

**EXH. KJB-18
DOCKETS UE-170033/UG-170034
2017 PSE GENERAL RATE CASE
WITNESS: KATHERINE J. BARNARD**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-170033
Docket UG-170034**

**FIRST EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF**

KATHERINE J. BARNARD

ON BEHALF OF PUGET SOUND ENERGY

AUGUST 9, 2017

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

LINE NO.	DESCRIPTION		
1	RATE BASE	\$	<i>5,186,869,325</i>
2	RATE OF RETURN		7.74%
3			
4	OPERATING INCOME REQUIREMENT		<i>401,463,686</i>
5			
6	PRO FORMA OPERATING INCOME		<i>318,489,036</i>
7	OPERATING INCOME DEFICIENCY		<i>82,974,650</i>
8			
9	CONVERSION FACTOR		0.6190510
10	REVENUE REQUIREMENT DEFICIENCY		<i>134,035,241</i>
11	SALES FROM RESALE-FIRM		405,143
12			
13	REVENUE REQUIREMENT DEFICIENCY	\$	<i>133,630,098</i>

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%	9.80%	4.75%
3 TOTAL COST OF CAPITAL	100.00%		7.74%
4			
5 AFTER TAX DEBT	51.50%	5.81%	1.94%
6 EQUITY	48.50%	9.80%	4.75%
7 TOTAL AFTER TAX COST OF CAPITAL	100.00%		6.69%

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>