

Exh. MCC-4r
Dockets UE-170033/UG-170034
Witness: Melissa Cheesman

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-170033 and
UG-170034 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

Melissa C. Cheesman

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Comparison of PSE-Staff Electric Revenue Requirements

June 30, 2017
Revised August 8, 2017

PLUGET SOUND ENERGY - ELECTRIC
COMPARISON OF PSE-STAFF REVENUE REQUIREMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016

Adj. No. (A)	Description (B)	PSE Direct (C)	Rate Base (D)	Rev Req (@ 7.74%) (E)	Return on Rate Base (F)	Staff NOI* (G)	Rate Base* (H)	Rev Req (@ 7.74%) (I)	NOI (J)	Staff Rate Base (K)	Rev Req (@ 7.74%) (L)	Return on Rate Base (M)	Staff-PSE Diff (N) = (E) - (I) (O) = (F) - (L)
	Actual Results of Operations	401,002,972	5,153,204,462	(3,464,894)	7.78%	401,002,972	5,153,204,462	(3,464,894)	401,002,972	5,153,204,462	(3,464,894)	7.78%	-
	Common Adjustments												
13.01	REVENUES AND EXPENSES	(29,139,114)	-	47,070,619	-0.57%	(29,139,114)	-	47,070,619	(29,139,114)	-	47,070,619	-0.57%	-
13.02	TEMPERATURE NORMALIZATION	17,577,344	-	(28,313,247)	0.34%	17,577,344	-	(28,313,247)	17,577,344	-	(28,313,247)	0.40%	(4,894,653)
13.03	PASS-THROUGH REVENUES AND EXPENSES	(1,000,240)	-	1,616,249	-0.02%	(1,000,240)	-	1,616,249	1,616,249	-	1,616,249	-0.02%	-
13.04	FEDERAL INCOME TAX	(27,023,239)	-	43,652,686	-0.32%	(27,023,239)	-	43,652,686	43,652,686	-	43,652,686	-0.32%	-
13.05	TAX BENEFIT OF PRO FORMA INTEREST	53,347,930	-	(86,176,935)	1.04%	53,347,930	-	(86,176,935)	53,347,930	-	(86,176,935)	1.02%	(372,140)
13.06	DEPRECIATION STUDY	(34,610,611)	(17,305,306)	53,743,459	-0.65%	(34,610,611)	(17,305,306)	53,743,459	33,113,895	(10,662,867)	33,113,895	-0.66%	(29,622,864)
13.07	NORMALIZE INJURIES AND DAMAGES	69,387	-	(112,087)	0.00%	69,387	-	(112,087)	69,387	-	(112,087)	0.00%	-
13.08	BAD DEBTS	681,065	-	(1,100,176)	0.01%	681,065	-	(1,100,176)	681,065	-	(1,100,176)	0.01%	-
13.09	INCENTIVE PAY	(109,903)	-	177,535	0.00%	(109,903)	-	177,535	177,535	-	177,535	0.00%	-
13.10	DIRECTORS & OFFICERS INSURANCE	16,141	-	(26,074)	0.00%	16,141	-	(26,074)	16,141	-	(26,074)	0.00%	-
13.11	INTEREST ON CUSTOMER DEPOSITS	(176,606)	-	285,284	0.00%	(176,606)	-	285,284	285,284	-	285,284	0.00%	-
13.12	RATE CASE EXPENSES	(264,905)	-	427,920	-0.01%	(264,905)	-	427,920	427,920	-	427,920	0.00%	-
13.13	DEFERRED GAINS/LOSSES ON PROPERTY SALES	171,200	-	(276,532)	0.00%	171,200	-	(276,532)	171,200	-	(276,532)	0.00%	-
13.14	PROPERTY & LIABILITY INSURANCE	66,147	-	(106,832)	0.00%	66,147	-	(106,832)	66,147	-	(106,832)	0.00%	-
13.15	PENSION PLAN	(1,184,945)	-	1,914,132	-0.02%	(1,184,945)	-	1,914,132	(1,184,945)	-	1,914,132	-0.02%	-
13.16	WAGE INCREASE	(1,327,716)	-	2,193,221	-0.03%	(1,327,716)	-	2,193,221	(1,327,716)	-	2,193,221	-0.03%	-
13.17	INVESTMENT PLAN	(96,705)	-	156,214	0.00%	(96,705)	-	156,214	156,214	-	156,214	0.00%	-
13.18	EMPLOYEE INSURANCE	(121,751)	-	196,674	0.00%	(121,751)	-	196,674	(121,751)	-	196,674	0.00%	-
13.19	ENVIRONMENTAL REMEDIATION	924,625	-	(1,493,698)	-0.02%	924,625	-	(1,493,698)	924,625	-	(1,493,698)	-0.01%	(669,855)
13.20	PAYMENT PROCESSING COSTS	(3,087,301)	-	4,387,475	-0.05%	(3,087,301)	-	4,387,475	(3,087,301)	-	4,387,475	-0.04%	(1,740,213)
13.21	SOUTH KING SERVICE CENTER	434,046	15,915,060	1,288,713	-0.02%	434,046	15,915,060	1,288,713	434,046	15,915,060	1,288,713	-0.02%	-
13.22	FILING FEE AND EXCISE TAX	10,262	-	(16,577)	0.00%	10,262	-	(16,577)	10,262	-	(16,577)	0.00%	-
14.01	POWER COSTS	(14,772,510)	-	23,863,155	-0.29%	(14,772,510)	-	23,863,155	(14,772,510)	-	23,863,155	-0.29%	-
14.02	MONTANA ELECTRIC ENERGY TAX	(51,133)	-	(98,733)	0.00%	(51,133)	-	(98,733)	(51,133)	-	(98,733)	0.00%	-
14.03	WILD HORSE SOLAR	(17,809)	(1,969,341)	(468,972)	0.01%	(17,809)	(1,969,341)	(468,972)	(17,809)	(1,969,341)	(468,972)	0.01%	-
14.04	ACCOUNTING STANDARDS CODIFICATION 815 (FORMERLY SFAS 133)	(41,572,884)	-	67,316,883	-0.81%	(41,572,884)	-	67,316,883	(41,572,884)	-	67,316,883	-0.81%	-
14.05	STORM DAMAGE	(8,399,018)	-	13,351,416	-0.16%	(8,399,018)	-	13,351,416	(8,399,018)	-	13,351,416	-0.16%	-
14.06	REGULATORY ASSETS AND LIABILITIES	1,736,212	(44,085,326)	(8,316,627)	0.10%	1,736,212	(44,085,326)	(8,316,627)	1,736,212	(44,085,326)	(8,316,627)	0.10%	-
14.07	GLACIER BATTERY STORAGE	(145,950)	-	590,455	-0.01%	(145,950)	-	590,455	(145,950)	-	590,455	-0.01%	-
14.08	ENERGY IMBALANCE MARKET	(3,492,717)	-	6,283,688	-0.08%	(3,492,717)	-	6,283,688	(3,492,717)	-	6,283,688	-0.08%	-
14.09	GOLDENLEAF CAPACITY UPGRADE	2,156	-	(2,266,682)	-0.03%	2,156	-	(2,266,682)	2,156	-	(2,266,682)	-0.03%	-
14.10	MINT FARM CAPACITY UPGRADE	(3,288,110)	-	4,798,143	-0.06%	(3,288,110)	-	4,798,143	(3,288,110)	-	4,798,143	-0.06%	-
14.11	WHITE RIVER	(2,131,857)	-	3,239,615	-0.05%	(2,131,857)	-	3,239,615	(2,131,857)	-	3,239,615	-0.05%	-
14.12	TRANSFER OF HYDRO TREASURY GRANTS IN RATEBASE	3,129,922	(54,762,869)	(1,901,989)	0.14%	3,129,922	(54,762,869)	(1,901,989)	3,129,922	(54,762,869)	(1,901,989)	0.14%	-
14.13	PRODUCTION ADJUSTMENT	-	-	-	-	-	-	-	-	-	-	-	-
	Staff Only Adjustments												
13.06A	REGULATORY ASSET COLSTRIP	-	-	-	0.00%	-	(127,629,334)	-	-	(127,629,334)	-	0.11%	(8,312,516)
13.23	INVESTOR SUPPLIED WORKING CAPITAL	-	-	-	0.00%	-	15,999,937	-	-	15,999,937	-	-0.02%	1,993,348
13.24	LEGAL COSTS	-	-	-	0.00%	-	(510,066)	-	-	(510,066)	-	0.01%	(510,066)
	Total Adjustment	(95,600,488)	(55,456,691)	147,496,960	-1.77%	(95,600,488)	(77,470,417)	84,258,993	(88,864,951)	(77,470,417)	84,258,993	-1.02%	(61,631,044)
	Adjusted Results of Operations	305,402,483	5,097,747,770	144,032,066	5.99%	305,402,483	5,075,734,065	80,334,926	342,138,021	5,075,734,065	81,195,740	6.74%	(63,241,968)
	LESS: Sales from Reuse-Firm	-	-	143,626,924	-	-	-	-	-	-	-	-	-
	check	305,402,483	5,097,747,770	144,032,066	5.99%	305,402,483	5,075,734,065	80,334,926	342,138,021	5,075,734,065	81,195,740	6.74%	(63,241,968)

PSE Proposed
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Staff Proposed