15	Customer Accounts Expenses	\$ (1,754,558)		\$ 44,487	\$ 68,435				\$ (7,488)
16	Customer Service Expenses	\$ 1,298		\$ 6,255					\$ (4,958)
17	Conservation Amortization	\$ -							\$ -
18	Administrative & General Expense	\$ (1,158,789)		\$ 105,916				\$ (98,186)	\$ (15,134)
19	Depreciation	\$ (27,011,130)							\$ -
20	Amortization	\$ (126,478)							\$ -
21	Amortization of Property Gain/Loss	\$ (1,572,629)							\$ -
22	Other Operating Expenses	\$ (572,136)							\$ -
23	ASC 815	\$ -							\$ -
24	Taxes Other Than Income Taxes	\$ (6,837)		\$ 24,313			\$ (7,182)		\$ (2,646)
25	PRE-TAX OPERATING EXPENSES	\$ (36,358,030)		\$ (202,638)	\$ 411,468	\$ 68,435	\$ (214,343)	\$ (15,134)	\$ (4,289,345)
26	PRE-TAX OPERATING INCOME	\$ 39,343,446		\$ 202,638	\$ (411,468)	\$ (68,435)	\$ 214,343	\$ 15,134	\$ 7,274,761
27	Income Taxes	\$ 13,708,676		\$ 70,923	\$ (144,014)	\$ -	\$ 75,020	\$ 5,297	\$ 2,546,167
28	TOTAL OPERATING EXPENSES	\$ (22,649,354)		\$ (131,715)	\$ 267,454	\$ 68,435	\$ (139,323)	\$ (9,837)	\$ (1,743,178)
29	OPERATING INCOME	\$ 25,634,770		\$ 131,715	\$ (267,454)	\$ (68,435)	\$ 139,323	\$ 9,837	\$ 4,728,594

Notes and Source  
 Line 15: Federal Income Tax Rate 35.00%



Test Year Ended September 30, 2016

Line No.	Description	Montana Electric Energy Tax	Storm Damage Expense	White River Amortization Expense	Production Adjustment	Depreciation & Amortization Expense Under Proposed Rates	Interest Synchronization	Pension Expense	Environmental Remediation	Credit Card Payment Processing Costs
		C-8	C-9	C-10	C-11	C-12	C-13	C-14	C-15	C-16
<b>Operating Revenues</b>										
1	Sales to Customers									
2	Sales from Resale - Firm Special Contract									
3	Sales to Other Utilities									
4	Other Operating Revenue									
5	Total Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Power Costs</b>										
6	Fuel									
7	Purchased and Interchanged				\$ (21)					
8	Wheeling									
9	Residential Exchange									
10	Total Production Expenses	\$ -	\$ -	\$ -	\$ (21)	\$ -	\$ -	\$ -	\$ -	\$ -
11										
12	Other Power Supply Expenses				\$ (1,371)					
13	Transmission Expense									
14	Distribution Expense									
15	Customer Accounts Expenses									
16	Customer Service Expenses									
17	Conservation Amortization									
18	Administrative & General Expense									
19	Depreciation									
20	Amortization					\$ (27,011,130)		\$ (1,151,480)		\$ (1,657,354)
21	Amortization of Property Gain/Loss					\$ (126,478)				
22	Other Operating Expenses									
23	ASC 815									
24	Taxes Other Than Income Taxes									
25	PRE-TAX OPERATING EXPENSES	\$ (24,331)	\$ (1,440,529)	\$ (135,536)	\$ 2,502	\$ (27,137,608)	\$ -	\$ (1,151,480)	\$ (572,136)	\$ (1,657,354)
26	PRE-TAX OPERATING INCOME	\$ 24,331	\$ 1,440,529	\$ 135,536	\$ (2,502)	\$ 27,137,608	\$ -	\$ 1,151,480	\$ 572,136	\$ 1,657,354
27	Income Taxes	\$ 8,516	\$ 504,185	\$ 47,438	\$ (876)	\$ 9,498,163	\$ (85,483)	\$ 403,018	\$ 200,248	\$ 580,074
28	TOTAL OPERATING EXPENSES	\$ (15,815)	\$ (936,344)	\$ (88,098)	\$ 1,626	\$ (17,639,445)	\$ (85,483)	\$ (748,462)	\$ (371,888)	\$ (1,077,280)
29	OPERATING INCOME	\$ 15,815	\$ 936,344	\$ 88,098	\$ (1,626)	\$ 17,639,445	\$ 85,483	\$ 748,462	\$ 371,888	\$ 1,077,280

Notes and Source  
 Line 15: Federal Income Tax Rate 35.00%

Test Year Ended September 30, 2016

Line No.	Description	Pro Forma Capital (A)	Cost % (B)	Cost of Capital (C)
<b>Per Company</b>				
1	Short & Long Term Debt	51.50%	5.81%	2.99%
2	Equity	48.50%	9.80%	4.75%
3	Total Cost of Capital	100.00%		7.74%
4	After Tax Debt	51.50%	5.81%	1.94%
5	Equity	48.50%	9.80%	4.75%
6	Total After Tax Cost of Capital	100.00%		6.69%
<b>Per Public Counsel</b>				
7	Long-Term Debt	51.50%	5.81%	2.99%
8	Preferred Stock	48.50%	8.85%	4.29%
9	Total Capital Structure	100.00%		7.28%
10	After Tax Debt	51.50%	5.81%	1.94%
11	Equity	48.50%	8.85%	4.29%
12	Total After Tax Cost of Capital	100.00%		6.23%
13	Difference			-0.460%
14	Weighted Cost of Debt			2.99%

Notes and Source

Lines 1-6: PSE Exhibit\_\_(KJB-3), page 2

Lines 7-12: Per the recommendation of Public Counsel witness J. Randall Woolridge

Test Year Ended September 30, 2016

Line No.	Description	PSE		Public Counsel Adjustment
		Supplemental Rate Year Amount (A)	As-Filed Rate Year Amount (B)	
1	White River Plant Regulatory Asset	\$ 59,343,052	\$ 59,749,660	\$ (406,608)
2	White River Plant In Service FERC 101	\$ 18,825	\$ 18,825	\$ -
3	White River Future Use Plant 105	\$ 26,607	\$ 26,607	\$ -
4	Total White River	\$ 59,388,484	\$ 59,795,092	\$ (406,608)
5	Accumulated Amortization	\$ (42,958,950)	\$ (43,026,718)	\$ 67,768
6	Deferred Income Tax Liability	\$ (5,734,435)	\$ (5,853,030)	\$ 118,595
7	Total White River Net	\$ 10,695,098	\$ 10,915,344	\$ (220,245)

Notes and Source

Col. A: Amounts from Adjustment No. 14.11 from PSE's supplemental filing

Col. B: Amounts from Adjustment No. 7.11 from PSE's original filing

Test Year Ended September 30, 2016

Line No.	Description	Amount (A)
1	Rate Year Production Adjustment to Rate Base	\$ 5,583

Notes and Source

Col. A: Amounts from Adj. No. 7.13 from PSE's original filing and from Adj. No. 14.13 from PSE's supplemental filing. Also calculated below:

Description	PSE Supplemental Rate Year Amount (B)	PSE As-Filed Rate Year Amount (C)	Difference Between Supplemental and As-Filed (D)	Production Factor (E)	Public Counsel Adjustment (F)
White River Regulatory Asset	\$ 10,649,666	\$ 10,869,912	\$ (220,245)	2.535%	\$ 5,583

Puget Sound Energy  
 Accumulated Depreciation Related to Proposed Depreciation Rates  
 Test Year Ended September 30, 2016

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Line No.	Description	Amount (A)	Reference
1	Public Counsel Adjustment to Depreciation Expense	\$ (27,137,608)	A
2	Percentage of Public Counsel Adjustment Allocable to Accumulated Depreciation	50%	
3	Public Counsel Adjustment to Accumulated Depreciation	<u>\$ 13,568,804</u>	

Notes and Source

A: See Schedule C-12

Line No.	Date	Depreciation Expense		Net Difference (g) = (e) x (f)	Accumulated Depreciation		Net Book Value		NBV Diff Book > Tax (m) = (k) - (l)	ADFIT 35% (n) = - (m) * 35%	DFIT Expense (o) = - curr month (n) + prior month (n)	
		Tax Table (d) = (a) x Tax	Book (e) = (b) x 4.24% , 12 mos.		Book Depr. Using Tax Basis (f) = (c) x 4.24% , 12 mos.	Tax month - (d)	Book (e)	BOOK Permanent Difference (j) = prior month - (g)				Tax (k) = (a) + (h) - (l) = (b) + (i) - (j)
1	December 31, 2017	-	-	-	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
2	January 31, 2018	-	(2,261,467)	(2,261,467)	-	2,261,467	(2,261,467)	-	2,261,467	2,261,467	(791,514)	791,514
3	February 28, 2018	-	(2,261,467)	(2,261,467)	-	4,522,935	(4,522,935)	-	4,522,935	4,522,935	(1,583,027)	791,514
4	March 31, 2018	-	(2,261,467)	(2,261,467)	-	6,784,402	(6,784,402)	-	6,784,402	6,784,402	(2,374,541)	791,514
5	April 30, 2018	-	(2,261,467)	(2,261,467)	-	9,045,869	(9,045,869)	-	9,045,869	9,045,869	(3,166,054)	791,514
6	May 31, 2018	-	(2,261,467)	(2,261,467)	-	11,307,337	(11,307,337)	-	11,307,337	11,307,337	(3,957,568)	791,514
7	June 30, 2018	-	(2,261,467)	(2,261,467)	-	13,568,804	(13,568,804)	-	13,568,804	13,568,804	(4,749,081)	791,514
8	July 31, 2018	-	(2,261,467)	(2,261,467)	-	15,830,271	(15,830,271)	-	15,830,271	15,830,271	(5,540,595)	791,514
9	August 31, 2018	-	(2,261,467)	(2,261,467)	-	18,091,739	(18,091,739)	-	18,091,739	18,091,739	(6,332,109)	791,514
10	September 30, 2018	-	(2,261,467)	(2,261,467)	-	20,353,206	(20,353,206)	-	20,353,206	20,353,206	(7,123,622)	791,514
11	October 31, 2018	-	(2,261,467)	(2,261,467)	-	22,614,673	(22,614,673)	-	22,614,673	22,614,673	(7,915,136)	791,514
12	November 30, 2018	-	(2,261,467)	(2,261,467)	-	24,876,141	(24,876,141)	-	24,876,141	24,876,141	(8,706,649)	791,514
13	December 31, 2018	-	(2,261,467)	(2,261,467)	-	27,137,608	(27,137,608)	-	27,137,608	27,137,608	(9,498,163)	791,514
14	Sum/Average	-	(27,137,608)	(27,137,608)	-	\$ 13,568,804	\$ (13,568,804)	-			(4,749,081)	

Notes and Source

Col. B, line 2: Amount derived by dividing Public Counsel adjustment to depreciation expense on Schedule C-12 by 12

Puget Sound Energy  
 Electric Plant Held For Future Use  
 Test Year Ended September 30, 2016

Exhibit RCS-3r  
 Schedule B-5  
 Docket No. UE-170033  
 Page 1 of 1

Line No.	PP Asset Number	Description	Vintage Year	Date Recorded in PHFFU*	Amount	Reference
1	39060	BPA Kitsap Naval Trans Plant Land RTS	1992	12/31/1992	\$ (147,139)	A
2	39061	BPA Kitsap Naval Trans Plant Land RTS	1993	12/31/1992	\$ (289,426)	A
3		Total Adjustment to Electric Plant Held For Future Use			\$ (436,566)	

Notes and Source

A: Amounts from the revised response to INCU No. 063

\* See the response to INCU No. 067

Puget Sound Energy  
Temperature Normalization  
Test Year Ended September 30, 2016

Exhibit RCS-3r  
Schedule C-1  
Docket No. UE-170033  
Page 1 of 1

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
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NOT USED FOR ELECTRIC OPERATIONS



Test Year Ended September 30, 2016

Line No.	Description	Amount (A)	Reference
1	Public Counsel Adjustment to Bad Debt Expense	\$ (202,638)	A

Notes and Source

A: Adjustment derived from Adjustment No. 13.08E from PSE's supplemental filing (Adj. No. 6.08 from original filing) and calculated below:

Line No.	Description	Gross Revenues (B)	Sales For Resale Other (C)	Other Operating Revenue (D)	Sales For Resale Firm (E)	Net Revenues Sales to Customers (F)		Net Revenues Sales to Customers PSE Supplemental (G)		Adjustment (H)
						PSE As-Filed	0.7157%	PSE Supplemental	0.7157%	
2	Test Period Revenues	\$ 2,395,359,771	\$ 201,125,742	\$ 47,841,339	\$ 324,382	\$ 2,146,048,308	\$ 2,146,048,308	\$ 2,146,048,308	\$ -	
3	Temperature Normalization Adjustment					\$ 28,313,253	\$ 28,313,253	\$ 2,146,048,308	\$ -	
4	Normalized Test Period Revenues					\$ 2,174,361,561	\$ 2,174,361,561	\$ 2,146,048,308	\$ 0.7157%	
5	Proforma Bad Debt Rate					\$ 15,561,906	\$ 15,561,906	\$ 15,359,268	\$ 0.7157%	
6	Proforma Bad Debts					\$ 16,407,060	\$ 16,407,060	\$ 16,407,060	\$ 0.7157%	
7	Uncollectibles Charged to Expense in Test Year					\$ (845,154)	\$ (845,154)	\$ (1,047,792)	\$ (1,047,792)	\$ (202,638)
8	Increase (Decrease) Uncollectibles Expense									

  

Line No.	Description	Net Writeoffs September	Gross Revenues May	Sales For Resale Other May		Other Operating Revenue May	Sales For Resale Firm May	Net Revenues Sales to Customers May		Percent Writeoffs to Revenue
				For Resale Other	For Resale Firm			Net Revenues Sales to Customers	Net Revenues Sales to Customers	
9	12 ME 9/30/2013 AND 5/31/2013	\$ 13,270,216	\$ 2,127,321,375	\$ 29,723,814	\$ 29,723,814	\$ 3,626,759	\$ 352,509	\$ 2,093,618,293	\$ 2,093,618,293	0.6338%
10	12 ME 9/30/2015 AND 5/31/2015	\$ 13,381,338	\$ 2,006,366,630	\$ 33,059,230	\$ 33,059,230	\$ 65,827,879	\$ 321,888	\$ 1,907,157,634	\$ 1,907,157,634	0.7016%
11	12 ME 9/30/2016 AND 5/31/2016	\$ 17,507,853	\$ 2,204,873,603	\$ 51,568,623	\$ 51,568,623	\$ (4,047,083)	\$ 323,283	\$ 2,157,028,780	\$ 2,157,028,780	0.8117%
12	3-Year of Net Write Off Rate									0.7157%

Puget Sound Energy  
Incentive Compensation

Exhibit RCS-3r  
Schedule C-3  
Docket No. UE-170033  
Page 1 of 1

Test Year Ended September 30, 2016

Line No.	Description	PSE Supplemental Rate Year Amount (A)	PSE As-Filed Rate Year Amount (B)	Public Counsel Adjustment (C)
1	Purchased Power	\$ 340,657	\$ 323,610	17,047
2	Other Power Supply	\$ 1,565,461	\$ 1,483,757	\$ 81,704
3	Transmission	\$ 692,669	\$ 657,399	\$ 35,270
4	Distribution	\$ 1,842,545	\$ 1,746,069	\$ 96,476
5	Customer Accounts	\$ 842,186	\$ 797,699	\$ 44,487
6	Customer Service	\$ 107,444	\$ 102,019	\$ 5,425
7	Sales	\$ 16,130	\$ 15,300	\$ 830
8	Administrative & General	\$ 2,112,756	\$ 2,006,841	\$ 105,916
9	Total	<u>\$ 7,519,849</u>	<u>\$ 7,132,694</u>	<u>\$ 387,155</u>
10	Payroll Tax Expense	\$ 472,236	\$ 447,924	\$ 24,313
11	Net Impact on Operating Expenses			<u>\$ 411,468</u>

Notes and Source

Col. A: Amounts from Adjustment No. 13.09E from PSE's supplemental filing

Col. B: Amounts from Adjustment No. 6.09E from PSE's original filing

Line No.	Description	Amount (A)	Reference
1	Interest on Customer Deposits Expense - PSE Supplemental	\$ 176,606	A
2	Interest on Customer Deposits Expense - PSE As-Filed	\$ 108,171	B
3	Adjustment to Interest on Customer Deposits	\$ 68,435	L1 - L2
		<u>68,435</u>	

Notes and Source

A: Amount from Adjustment No. 13.11E from PSE's supplemental filing

B: Amount from Adjustment No. 6.11E from PSE's original filing

Test Year Ended September 30, 2016

Line No.	Description	PSE		Public Counsel Adjustment (C)
		Supplemental Rate Year Amount (A)	As-Filed Rate Year Amount (B)	
	<b>Wages</b>			
1	Purchased Power	\$ 4,511,306	\$ 4,527,515	(16,209)
2	Other Power Supply	\$ 20,731,146	\$ 20,758,760	\$ (27,613)
3	Transmission	\$ 9,172,906	\$ 9,197,453	\$ (24,547)
4	Distribution	\$ 24,400,551	\$ 24,428,711	\$ (28,160)
5	Customer Accounts	\$ 11,152,894	\$ 11,160,382	\$ (7,488)
6	Customer Service	\$ 1,422,850	\$ 1,427,347	\$ (4,497)
7	Sales	\$ 213,614	\$ 214,075	\$ (461)
8	Administrative & General	\$ 27,978,916	\$ 28,077,102	\$ (98,186)
9	Total	\$ 99,584,185	\$ 99,791,345	\$ (207,161)
10	Payroll Tax Expense	\$ 6,619,998	\$ 6,627,180	\$ (7,182)

Notes and Source

Col. A: Amounts from Adjustment No. 13.16E from PSE's supplemental filing

Col. B: Amounts from Adjustment No. 6.16E from PSE's original filing

Puget Sound Energy  
Investment Plan Expense

Exhibit RCS-3r  
Schedule C-6  
Docket No. UE-170033  
Page 1 of 1

Test Year Ended September 30, 2016

Line No.	Description	Amount (A)	Reference
1	Adjustment to Investment Plan Expense	\$ (15,134)	A

Notes and Source

Col. B: Amounts below from Adjustment No. 13.17E from PSE's supplemental filing

Col. C: Amounts below from Adjustment No. 6.17E from PSE's original filing

Description	PSE Supplemental Rate Year Amount (B)	PSE As-Filed Rate Year Amount (C)	Public Counsel Adjustment (D)	Reference
<b>Non-Union (Including Executives)</b>				
2 Investment Plan Applicable to Management	\$ 7,483,208	\$ 7,483,208		
3 Rate Year Non-Union Wage Increase Percentage	2.98%	3.35%		
4 Rate Year Non-Union Wage Increase	\$ 223,000	\$ 250,687		L2 x L3
5 Total Company Contribution for Management	\$ 7,706,208	\$ 7,733,895		L2 + L4
<b>IBEW</b>				
6 Investment Plan Applicable to IBEW	\$ 2,733,666	\$ 2,733,666		
7 Rate Year IBEW Wage Increase Percentage	0.69%	0.69%		
8 Rate Year IBEW Wage Increase	\$ 18,794	\$ 18,794		L6 x L7
9 Total Company Contribution for IBEW	\$ 2,752,460	\$ 2,752,460		L6 + L8
<b>UA</b>				
10 Investment Plan Applicable to UA	\$ 1,013,155	\$ 1,013,155		
11 Rate Year UA Wage Increase Percentage	3.00%	3.00%		
12 Rate Year UA Wage Increase	\$ 30,395	\$ 30,395		L10 x L11
13 Total Company Contribution for UA	\$ 1,043,550	\$ 1,043,550		L10 + L12
<b>Total</b>				
14 Total Investment Plan Expense	\$ 11,502,218	\$11,529,905		
15 Investment Plan Expense applicable to Operations Percentage	54.66%	54.66%		
16 Investment Plan Expense Applicable to Operations	\$ 6,287,011	\$ 6,302,145	\$ (15,134)	L14 x L15

Puget Sound Energy  
Power Costs

Exhibit RCS-3r  
Schedule C-7  
Docket No. UE-170033  
Page 1 of 1

Test Year Ended September 30, 2016

Line No.	Description	State Utility Tax Rate*	PSE		PSE		Public Counsel Adjustment (C)
			Supplemental Rate Year Amount (A)	As-Filed Rate Year Amount (B)	As-Filed Rate Year Amount (B)	Public Counsel Adjustment (C)	
<b>Operating Revenues</b>							
1	447 - Sales For Resale		\$ (30,144,358)	\$ (28,431,646)	\$ (28,431,646)	\$ 1,712,711	
2	Purchases/Sales of Non-Core Gas		\$ (16,861,340)	\$ (15,588,634)	\$ (15,588,634)	\$ 1,272,706	
3	Total		\$ (47,005,698)	\$ (44,020,281)	\$ (44,020,281)	\$ 2,985,417	
<b>Production Expenses</b>							
4	501 - Steam Fuel		\$ 77,830,127	\$ 79,063,626	\$ 79,063,626	\$ (1,233,500)	
5	547 - Fuel		\$ 126,746,563	\$ 128,580,540	\$ 128,580,540	\$ (1,833,978)	
6	555 - Purchased Power		\$ 432,206,965	\$ 433,414,853	\$ 433,414,853	\$ (1,207,888)	
7	557 - Other Power Expense		\$ 9,504,882	\$ 9,504,882	\$ 9,504,882	\$ -	
8	565 - Wheeling		\$ 108,560,758	\$ 108,574,738	\$ 108,574,738	\$ (13,980)	
9	Production O&M Expense		\$ 135,482,346	\$ 135,482,346	\$ 135,482,346	\$ -	
10	Trans. Exp. Including 500kV O&M		\$ 645,352	\$ 645,352	\$ 645,352	\$ -	
11	456-1 - Variable Transmission Income - Colstrip, 3rd AC and NI		\$ (9,692,026)	\$ (9,692,026)	\$ (9,692,026)	\$ -	
12	Equity Return on Centralia Transition Coal PPA		\$ 4,769,481	\$ 4,769,481	\$ 4,769,481	\$ -	
13	Increase (Decrease) in Power Costs		\$ 886,054,448	\$ 890,343,792	\$ 890,343,792	\$ (4,289,345)	
14	State Utility Tax Savings Related to Line 10	3.873%	\$ (375,411)	\$ (375,411)	\$ (375,411)	\$ -	

Notes and Source

Col. A: Amounts from Adjustment No. 13.16E from PSE's supplemental filing

Col. B: Amounts from Adjustment No. 6.16E from PSE's original filing

\* See Schedule A-1

Line No.	Description	PSE Supplemental Rate Year Amount (A)	PSE As-Filed Rate Year Amount (B)	Public Counsel Adjustment (C)
1	Rate Year KWh	4,224,063,646	4,295,103,591	
2	Transmission Line Loss % for WECC	5.0%	5.0%	
3	WETT Tax Rate	0.000150	0.000150	
4	WETT Tax	\$ 601,929	\$ 612,052	
5				
6	EEELT Tax Rate	0.000200	0.000200	
7	EEELT Tax	\$ 844,813	\$ 859,021	
8				
9	Restated Energy Tax	\$ 1,446,742	\$ 1,471,073	\$ (24,331)

Notes and Source

Col. A: Amounts from Adjustment No. 14.02 from PSE's supplemental filing

Col. B: Amounts from Adjustment No. 7.02 from PSE's original filing

Test Year Ended September 30, 2016

Line No.	Description	Amount (A)	Reference
1	Adjustment to Amortization of Storm Damage Expense	\$ 2,579,171	Line 12
2	Adjustment Related to Amortization of "Snowmageddon" Snowstorm	\$ (4,019,699)	See page 2
3	Net Adjustment to Storm Damage Expense	\$ (1,440,529)	

  

Notes and Source		PSE Supplemental Rate Year Amount (B)	PSE As-Filed Rate Year Amount (C)	Public Counsel Adjustment (D)
Col. B: Amounts below from Adjustment No. 14.05 from PSE's supplemental filing				
Col. C: Amounts below from Adjustment No. 7.05 from PSE's original filing				
Description		(B)	(C)	(D)
DEFERRED BALANCES FOR UE-090704 4 YEAR AMORTIZATION AT START OF RATE YEAR (01/31/2018):				
2	2010 STORM DAMAGE	\$ (12,560,038)	\$ (12,560,038)	
3	2010 STORM DAMAGE PENDING APPROVAL	\$ 50,186	\$ 50,186	
4	2014 STORM DAMAGE-PENDING APPROVAL	\$ 18,185,673	\$ 18,185,673	
5	2015 STORM DAMAGE-PENDING APPROVAL	\$ 24,157,767	\$ 24,157,767	
6	2016 STORM DAMAGE-PENDING APPROVAL	\$ 10,432,667	\$ 8,269,006	
7	TOTAL	\$ 48,419,277	\$ 38,102,593	
8	ANNUAL AMORTIZATION (LINE 26 ÷ 48) x 12	\$ 12,104,819	\$ 9,525,648	
DEFERRED BALANCES FOR 10 YEAR AMORTIZATION AT START OF RATE YEAR (01/31/18):				
9	12/13/06 WIND STORM ANNUAL AMORTIZATION ORIGINAL AMORT PERIOD FROM UE-072300 WAS 10 YEARS, NOV 2008 - OCT 2018	\$ 6,632,821	\$ 6,632,821	
DEFERRED BALANCES FOR 6 YEAR AMORTIZATION AT 01/18/12 SNOW STORM - PENDING APPROVAL				
10	01/18/12 SNOW STORM - PENDING APPROVAL	\$ 60,295,490	\$ 60,295,490	
11	ANNUAL AMORTIZATION (LINE 37 ÷ 72 (6 YEARS) X 12)	\$ 10,049,248	\$ 10,049,248	
12	TOTAL RATE YEAR AMORTIZATION (LINE 27 + LINE 34 + LINE 38)	\$ 28,786,889	\$ 26,207,718	\$ 2,579,171



Line No.	Description	Transmission	Distribution	Per Puget	Public Counsel Amount	Public Counsel Adjustment
		Total				
<b>NORMAL STORMS</b>						
2	TWELVE MONTHS ENDED 09/30/11	\$ 146,578	\$ 9,324,413	\$ 9,470,991		
3	TWELVE MONTHS ENDED 09/30/12	\$ 330,554	\$ 11,614,288	\$ 11,944,841		
4	TWELVE MONTHS ENDED 09/30/13	\$ 115,489	\$ 5,128,915	\$ 5,244,404		
5	TWELVE MONTHS ENDED 09/30/14	\$ 427,808	\$ 12,676,576	\$ 13,104,384		
6	TWELVE MONTHS ENDED 09/30/15	\$ 718,706	\$ 12,394,592	\$ 13,113,298		
7	TWELVE MONTHS ENDED 09/30/16	\$ 506,069	\$ 10,553,488	\$ 11,059,557		
8	TOTAL NORMAL STORMS	2,245,204	\$ 61,692,271	\$ 63,937,475		
9						
10						
11	SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR (LINE 9 ÷ 6 YEARS)	\$ 374,201	\$ 10,282,045	\$ 10,656,246	\$ 10,656,246	\$ -
12						
13	TEST YEAR STORM DAMAGE EXPENSE (LINE 8)	\$ 506,069	\$ 10,553,488	\$ 11,059,557	\$ 11,059,557	\$ -
14						
15	INCREASE (DECREASE) OPERATING EXPENSE (LINE 11-LINE 14)	\$ (131,868)	\$ (271,443)	\$ (403,311)	\$ (403,311)	\$ -

**CATASTROPHIC STORMS**

Line No.	Description	Per Company	Per Public Counsel
18	DEFERRED BALANCES FOR 4 YEAR AMORTIZATION		
19	AT START OF RATE YEAR (01/31/2018):		
20	2010 STORM DAMAGE	\$ (12,560,038)	
21	2010 STORM DAMAGE PENDING APPROVAL	\$ 50,186	
22	2014 STORM DAMAGE-PENDING APPROVAL	\$ 18,185,673	
23	2015 STORM DAMAGE-PENDING APPROVAL	\$ 24,157,767	
24	2016 STORM DAMAGE-PENDING APPROVAL	\$ 10,432,667	
25	2017 STORM DAMAGE-PENDING APPROVAL	\$ 8,153,023	
26	TOTAL (Lines 20 through 25)	\$ 48,419,277	
27	ANNUAL AMORTIZATION (LINE 26 / 4)	\$ 12,104,819	\$ 12,104,819
28			
29			
30	DEFERRED BALANCES FOR 10 YEAR AMORTIZATION AT		
31	START OF RATE YEAR (01/31/18):		
32	12/13/06 WIND STORM	\$ 6,632,821	
33	ORIGINAL AMORT PERIOD FROM UE-072300 WAS 10 YEARS, NOV 2008 - OCT 2018		
34	ANNUAL AMORTIZATION (LINE 33 , 10 (01/2018 - 10/2018) x 10)	\$ 6,632,821	\$ 6,632,821
35			
36	DEFERRED BALANCES FOR 6 YEAR AMORTIZATION AT		
37	01/18/12 "SNOWAGEDDON" SNOW STORM - PENDING APPROVAL	\$ 60,295,490	
38	ANNUAL AMORTIZATION	6 Year Amortization \$ 10,049,248	10 Year Amortization \$ 6,029,549
39			
40	TOTAL RATE YEAR AMORTIZATION (LINE 27 + LINE 34 + LINE 38)	\$ 28,786,889	\$ 24,767,189

Notes and Source  
Amounts above from Adjustment No. 14.05 from PSE's supplemental filing

Puget Sound Energy  
White River Amortization Expense

Exhibit RCS-3r  
Schedule C-10  
Docket No. UE-170033  
Page 1 of 1

Test Year Ended September 30, 2016

Line No.	Description	Amount (A)	Reference
1	Rate Year White River Amortization Expense - PSE Supplemental	\$ 6,553,641	A
2	Rate Year White River Amortization Expense - PSE As-Filed	\$ 6,689,177	B
3	Adjustment to White River Amortization Expense	<u>\$ (135,536)</u>	L1 - L2

Notes and Source

A: Amount from Adjustment No. 14.11E from PSE's supplemental filing

B: Amount from Adjustment No. 7.11E from PSE's original filing

Line No.	Description	Amount (A)
1	Purchased and Interchanged Power Expense	\$ (21)
2	Other Supply Expenses	\$ (1,371)
3	Administrative & General Expense	\$ 95
4	Amortization of Property Gain/(Loss)	\$ 3,435
5	Taxes Other Than Income	\$ 363
6	Net Impact on Pre Tax Operating Income	\$ 2,502

Notes and Source

Col. B: Amounts below from Adjustment No. 14.13 from PSE's supplemental filing  
Col. C: Amounts below from Adjustment No. 7.13 from PSE's original filing

	PSE Supplemental Rate Year Amount (B)	PSE As-Filed Rate Year Amount (C)	Difference Between Supplemental and As-Filed (D)	Production Factor (E)	Public Counsel Adjustment (F)
<b>Operating Expense</b>					
6 Wages & Incentive - Other Power 557	\$ 140,926	\$ 140,089	\$ 838	2.535%	\$ (21)
7 Wages & Incentive - Production O&M	\$ 337,826	\$ 283,736	\$ 54,090	2.535%	\$ (1,371)
8 Benefits - A&G 926	\$ 8,206,061	\$ 8,209,825	\$ (3,764)	2.535%	\$ 95
9 Worker's Comp - A&G 926	\$ 214,072	\$ 214,072	\$ -	2.535%	\$ -
10 Property Insurance - A&G 926	\$ 2,763,777	\$ 2,763,777	\$ -	2.535%	\$ -
<b>Other Taxes</b>					
11 Montana Energy Tax	\$ 1,446,742	\$ 1,471,073	\$ (24,331)	3.839%	\$ 934
12 Payroll Taxes	\$ 2,119,540	\$ 2,097,014	\$ 22,526	2.535%	\$ (571)
					\$ -
					\$ -
<b>Amortization on Regulatory Assets (Excludes Power Regulatory Amortization)</b>					
13 White River Regulatory Asset	\$ 6,553,641	\$ 6,689,177	\$ (135,536)	2.535%	\$ 3,435
14 Electron Unrecovered Assets	\$ 3,786,308	\$ 3,786,308	\$ -	2.535%	\$ -
15 Net Adjustment to Pre-Tax Operating Income					\$ 2,502

Line No.	Description	Proposed Depreciation Expense Per Company (A)	Proposed Depreciation Expense Per Public Counsel (B)	Public Counsel Adjustment (C)	Reference
<b>Depreciation Expense</b>					
1	403 Electric Depreciation Expense	\$ 306,788,478	\$ 282,038,779	\$ (24,749,698)	
2	403 Electric Portion of Common	\$ 13,232,379	\$ 10,979,269	\$ (2,253,110)	
3	403 Depreciation Expense on Assets Not Included in Study	\$ 55,938	\$ 55,938	\$ -	
4	404 Depreciation Expense on Assets Not Included in Study	\$ 29,770,695	\$ 29,770,695	\$ -	
5	Subtotal Depreciation Expense - Account 403	\$ 349,847,489	\$ 322,844,681	\$ (27,002,808)	
6	403.1 Depreciation Expense - FAS 143 (Recovered in Rates)	\$ 1,739,314	\$ 1,730,992	\$ (8,322)	
7	403.1 Depreciation Expense - FAS 143 (Not Recovered in Rates)	\$ -	\$ -	\$ -	
8	Subtotal Depreciation Expense - Account 403.1	\$ 1,739,314	\$ 1,730,992	\$ (8,322)	
9	Total Depreciation Expense	\$ 351,586,803	\$ 324,575,673	\$ (27,011,130)	L5 + L8
<b>Amortization Expense</b>					
10	411.10 Accretion Expense - ASC 410 (Recovered in Rates)	\$ 1,820,785	\$ 1,694,307	\$ (126,478)	
11	411.10 Accretion Expense - ASC 410 (Not Recovered in Rates)	\$ -	\$ -	\$ -	
12	Subtotal Accretion Expense - Account 411.10	\$ 1,820,785	\$ 1,694,307	\$ (126,478)	
13	Depreciation Expense 403 Associated With Fleet	\$ 539,849	\$ 539,849	\$ -	
14	Total Depreciation & Amortization Expense	\$ 353,947,438	\$ 326,809,829	\$ (27,137,608)	L9 + L12 + L13

Notes and Source  
Col. A: Amounts from Adjustment No. 6.06E from PSE filing  
Col. B: Amounts calculated from the depreciation rates proposed by Public Counsel witness Roxie McCullar  
Col. C: Col. B - Col. A

Puget Sound Energy  
Interest Synchronization

Exhibit RCS-3r  
Schedule C-13  
Docket No. UE-170033  
Page 1 of 1

Test Year Ended September 30, 2016

Line No.	Description	Amount (A)	Reference
1	Adjusted Rate Base, per Public Counsel	\$ 5,106,130,927	Schedule B
2	Weighted Cost of Debt, per Public Counsel	<u>2.99%</u>	Schedule D
3	Interest Deduction for Tax Purposes	\$ 152,673,315	L1 x L2
4	Interest Deduction per Company	<u>\$ 152,429,077</u>	Note A
5	Increase (Decrease) in Deductible Interest	\$ 244,238	L3 - L4
6	Federal Income Tax Rate	<u>35.00%</u>	
7	Increase (Decrease) to Federal Income Tax Expense	<u>\$ (85,483)</u>	L5 x L6

Notes and Source:

Note A: Amount from PSE's original filing (Adjustment 6.05) is used for this adjustment. PSE's supplemental electric filing in Adjustment No. 13.05 used an amount of \$152,422,658.

Test Year Ended September 30, 2016

Line No.	Description	Pension Expense Per Company (A)	Pension Expense Per Public Counsel (B)	Public Counsel Adjustment (C)
1	Adjustment to Pension Expense	\$ 7,934,569	\$ 6,783,089	\$ (1,151,480)

Notes and Source

Col. A: Amount from Adjustment No. 6.15E from PSE's filing

Col. B: Amount derived from the amounts provided in the response to ICNU No. 056 and calculated below:

Description	2013 Qualified Pension Benefits	2014 Qualified Pension Benefits	2015 Qualified Pension Benefits	2016 Qualified Pension Benefits	4-Year Average
2 Service Cost	\$ 19,285,000	\$ 17,437,000	\$ 21,287,000	\$ 18,913,000	
3 Interest Cost	\$ 24,753,000	\$ 28,039,000	\$ 28,088,000	\$ 28,689,000	
4 Expected (Return) on Plan Assets	\$ (40,685,000)	\$ (43,252,000)	\$ (45,462,000)	\$ (46,814,000)	
5 Amortization of Prior Service Cost / (Credit)	\$ (1,573,000)	\$ (1,573,000)	\$ (1,573,000)	\$ (1,573,000)	
6 Amortization of Net Loss / Gain	\$ 20,612,000	\$ 13,195,000	\$ 20,555,000	\$ 15,257,000	
7 Net Periodic Pension Cost	\$ 22,392,000	\$ 13,846,000	\$ 22,895,000	\$ 14,472,000	\$ 18,401,250
8 O&M Percentage Allocation	54.66%	54.66%	54.66%	54.66%	
9 O&M Portion of Net Periodic Pension Cost	\$ 12,239,270	\$ 7,568,102	\$ 12,514,206	\$ 7,910,268	
10 Electric Operations Allocation Percentage	67.44%	67.44%	67.44%	67.44%	
11 O&M Portion of Net Periodic Pension Cost For Electric Operations	\$ 8,254,164	\$ 5,103,928	\$ 8,439,580	\$ 5,334,685	\$ 6,783,089

Line No.	Description	Per Company (A)	Public Counsel (B)	Public Counsel Adjustment (C)	Reference
1	Deferred Costs Net of Site Specific Recoveries as of 9/30/2016	\$ 9,596,412	\$ 9,596,412		
2	Recoveries from Insurance or Third Parties Through 9/30/2016	\$ (5,344,209)	\$ (5,344,209)		
3	Percentage to Allocate a Pro Rata Share of Insurance Proceeds and Third Parties	46%	100%		
4	Share of Deferred Unassigned Recoveries as of 9/30/2016	<u>\$ (2,483,527)</u>	<u>\$ (5,344,209)</u>		L2 x L3
5	Deferred Costs Net of Site Specific and Unassigned Recoveries as of 9/30/2016	\$ 7,112,885	\$ 4,252,203		L1 + L4
6	Amortization Period (Years)	5	5		
7	Environmental Remediation Amortization Expense	<u>\$ 1,422,577</u>	<u>\$ 850,441</u>	<u>\$ (572,136)</u>	L5 / L6

Notes and Source

Cols. A&B: Amounts from Adjustment No. 6.19E from PSE's filing

Line No.	Description	Per PSE (A)	Per Public Counsel (B)	Public Counsel Adjustment (C)
1	Customer Records & Collection Expense Deferral - Electric Operations	\$ 2,486,031	\$ 2,486,031	
2	Proposed Amortization Period	1	3	
3	Amortization of Customer Records & Collection Expense Deferral - Electric Operations	\$ 2,486,031	\$ 828,677	\$ (1,657,354)

Notes and Source

Amounts below from Adjustment No. 6.20E and related workpapers from PSE's filing

	Electric	Gas	Total
4 Total Customer Records & Collection Expense Deferral	\$ 4,278,147	\$ 4,278,147	
5 Operations Allocation Percentage	58.11%	41.89%	
6 Customer Records & Collection Expense Deferral Allocated Between Electric and Gas Operations	\$ 2,486,031	\$ 1,792,116	\$ 4,278,147