

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

EXHIBIT NO. BGM-13
UPDATED ELECTRIC SERVICES REVENUE REQUIREMENT

Electric Revenue Requirement Summary (\$000)

Line	Adj. No.	Description	Company Filing @ ICNU Cost of Capital			ICNU Proposed			Impact of ICNU Adjustments:				ICNU Position	
			Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)	Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)	Pre-Tax Net Oper. Income	Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)		
1	1.00	Per Book Results (Y/E Sep. 30, 2016)	401,003	5,153,204	(31,768)	401,003	5,153,204	(31,768)						
<i>Restating Adjustments:</i>														
2	6.01	Revenues & Expenses	(29,139)	-	47,071	(29,139)	-	47,071	-	-	-	-	-	Neutral
3	6.02	Temperature Normalization	17,527	-	(28,313)	17,527	-	(28,313)	-	-	-	-	-	Neutral
4	6.03	Pass-Through Revs. & Exps.	(1,001)	-	1,616	(1,001)	-	1,616	-	-	-	-	-	Neutral
5	6.04	Federal Income Tax	(27,023)	-	43,653	(27,023)	-	43,653	-	-	-	-	-	Neutral
6	6.05	Tax Benefit Of Proforma Interest	53,348	-	(86,177)	50,883	-	(82,195)	-	(2,465)	-	3,982	-	Update
7	6.06	Depreciation Study	(34,611)	(17,305)	53,841	(20,408)	(10,204)	31,746	21,851	14,203	7,102	(22,094)	-	Oppose
8	6.07	Normalize Inj & Dmgs	69	-	(112)	69	-	(112)	-	-	-	-	-	Neutral
9	6.08	Bad Debts	681	-	(1,100)	681	-	(1,100)	-	-	-	-	-	Neutral
10	6.09	Incentive Pay	(110)	-	178	(110)	-	178	-	-	-	-	-	Neutral
11	6.10	D&O Insurance	16	-	(26)	16	-	(26)	-	-	-	-	-	Neutral
12	6.11	Interest On Cust Deposits	(177)	-	285	(177)	-	285	-	-	-	-	-	Neutral
13	6.12	Rate Case Expenses	(265)	-	428	-	-	-	408	265	-	(428)	-	Oppose
14	6.13	Deferred G/L On Property Sales	171	-	(277)	171	-	(277)	-	-	-	-	-	Neutral
15	6.14	Property & Liability Ins	66	-	(107)	66	-	(107)	-	-	-	-	-	Neutral
16	6.15	Pension Plan	(1,185)	-	1,914	930	-	(1,502)	3,253	2,115	-	(3,416)	-	Oppose
17	6.16	Wage Increase	(1,358)	-	2,193	(1,358)	-	2,193	-	-	-	-	-	Neutral
18	6.17	Investment Plan	(97)	-	156	(97)	-	156	-	-	-	-	-	Neutral
19	6.18	Employee Insurance	(122)	-	197	(122)	-	197	-	-	-	-	-	Neutral
20	6.19	Environmental Remediation	(925)	-	1,494	(553)	-	893	572	372	-	(601)	-	Oppose
21	6.20	Payment Processing Costs	(3,088)	-	4,987	(3,088)	-	4,987	-	-	-	-	-	Neutral
22	6.21	South King Service Center	434	15,915	1,201	434	15,915	1,201	-	-	-	-	-	Neutral
23	6.22	Excise Tax And WUTC Filing Fee	10	-	(17)	10	-	(17)	-	-	-	-	-	Neutral
24	IN-1	Colstrip End of Life Accounting	-	-	-	-	(101,623)	(12,148)	-	-	(101,623)	(12,148)	-	ICNU Proposed
25	IN-3	PTC Amortization	-	-	-	16,441	-	(26,558)	25,294	16,441	-	(26,558)	-	ICNU Proposed
26	IN-4	Plant Held for Future Use	-	-	-	-	(49,313)	(5,895)	-	-	(49,313)	(5,895)	-	ICNU Proposed
27	IN-6	Ardmore Substation Overruns	-	-	-	222	(13,780)	(2,005)	341	222	(13,780)	(2,005)	-	ICNU Proposed
28	13.24	Staff Legal Fees	-	-	-	316	-	(510)	486	316	-	(510)	-	Staff Proposed
29		Restated Results	374,228	5,151,814	11,317	405,696	4,994,199	(58,356)	52,204	31,468	(157,615)	(69,673)		
<i>Pro Forma Adjustments</i>														
30	7.01	Power Costs	(14,773)	-	23,863	(2,245)	-	3,627	19,273	12,527	-	(20,237)	-	Oppose
31	7.02	MT Electric Energy Tax	61	-	(99)	61	-	(99)	-	-	-	-	-	Neutral
32	7.03	Wild Horse Solar	138	(1,969)	(458)	138	(1,969)	(458)	-	-	-	-	-	Neutral
33	7.04	ASC 815 (Prev. SFAS 133)	(41,673)	-	67,317	(41,673)	-	67,317	-	-	-	-	-	Neutral
34	7.05	Storm Damage	(8,389)	-	13,551	(8,389)	-	13,551	-	-	-	-	-	Oppose
35	7.06	Reg Assets & Liabilities	1,736	(44,085)	(8,074)	1,736	(44,085)	(8,074)	-	-	-	-	-	Neutral
36	7.07	Glacier Battery Strg	(145)	2,843	575	(145)	2,843	575	-	-	-	-	-	Neutral
37	7.08	Energy Imb Market	(3,493)	5,132	6,256	(3,493)	5,132	6,256	-	-	-	-	-	Neutral
38	7.09	Goldendale Capacity Upgrade	2	18,141	2,165	2	18,141	2,165	-	-	-	-	-	Neutral
39	7.10	Mint Farm Capacity Upgrade	-	19,005	2,272	-	19,005	2,272	-	-	-	-	-	Neutral
40	7.11	White River	(3,288)	(4,109)	4,821	-	(2,465)	(295)	5,059	3,288	1,644	(5,115)	-	Oppose
41	7.12	Reclass Of Hydro Treasury Grants	(2,132)	5,740	4,130	-	-	-	3,280	2,132	(5,740)	(4,130)	-	Oppose
42	7.13	Production Adjustment	3,129	(54,763)	(11,601)	3,158	(54,617)	(11,631)	45	29	145	(30)	-	Update
43	IN-2	Pro Forma Net Operating Loss Carryforward	-	-	-	-	(73,969)	(8,842)	-	-	(73,969)	(8,842)	-	ICNU Proposed
44		Less: Firm Sales for Resale	251	-	(406)	251	-	(406)	-	-	-	-	-	
45		Pro Forma Results	305,654	5,097,748	115,628	355,098	4,862,214	7,601	79,861	49,445	(235,534)	(108,027)		

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

LINE NO.	PENSION PLAN 6.15	WAGE INCREASE 6.16	INVESTMENT PLAN 6.17	EMPLOYEE INSURANCE 6.18	ENVIRONMENTAL REMEDIATION 6.19	PAYMENT PROCESSING COSTS 6.20	SOUTH KING SERVICE CENTER 6.21	EXCISE TAX AND WUTC FILING FEE 6.22
1	OPERATING REVENUES							
2	\$	-	\$	-	\$	-	\$	-
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT							
4	SALES TO OTHER UTILITIES							
5	OTHER OPERATING REVENUES							
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7								
8	OPERATING REVENUE DEDUCTIONS:							
9								
10	POWER COSTS:							
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33								
34	\$	929,557	\$	(1,357,716)	\$	(96,705)	\$	(121,751)
35								
36	\$	-	\$	-	\$	-	\$	-
37								
38								
39								
40	RATE BASE:							
41	\$	-	\$	-	\$	-	\$	-
42								
43								
44								
45								
46								
47	<hr/>							
	\$	-	\$	-	\$	-	\$	-

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

LINE NO.	COLST. 1&2 EOL ACCOUNTING IN-1	PTC REG. LIAB. AMORT IN-3	PLANT HELD FOR FUTURE USE IN-4	ARDMORE SUB OVRN IN-6	STAFF ISWC 13.23	STAFF LEGAL FEES 13.24	POWER COSTS 7.01	MT ELECTRIC ENERGY TAX 7.02	WILD HORSE SOLAR 7.03
1	OPERATING REVENUES								
2	SALES TO CUSTOMERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT								
4	SALES TO OTHER UTILITIES						(170,981,384)		
5	OTHER OPERATING REVENUES						36,348,495		
6	TOTAL OPERATING REVENUES	-	-	-	-	-	(134,632,889)	-	-
7									
8	OPERATING REVENUE DEDUCTIONS:								
9									
10	POWER COSTS:								
11	FUEL						(30,426,197)	-	
12	PURCHASED AND INTERCHANGED						(105,138,131)		
13	WHEELING						(5,239,435)		
14	RESIDENTIAL EXCHANGE								
15	TOTAL PRODUCTION EXPENSES	-	-	-	-	-	(140,803,763)	-	-
16									
17	OTHER POWER SUPPLY EXPENSES						9,584,909	-	-
18	TRANSMISSION EXPENSE						(16,783)		
19	DISTRIBUTION EXPENSE								
20	CUSTOMER ACCTS EXPENSES								
21	CUSTOMER SERVICE EXPENSES								
22	CONSERVATION AMORTIZATION								
23	ADMIN & GENERAL EXPENSE					(485,780)			
24	DEPRECIATION				(340,985)	-			(212,138)
25	AMORTIZATION	-	(25,293,793)	-					
26	AMORTIZ OF PROPERTY GAIN/LOSS								
27	OTHER OPERATING EXPENSES								
28	ASC 815								
29	TAXES OTHER THAN INCOME TAXES						56,686	(94,051)	
30	INCOME TAXES	-	8,852,827	-	119,345	-	170,023	(1,208,878)	74,248
31	DEFERRED INCOME TAXES								
32	TOTAL OPERATING REV. DEDUCT.	-	(16,440,965)	-	(221,640)	-	(315,757)	(132,387,829)	(61,133)
33									
34	NET OPERATING INCOME	\$ -	\$ 16,440,965	\$ -	\$ 221,640	\$ -	\$ 315,757	\$ (2,245,060)	\$ 61,133
35									
36	RATE BASE	\$ (101,622,990)	\$ -	\$ (49,313,213)	\$ (13,780,037)	\$ -	\$ -	\$ -	\$ (1,969,341)
37									
38	RATE OF RETURN								
39									
40	RATE BASE:								
41	GROSS UTILITY PLANT IN SERVICE	\$ (101,622,990)		\$ (49,313,213)	\$ (13,639,381)	\$ -	\$ -	\$ -	\$ (4,539,303)
42	ACCUM DEPR AND AMORT				(170,492)	-	-		1,590,016
43	DEFERRED DEBITS AND CREDITS								
44	DEFERRED TAXES				29,836	-	-		979,946
45	ALLOWANCE FOR WORKING CAPITAL								
46	OTHER								
47	TOTAL RATE BASE	\$ (101,622,990)	\$ -	\$ (49,313,213)	\$ (13,780,037)	\$ -	\$ -	\$ -	\$ (1,969,341)

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

LINE NO.	ASC 815 (PREV. SFAS 133) 7.04	STORM DAMAGE 7.05	REG ASSETS & LIABILITIES 7.06	GLACIER BATTERY STRG 7.07	ENERGY IMB MARKET 7.08	GOLDENDALE CAPACITY UPGRADE 7.09	MINT FARM CAPACITY UPGRADE 7.10	WHITE RIVER 7.11	RECLASS OF HYDRO TREASURY GRANTS 7.12									
1	OPERATING REVENUES																	
2	\$	-	\$	-	\$	-												
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT																	
4	SALES TO OTHER UTILITIES																	
5	OTHER OPERATING REVENUES																	
6		-	-	-	-	-	-	-	-									
7	TOTAL OPERATING REVENUES																	
8	OPERATING REVENUE DEDUCTIONS:																	
9	POWER COSTS:																	
10	FUEL																	
11	-	-																
12	PURCHASED AND INTERCHANGED																	
13	WHEELING																	
14	RESIDENTIAL EXCHANGE																	
15		-	-	-	-	-	-	-	-									
16	TOTAL PRODUCTION EXPENSES																	
17	OTHER POWER SUPPLY EXPENSES																	
18	-																	
19		(131,868)																
20		(271,443)																
21	CUSTOMER ACCTS EXPENSES																	
22	CUSTOMER SERVICE EXPENSES																	
23	CONSERVATION AMORTIZATION																	
24	ADMIN & GENERAL EXPENSE																	
25				223,831		(3,317)												
26					5,373,411													
27		13,309,493	(241,268)															
28			(2,429,827)															
29	\$	64,111,668																
30	INCOME TAXES																	
31		(4,517,163)	934,883	(78,341)	(1,880,694)	1,161												
32		(22,439,084)																
33		41,672,584	8,389,018	(1,736,212)	145,490	3,492,717	(2,156)											
34	\$	(41,672,584)	\$	(8,389,018)	\$	1,736,212	\$	(145,490)	\$	(3,492,717)	\$	2,156	\$	-	\$	-	\$	-
35	NET OPERATING INCOME																	
36	\$	-	\$	-	\$	(44,085,326)	\$	2,842,787	\$	5,131,869	\$	18,140,954	\$	19,004,590	\$	(2,464,569)	\$	-
37	RATE BASE																	
38	RATE OF RETURN																	
39	RATE BASE:																	
40	GROSS UTILITY PLANT IN SERVICE																	
41	\$	-	\$	-	\$	5,283,143	\$	16,120,232	\$	(46,657)	\$	24,765,516	\$	45,432				
42	ACCUM DEPR AND AMORT																	
43						(723,725)		(9,403,469)		21,111,913		(1,572,187)						
44	DEFERRED DEBITS AND CREDITS																	
45				(58,945,766)												(3,861,541)		
46	DEFERRED TAXES																	
47				14,860,440		(1,716,630)		(1,584,894)		(2,924,302)		(4,188,739)		1,351,539				
48	ALLOWANCE FOR WORKING CAPITAL																	
49	OTHER																	
50	\$	-	\$	-	\$	(44,085,326)	\$	2,842,787	\$	5,131,869	\$	18,140,954	\$	19,004,590	\$	(2,464,569)	\$	-
51	TOTAL RATE BASE																	

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

LINE NO.	PRODUCTION ADJUSTMENT 7.13	NOL C/F IN-2	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE	
1	OPERATING REVENUES									
2	SALES TO CUSTOMERS		\$ (182,861,223)	\$ 1,963,187,085	\$ 2,146,048,308	\$ (182,861,223)	\$ 1,963,187,085	\$ 7,600,972	\$ 1,970,788,058	
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT		(7,993)	316,389	324,382	(7,993)	316,389	406,090	722,479	
4	SALES TO OTHER UTILITIES		(170,981,384)	30,144,358	201,125,742	(170,981,384)	30,144,358		30,144,358	
5	OTHER OPERATING REVENUES		25,845,279	73,686,618	47,841,339	25,845,279	73,686,618		73,686,618	
6	TOTAL OPERATING REVENUES	-	(328,005,321)	2,067,334,450	2,395,339,771	(328,005,321)	2,067,334,450	8,007,062	2,075,341,512	
7										
8	OPERATING REVENUE DEDUCTIONS:									
9										
10	POWER COSTS:									
11	FUEL		(30,426,197)	204,576,689	235,002,887	(30,426,197)	204,576,689	-	204,576,689	
12	PURCHASED AND INTERCHANGED	(3,572)	(105,000,776)	427,345,683	532,346,459	(105,000,776)	427,345,683		427,345,683	
13	WHEELING		(5,239,435)	108,560,758	113,800,193	(5,239,435)	108,560,758		108,560,758	
14	RESIDENTIAL EXCHANGE		69,268,220	-	(69,268,220)	69,268,220	-		-	
15	TOTAL PRODUCTION EXPENSES	(3,572)	(71,398,189)	740,483,130	811,881,319	(71,398,189)	740,483,130	-	740,483,130	
16										
17	OTHER POWER SUPPLY EXPENSES	(8,563)	9,914,172	135,811,609	125,897,437	9,914,172	135,811,609	-	135,811,609	
18	TRANSMISSION EXPENSE		82,200	20,352,250	20,270,050	82,200	20,352,250		20,352,250	
19	DISTRIBUTION EXPENSE		97,052	83,453,081	83,356,029	97,052	83,453,081		83,453,081	
20	CUSTOMER ACCTS EXPENSES		2,629,564	50,229,730	47,600,166	2,629,564	50,229,730	57,307	50,287,037	
21	CUSTOMER SERVICE EXPENSES		(17,230,512)	2,598,615	19,829,127	(17,230,512)	2,598,615		2,598,615	
22	CONSERVATION AMORTIZATION		(97,540,765)	26,210	97,566,975	(97,540,765)	26,210		26,210	
23	ADMIN & GENERAL EXPENSE	(283,479)	(2,081,419)	112,518,339	114,599,759	(2,081,419)	112,518,339	16,014	112,534,353	
24	DEPRECIATION	(3,796,102)	27,715,420	296,072,405	268,356,985	27,715,420	296,072,405		296,072,405	
25	AMORTIZATION	(299,560)	(20,971,820)	24,713,155	45,684,975	(20,971,820)	24,713,155		24,713,155	
26	AMORTIZ OF PROPERTY GAIN/LOSS	(262,087)	12,806,138	33,411,004	20,604,866	12,806,138	33,411,004		33,411,004	
27	OTHER OPERATING EXPENSES	(230,039)	15,634,819	5,637,626	(9,997,194)	15,634,819	5,637,626		5,637,626	
28	ASC 815		64,111,668	-	(64,111,668)	64,111,668	-		-	
29	TAXES OTHER THAN INCOME TAXES	(53,724)	(144,230,240)	86,570,017	230,800,257	(144,230,240)	86,570,017	307,928	86,877,945	
30	INCOME TAXES	1,778,737	78,864,597	78,865,397	800	78,864,597	78,865,397	2,669,034	81,534,431	
31	DEFERRED INCOME TAXES		(140,252,061)	41,744,854	181,996,915	(140,252,061)	41,744,854		41,744,854	
32	TOTAL OPERATING REV. DEDUCT.	(3,158,388)	(281,849,377)	1,712,487,422	1,994,336,799	(281,849,377)	1,712,487,422	3,050,282	1,715,537,705	
33										
34	NET OPERATING INCOME	\$ 3,158,388	\$ -	\$ (46,155,944)	\$ 354,847,028	\$ (46,155,944)	\$ 354,847,028	\$ 4,956,780	\$ 359,803,808	
35										
36	RATE BASE	\$ (54,617,388)	\$ (73,969,464)	\$ (290,990,856)	4,862,213,606	5,153,204,462	(290,990,856)	4,862,213,606	-	4,862,213,606
37										
38	RATE OF RETURN			7.30%	7.78%		7.30%		7.40%	
39										
40	RATE BASE:									
41	GROSS UTILITY PLANT IN SERVICE	\$ (105,313,256)	\$ (212,519,057)	9,547,882,450	9,760,401,507	(212,519,057)	9,547,882,450		9,547,882,450	
42	ACCUM DEPR AND AMORT	44,057,476	(73,969,464)	(34,879,429)	(3,778,684,236)	(34,879,429)	(3,778,684,236)		(3,778,684,236)	
43	DEFERRED DEBITS AND CREDITS	(5,141,543)	(67,948,850)	185,309,770	253,258,620	(67,948,850)	185,309,770		185,309,770	
44	DEFERRED TAXES	11,779,935	24,356,480	(1,239,575,987)	(1,263,932,468)	24,356,480	(1,239,575,987)		(1,239,575,987)	
45	ALLOWANCE FOR WORKING CAPITAL		-	227,005,242	227,005,242	-	227,005,242		227,005,242	
46	OTHER		-	(79,723,633)	(79,723,633)	-	(79,723,633)		(79,723,633)	
47	TOTAL RATE BASE	\$ (54,617,388)	\$ (73,969,464)	\$ (290,990,856)	\$ 4,862,213,606	\$ 5,153,204,462	\$ (290,990,856)	\$ 4,862,213,606	\$ 4,862,213,606	

Rate Incr
0.39%

Adj. 3.01

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

LINE NO. DESCRIPTION	
1 RATE BASE	\$ 4,862,213,606
2 RATE OF RETURN	<u>7.40%</u>
3	
4 OPERATING INCOME REQUIREMENT	359,803,807
5	
6 PRO FORMA OPERATING INCOME	<u>354,847,028</u>
7 OPERATING INCOME DEFICIENCY	4,956,780
8	
9 CONVERSION FACTOR	<u>0.6190510</u>
10 REVENUE REQUIREMENT DEFICIENCY	8,007,062
11 SALES FROM RESALE-FIRM	<u>406,090</u>
12	
13 REVENUE REQUIREMENT DEFICIENCY	<u><u>\$ 7,600,972</u></u>

Adj. 3.02

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

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

Adj. 3.03

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

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

Adj. 6.05

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

LINE NO. DESCRIPTION	AMOUNT
1 RATE BASE	\$ 4,862,213,606
2	
3 NET RATE BASE	4,862,213,606
4	
5 WEIGHTED AVERAGE COST OF DEBT	2.99%
6 PROFORMA INTEREST	145,380,187
7	
8 INCREASE (DECREASE) INCOME	(145,380,187)
9	
10 INCREASE (DECREASE) FIT @	35% (50,883,065)
11 INCREASE (DECREASE) NOI	\$ 50,883,065

Adj. 6.06

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

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

Adj. 6.15

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

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

Adj. 6.19

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

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

Adj. IN-1

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

LINE NO.	DESCRIPTION	DR.	CR.	ADJUSTMENT
1	1/1/2018 RECLASSIFICATION:			
2	FERC 182.2.xx COLSTRIP END OF LIFE BALANCING ACCO	101,622,990.28		
3	FERC 311 - STRUCTURES AND IMPROVEMENTS		8,362,380	
4	FERC 312 - BOILER PLANT EQUIPMENT		82,347,353	
5	FERC 314 - TURBOGENERATOR UNITS		32,833,776	
6	FERC 315 - ACCESSORY ELECTRIC EQUIPMENT		5,023,063	
7	FERC 316 - MISCELLANEOUS POWER PLANT EQUIPMENT		1,339,194	
8	FERC 392 - TRANSPORTATION EQUIPMENT		25,412	
9	FERC 394 - TOOLS, SHOP AND GARAGE EQUIPMENT		187,939	
10	FERC 396 - POWER OPERATED EQUIPMENT		157,625	
11	FERC 397 - COMMUNICATION EQUIPMENT		694	
12	FERC 350.99 - EASEMENTS - GIF		178	
13	FERC 353.9 - STATION EQUIPMENT - GIF	57,993		
14	FERC 354.9 - TOWERS AND FIXTURES - GIF		427	
15	FERC 355.9 - POLES AND FIXTURES - GIF	17,719		
16	FERC 356.9 - OVERHEAD CONDUCTORS AND DEVICES - GIF		52,845	
17	ALLOWANCE FOR DEFERRED INCOME TAXES	28,632,185		
18				
19	RATE BASE IMPACT OF RECLASSIFICATION			(101,622,990)
20				
21				
22	REGULATORY LIABILITY FUNDING:			
23	PTC REGULATORY LIABILITY	176,990,939		
24	FERC 182.2.xx COLSTRIP END OF LIFE BALANCING ACCOUNT		176,990,939	
25				
26	SINKING FUND BEGINNING BALANCE			75,367,949
27				
28				
29	2018 AMORTIZATION (INCLUDES RETURN ON BALANCE):	-		
30	FERC 407.xx - AMORTOF UNRECVRD COLSTRIP 1&2 COSTS		-	
31	FERC 182.2.xx COLSTRIP END OF LIFE BALANCING ACCOUNT			
32				
33	INCREASE(DECREASE) POST TAX OPERATING EXPENSE			-
34	<i>TAX EFFECTS INTERNALIZED TO ACCOUNT IN CARRYING CHARGE</i>			
35	PRE TAX OPERATING EXPENSE @ 35%			<u><u>\$ -</u></u>

Adj. IN-3

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

LINE NO.	DESCRIPTION	DR.	CR.	ADJUSTMENT
1	REGULATORY LIABILITY BALANCE 12/31/2016	\$ 290,813,006		
2	TRANSFER TO FERC 182.2.XX COLSTRIP END OF LIFE ACCT.		176,990,939	
3	REMAINING BALANCE TO BE AMORTIZED	113,822,067		
4				
5	AMORTIZATION (S/L 4.5 YEARS)	\$ 25,293,793		
6	PTC REGULATORY LIABILITY		\$ 25,293,793	
7				
8	ADJUSTMENT			\$ 25,293,793
9	INCREASE(DECREASE) FIT @	35%		\$ (8,852,827)
10	INCREASE(DECREASE) NOI			\$ (16,440,966)

Adj. IN-4

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

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

Adj. 7.01

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

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA	INCREASE (DECREASE)
1	PRODUCTION EXPENSES:			
2	501-STEAM FUEL	\$ 85,246,015	77,830,127	\$ (7,415,888)
3	547-FUEL	149,756,872	126,746,563	(23,010,309)
4	555-PURCHASED POWER	523,037,996	412,933,965	(110,104,030)
5	557-OTHER POWER EXPENSE	9,308,464	9,504,882	196,419
6	565-WHEELING	113,800,193	108,560,758	(5,239,435)
7	447-SALES FOR RESALE	(201,125,742)	(30,144,358)	170,981,384
8	456-PURCHASES/SALES OF NON-CORE GAS	18,023,678	(16,861,340)	(34,885,018)
9				-
10	PRODUCTION O&M	125,897,437	135,482,346	9,584,909
11	TRANS. EXP. INCL. 500KV O&M	662,135	645,352	(16,783)
12	456-1 VARIABLE TRANSM. INCOME - COLSTRIP, 3RD AC & NI	(8,228,549)	(9,692,026)	(1,463,477)
13	EQUITY RETURN ON CENTRALIA TRANSITION COAL PPA		4,769,481	4,769,481
14				
15	INCREASE (DECREASE) EXPENSE	816,378,499	819,775,750	3,397,252
16				
17	INCREASE (DECREASE) OPERATING INCOME	(816,378,499)	(819,775,750)	(3,397,252)
18				
19	STATE UTILITY TAX SAVINGS FOR LINE 12	3.873%		(56,686)
20	INCREASE (DECREASE) INCOME			(3,453,938)
21	INCREASE (DECREASE) FIT @	35%		(1,208,878)
22	INCREASE (DECREASE) NOI			\$ (2,245,060)
				19,273,000

Adj. 7.12

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

LINE

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

Adj. IN-2

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

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