

**EXH. SEF-15
DOCKETS UE-170033/UG-170034
2017 PSE GENERAL RATE CASE
WITNESS: SUSAN E. FREE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

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

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

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

AUGUST 9, 2017

**PUGET SOUND ENERGY-GAS
REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ADJUSTMENT	
1	SALES TO CUSTOMERS:		
2	REMOVE SCHEDULE 141 EXPEDITED RATE FILING	\$ 1,918,596	
3	REMOVE SCHEDULE 142 DECOUPLING AND K-FACTOR	(32,898,997)	
4	ANNUALIZING PGA RATE CHANGES	(26,236,731)	
5	OTHER	(271,004)	
6	REMOVE MERGER RATE CREDIT SCHEDULE 132	2,772,307	
7	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	<u>\$ (54,715,829)</u>	\$ (54,715,829)
8			
9	OTHER OPERATING REVENUES		
10	REMOVE SCHEDULE 141 EXPEDITED RATE FILING	\$ 28,151	
11	REMOVE SCHEDULE 142 DECOUPLING AND K-FACTOR	(498,562)	
12	REMOVE OVERTHEARNINGS ACCRUALS	(7,451)	
13	REMOVE CURRENT/PRIOR PERIOD DECOUPLING DEFERRALS	(40,606,072)	
14	REMOVE DECOUPLING AMORTIZATION	16,583,944	
15	OTHER	129,801	
16	MERGER RATE CREDIT SCHEDULE 132, RENTALS	<u>53,666</u>	
17	TOTAL INCREASE (DECREASE) OTHER OPERATING REVENUE	\$ (24,316,522)	<u>\$ (24,316,522)</u>
18			
19	TOTAL INCREASE (DECREASE) REVENUES		\$ (79,032,351)
20			
21	OPERATING EXPENSES:		
22	ADJUST GAS COSTS FOR 2014 AND 2015 PGA RATE CHANGES	\$ (25,080,484)	
23	MIGRATION ADJUSTMENT FOR SCHEDULE 41	519,928	
24	OTHER ADJUSTMENTS	(610,932)	
25	TOTAL PURCHASE GAS COSTS	<u>\$ (25,171,488)</u>	
26			
27	UNCOLLECTIBLES @	0.005140 \$ (406,226)	
28	ANNUAL FILING FEE @	0.002000 (158,065)	
29	INCREASE (DECREASE) EXPENSES		\$ (25,735,779)
30			
31	STATE UTILITY TAX @	0.038322 \$ (3,028,678)	
32			
33	INCREASE (DECREASE) TAXES OTHER		<u>\$ (3,028,678)</u>
34			
35	INCREASE (DECREASE) INCOME		\$ (50,267,894)
36	INCREASE (DECREASE) FIT @	35% (17,593,763)	
37	INCREASE (DECREASE) NOI		<u><u>\$ (32,674,131)</u></u>

Amounts in bold and italics are different from April 3, 2017 supplemental filing.

**PUGET SOUND ENERGY-GAS
TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	TEMPERATURE NORMALIZATION ADJUSTMENT:			
2		ACTUAL	TEMP ADJ	THERMS
3		<u>THERMS</u>	<u>THERMS</u>	<u>CHANGE</u>
4	Oct-15	73,139,428	86,649,730	13,510,302
5	Nov-15	123,121,516	114,711,802	(8,409,714)
6	Dec-15	156,989,624	165,319,961	8,330,337
7	Jan-16	151,262,374	159,895,881	8,633,507
8	Feb-16	118,408,551	138,019,005	19,610,454
9	Mar-16	112,362,332	123,218,844	10,856,512
10	Apr-16	72,229,905	91,155,981	18,926,076
11	May-16	59,674,800	68,300,515	8,625,715
12	Jun-16	50,540,839	52,674,574	2,133,735
13	Jul-16	45,432,546	46,002,541	569,995
14	Aug-16	44,532,806	44,532,806	-
15	Sep-16	51,851,549	52,069,111	217,562
16		<u>1,059,546,271</u>	<u>1,142,550,752</u>	<u>83,004,481</u>
17	REVENUE ADJUSTMENT:			
18	RESIDENTIAL (23)			\$ 44,404,445
19	COMMERCIAL & INDUSTRIAL (31)			11,258,712
20	LARGE VOLUME (41)			1,919,219
21	TRANSPORTATION -LARGE VOLUME (41T)			(156,843)
22	TRANSPORTATION - GENERAL SERVICES (31T)			-
23	INTERRUPTIBLE (85)			(290,910)
24	TRANSPORTATION INTERRUPTIBLE (85T)			206,474
25	LIMITED INTERRUPTIBLE (86)			382,863
26	TRANSPORTATION - LIMITED INTERRUPTIBLE (86T)			-
27	NON EXCLUSIVE INTERRUPTIBLE (87)			270,446
28	TRANSPORTATION - NON EXCLUSIVE INTERRUPT (87T)			23,316
29	CONTRACTS			20,802
30	INCREASE (DECREASE) SALES TO CUSTOMERS			<u>\$ 58,038,526</u>
31				
32	OPERATING EXPENSES			\$ 30,713,140
33	PURCHASED GAS COSTS			<u>\$ 30,713,140</u>
34				
35	UNCOLLECTIBLES @		0.5140%	\$ 298,318
36	ANNUAL FILING FEE @		0.2000%	116,077
37	INCREASE (DECREASE) EXPENSES			<u>\$ 414,395</u>
38				
39	STATE UTILITY TAX @		3.8322%	\$ 2,224,152
40	INCREASE (DECREASE) TAXES OTHER			<u>\$ 2,224,152</u>
41				
42	INCREASE (DECREASE) INCOME			<u>\$ 24,686,839</u>
43				
44	INCREASE (DECREASE) FIT @		35%	8,640,394
45	INCREASE (DECREASE) NOI			<u>\$ 16,046,445</u>

Amounts in bold and italics are different from April 3, 2017 supplemental filing.

**PUGET SOUND ENERGY-GAS
PASS THROUGH REVENUE AND EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME RIDER - SCHEDULE 129	\$ 5,670,995
3	REMOVE CONSERVATION TRACKER - SCHEDULE 120	12,315,700
4	REMOVE PROPERTY TAX TRACKER - SCHEDULE 140	20,149,803
5	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCH 106	(26,488,407)
6	REMOVE CARBON OFFSET - SCHEDULE 137	97,441
7	REMOVE OTHER ASSOC WITH CARBON OFFSET - SCHEDULE 137	(25,090)
8	REMOVE PROPERTY TAX TRACKER-SCHEDULE 140, OTHER REVENUES	270,441
9		
10	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	40,067,189
11	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	367,128
12	TOTAL (INCREASE) DECREASE REVENUES	<u>\$ 52,425,199</u>
13		
14	<u>ADJUST REVENUE SENSITIVE ITEMS FOR REMOVAL OF REVENUE:</u>	
15	BAD DEBTS	0.5140% \$ (269,466)
16	ANNUAL FILING FEE	0.2000% (104,850)
17	STATE UTILITY TAX	3.8322% (2,009,038)
18	TOTAL INCREASE (DECREASE) EXPENSE	<u>4.5462% \$ (2,383,354)</u>
19		
20	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
21	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129 (FERC 908)	\$ (5,670,995)
22	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120 (FERC 908)	(12,460,807)
23	REMOVE PROPERTY TAX AMORTIZATION EXP - SCHEDULE 140 (FERC 4081)	(19,519,465)
24	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106 (FERC 8051)	25,320,257
25	REMOVE CARBON OFFSET AMORTIZATION EXP - SCHEDULE 137 (FERC 805)	(45,482)
26	REMOVE CARBON OFFSET AMORTIZATION EXP - SCHEDULE 137 (FERC 908)	(22,641)
27	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS (FERC 4081)	(38,775,248)
28	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ (51,174,380)</u>
29		
30	INCREASE (DECREASE) IN OPERATING INCOME BEFORE TAXES	\$ 1,132,535
31	INCREASE (DECREASE) FIT	396,387
32	INCREASE (DECREASE) NOI	<u>\$ 736,148</u>

**PUGET SOUND ENERGY-GAS
FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME (LOSS)	\$ 75,965,215
2		
3	<u>ADD BACK:</u>	
4	CURRENT FIT	35% 26,587,825
5	DEFERRED FIT	38,564,776
6	DEFERRED FIT - OTHER	
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	
8	TOTAL RESTATED FIT	<u>\$ 65,152,601</u>
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	
12	DEFERRED FIT DEBIT	\$ 262,308,679
13	DEFERRED FIT- CREDIT	(196,455,256)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	
15	-	
16	TOTAL CHARGED TO EXPENSE	<u>\$ 65,853,423</u>
17		
18	INCREASE(DECREASE) FIT	\$ 26,587,825
19	INCREASE(DECREASE) DEFERRED FIT	(27,288,647)
20	INCREASE(DECREASE) ITC	-
21	INCREASE(DECREASE) NOI	<u><u>\$ 700,822</u></u>

**PUGET SOUND ENERGY-GAS
TAX BENEFIT OF PRO FORMA INTEREST
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	<u>\$ 1,770,578,236</u>
2		
3	NET RATE BASE	<u>\$ 1,770,578,236</u>
4		
5	WEIGHTED AVERAGE COST OF DEBT	<u>2.99%</u>
6	PROFORMA INTEREST	<u>\$ 52,940,289</u>
7		
8	INCREASE (DECREASE) INCOME	<u>\$ (52,940,289)</u>
9		
10	INCREASE (DECREASE) FIT @	35% <u>\$ (18,529,101)</u>
11	INCREASE (DECREASE) NOI	<u><u>\$ 18,529,101</u></u>

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

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATE	ADJUSTMENT
1	403 GAS DEPRECIATION EXPENSE	\$ 113,989,496	\$ 95,003,919	\$ (18,985,577)
2	403 GAS PORTION OF COMMON	7,429,557	6,464,523	(965,034)
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 403	<u>\$ 133,078,761</u>	<u>\$ 113,128,150</u>	<u>\$ (19,950,611)</u>
6				
7	403.1 DEPR. EXP- ASC 410 (RECOVERED IN RATES)	\$ 173,995	\$ 153,458	\$ (20,537)
8	403.1 DEPR. EXP - ASC 410 (NOT RECOVERED IN RATES)	51,681	-	(51,681)
9	SUBTOTAL DEPRECIATION EXPENSE 403.1	<u>\$ 225,676</u>	<u>\$ 153,458</u>	<u>\$ (72,217)</u>
10				
11	TOTAL DEPRECIATION EXPENSE	\$ 133,304,437	\$ 113,281,608	\$ (20,022,829)
12				
13	<u>AMORTIZATION EXPENSE</u>			
14	411.10 ACCRETION EXP. - ASC 410 (RECOVERED IN RATES)	28,810	25,410	(3,400)
15	411.10 ACCRETION EXP. - ASC 410 (NOT RECOVERED IN RA	4,853	-	(4,853)
16	SUBTOTAL ACCRETION EXPENSE 411.10	<u>\$ 33,663</u>	<u>\$ 25,410</u>	<u>\$ (8,253)</u>
17				
18	DEPRECIATION EXPENSE 403 ASSOCIATED WITH FLEET	\$ 408,688	\$ 171,927	\$ (236,761)
19				
20				
21	INCREASE (DECREASE) EXPENSE			\$ (20,267,842)
22	INCREASE (DECREASE) FIT			7,093,745
23	INCREASE (DECREASE) NOI			<u>\$ 13,174,098</u>
24				
25				
26	<u>ADJUSTMENT TO RATE BASE</u>			
27	ADJUSTMENT TO ACCUM. DEPREC. AT 50% DEPREC. EXPE	50%		\$ 10,133,921
28	DEFERRED FIT			<u>(3,546,872)</u>
29				
30	TOTAL ADJUSTMENT TO RATEBASE			<u>\$ 6,587,049</u>

**PUGET SOUND ENERGY-GAS
NORMALIZE INJURIES AND DAMAGES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	ACCRUALS	\$ 190,500	\$ 188,000	\$ (2,500)
2	PAYMENTS IN EXCESS OF ACCRUALS	<u>97,272</u>	<u>188,598</u>	<u>91,327</u>
3	INCREASE/(DECREASE) IN EXPENSE	\$ 287,772	\$ 376,598	\$ 88,827
4				
5	INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 3)			\$ 88,827
6	INCREASE (DECREASE) FIT @		35%	<u>(31,089)</u>
7				
8	INCREASE (DECREASE) NOI			<u><u>\$ (57,738)</u></u>

**PUGET SOUND ENERGY-GAS
BAD DEBTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	NET WRITEOFFS	GROSS REVENUES	OTHER OPERATING REVENUE	NET REVENUES	AMOUNT
1	12 MOS ENDED	September	May	May	May	
2	12 ME 9/30/2013 AND 5/31/2013	\$ 4,809,212	\$ 1,027,088,769	\$ 13,300,355	\$ 1,013,788,414	0.4744%
3	12 ME 9/30/2015 AND 5/31/2015	\$ 4,346,973	\$ 979,494,166	\$ 69,423,909	\$ 910,070,257	0.4777%
4	12 ME 9/30/2016 AND 5/31/2016	\$ 5,107,472	\$ 898,177,820	\$ 32,301,965	\$ 865,875,855	0.5899%
5	3-YR AVERAGE OF NET WRITE OFF RATE					<u>0.5140%</u>
6						
7	TEST PERIOD REVENUES		\$ 895,472,599	\$ 37,980,142	\$ 857,492,456	
8						
9						
10	PROFORMA BAD DEBT RATE				<u>0.5140%</u>	
11	PROFORMA BAD DEBTS				<u>\$ 4,407,511</u>	
12						
13	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR				<u>\$ 4,461,726</u>	
14	INCREASE (DECREASE) EXPENSE					\$ (54,215)
15						
16	INCREASE (DECREASE) FIT				35%	<u>18,975</u>
17	INCREASE (DECREASE) NOI					<u>\$ 35,240</u>

**PUGET SOUND ENERGY-GAS
INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ACTUAL	PROFORMA RESTATE	ADJUSTMENT
1	INCENTIVE / MERIT PAY			
2	PRODUCTION MANUF. GAS	\$ 7,066	\$ 6,789	\$ (277)
3	OTHER GAS SUPPLY	22,939	22,040	(899)
4	STORAGE, LNG T&G	62,068	59,628	(2,440)
5	TRANSMISSION	-	-	-
6	DISTRIBUTION	1,884,333	1,808,917	(75,416)
7	CUSTOMER ACCTS	542,498	512,936	(29,562)
8	CUSTOMER SERVICE	74,581	71,452	(3,128)
9	SALES	122	116	(5)
10	ADMIN. & GENERAL	980,493	941,485	(39,008)
11	TOTAL INCENTIVE / MERIT PAY	<u>\$ 3,574,099</u>	<u>\$ 3,423,363</u>	<u>\$ (150,736)</u>
12				
13	PAYROLL TAXES ASSOC WITH MERIT PAY	\$ 220,503	\$ 211,203	\$ (9,300)
14	INCREASE(DECREASE) EXPENSE	\$ 3,794,601	\$ 3,634,566	\$ (160,035)
15				
16	INCREASE(DECREASE) FIT @		35%	<u>56,012</u>
17	INCREASE(DECREASE) NOI			<u><u>\$ 104,023</u></u>

**PUGET SOUND ENERGY-GAS
DIRECTORS AND OFFICERS INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. EXPENSE	\$ 84,382	\$ 66,480	\$ (17,901)
2				
3	INCREASE (DECREASE) D&O EXPENSE			\$ (17,901)
4				
5	INCREASE (DECREASE) OPERATING EXPENSE			(17,901)
6				
7	INCREASE (DECREASE) FIT @		35%	6,265
8	INCREASE (DECREASE) NOI			<u>\$ 11,636</u>

**PUGET SOUND ENERGY-GAS
INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	INTEREST EXPENSE AT MOST CURRENT INTEREST RATE	<u>\$ 50,137</u>
2		
3	INCREASE (DECREASE) NOI	<u><u>\$ (50,137)</u></u>

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

LINE NO. DESCRIPTION	AMOUNT	
1 EXPENSES TO BE NORMALIZED:		
2		
3 ESTIMATED 2009 AND 2011 GRC EXPENSES TO BE NORMALIZED	\$ 1,040,000	
4		
5 ANNUAL NORMALIZATION (LINE 3 ÷ 2 YEARS)	520,000	
6 LESS TEST YEAR EXPENSE	<u>88,281</u>	
7		
8 INCREASE (DECREASE) EXPENSE	\$ 431,719	<u>\$ 431,719</u>
9		
10		
11 TOTAL INCREASE (DECREASE) EXPENSE		\$ 431,719
12		
13 INCREASE(DECREASE) FIT @	35%	<u>(151,102)</u>
14 INCREASE(DECREASE) NOI		<u><u>\$ (280,617)</u></u>

**PUGET SOUND ENERGY-GAS
DEFERRED GAINS/LOSSES ON PROPERTY SALES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

	AMOUNT
1 DEFERRED GAIN RECORDED FOR UG-111049, at 12/31/2017	\$ 169,980
2 DEFERRED LOSS RECORDED FOR UG-111049, at 12/31/2017	<u>(45,289)</u>
3 TOTAL DEFERRED NET GAIN TO AMORTIZE	<u>\$ 124,691</u>
4	
5 DEFERRED GAIN PENDING APPROVAL SINCE UG-111049	\$ (92,025)
6 DEFERRED LOSS PENDING APPROVAL SINCE UG-111049	<u>316,253</u>
7 NET LOSS PENDING APPROVAL (LINE 5 + LINE 6)	<u>\$ 224,229</u>
8	
9 NET LOSS (LINE 3 + LINE 7)	\$ 348,919
10	
11 ANNUAL AMORTIZATION (LINE 9 ÷ 36 MONTHS) x 12	116,306
12	
13 AMORTIZATION OF DEFERRED NET GAIN FOR TEST YEAR	<u>\$ (45,370)</u>
14	
15 INCREASE (DECREASE) EXPENSE	\$ 161,677
16	
17 INCREASE (DECREASE) FIT @ 35%	<u>\$ (56,587)</u>
18	
19 INCREASE (DECREASE) NOI	<u><u>\$ (105,090)</u></u>

**PUGET SOUND ENERGY-GAS
PROPERTY & LIABILITY INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATE	ADJUSTMENT
1	PROPERTY INSURANCE EXPENSE	\$ 243,606	\$ 218,736	\$ (24,870)
2	LIABILITY INSURANCE EXPENSE	1,270,903	1,226,274	(44,629)
3	INCREASE(DECREASE) EXPENSE	\$ 1,514,508	\$ 1,445,009	\$ (69,499)
4				
5				
6	INCREASE (DECREASE) FIT @	35%		24,325
7	INCREASE (DECREASE) NOI			<u>\$ 45,174</u>

**PUGET SOUND ENERGY-GAS
PENSION PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 2,950,666	\$ 3,830,806	\$ 880,140
2	INCREASE(DECREASE) EXPENSE	\$ 2,950,666	\$ 3,830,806	\$ 880,140
3				
4	INCREASE(DECREASE) OPERATING EXPENSE (LINE 2)			\$ 880,140
5	INCREASE (DECREASE) FIT @	35%		(308,049)
6	INCREASE (DECREASE) NOI			\$ (572,091)

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

LINE NO.	DESCRIPTION	TEST YEAR	RATE YEAR	ADJUSTMENT
1	WAGES:			
2	PRODUCTION MANUF. GAS	\$ 98,067	\$ 100,993	\$ 2,926
3	OTHER GAS SUPPLY	318,407	327,922	9,515
4	STORAGE, LNG T&G	861,493	887,146	25,653
5	TRANSMISSION	-	-	-
6	DISTRIBUTION	26,154,849	26,912,646	757,798
7	CUSTOMER ACCTS	7,529,966	7,631,378	101,412
8	CUSTOMER SERVICE	1,035,197	1,063,037	27,840
9	SALES	1,679	1,729	50
10	ADMIN. & GENERAL	13,609,380	14,007,221	397,841
11	TOTAL WAGE INCREASE	<u>\$ 49,609,038</u>	<u>\$ 50,932,073</u>	<u>\$ 1,323,035</u>
12				
13	PAYROLL TAXES	<u>\$ 4,455,803</u>	<u>\$ 4,528,782</u>	<u>\$ 72,979</u>
14	TOTAL WAGES & TAXES	<u>\$ 54,064,840</u>	<u>\$ 55,460,855</u>	<u>\$ 1,396,014</u>
15				
16	INCREASE (DECREASE) OPERATING EXPENSE			\$ 1,396,014
17	INCREASE (DECREASE) FIT @ 35%			<u>(488,605)</u>
18	INCREASE (DECREASE) NOI			<u><u>\$ (907,409)</u></u>

**PUGET SOUND ENERGY-GAS
INVESTMENT PLAN
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION		AMOUNT
1	<u>NON-UNION (INC. EXECUTIVES)</u>		
2	INVESTMENT PLAN APPLICABLE TO MANAGEMENT		\$3,612,889
3	RATE YEAR NON-UNION WAGE INCREASE	2.98%	<u>107,664</u>
4	TOTAL COMPANY CONTRIBUTION FOR MANAGEMENT		\$3,720,553
5			
6	<u>IBEW</u>		
7	INVESTMENT PLAN APPLICABLE TO IBEW		\$1,319,813
8	RATE YEAR IBEW WAGE INCREASE	0.69%	<u>9,074</u>
9	TOTAL COMPANY CONTRIBUTION FOR IBEW		\$1,328,886
10			
11	<u>UA</u>		
12	INVESTMENT PLAN APPLICABLE TO UA		\$489,151
13	RATE YEAR UA WAGE INCREASE	3.00%	<u>14,675</u>
14	TOTAL COMPANY CONTRIBUTION FOR UA		<u>\$503,825</u>
15			
16	<u>TOTAL</u>		
17	TOTAL PROFORMA COSTS (LN 4 + LN 9 + LN 14 + LN 19)		\$5,553,265
18	PRO FORMA COSTS APPLICABLE TO OPERATIONS	55%	3,035,366
19	FOR TEST YEAR 9/30/16		<u>2,963,537</u>
20	INCREASE (DECREASE) EXPENSE		\$71,829
21			
22	INCREASE (DECREASE) FIT @	35%	<u>(25,140)</u>
23	INCREASE (DECREASE) NOI		<u><u>(\$46,689)</u></u>

**PUGET SOUND ENERGY-GAS
EMPLOYEE INSURANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>BENEFIT CONTRIBUTION:</u>	
2	NON-UNION EMPLOYEES	\$ 7,372,992
3	UNION EMPLOYEES	4,441,873
4	RESTATED INSURANCE COSTS	<u>\$ 11,814,865</u>
5		
6	APPLICABLE TO OPERATIONS @ 54.66%	\$ 6,457,901
7	CHARGED TO EXPENSE DURING TEST YEAR	<u>6,367,469</u>
8	INCREASE(DECREASE) EXPENSE	\$ 90,433
9		
10	INCREASE(DECREASE) FIT @ 35%	<u>(31,651)</u>
11		
12	INCREASE(DECREASE) NOI	<u><u>\$ (58,781)</u></u>

**PUGET SOUND ENERGY-GAS
ENVIRONMENTAL REMEDIATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	AMOUNT
1	<u>GAS ENVIRONMENTAL REMEDIATION</u>	
2		
3	DEFERRED COSTS NET OF SITE SPECIFIC RECOVERIES AS OF SEPTEMBER 30, 2016	\$ 72,192,483
4	ANNUAL AMORTIZATION (LINE 3 ÷ 5 YEARS)	\$ 14,438,497
5		
6	<u>INSURANCE PROCEEDS & THIRD PARTIES PAYMENTS</u>	
7		
8	SHARE OF DEFERRED UNASSIGNED RECOVERIES AS OF SEPTEMBER 30, 2016	\$ (29,176,116)
9	ANNUAL AMORTIZATION (LINE 8 ÷ 5 YEARS)	\$ (5,835,223)
10		
11	TOTAL RATE YEAR AMORTIZATION GAS ENVIRONMENTAL (LINE 4 + LINE 9)	<u>\$ 8,603,274</u>
12		
13	INCREASE (DECREASE) FIT @ 35% (LINE 11 X 35%)	35% <u>(3,011,146)</u>
14		
15	INCREASE (DECREASE) NOI	<u>\$ (5,592,128)</u>

**PUGET SOUND ENERGY-GAS
PAYMENT PROCESSING COSTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	<u>NEW SERVICE AGREEMENT</u>			
2	CUST REC & COLLECTION EXPENSE	\$ 755,449	\$ 602,573	\$ (152,876)
3	INCREASE (DECREASE) IN EXPENSE	\$ 755,449	\$ 602,573	\$ (152,876)
4				
5				
6	<u>DOCKET UE-160203 & UG-160204 CREDIT CARD FEES</u>			
7	EXPECTED RATE YEAR LEVEL OF FEES	\$ -	\$ 1,784,914	\$ 1,784,914
8	AMORTIZATION OF DEFERRAL	-	<i>597,372</i>	<i>597,372</i>
9	INCREASE (DECREASE) IN EXPENSE	\$ -	<i>\$ 2,382,286</i>	<i>\$ 2,382,286</i>
10				
11	INCREASE(DECREASE) OPERATING EXPENSE (LINES 3 & 9)			<i>\$ 2,229,410</i>
12				
13	INCREASE (DECREASE) FIT @		35%	<i>(780,294)</i>
14				
15	INCREASE (DECREASE) NOI			<i>\$ (1,449,117)</i>

**PUGET SOUND ENERGY-GAS
SOUTH KING SERVICE CENTER
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	<u>SOUTH KING SERVICE CENTER RATEBASE (AMA)</u>			
2	<u>UTILITY PLANT RATEBASE</u>			
3	PLANT BALANCE BUILDING PURCHASE	\$ 1,253,529	\$ 10,065,787	\$ 8,812,259
4	PIANT BALANCE -LEASEHOLD IMPROVEMENTS	1,121,972	-	(1,121,972)
5	ACCUMULATED DEPRECIATION ON BLG PURCH	(20,067)	(585,832)	(565,765)
6	ACC DEPR-NEW BLG-PORION INC IN DEPR STUDY	15,174	-	(15,174)
7	ACCUMULATED AMORT ON LEASEHOLD	(531,419)	-	531,419
8	DEFERRED FIT	6,619	138,652	132,033
9	DEF TAX LIAB-PORT INC IN DEPR STUDY	(2,317)	-	2,317
10	NET SOUTH KING RATEBASE	<u>\$ 1,843,492</u>	<u>\$ 9,618,607</u>	<u>\$ 7,775,116</u>
11				
12	<u>OPERATING EXPENSE</u>			
13	RENT	\$ 177,706	\$ -	\$ (177,706)
14	DEPRECIATION EXPENSE	25,548	49,830	24,282
15	DEPR EXP-PORION INC DEP STUDY ADJ	(19,319)	-	19,319
16	LEASEHOLD AMORT. EXPENSE EXPENSES	192,123	-	(192,123)
17	INCREASE (DECREASE) EXPENSE	<u>\$ 376,058</u>	<u>\$ 49,830</u>	<u>\$ (326,228)</u>
18				
19	INCREASE (DECREASE) FIT @		35%	114,180
20				
21	INCREASE (DECREASE) NOI			<u>\$ 212,048</u>

**PUGET SOUND ENERGY-GAS
FILING FEE AND EXCISE TAX
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	EXCISE TAXES	\$ 33,506,394	\$ 33,499,604	\$ (6,790)
2	WUTC FILING FEE	1,759,698	1,714,935	(44,763)
3	INCREASE(DECREASE) EXCISE AND WUTC FILING FEE	\$ 35,266,092	\$ 35,214,539	\$ (51,553)
4				
5	INCREASE(DECREASE) OPERATING EXPENSE			\$ (51,553)
6	INCREASE(DECREASE) FIT @	35%		18,044
7	INCREASE(DECREASE) NOI			<u>\$ 33,509</u>

**PUGET SOUND ENERGY-GAS
WORKING CAPITAL ADJUSTMENT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	DJUSTMEN
1	UPDATE WORKING CAPITAL			
2	ALLOWANCE FOR WORKING CAPITAL	77,640,607	87,525,210	9,884,603
3	TOTAL RATE BASE			