



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

March 31, 2015

Filed Via Web Portal and Overnight Courier

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

RE: Gas Accounting Report Pursuant to WAC 480-90-257

Dear Mr. King:

Enclosed are an original and two copies of Puget Sound Energy, Inc.'s ("PSE's") Gas Commission Basis Reports showing the Restated Results of Operations for the twelve-month period ended December 31, 2014. Electronic workpapers supporting this report have been submitted separately to Commission Staff and are available upon request. This report was prepared following the requirements of WAC 480-90-257 and therefore this report does not necessarily reflect all adjustments that PSE would submit in a rate filing. Additionally, there are no pro-forma adjustments made in this report in accordance with WAC 480-90-257.

The results show a normalized overall rate of return of 7.87% and a return on actual common equity of 9.71%, compared with PSE's authorized rate of return of 7.77% overall and 9.80% on common equity. Pursuant to Paragraph 245 of Order 07 in UE-130137 and UG-130138 and UE-121697 and UG-121705 ("Order 07"), an earnings sharing test exists that provides for equal sharing between PSE and its customers of any earnings that exceed the Company's adjusted overall rate of return of 7.77 percent. The ten basis points that PSE earned above its authorized return equates to \$1,305,895 in earnings sharing. An earnings rebate in this amount has been included in the Schedule 142 filing made concurrent with this filing.

This report is being filed on March 31, 2015 pursuant to Order 07. In an August 28, 2014 recessed open meeting related to these dockets, the Commissioner's expressed the desire for PSE to provide additional information reflecting the impacts in its periodic Commission Basis Reports. Accordingly, and in

compliance with paragraphs 211 and 215 of Order 07, also enclosed is an analysis and write-up associated with PSE's O&M costs for the reporting period.

If you have any questions, please feel free to call me at (425) 456-2105.

Sincerely,

A handwritten signature in cursive script that reads "Susan E. Free". The signature is written in black ink and is positioned above the printed name.

Susan E. Free
Manager of Revenue Requirement

Enclosures

**Gas Commission Basis Report Cover Letter
December 31, 2014**

Page 1.01

		<u>Adjusted Results of Operations</u>	<u>Earnings Sharing</u>	<u>After Earnings Sharing</u>
Restated Net Operating Income	a	\$ 131,799,123	\$ (811,398)	\$ 130,987,725
Restated Rate Base	b	\$ 1,675,371,023	\$ -	\$ 1,675,371,023
Normalized Overall Rate of Return	c=a/b	7.87%	-0.05%	7.82%
Restated Net Operating Income	d=a	\$ 131,799,123	\$ (811,398)	\$ 130,987,725
Restated Interest Expense	e	\$ 53,444,336		\$ 53,444,336
Restated NOI less Restated Interest Exp	f=d-e	\$ 78,354,788	\$ (811,398)	\$ 77,543,390
Restated Rate Base	g=b	\$ 1,675,371,023	\$ -	\$ 1,675,371,023
Actual Equity Percent	h	48.18%		48.18%
Equity Rate Base	i=g*h	\$ 807,193,759	\$ -	\$ 807,193,759
Restated Return on Actual Equity	j=f/i	9.71%	-0.10%	9.61%

PUGET SOUND ENERGY, INC.

Utility Capital Structure
 Cost of Capital and Rate of Return
 For The 12 Months Ending June 30, 2014

1	(A)	(B)	(C)	(D)	(E)
2					
3					Weighted
4					Cost of
5	<u>Description</u>	<u>Amount (i)</u>	<u>Ratio</u>	<u>Cost</u>	<u>Capital</u>
6					
7	Short Term Debt	\$53,168,409	0.72%	5.46%	0.04% (A)
8					
9	Long Term Debt	\$3,760,846,609	51.09%	6.16%	3.15% (A)
12					
13	Common Stock	<u>\$3,546,722,659</u>	<u>48.18%</u>	9.80%	<u>4.72%</u>
14					
16	Total	<u>\$7,360,737,677</u>	<u>100.00%</u>		<u>7.91%</u>
18					
19					
21	(i) - Average of Month-End Balances			Total (A)	3.19%

Puget Sound Energy

Gas Earnings Test

Line No.	Description (a)	Calculation (b)	Source (c)
1	Restated Rate Base	\$ 1,675,371,023	Commission basis report pg 1.01 line b
2	Threshold (Compounded)	7.770%	(Source: UE130137/UG130138)
3	Maximum Net Operating Income	\$ 130,176,328	line 1 x line 2
4	Restated Net Operating Income	\$ 131,799,123	7.867% Commission basis report pg 1.01 line a
5	Difference	\$ 1,622,795	line 4 - line 3
6	Excess Earnings	\$ 1,622,795	Greater of zero or line 5
7	Earnings Sharing Percentage	50%	UG-121705
8	After-Tax Earnings Sharing	\$ 811,398	line 6 x line 7
9	Net to Gross Conversion Factor	0.621335	As Approved in ERF
10	Earnings Sharing for CY 2014	\$ 1,305,895	line 8 / line 9

PUGET SOUND ENERGY
PERIODIC ALLOCATED RESULTS OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER 31, 2014

(Common cost is spread based on allocation factors developed for the 12 ME12/31/2014)

	Electric	Gas	Total Amount
1 - OPERATING REVENUES:			
2 - SALES TO CUSTOMERS	\$ 1,964,602,691	\$ 968,015,554	\$ 2,932,618,244
3 - SALES FOR RESALE-FIRM	\$ 339,509	-	339,509
4 - SALES TO OTHER UTILITIES	107,219,294	-	107,219,294
5 - OTHER OPERATING REVENUES	112,785,619	44,843,576	157,629,195
6 - TOTAL OPERATING REVENUES	\$ 2,184,947,113	\$ 1,012,859,129	\$ 3,197,806,242
7			
8 - OPERATING REVENUE DEDUCTIONS:			
9			
10 - POWER COSTS:			
11 - FUEL	\$ 263,493,430	-	\$ 263,493,430
12 - PURCHASED AND INTERCHANGED	469,874,111	458,690,776	928,564,887
13 - WHEELING	108,412,773	-	108,412,773
14 - RESIDENTIAL EXCHANGE	(129,036,285)	-	(129,036,285)
15 - TOTAL PRODUCTION EXPENSES	\$ 712,744,029	\$ 458,690,776	\$ 1,171,434,805
16			
17 - OTHER ENERGY SUPPLY EXPENSES	\$ 113,089,598	\$ 1,981,080	\$ 115,070,678
18 - TRANSMISSION EXPENSE	21,589,071	335	21,589,406
19 - DISTRIBUTION EXPENSE	84,585,141	51,905,732	136,490,873
20 - CUSTOMER ACCTS EXPENSES	59,040,948	33,604,633	92,645,581
21 - CUSTOMER SERVICE EXPENSES	19,631,794	7,976,371	27,608,164
22 - CONSERVATION AMORTIZATION	94,119,768	9,975,772	104,095,540
23 - ADMIN & GENERAL EXPENSE	109,554,529	48,525,783	158,080,313
24 - DEPRECIATION	258,772,333	112,188,311	370,960,644
25 - AMORTIZATION	45,714,686	11,788,164	57,502,851
26 - AMORTIZ OF PROPERTY LOSS	17,495,991	-	17,495,991
27 - OTHER OPERATING EXPENSES	(44,697,967)	(45,370)	(44,743,337)
28 - FAS 133	85,636,444	-	85,636,444
29 - TAXES OTHER THAN INCOME TAXES	207,478,393	102,842,763	310,321,157
30 - INCOME TAXES	-	-	-
31 - DEFERRED INCOME TAXES	114,495,183	61,510,614	176,005,797
32 - TOTAL OPERATING REV. DEDUCT.	\$ 1,899,249,941	\$ 900,944,965	\$ 2,800,194,905
NET OPERATING INCOME	\$ 285,697,172	\$ 111,914,164	\$ 397,611,337

**PUGET SOUND ENERGY
BALANCE SHEET
COMMISSION BASIS REPORT
As of December 31, 2014**

FERC Account and Description	Dec-14	Dec-14 AMA
*ASSETS		
**UTILITY PLANT		
***Electric Plant		
101 Electric Plant in Service	8,897,593,086	8,797,594,643
102 Electric Plant Purchased or Sold	-	-
105 Electric Plant Held for Future Use	49,527,245	44,516,562
106 Comp.Construction Not Classfd.-Electric	29,753,961	45,293,581
107 Construction Work in Prog. - Electric	176,992,359	218,552,401
114 Electric Plant Acquisition Adjustments	282,791,675	282,791,675
***Total Electric Plant	9,436,658,327	9,388,748,862
***Gas Plant		
101 Gas Plant in Service	3,176,765,514	3,095,819,962
105 Gas Plant Held for Future Use	5,621,110	5,301,371
106 Comp. Construction Not Classfd.- Gas	43,849,698	45,162,680
107 Construction Work in Progress - Gas	47,926,656	52,259,011
117.3 Gas Strd.in Resvr.& Pipln.-Noncurr.	8,654,564	8,654,564
***Total Gas Plant	3,282,817,542	3,207,197,588
***Common Plant		
101 Plant in Service - Common	470,683,608	474,229,374
101.1 Property Under Capital Leases	9,472,609	13,261,653
106 Comp Construction Not Classified - Common	4,080,243	1,268,626
107 Construction Work in Progress - Common	28,605,826	21,115,497
***Total Common Plant	512,842,286	509,875,150
***Accumulated Depreciation and Amortization		
108 Accumulated Provision for Depreciation	(4,541,243,301)	(4,453,132,669)
111 Accumulated Provision for Amortization	(120,641,076)	(120,405,636)
115 Accm.Prv.for Amort.of Plant Acquis.Adj.	(100,883,606)	(95,521,057)
***Less: Accumulated Depr and Amortizat	(4,762,767,983)	(4,669,059,362)
**NET UTILITY PLANT	8,469,550,173	8,436,762,238
**OTHER PROPERTY AND INVESTMENTS		
***Other Investments		
121 Nonutility Property	5,141,276	5,045,858
122 Accm.Prov.for Depr.& Amort.Non-utility P	(397,105)	(398,441)
123.1 Investment in Subsidiary Companies	29,865,407	35,947,434
124 Other Investments	53,230,149	53,075,385
***Total Other Investments	87,839,727	93,670,235
**TOTAL OTHER PROPERTY AND INVESTMENT	87,839,727	93,670,235
**CURRENT ASSETS		
***Cash		
131 Cash	31,703,689	23,085,133
134 Other Special Deposits	32,775,117	39,880,184
135 Working Funds	3,826,953	3,540,138
136 Temporary Cash Investments	-	21,250,000
***Total Cash	68,305,760	87,755,455
***Restricted Cash	-	-

**PUGET SOUND ENERGY
BALANCE SHEET
COMMISSION BASIS REPORT
As of December 31, 2014**

FERC Account and Description	Dec-14	Dec-14 AMA
***Total Restricted Cash	-	-
***Accounts Receivable		
141 Notes Receivable	835,576	756,391
142 Customer Accounts Receivable	191,448,383	193,631,831
143 Other Accounts Receivable	85,075,078	112,232,042
146 Accounts Receiv.from Assoc. Companies	440,712	583,785
171 Interest and Dividends Receivable	-	-
173 Accrued Utility Revenues	168,038,918	153,037,440
185 Temporary Facilities	19,301	32,473
191 Unrecovered Purchased Gas Costs	21,073,055	12,732,877
***Total Accounts Receivable	466,931,024	473,006,839
***Allowance for Doubtful Accounts		
144 Accm.Prov.for Uncollectible Accts-Credit	(7,471,996)	(9,099,866)
***Less: Allowance for Doubtful Accounts	(7,471,996)	(9,099,866)
***Materials and Supplies		
151 Fuel Stock	19,977,277	19,520,401
154 Plant Materials and Operating Supplies	78,056,744	79,305,844
156 Other Materials and Supplies	34,476	110,446
163 Stores Expense Undistributed	34,267	1,428
164.1 Gas Stored - Current	5,098,269	5,328,938
164.2 Liquefied Natural Gas Stored	46,008,944	38,256,645
***Total Materials and Supplies	635,209	601,637
***Unrealized Gain-Derivative Instrumnts (ST)		
175 Invest in Derivative Instrumnts -Opt ST	21,178,262	37,781,360
176 Invest in Derivative Instrumnts-Gain ST	-	-
***Unrealized Gain on Derivatives (ST)	21,178,262	37,781,360
***Prepayments and Other Current Assets		
165 Prepayments	20,889,009	18,512,196
174 Misc.Current and Accrued Assets	-	4,646,598
186 Miscellaneous Deferred Debits	(4,339)	2,741
***Total Prepayments & Othr.Curr.Assets	20,884,670	23,161,535
Current Deferred Taxes		
Total Current Deferred Taxes	654,528,779	515,001,544
***TOTAL CURRENT ASSETS	1,374,201,685	1,270,732,204
**LONG-TERM ASSETS		
128 Pension Assets	20,163,080	63,302,440
165 Long-Term Prepaid	4,681,598	5,419,776
175 Invest in Derivative Instrumnts -Opt LT	3,170,484	8,295,322
176 Invest in Derivative Instrumnts-Gain LT	-	-
181 Unamortized Debt Expense	28,687,998	29,994,819
182.1 Extraordinary Property Losses	118,823,666	110,391,124
182.2 Unrecovered Plant & Reg Study Costs	15,534,174	4,180,722
Subtotal WUTC AFUDC	53,708,794	54,670,942
182.3 Other Regulatory Assets	554,564,175	561,920,932
183 Prelm. Survey and Investigation Charges	200,491	115,021
184 Clearing Accounts	-	(694,273)

**PUGET SOUND ENERGY
BALANCE SHEET
COMMISSION BASIS REPORT
As of December 31, 2014**

FERC Account and Description	Dec-14	Dec-14 AMA
186 Miscellaneous Deferred Debits	247,078,535	167,701,212
187 Def.Losses from Dispos.of Utility Plant	514,431	388,802
189 Unamortized Loss on Reacquired Debt	35,667,413	36,799,705
**TOTAL LONG-TERM ASSETS	<u>1,082,794,839</u>	<u>1,042,486,543</u>
*TOTAL ASSETS	\$ 11,014,386,423	\$ 10,843,651,220
*CAPITALIZATION AND LIABILITIES		
**CURRENT LIABILITIES		
230 Asset Retirement Obligations	(2,185,752)	(2,439,945)
244 FAS 133 Opt Unrealized Loss ST	(134,917,899)	(33,444,612)
245 FAS 133 Unrealized Loss ST	(1,055,163)	(2,005,976)
231 Notes Payable	(85,000,000)	(24,041,667)
232 Accounts Payable	(309,921,826)	(271,883,919)
233 Notes Payable to Associated Companies	(28,932,785)	(29,126,744)
234 Accounts Payable to Asscted Companies	-	-
235 Customer Deposits	(24,677,803)	(25,777,603)
236 Taxes Accrued	(107,481,198)	(98,158,560)
237 Interest Accrued	(55,345,644)	(59,912,857)
238 Dividends Declared	-	-
241 Tax Collections Payable	(1,602,518)	(2,254,901)
242 Misc. Current and Accrued Liabilities	(19,310,897)	(26,301,534)
243 Obligations Under Cap.Leases - Current	(7,578,088)	(7,578,088)
**TOTAL CURRENT LIABILITIES	<u>(778,009,572)</u>	<u>(582,926,405)</u>
**DEFERRED TAXES		
***Reg. Liability for Def.Income Tax		
283 Accum.Deferred Income Taxes - Other	(94,351,521)	(143,025,763)
***Total Reg.Liab.for Def.Income Tax	<u>(94,351,521)</u>	<u>(143,025,763)</u>
***Deferred Income Tax		
255 Accum.Deferred Investment Tax Credits	-	(0)
282 Accum. Def. Income Taxes - Other Prop.	(1,729,060,789)	(1,653,086,175)
283 Accum.Deferred Income Taxes - Other	(274,085,231)	(227,608,252)
***Total Deferred Income Tax	<u>(2,003,146,020)</u>	<u>(1,880,694,427)</u>
**TOTAL DEFERRED TAXES	(2,097,497,541)	(2,023,720,190)
**OTHER DEFERRED CREDITS		
Subtotal 227 Oblig Under Cap Lease - Noncurr	(1,894,521)	(5,683,565)
Total Unrealized Loss on Derivatives -LT	(60,062,562)	(24,785,036)
228.2 Accum. Prov.for Injuries and Damages	(1,080,000)	(1,030,833)
228.3 Pension and Post Retirement Liabilities	(130,222,246)	(59,495,586)
228.4 Accum. Misc.Operating Provisions	(331,913,968)	(296,698,538)
229 Accum Provision for Rate Refunds	-	-
230 Asset Retirement Obligations (FAS 143)	(46,723,420)	(46,450,273)
252 Customer Advances for Construction	(59,178,236)	(61,748,429)
253 Other Deferred Credits	(330,906,907)	(391,558,701)
254 Other Regulatory Liabilities	(136,458,810)	(151,111,664)
256 Def. Gains from Dispos.of Utility Plt	(863,174)	(960,379)
257 Unamortized Gain on Reacquired Debt	-	-
**TOTAL OTHER DEFERRED CREDITS	<u>(1,099,303,843)</u>	<u>(1,039,523,004)</u>

**PUGET SOUND ENERGY
BALANCE SHEET
COMMISSION BASIS REPORT
As of December 31, 2014**

FERC Account and Description	Dec-14	Dec-14 AMA
**CAPITALIZATION		
***SHAREHOLDER'S EQUITY		
****Common Equity		
201 Common Stock Issued	(859,038)	(859,038)
207 Premium on Capital Stock	(478,145,250)	(478,145,250)
210 Gain on Resale/Cancel.of Reacq.Cap.Stk	(2,775,196,691)	(2,775,196,691)
214 Capital Stock Expense	7,133,879	7,133,879
215 Appropriated Retained Earnings	(11,888,577)	(11,441,895)
216 Unappropriated Retained Earnings	(298,020,051)	(294,670,046)
216.1 Unappr.Undistrib.Subsidiary Earnings	14,632,037	8,550,011
219 Other Comprehensive Income	170,956,349	94,719,303
433 Balance Transferred from Income	(236,613,919)	(171,562,257)
438 Dividends Declared - Common Stock	323,424,044	178,988,362
439 Adjustments to Retained Earnings	5,848,610	5,848,610
****Total Common Equity	<u>(3,278,728,607)</u>	<u>(3,436,635,012)</u>
***TOTAL SHAREHOLDER'S EQUITY	(3,278,728,607)	(3,436,635,012)
***REDEEMABLE SECURITIES AND LONG-TERM DEBT		
****Preferred Stock - Manditorily Redeemable	-	-
****Total Preferred Stock - Mand Redeem	-	-
****Corporation Obligated, Mand Redeemable Preferred Stock Subscribed	-	-
****Corporation Obligated, Mand Redeem	-	-
****Long-term Debt		
221 Junior Subordinated Debt	(250,000,000)	(250,000,000)
221 Bonds	(3,510,860,000)	(3,510,860,000)
226 Unamort.Disct. on Long-term Debt-Debit	13,140	13,391
Long-term Debt	<u>(3,760,846,860)</u>	<u>(3,760,846,609)</u>
****Long-term Debt	(3,760,846,860)	(3,760,846,609)
***REDEEMABLE SECURITIES AND LTD	(3,760,846,860)	(3,760,846,609)
**TOTAL CAPITALIZATION	(7,039,575,468)	(7,197,481,621)
*TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ (11,014,386,423)</u>	<u>\$ (10,843,651,220)</u>

**Puget Sound Energy
Gas Rate Base
As of December 31, 2014**

Electric
Gas

Line No.	Description	AMA 12/31/14
1	Gas Utility Plant in Service	3,136,650,865
2	Common Plant-Allocation to Gas	147,432,259
3	Gas Stored Underground - Non current	8,654,564
4	Total Plant in Service and Other Assets	<u>3,292,737,688</u>
5	Accumulated Provision for Depreciation	(1,160,567,088)
7	Common Accumulated Depreciation-Allocation to Gas	(57,212,392)
8	Customer Advances for Construction	(22,057,649)
9	Contributions in Aid of Construction - Accum. Def. FIT.	-
10	Liberalized Depreciation Total Accum. Def. FIT - Liberalize	(461,380,912)
11	NOL Carryforward	30,703,995
12	Customer Deposits	(7,294,377)
12	Accumulated Depreciation and Other Liabilities	<u>(1,677,808,423)</u>
13	Net Operating Investment	1,614,929,265
14	Allowance for Working Capital	<u>60,441,758</u>
15	Total Gas Rate Base	<u><u>1,675,371,023</u></u>

Puget Sound Energy
Commission Basis Report
Combined Working Capital
December 31, 2014

Page 2.04

Line No.	Description	AMA 12/31/2014
1	Average Invested Capital	
2	Common Stock	\$ 859,038
3	Preferred Stock	-
4	Additional Paid in Capital	3,245,716,487
5	Unamortized Debt Expense	(28,453,885)
6	Unappropriated Retained Earnings	291,105,138
7	Notes Payable - Misc	-
8	Long Term Debt	3,760,846,609
9	Short Term Debt	53,168,410
10	Accumulated Deferred ITC	-
11	Treasury Grants	192,696,823
12	Deferred Debits-Other	(73,966)
13	Unamortized Gain/Loss on Debt	(36,799,705)
14	Total Average Invested Capital	7,479,064,949
15		
16	Average Operating Investments - Electric	
17		
18	Plant in Service (includes acquisition adj)	9,086,841,739
19	Electric Future Use Property	44,516,562
20	Customer Advances for Construction	(40,315,571)
21	Customer Deposits	(18,482,727)
22	Deferred Taxes	(979,996,489)
23	Deferred Debits/Credits - Other	210,015,004
24	Less: Accumulated Depreciation	(3,326,576,878)
25	Conservation Investment	(75,419,693)
26	Common Plant-Allocation to Electric	321,350,759
27	Common Accum Depr-Allocation to Electric	(124,703,004)
28	Common Deferred Taxes-Allocation to Electric	(25,632,682)
29	NOL Carryforward	98,110,497
30	Total Average Operating Investment - Electric	5,169,707,517
31		
32	Average Operating Investments - Gas	
33		
34	Gas Utility Plant in Service	3,136,650,865
35	Deferred Items - Other	19,707,375
36	Gas Stored Underground, Non-Current	8,654,564
37	Gas Accumulated Depreciation	(1,160,567,088)
38	Gas Customer Advances for Construction	(22,057,649)
39	Gas Customer Deposits	(7,294,377)
40	DFIT 17	(454,034,734)
41	PGA	12,732,877
42	Common Plant-Allocation to Gas	147,432,259
43	Common Accumulated Depreciation-Allocation to Gas	(57,212,392)
44	Common Deferred Tax	(11,759,998)
45	NOL Carryforward	30,703,995
46	Total Average Operating Investment - Gas	1,642,955,697
47		
48	Total Electric & Gas Operating Investment	6,812,663,214
49		
50	Construction Work in Progress	
51		

Line No.	Description	AMA 12/31/2014
52	Elec Construction Work in Process	233,027,074
53	Gas Construction Work in Process	58,899,835
54	Other Work in Process	1,634,167
55	Electric Preliminary Surveys	115,021
56	Total Construction Work in Progress	293,676,097
57		
58	Nonoperating	
59		
60	Non-Utility Property	4,647,416
61	Investment in Associated Companies	30,847,653
62	Other Investments & FAS 133	52,803,110
63	Deferred Items-Other	166,357,286
64	Deferred Federal Income Tax	(142,800,294)
65	Investment Tracking Funds	5,843,725
66	Environmental Receivables	-
67	Current Accounts - Gas Allocation only	-
68	Merchandising Inventory - Gas Only	67,143
69	Total Non Operatting Investment	117,766,039
70		
71	Total CWIP & Nonoperating Investment	411,442,136
72		
73	Total Average Investments	7,224,105,350
74	Rounding	
75	Total Investor Supplied Capital	\$ 254,959,599
Allocation of Working Capital		
Electric Working Capital		
	Total Investment	\$ 7,224,105,350
	Less: Electric CWIP	\$ (233,027,074)
	Less: Gas	\$ (58,899,835)
	Interest Bearing Regulatory Assets	
	Other Work in Progress	(1,634,167)
	Preliminary Surveys	(115,021)
	Total	6,930,429,253
	Electric Working Capital Ratio	3.6788%
	Electric Working Capital	\$ 190,185,414
Gas Working Capital		
	Total Investment	7,224,105,350
	Less: Electric CWIP	(233,027,074)
	Less: Gas CWIP	(58,899,835)
	Interest Bearing Regulatory Assets	
	Other Work in Progress	(1,634,167)
	Preliminary Surveys	(115,021)
	Total	6,930,429,253
	Gas Working Capital Ratio	3.6788%
	Gas Working Capital	\$ 60,441,758
	Non Operating Working Capital	\$ 4,332,427

PUGET SOUND ENERGY-ELECTRIC & GAS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
ALLOCATION METHODS

<u>Method</u>	<u>Description</u>		<u>Electric</u>	<u>Gas</u>	<u>Total</u>
1	* <u>12 Month Average Number of Customers</u>	12/31/2014	1,091,517	784,612	1,876,129
	Percent		58.18%	41.82%	100.00%
2	* <u>Joint Meter Reading Customers</u>	12/31/2014	740,273	448,567	1,188,840
	Percent		62.27%	37.73%	100.00%
3	* <u>Non-Production Plant</u>				
	Distribution	12/31/2014	3,278,842,368	3,032,182,241	\$ 6,311,024,609
	Transmission	12/31/2014	1,306,458,064	-	1,306,458,064
	Direct General Plant	12/31/2014	207,011,382	32,663,137	239,674,519
	Total		\$ 4,792,311,814	\$ 3,064,845,378	\$ 7,857,157,192
	Percent		60.99%	39.01%	100.00%
4	* <u>4-Factor Allocator</u>				
	Number of Customers	12/31/2014	1,091,517	784,612	1,876,129
	Percent		58.18%	41.82%	100.00%
	Labor - Direct Charge to O&M	12/31/2014	51,462,988	21,989,432	\$ 73,452,420
	Percent		70.06%	29.94%	100.00%
	T&D O&M Expense (Less Labor)	12/31/2014	71,941,935	27,897,147	\$ 99,839,083
	Percent		72.06%	27.94%	100.00%
	Net Classified Plant (Excluding General (Common) Plant)	12/31/2014	5,454,343,425	1,925,619,727	7,379,963,152
	Percent		73.91%	26.09%	100.00%
	Total Percentages		274.21%	125.79%	400.00%
	Percent		68.55%	31.45%	100.00%
5	* <u>Employee Benefits</u>				
	Direct Labor Accts 500-935	12/31/2014	57,273,702	25,032,080	82,305,781
	Total		\$ 57,273,702	\$ 25,032,080	\$ 82,305,781
	Percent		69.59%	30.41%	100.00%

Summary-1

**PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 921,613,656	\$ (28,989,367)	\$ 892,624,289
3	44,194,224	(44,194,224)	-
4	47,051,249	(4,850,581)	42,200,668
5	\$ 1,012,859,129	\$ (78,034,172)	\$ 934,824,957
6			
7			
8	<u>OPERATING REVENUE DEDUCTIONS:</u>		
9			
10	<u>GAS COSTS:</u>		
11			
12	\$ 458,690,776	\$ 944,471	\$ 459,635,247
13			
14	\$ 458,690,776	\$ 944,471	\$ 459,635,247
15			
16	\$ 1,981,080	\$ (93,973)	\$ 1,887,107
17	335	-	335
18	51,905,732	-	51,905,732
19	33,604,633	(1,973,296)	31,631,337
20	7,976,371	(4,948,689)	3,027,682
21	9,975,772	(9,975,772)	-
22	48,525,783	335,940	48,861,723
23	112,188,311	0	112,188,311
24	11,788,164	-	11,788,164
25	-	-	-
26	(45,370)	-	(45,370)
27	102,842,763	(64,419,204)	38,423,560
28	-	4,484,682	4,484,682
29	61,510,614	(22,273,289)	39,237,325
30	\$ 442,254,189	\$ (98,863,602)	\$ 343,390,587
31			
32	\$ 111,914,164	\$ 19,884,959	\$ 131,799,123
33			
34	\$ 1,675,371,023	\$ 0	\$ 1,675,371,023
35			
36	6.68%		7.87%
37			
38	<u>RATE BASE:</u>		
39	\$ 3,292,737,688	-	\$ 3,292,737,688
40	(1,217,779,480)	-	(1,217,779,480)
41	(461,380,912)	-	(461,380,912)
42	1,351,969	-	1,351,969
43	\$ 1,614,929,265	-	\$ 1,614,929,265
44	60,441,758	-	60,441,758
45	\$ 1,675,371,023	-	\$ 1,675,371,023

PUGET SOUND ENERGY-GAS
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12 ME December 31, 2014	TEMPERATURE NORMALIZATION Adj 3.01	REVENUE & EXPENSE Adj 3.02	FEDERAL INCOME TAX Adj 3.03	TAX BENEFIT OF RESTATEMENT Adj 3.04	PASS-THROUGH REVENUE & EXPENSE Adj 3.05	RATE CASE EXPENSES Adj 3.06	BAD DEBITS Adj 3.07
1	OPERATING REVENUES							
2	SALES TO CUSTOMERS	921,613,656	2,744,912	-	-	(31,909,654)		
3	MUNICIPAL ADDITIONS	44,194,224				(44,194,224)		
4	OTHER OPERATING REVENUES	47,051,249	(2,269,923)			(2,580,658)		
5	TOTAL OPERATING REVENUES	1,012,859,129	175,374	474,989	-	(78,684,536)		
6								
7	OPERATING REVENUE DEDUCTIONS:							
8								
9								
10	GAS COSTS:							
11								
12	PURCHASED GAS	458,690,776	-	-	-	944,471		
13								
14	TOTAL PRODUCTION EXPENSES	458,690,776	-	-	-	944,471		
15								
16	OTHER ENERGY SUPPLY EXPENSES	1,981,080	-	-	-	(93,973)		
17	TRANSMISSION EXPENSE	335						
18	DISTRIBUTION EXPENSE	51,905,732						
19	CUSTOMER ACCTS EXPENSES	33,604,633	876	2,373		(393,029)	(1,591,500)	
20	CUSTOMER SERVICE EXPENSES	7,976,371				(4,948,689)		
21	CONSERVATION AMORTIZATION	9,975,772				(9,975,772)		
22	ADMIN & GENERAL EXPENSE	48,525,783	351	950		(157,369)	520,000	
23	DEPRECIATION	112,188,311						
24	AMORTIZATION	11,788,164						
25	AMORTIZATION OF PROPERTY LOSS	-						
26	OTHER OPERATING EXPENSES	(45,370)						
27	TAXES OTHER THAN F.I.T.	102,842,763	6,722	18,205		(64,412,563,28)		
28	FEDERAL INCOME TAXES	58,599	58,599	158,711	(18,705,517)	123,336	(182,000)	557,025
29	DEFERRED INCOME TAXES	61,510,614						
30	TOTAL OPERATING REV. DEDUCT.	442,254,189	66,548	180,239	(18,705,517)	(79,858,060)	338,000	(1,034,475)
31								
32	NET OPERATING INCOME	111,914,164	108,826	294,750	18,705,517	229,053	(338,000)	1,034,475
33								
34	RATE BASE	1,675,371,023						
35								
36	RATE OF RETURN	6.68%						
37								
38	RATE BASE:							
39	UTILITY PLANT IN SERVICE AND OTHER ASSETS	3,292,737,688						
40	ACCUMULATED DEPRECIATION	(1,217,779,480)						
41	ACCUMULATED DEFERRED FIT - LIBERALIZED	(461,380,912)						
42	DEPRECIATION AND OTHER LIABILITIES	1,351,969						
43	TOTAL NET INVESTMENT	1,614,929,265						
44	ALLOWANCE FOR WORKING CAPITAL	60,441,758						
45	TOTAL RATE BASE	1,675,371,023						

**PUGET SOUND ENERGY-GAS
TEMPERATURE NORMALIZATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

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	Jan-14	22,934,189	23,557,775	623,586
5	Feb-14	23,136,115	22,783,270	(352,845)
6	Mar-14	21,570,635	22,242,723	672,088
7	Apr-14	18,924,174	19,540,692	616,518
8	May-14	14,831,313	15,890,502	1,059,189
9	Jun-14	21,536,645	21,761,611	224,966
10	Jul-14	15,952,499	15,952,499	0
11	Aug-14	16,167,667	16,167,667	0
12	Sep-14	16,454,868	16,986,321	531,453
13	Oct-14	18,273,115	19,949,263	1,676,148
14	Nov-14	21,027,459	21,156,222	128,763
15	Dec-14	23,021,507	24,662,103	1,640,596
16		<u>233,830,186</u>	<u>240,650,648</u>	<u>6,820,462</u>
17	REVENUE ADJUSTMENT:			
18				
19	TRANS. INTERRUPT WITH FIRM OPTION - COM		85T	62,711
20	TRANS. NON-EXCLUS INTER W/ FIRM OPTION - COM		87T	9,740
21	INTERRUPTIBLE WITH FIRM OPTION - COM		85	51,425
22	NON-EXCL INTERRUPT W/ FIRM OPTION - COM		87	27,635
23	SPECIAL CONTRACTS		SC	23,864
24	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ 175,374
25				
26	OPERATING EXPENSES:			
27	PURCHASED GAS COSTS			<u>0</u>
28				\$ -
29	UNCOLLECTIBLES @		0.49950%	\$ 876
30	ANNUAL FILING FEE @		0.20000%	<u>351</u>
31	INCREASE (DECREASE) EXPENSE			1,227
32				
33	STATE UTILITY TAX @		3.83280%	<u>\$ 6,722</u>
34	INCREASE (DECREASE) TAXES OTHER			<u>6,722</u>
35				
36	INCREASE (DECREASE) OPERATING INCOME			167,425
37				
38	INCREASE (DECREASE) FIT @		35%	58,599
39	INCREASE (DECREASE) NOI			<u>\$ 108,826</u>

**PUGET SOUND ENERGY-GAS
REVENUE & EXPENSE RESTATING
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2		
3	REMOVE MERGER RATE CREDIT SCH 132	\$ 2,744,912
4	Decoupling Deferral Correction - 2014	(2,321,466)
5	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 423,446
6		
7	OTHER OPERATING REVENUES:	
8		
9	REMOVE RENTALS ASSOC WITH SCH 132	\$ 51,543
10		
11	TOTAL INCREASE (DECREASE) OPERATING REVENUES	\$ 51,543
12		
13	TOTAL INCREASE (DECREASE) REVENUES	474,989
14		
15	UNCOLLECTIBLES @	0.49950% 2,373
16	ANNUAL FILING FEE @	0.20000% 950
17	INCREASE (DECREASE) EXPENSE	3,323
18		
19	STATE UTILITY TAX @	3.83280% \$ 18,205
20		
21	INCREASE (DECREASE) TAXES OTHER	18,205
22		
23	INCREASE (DECREASE) OPERATING INCOME	453,461
24	INCREASE (DECREASE) FIT @	35% 158,711
25	INCREASE (DECREASE) NOI	\$ 294,750
26		

27 (1) Adjustment relates to a correction that was booked in the 1st quarter of 2015 following the requested treatment in PSE's Petition
28 to File an Errata to Ammended Accounting Petition in UE-121697 & UG-121705 and in PSE's Schedule 142 filing
29 made March 31, 2015. The adjustment relates to 2014 activity. Therefore, under WAC 480-100-257 (2) (b),
30 PSE is making this material out-of-period adjustment to 2014 results.

Adj 3.03

**PUGET SOUND ENERGY-GAS
FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 64,153,378
2		
3	FEDERAL INCOME TAXES	
4	CURRENT FEDERAL INCOME TAXES	22,453,682
5	DEFERRED FEDERAL INCOME TAXES	39,237,325
6	DEFERED FIT-OTHER	-
7	DEFERRED FIT-INV TAX CREDIT, NET OF AMORIZATION	-
8	TOTAL RESTATED FIT	<u>61,691,007</u>
9		
10	FIT PER BOOKS	35%
11	CURRENT FIT	0
12	DEFERRED FIT-DEBIT	662,762,927
13	DEFERRED FIT-CREDIT	(601,252,310)
14	DEFERRED FIT-INV TAX CREDIT, NET OF AMORTIZATION	<u>(2)</u>
15		
16	TOTAL CHARGED TO EXPENSE	61,510,614
17	INCREASE(DECREASE) FIT	\$ 22,453,682
18	INCREASE(DECREASE) DEFERRED FIT	(22,273,291)
19	INCREASE(DECREASE) ITC	2
20	INCREASE(DECREASE) NOI	<u><u>\$ (180,393)</u></u>

Adj 3.04

**PUGET SOUND ENERGY-GAS
TAX BENEFIT OF RESTATED INTEREST
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	\$ 1,675,371,023
2		
3	NET RATE BASE	<u>\$ 1,675,371,023</u>
4		
5	WEIGHTED COST OF DEBT	<u>3.19%</u>
6	RESTATED INTEREST	\$ 53,444,336
7		
8		
9		
10	INCREASE (DECREASE) INCOME	\$ (53,444,336)
11		
12	INCREASE (DECREASE) FIT @	35% (18,705,517)
13	INCREASE (DECREASE) NOI	<u><u>\$ 18,705,517</u></u>

Adj 3.05

**PUGET SOUND ENERGY-GAS
PASS-THROUGH REVENUE & EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME RIDER - SCHEDULE 129	5,176,994
3	REMOVE CONSERVATION TRACKER - SCHEDULE 120	10,454,029
4	REMOVE PROPERTY TAX TRACKER - SCHEDULE 140	19,478,771
5	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	(989,309)
6	REMOVE CARBON OFFSET - SCHEDULE 137	101,650
7	REMOVE OTHER ASSOC WITH CARBON OFFSET - SCHEDULE 137	(3,265)
8	REMOVE DECOUPLING SCH 142 REVENUE	(2,312,482)
9	REMOVE DECOUPLING SCH 142 SURCHARGE AMORT EXPENSE	2,207,673
10	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	44,194,224
11	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	376,250
12	TOTAL (INCREASE) DECREASE REVENUES	<u>\$ 78,684,536</u>
13		
14	<u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>	
15	UNCOLLECTIBLES @ 0.004995	\$ (393,029)
16	ANNUAL FILING FEE 0.002000	(157,369)
17	STATE UTILITY TAX 0.038328	(3,015,821)
18	TOTAL	<u>\$ (3,566,219)</u>
19		
20	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
21	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	(4,948,689)
22	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(9,975,772)
23	REMOVE PROPERTY TAX AMORTIZATION EXP - SCHEDULE 140	(18,595,935)
24	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	944,471
25	REMOVE CARBON OFFSET AMORTIZATION EXP - SCHEDULE 137	(93,973)
26	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	(42,800,807)
27	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ (75,470,706)</u>
28		
29	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT	\$ 352,389
30	INCREASE (DECREASE) FIT (LINE 26 * 35%)	123,336
31	INCREASE (DECREASE) NOI	<u><u>\$ 229,053</u></u>

Adj 3.06

**PUGET SOUND ENERGY-GAS
RATE CASE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	EXPENSES TO BE NORMALIZED:	
2		
3	2011 AND 2009 GRC EXPENSES TO BE NORMALIZED	\$ 1,040,000
4		
5	ANNUAL NORMALIZATION (LINE 3 / 2)	520,000
6	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO O&M	<u>-</u>
7	INCREASE (DECREASE) EXPENSE	\$ 520,000 <u>\$ 520,000</u>
8		
9		
10	TOTAL INCREASE (DECREASE) EXPENSE	\$ 520,000
11		
12	INCREASE(DECREASE) FIT @	35% <u>(182,000)</u>
13	INCREASE(DECREASE) NOI	<u>\$ (338,000)</u>

Adj 3.07

**PUGET SOUND ENERGY-GAS
BAD DEBTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	YEAR	NET	GROSS	OTHER	NET	PERCENT
		WRITEOFFS	REVENUES	OPERATING REVENUE	REVENUES	WRITEOFFS TO REVENUE
		December	August	August	August	
1	12 ME 12/31/2010 AND 8/31/2010	\$ 5,604,856	\$ 1,017,288,587	\$ 16,117,006	\$ 1,001,171,580	0.5598%
2	12 ME 12/31/2012 AND 8/31/2012	\$ 4,956,862	\$ 1,134,406,076	\$ 13,609,006	\$ 1,120,797,070	0.4423%
3	12 ME 12/31/2013 AND 8/31/2013	\$ 4,892,400	\$ 1,001,308,155	\$ 15,716,065	\$ 985,592,090	0.4964%
4						
5	3-YR AVERAGE OF NET WRITE OFF RATE					0.4995%
6						
7	REPORTING PERIOD REVENUES		\$ 1,012,859,129	\$ 44,843,576	\$ 968,015,554	
8						
9	RESTATE BAD DEBT RATE				0.4995%	
10	RESTATE BAD DEBTS				\$ 4,835,238	
11						
12	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR				6,426,738	
13	INCREASE (DECREASE) EXPENSE					\$ (1,591,500)
14						
15	INCREASE(DECREASE) IN INCOME					\$ 1,591,500
16	INCREASE (DECREASE) FIT				35%	557,025
17	INCREASE (DECREASE) NOI					\$ 1,034,475

Adj 3.08

**PUGET SOUND ENERGY-GAS
EXCISE TAX & FILING FEE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	RESTATED EXCISE TAXES	\$ 37,685,085
2	CHARGED TO EXPENSE FOR TEST YEAR	<u>\$37,685,085</u>
3	INCREASE(DECREASE) EXCISE TAX	\$ -
4		
5	RESTATED WUTC FILING FEE	\$ 2,037,272
6	CHARGED TO EXPENSE FOR TEST YEAR	<u>2,032,635</u>
7	INCREASE(DECREASE) WUTC FILING FEE	\$ 4,637
8		
9	INCREASE(DECREASE) EXPENSE	\$ 4,637
10		
11	INCREASE(DECREASE) OPERATING INCOME	\$ (4,637)
12		
13	INCREASE(DECREASE) FIT 35%	\$ (1,623)
14		
15	INCREASE(DECREASE) NOI	<u><u>\$ (3,014)</u></u>

Adj 3.09

**PUGET SOUND ENERGY-GAS
INTEREST ON CUSTOMER DEPOSITS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE			
NO.	DESCRIPTION		AMOUNT
1	INTEREST EXPENSE FOR TEST YEAR	\$	7,985
2			
3			
4	INCREASE (DECREASE) NOI	<u>\$</u>	<u>(7,985)</u>

Adj 3.10

**PUGET SOUND ENERGY-GAS
PENSION PLAN
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 2,564,745	\$ 3,065,661	\$ 500,916
2				
3				
4	INCREASE (DECREASE) IN EXPENSE	\$ 2,564,745	\$ 3,065,661	\$ 500,916
5				
6	INCREASE (DECREASE) INCOME			(500,916)
7	INCREASE (DECREASE) FIT @		35%	(175,321)
8				
9	INCREASE (DECREASE) NOI			<u>\$ (325,595)</u>

Adj 3.11

**PUGET SOUND ENERGY-GAS
D&O INSURANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 95,939	\$ 92,664	\$ (3,275)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 95,939	\$ 92,664	\$ (3,275)
4				
5	INCREASE (DECREASE) OPERATING INCOME			3,275
6				
7	INCREASE (DECREASE) FIT @		35%	1,146
8				
9	INCREASE (DECREASE) NOI			<u>\$ 2,129</u>

Adj 3.12

**PUGET SOUND ENERGY-GAS
INJURIES AND DAMAGES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	INJURIES & DAMAGES ACCRUALS	\$ 61,095	\$ 20,625	\$ (40,470)
2	INJURIES & DAMAGES PAYMENTS IN EXCESS OF ACCRUALS	\$ 342,402	\$ 257,023	(85,379)
3	INCREASE/(DECREASE) IN EXPENSE	403,497	277,649	(125,848)
4				
5	INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 3)			\$ (125,848)
6	INCREASE (DECREASE) FIT @		35%	44,047
7				
8	INCREASE (DECREASE) NOI			<u>\$ 81,801</u>

Adj 3.13

**PUGET SOUND ENERGY-GAS
INCENTIVE PAY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	INCENTIVE/MERIT PAY			
2	TOTAL INCENTIVE PAY	\$ 3,433,259	\$ 3,028,838	\$ (404,422)
3				
4	PAYROLL TAXES ASSOC WITH MERIT PAY	\$ 267,990	\$ 236,422	(31,568)
5	INCREASE(DECREASE) EXPENSE	3,701,249	3,265,260	(435,989)
6				
7	INCREASE (DECREASE) OPERATING EXPENSE			(435,989)
8				
9	INCREASE(DECREASE) FIT @		35%	152,596
10	INCREASE(DECREASE) NOI			<u>\$ 283,393</u>

Adj 4.01

**PUGET SOUND ENERGY-GAS
CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	BAD DEBTS			0.004995
2	ANNUAL FILING FEE			0.002000
3	STATE UTILITY TAX (3.852% - (LINE 1 * 3.852%))		3.852%	0.038328
4				
5	SUM OF TAXES OTHER			0.045323
6				
7	CONVERSION FACTOR BEFORE FIT			0.954677
8	FEDERAL INCOME TAX ((1 - LINE 5) * 35%)		35%	0.334137
9	CONVERSION FACTOR (1 - (LINE 5 + LINE 7))			0.620540

UE-121697/UG-121705

UE-130137/UG-130138

Additional Information provided with Annual 2014 Commission Basis Report Compliance Filing

PSE has provided O&M cost per customer consistent with the methodology utilized in the development of the K-Factor (KJB-16). The attached analysis reflects the Commission Basis Results for the non-production O&M on a cost per customer basis for the period encompassing calendar year 2011 through calendar year 2014. As demonstrated on page one, the overall annual average increase in O&M is lower than the historical growth rate and has slowed compared to that presented in the ERF/Decoupling proceedings at 2.8% versus 3.8%.

On page three of the analysis, the electric annual growth rate is 4.4%, which is slightly below the electric historical growth rate presented in the ERF/Decoupling proceedings. On page four of the analysis, the natural gas annual growth rate is relatively flat, at 0.1% which represents a decline on a cost per customer basis compared to the 2.2% historical natural gas growth rate presented in the ERF/Decoupling proceedings.

The electric annual growth rate has not decreased more due in part to the impacts of the allocation methodology of common costs. The four-factor allocator has been trending more toward electric, primarily due to the additional production rate base added within recent years. Page fifteen of the analysis provides the allocation factors used in each of the periods presented.

Because of this shift in common costs, we have reflected the annual increases on a combined basis on page one, to better reflect the overall spending trend of the Company, which is slowed compared to the historical growth rate presented in the ERF/Decoupling proceedings. As discussed in earlier reports, as more time in the rate plan period elapses, the impacts of PSE's efficiency initiatives will be realized and continue to be reflected in lower costs per customer. PSE will continue to update this analysis in future semi-annual Commission Basis Reports.

**PUGET SOUND ENERGY
COMBINED RESULTS OF OPERATIONS
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	12ME Dec 2011	12ME Dec 2012	12ME Dec 2013	12ME Dec 2014	COMPOUND GROWTH RATE
		RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	
1	<u>COMBINED EXPENSES:</u>					
2	TRANSMISSION EXPENSE	9,530,907	19,073,045	19,383,744	21,589,406	
3	DISTRIBUTION EXPENSE	130,531,255	126,441,451	127,563,845	136,490,873	
4	CUSTOMER ACCOUNT EXPENSES	78,512,657	80,013,147	82,230,612	82,709,937	
5	CUSTOMER SERVICE EXPENSES	4,800,000	3,249,127	3,914,400	5,603,627	
6	ADMIN & GENERAL EXPENSE	142,745,361	145,172,486	154,517,147	159,194,144	
7	TOTAL EXPENSES	366,120,180	373,949,255	387,609,749	405,587,987	
8						
9	AVERAGE CUSTOMER COUNT	1,840,114	1,852,951	1,858,766	1,876,129	
10	ACTUAL COST PER CUSTOMER	\$ 198.97	\$ 201.81	\$ 208.53	\$ 216.18	CALCULATED 2.8%
11	2011 GROWN AT HISTORICAL RATE	\$ 198.97	\$ 206.45	\$ 214.22	\$ 218.25	COMBINED ERF 3.8%

Calculation of Combined Escalation Factors from ERF

Description	2006 GRC			2011 GRC		
	Electric	Gas	Combined	Electric	Gas	Combined
7 Number of years between test years				5.25	5.25	5.25
8						
9 Transmission & Distribution Expense	\$ 65,086,999	\$ 34,532,486	\$ 99,619,485	\$ 92,084,397	\$ 49,783,566	\$ 141,867,963
10 Customer Account & Services Expenses	37,706,383	25,038,278	62,744,661	49,173,646	31,704,844	80,878,490
11 Admin & General Expenses	74,379,848	41,714,840	116,094,688	99,871,160	43,995,146	143,866,305
12						
13 Total O&M	177,173,230	101,285,604	278,458,834	241,129,203	125,483,555	366,612,758
14						
15 Average Customer Count	1,004,833	678,712	1,683,546	1,075,057	750,800	1,825,856
16						
17 Average Cost per Customer	\$ 176.32	\$ 149.23	\$ 165.40	\$ 224.29	\$ 167.13	\$ 200.79
18						
19						
20 Annual Escalation Factor				4.7%	2.2%	3.8%
21						
22						

**PUGET SOUND ENERGY
ELECTRIC RESULTS OF OPERATIONS
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	12ME Dec 2011	12ME Dec 2012	12ME Dec 2013	12ME Dec 2014	COMPOUND GROWTH RATE
		RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	
1	TRANSMISSION EXPENSE	9,481,215	19,058,040	19,355,851	21,589,071	
2	DISTRIBUTION EXPENSE	78,245,091	74,862,781	77,321,920	84,585,141	
3	CUSTOMER ACCOUNT EXPENSES	48,140,876	49,220,845	50,570,101	51,078,600	
4	CUSTOMER SERVICE EXPENSES	3,719,955	2,032,132	2,090,482	2,575,945	
5	ADMIN & GENERAL EXPENSE	96,361,837	99,264,866	106,511,054	110,332,421	
6	TOTAL EXPENSES	235,948,974	244,438,664	255,849,409	270,161,178	
7						
8	AVERAGE CUSTOMER COUNT	1,083,403	1,089,296	1,085,381	1,091,517	
9						
10	ACTUAL COST PER CUSTOMER	\$ 217.79	\$ 224.40	\$ 235.72	\$ 247.51	CALCULATED 4.4%
11	2011 GROWN AT HISTORICAL RATE	\$ 217.79	\$ 228.00	\$ 238.69	\$ 244.29	ERF KJB-16 4.7%

**PUGET SOUND ENERGY
GAS RESULTS OF OPERATIONS
COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	12ME Dec 2011	12ME Dec 2012	12ME Dec 2013	12ME Dec 2014	COMPOUND GROWTH RATE
		RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	RESTATED RESULTS OF OPERATIONS	
1	<u>GAS EXPENSES:</u>					
2	TRANSMISSION EXPENSE	49,692	15,005	27,893	335	
3	DISTRIBUTION EXPENSE	52,286,164	51,578,669	50,241,925	51,905,732	
4	CUSTOMER ACCOUNT EXPENSES	30,371,782	30,792,302	31,660,511	31,631,337	
5	CUSTOMER SERVICE EXPENSES	1,080,045	1,216,995	1,823,918	3,027,682	
6	ADMIN & GENERAL EXPENSE	46,383,523	45,907,620	48,006,093	48,861,723	
7	TOTAL EXPENSES	130,171,206	129,510,591	131,760,339	135,426,809	
8						
9	AVERAGE CUSTOMER COUNT	756,711	763,655	773,385	784,612	
10	ACTUAL COST PER CUSTOMER	\$ 172.02	\$ 169.59	\$ 170.37	\$ 172.60	CALCULATED 0.1%
11	2011 GROWN AT HISTORICAL RATE	\$ 172.02	\$ 175.77	\$ 179.61	\$ 181.57	ERF KJB-16 2.2%

**PUGET SOUND ENERGY-ELECTRIC
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2011
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 2,133,846,001	\$ (94,555,772)	\$ 2,039,290,229
3	371,445	(3,453)	367,992
4	140,420,599	(2,059,961)	138,360,638
5	81,684,812	(98,845,392)	(17,160,580)
6	<u>2,356,322,857</u>	<u>(195,464,578)</u>	<u>2,160,858,279</u>
7			
8	OPERATING REVENUE DEDUCTIONS:		
9			
10	<u>POWER COSTS:</u>		
11	\$ 199,471,094	\$ 11,033,255	\$ 210,504,349
12	783,082,464	(24,462,121)	758,620,343
13	82,631,624	-	82,631,624
14	(71,147,374)	71,147,374	(0)
15	<u>994,037,808</u>	<u>57,718,508</u>	<u>1,051,756,316</u>
16			
17	\$ 114,139,604	\$ -	\$ 114,139,604
18	9,481,215	-	9,481,215
19	78,245,091	-	78,245,091
20	49,059,716	(918,840)	48,140,876
21	15,881,133	(12,161,178)	3,719,955
22	86,285,987	(86,283,603)	2,384
23	95,893,696	468,141	96,361,837
24	196,706,434	(187,935)	196,518,499
25	40,172,915	-	40,172,915
26	17,829,018	-	17,829,018
27	116,451,295	(108,921,116)	7,530,179
28	54,145,597	(54,145,597)	-
29	207,140,327	(79,411,834)	127,728,493
30	133,244	7,250,851	7,384,095
31	39,724,568	46,150,713	85,875,281
32	<u>\$ 2,115,327,648</u>	<u>\$ (230,441,891)</u>	<u>\$ 1,884,885,757</u>
33			
34	\$ 240,995,209	\$ 34,977,313	\$ 275,972,522
35			
36	\$ 4,168,735,160	\$ (3,056,780)	\$ 4,165,678,380
37			
38	5.78%		6.62%
39			
40	RATE BASE:		
41	\$ 4,529,037,038	\$ (3,835,962)	\$ 4,525,201,076
42	313,951,313	-	313,951,313
43	(772,206,073)	779,182	(771,426,891)
44	183,562,563	-	183,562,563
45	(85,609,681)	-	(85,609,681)
46	<u>\$ 4,168,735,160</u>	<u>\$ (3,056,780)</u>	<u>\$ 4,165,678,380</u>

PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2011
COMMISSION BASIS REPORT

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 1,103,913,121	\$ (58,108,884)	\$ 1,045,804,237
3	51,136,280	(51,136,280)	(0)
4	13,800,168	0	13,800,168
5	<u>\$ 1,168,849,569</u>	<u>\$ (109,245,164)</u>	<u>\$ 1,059,604,405</u>
6			
7			
8	OPERATING REVENUE DEDUCTIONS:		
9			
10	GAS COSTS:		
11			
12	\$ 622,087,912	\$ (16,372,111)	\$ 605,715,801
13			
14	<u>\$ 622,087,912</u>	<u>\$ (16,372,111)</u>	<u>\$ 605,715,801</u>
15			
16	\$ 1,575,816	\$ -	\$ 1,575,816
17	49,692	-	49,692
18	52,286,164	-	52,286,164
19	30,505,504	(133,722)	30,371,782
20	5,018,076	(3,938,031)	1,080,045
21	21,360,371	(21,360,371)	0
22	46,749,178	(365,655)	46,383,523
23	102,889,642	0	102,889,642
24	12,487,218	-	12,487,218
25	-	-	-
26	(151,356)	-	(151,356)
27	115,819,431	(53,493,757)	62,325,674
28	519,801	1,697,902	2,217,703
29	25,140,413	5,683,836	30,824,249
30	<u>\$ 414,249,950</u>	<u>\$ (71,909,798)</u>	<u>\$ 342,340,152</u>
31			
32	\$ 132,511,707	\$ (20,963,255)	\$ 111,548,452
33			
34	\$ 1,644,558,987	\$ 0	\$ 1,644,558,987
35			
36	8.06%		6.78%
37			
38	RATE BASE:		
39	\$ 2,877,011,061	\$ -	\$ 2,877,011,061
40	(975,934,226)	-	(975,934,226)
41	(298,016,915)	-	(298,016,915)
42	(28,225,299)	-	(28,225,299)
43	<u>\$ 1,574,834,621</u>	<u>\$ -</u>	<u>\$ 1,574,834,621</u>
44	69,724,366	-	69,724,366
45	<u>\$ 1,644,558,987</u>	<u>\$ -</u>	<u>\$ 1,644,558,987</u>

Summary

**PUGET SOUND ENERGY-ELECTRIC
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 2,109,858,520	\$ (84,858,337)	\$ 2,025,000,182
3	356,031	413	356,444
4	83,564,696	-	83,564,696
5	28,441,193	(5,649,112)	22,792,081
6	<u>2,222,220,439</u>	<u>(90,507,037)</u>	<u>2,131,713,402</u>
7			
8	<u>OPERATING REVENUE DEDUCTIONS:</u>		
9			
10	<u>POWER COSTS:</u>		
11	\$ 204,955,672	\$ -	\$ 204,955,672
12	593,961,366	(1,056,071)	592,905,294
13	87,085,890	-	87,085,890
14	(73,554,903)	73,554,903	-
15	<u>812,448,025</u>	<u>72,498,832</u>	<u>884,946,856</u>
16			
17	\$ 114,593,256	\$ -	\$ 114,593,256
18	19,058,040	-	19,058,040
19	74,862,781	-	74,862,781
20	52,429,420	(3,208,575)	49,220,845
21	15,066,697	(13,034,565)	2,032,132
22	85,025,496	(85,025,496)	-
23	101,340,443	(2,075,577)	99,264,866
24	231,840,647	(187,935)	231,652,712
25	38,032,760	-	38,032,760
26	17,529,940	-	17,529,940
27	23,135,054	(16,878,188)	6,256,866
28	(119,120,362)	119,120,362	-
29	208,575,784	(78,152,166)	130,423,619
30	4,271,535	(31,499,386)	(27,227,851)
31	156,258,260	(13,802,837)	142,455,423
32	<u>\$ 1,835,347,775</u>	<u>\$ (52,245,531)</u>	<u>\$ 1,783,102,243</u>
33			
34	\$ 386,872,664	\$ (38,261,505)	\$ 348,611,159
35			
36	\$ 4,886,496,592	\$ (2,728,829)	\$ 4,883,767,763
37			
38	7.92%		7.14%
39			
40	<u>RATE BASE:</u>		
41	\$ 5,266,504,827	\$ (3,657,772)	\$ 5,262,847,056
42	431,702,107	-	431,702,107
43	(922,981,768)	928,943	(922,052,825)
44	190,928,011	-	190,928,011
45	(79,656,586)	-	(79,656,586)
46	<u>\$ 4,886,496,592</u>	<u>\$ (2,728,829)</u>	<u>\$ 4,883,767,763</u>

PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012
COMMISSION BASIS REPORT

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 1,025,609,280	\$ (8,912,831)	\$ 1,016,696,449
3	47,404,128	(47,495,230)	(91,102)
4	13,081,634	1,338,108	14,419,742
5	<u>\$ 1,086,095,042</u>	<u>\$ (55,069,953)</u>	<u>\$ 1,031,025,089</u>
6			
7			
8	OPERATING REVENUE DEDUCTIONS:		
9			
10	GAS COSTS:		
11			
12	\$ 538,611,726	\$ 22,202,143	\$ 560,813,869
13			
14	<u>\$ 538,611,726</u>	<u>\$ 22,202,143</u>	<u>\$ 560,813,869</u>
15			
16	\$ 1,880,545	\$ (187,712)	\$ 1,692,834
17	15,005	-	15,005
18	51,578,669	-	51,578,669
19	31,656,774	(864,471)	30,792,302
20	5,083,991	(3,866,995)	1,216,995
21	29,151,769	(29,151,769)	-
22	46,295,558	(387,938)	45,907,620
23	106,110,895	0	106,110,895
24	11,340,567	-	11,340,567
25	-	-	-
26	(84,402)	39,032	(45,370)
27	110,283,062	(47,958,528)	62,324,534
28	(3,749)	9,883,483	9,879,734
29	43,443,293	(14,476,559)	28,966,734
30	<u>\$ 436,751,977</u>	<u>\$ (86,971,458)</u>	<u>\$ 349,780,519</u>
31			
32	\$ 110,731,339	\$ 9,699,361	\$ 120,430,701
33			
34	\$ 1,613,676,825	\$0	\$ 1,613,676,825
35			
36	6.86%		7.46%
37			
38	RATE BASE:		
39	\$ 2,987,268,617	\$ -	\$ 2,987,268,617
40	(1,061,251,690)	-	(1,061,251,690)
41	(340,520,078)	-	(340,520,078)
42	(33,308,796)	-	(33,308,796)
43	<u>\$ 1,552,188,053</u>	<u>\$ -</u>	<u>\$ 1,552,188,053</u>
44	61,488,772	-	61,488,772
45	<u>\$ 1,613,676,825</u>	<u>\$ -</u>	<u>\$ 1,613,676,825</u>

Summary

**PUGET SOUND ENERGY-ELECTRIC
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATE RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 2,099,413,904	\$ (57,231,659)	\$ 2,042,182,245
3	346,760	316	347,076
4	161,624,733	-	161,624,733
5	37,199,228	(5,075,707)	32,123,520
6	<u>2,298,584,625</u>	<u>(62,307,051)</u>	<u>2,236,277,575</u>
7			
8	OPERATING REVENUE DEDUCTIONS:		
9			
10	<u>POWER COSTS:</u>		
11	\$ 261,332,288	\$ (5,408,415)	\$ 255,923,873
12	553,004,053	1,297,414	554,301,467
13	94,741,839	-	94,741,839
14	<u>(81,053,138)</u>	<u>81,053,138</u>	<u>-</u>
15	828,025,042	76,942,137	904,967,179
16			
17	\$ 116,266,189	\$ -	\$ 116,266,189
18	19,355,851	-	19,355,851
19	77,321,920	-	77,321,920
20	51,168,215	(598,114)	50,570,101
21	18,153,514	(16,063,031)	2,090,482
22	87,847,330	(87,833,179)	14,151
23	110,056,278	(3,545,224)	106,511,054
24	253,254,942	(187,935)	253,067,007
25	43,370,242	-	43,370,242
26	17,213,410	-	17,213,410
27	(13,481,409)	10,863,777	(2,617,633)
28	(98,879,652)	98,879,652	-
29	200,772,605	(90,826,025)	109,946,581
30	(0)	22,292,266	22,292,266
31	184,842,557	(69,171,754)	115,670,803
32	<u>\$ 1,895,287,034</u>	<u>\$ (59,247,430)</u>	<u>\$ 1,836,039,604</u>
33			
34	\$ 403,297,591	\$ (3,059,620)	\$ 400,237,971
35			
36	\$ 5,297,996,903	\$ (2,439,424)	\$ 5,295,557,479
37			
38	7.61%		7.56%
39			
40	RATE BASE:		
41	\$ 9,004,679,008	\$ (4,530,703)	\$ 9,000,148,305
42	(3,263,140,706)	1,060,866	(3,262,079,839)
43	438,697,645	-	438,697,645
44	(1,028,589,439)	1,030,413	(1,027,559,027)
45	216,328,823	-	216,328,823
46	<u>(69,978,428)</u>	<u>-</u>	<u>(69,978,428)</u>
47	<u>\$ 5,297,996,903</u>	<u>\$ (2,439,424)</u>	<u>\$ 5,295,557,479</u>

Summary

**PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 973,799,147	\$ 12,154,072	\$ 985,953,220
3	45,673,733	(46,057,432)	(383,699)
4	8,883,654	(13,000)	8,870,653
5	\$ 1,028,356,534	\$ (33,916,360)	\$ 994,440,174
6			
7			
8	<u>OPERATING REVENUE DEDUCTIONS:</u>		
9			
10	<u>GAS COSTS:</u>		
11			
12	\$ 488,200,942	\$ 35,671,711	\$ 523,872,653
13			
14	\$ 488,200,942	\$ 35,671,711	\$ 523,872,653
15			
16	\$ 1,977,214	\$ (171,076)	\$ 1,806,138
17	27,893	-	27,893
18	50,241,925	-	50,241,925
19	31,145,186	515,325	31,660,511
20	6,746,445	(4,922,528)	1,823,918
21	18,049,695	(18,049,695)	-
22	48,818,035	(811,942)	48,006,093
23	111,068,605	0	111,068,605
24	12,058,227	-	12,058,227
25	-	-	-
26	(45,370)	3,182,862	3,137,492
27	101,993,080	(53,532,967)	48,460,113
28	-	3,237,969	3,237,969
29	57,027,596	(19,273,683)	37,753,914
30	\$ 439,108,531	\$ (89,825,734)	\$ 349,282,797
31			
32	\$ 101,047,061	\$ 20,237,663	\$ 121,284,724
33			
34	\$ 1,651,590,190	\$ 0	\$ 1,651,590,190
35			
36	6.12%		7.34%
37			
38	<u>RATE BASE:</u>		
39	\$ 3,152,000,388	\$ -	\$ 3,152,000,388
40	(1,143,008,342)	-	(1,143,008,342)
41	(394,996,926)	-	(394,996,926)
42	(30,103,192)	-	(30,103,192)
43	\$ 1,583,891,928	\$ -	\$ 1,583,891,928
44	67,698,261	-	67,698,261
45	\$ 1,651,590,190	\$ -	\$ 1,651,590,190

Summary

**PUGET SOUND ENERGY-ELECTRIC
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 1,964,602,691	\$ 40,305,917	\$ 2,004,908,608
3	339,509	3,642	343,151
4	107,219,294	-	107,219,294
5	112,785,619	(19,792,085)	92,993,534
6	<u>2,184,947,113</u>	<u>20,517,474</u>	<u>2,205,464,587</u>
7			
8	OPERATING REVENUE DEDUCTIONS:		
9			
10	<u>POWER COSTS:</u>		
11	\$ 263,493,430	\$ (85,895)	\$ 263,407,535
12	469,874,111	4,359,871	474,233,982
13	108,412,773	-	108,412,773
14	(129,036,285)	129,036,285	-
15	<u>712,744,029</u>	<u>133,310,260</u>	<u>846,054,289</u>
16			
17	\$ 113,089,598	\$ -	\$ 113,089,598
18	21,589,071	-	21,589,071
19	84,585,141	-	84,585,141
20	59,040,948	(7,962,348)	51,078,600
21	19,631,794	(17,055,849)	2,575,945
22	94,119,768	(94,103,005)	16,762
23	109,554,529	777,892	110,332,421
24	258,772,333	(187,977)	258,584,356
25	45,714,686	-	45,714,686
26	17,495,991	-	17,495,991
27	(44,697,967)	58,440,071	13,742,104
28	85,636,444	(85,636,444)	-
29	207,478,393	(119,240,628)	88,237,766
30	0	54,565,184	54,565,184
31	114,495,183	(28,491,192)	86,003,991
32	<u>\$ 1,899,249,941</u>	<u>\$ (105,584,035)</u>	<u>\$ 1,793,665,905</u>
33			
34	\$ 285,697,172	\$ 126,101,509	\$ 411,798,682
35			
36	\$ 5,323,896,852	\$ (2,159,157)	\$ 5,321,737,695
37			
38	5.37%		7.74%
39			
40	RATE BASE:		
41	\$ 9,452,709,061	\$ (4,532,649)	\$ 9,448,176,412
42	(3,451,279,882)	1,248,817	(3,450,031,065)
43	338,605,655	-	338,605,655
44	(1,143,495,982)	1,124,676	(1,142,371,306)
45	190,185,414	-	190,185,414
46	(62,827,414)	-	(62,827,414)
47	<u>\$ 5,323,896,852</u>	<u>\$ (2,159,157)</u>	<u>\$ 5,321,737,695</u>

Summary

**PUGET SOUND ENERGY-GAS
RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 921,613,656	\$ (28,989,367)	\$ 892,624,289
3	44,194,224	(44,194,224)	-
4	47,051,249	(4,850,581)	42,200,668
5	<u>\$ 1,012,859,129</u>	<u>\$ (78,034,172)</u>	<u>\$ 934,824,957</u>
6			
7			
8	OPERATING REVENUE DEDUCTIONS:		
9			
10	GAS COSTS:		
11			
12	\$ 458,690,776	\$ 944,471	\$ 459,635,247
13			
14	<u>\$ 458,690,776</u>	<u>\$ 944,471</u>	<u>\$ 459,635,247</u>
15			
16	\$ 1,981,080	\$ (93,973)	\$ 1,887,107
17	335	-	335
18	51,905,732	-	51,905,732
19	33,604,633	(1,973,296)	31,631,337
20	7,976,371	(4,948,689)	3,027,682
21	9,975,772	(9,975,772)	-
22	48,525,783	335,940	48,861,723
23	112,188,311	0	112,188,311
24	11,788,164	-	11,788,164
25	-	-	-
26	(45,370)	-	(45,370)
27	102,842,763	(64,419,204)	38,423,560
28	0	4,484,682	4,484,682
29	61,510,614	(22,273,289)	39,237,325
30	<u>\$ 442,254,189</u>	<u>\$ (98,863,602)</u>	<u>\$ 343,390,587</u>
31			
32	\$ 111,914,164	\$ 19,884,959	\$ 131,799,123
33			
34	\$ 1,675,371,023	\$0	\$ 1,675,371,023
35			
36	6.68%		7.87%
37			
38	RATE BASE:		
39	\$ 3,292,737,688	\$ -	\$ 3,292,737,688
40	(1,217,779,480)	-	(1,217,779,480)
41	(461,380,912)	-	(461,380,912)
42	1,351,969	-	1,351,969
43	<u>\$ 1,614,929,265</u>	<u>\$ -</u>	<u>\$ 1,614,929,265</u>
44	60,441,758	-	60,441,758
45	<u>\$ 1,675,371,023</u>	<u>\$ -</u>	<u>\$ 1,675,371,023</u>

PUGET SOUND ENERGY
ANNUAL GROWTH RATE BASED ON GRC COMPLIANCE FILING WORKPAPERS
ELECTRIC OPERATIONS

Test Year	2004 GRC	2006 GRC	2007 GRC	2009 GRC	2011 GRC	% Annual Growth in O&M			
	Sep-03	Sep-05	Sep-07	Dec-08 (Note 1)	Dec-10 (Note 1)	2004GRC - 2011GRC	2006GRC - 2011GRC	2007GRC - 2011GRC	2009GRC - 2011GRC
						7.25	5.25	3.25	2.00
1 Load (input tab)									
2 Electric	19,334,018,640	20,339,226,968	21,283,655,838	21,821,673,792	21,143,300,002	1.2%	0.7%	-0.2%	-1.6%
3									
4 Electric Expenses									
5 Other Power Supply Expense	52,551,925	77,648,296	96,183,223	107,091,100	124,341,933	12.6%	9.4%	8.2%	7.8%
6 PCA Transmission	485,960	862,248	1,136,455	1,523,617	1,419,635	15.9%	10.0%	7.1%	-3.5%
7 Transmission & Distribution Expense	63,736,286	65,086,999	75,095,489	82,334,864	92,084,397	5.2%	6.8%	6.5%	5.8%
8 Customer Account & Services	37,542,803	37,706,383	41,878,822	44,367,720	49,173,646	3.8%	5.2%	5.1%	5.3%
9 Admin & General Expenses	70,951,920	74,379,848	81,986,794	89,886,009	99,871,160	4.8%	5.8%	6.3%	5.4%
10 Total Electric Expenses	225,268,893	255,683,774	296,280,783	325,203,310	366,890,771	7.0%	7.1%	6.8%	6.2%
11 Electric Non-pca related	172,231,009	177,173,230	198,961,105	216,588,593	241,129,203	4.8%	6.0%	6.1%	5.5%
12 Electric Depreciation									
13 Production	37,335,853	59,620,924	51,741,842	50,072,838	93,722,074	13.5%	9.0%	20.1%	36.8%
14 PCA Transmission	4,859,223	4,861,051	3,805,774	4,056,906	3,843,499	-3.2%	-4.4%	0.3%	-2.7%
15 Transmission & Distribution	71,715,862	76,838,397	87,146,104	92,434,248	101,680,414	4.9%	5.5%	4.9%	4.9%
16 General , Intangible	11,381,296	10,068,281	19,226,023	15,196,346	20,477,642	8.4%	14.5%	2.0%	16.1%
17 Non-Tracker	-	-	-	13,993,264	-	0.0%	0.0%	0.0%	0.0%
18 Electric Depreciation	125,292,233	151,388,653	161,919,743	175,753,602	219,723,630	8.1%	7.4%	9.8%	11.8%
19 Total T&D and General	83,097,158	86,906,678	106,372,127	107,630,594	122,158,056	5.5%	6.7%	4.3%	6.5%
20									
21 Electric Amortization									
22 Production	4,713,860	3,004,881	5,612,906	11,298,008	11,275,733	12.8%	28.6%	23.9%	-0.1%
23 Transmission & Distribution	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%
24 General , Intangible	19,142,502	19,349,756	25,514,388	28,304,530	25,477,630	4.0%	5.4%	0.0%	-5.1%
25 Non-Tracker	1,498,249	2,793,718	1,805,160	2,112,845	3,194,525	0.0%	0.0%	0.0%	0.0%
26 Electric Amortization	25,354,610	25,148,354	32,932,455	41,715,383	39,947,889	6.5%	9.2%	6.1%	-2.1%
27 Total T&D and General	19,142,502	19,349,756	25,514,388	28,304,530	25,477,630	4.0%	5.4%	0.0%	-5.1%
28									
29 T&D/General Depn & Amort (ln19 +	102,239,659	106,256,434	131,886,516	135,935,123	147,635,687	5.2%	6.5%	3.5%	4.2%
30									
31 Electric Ratebase									
32 Production	751,245,624	1,234,946,228	1,246,912,240	1,583,950,372	2,330,849,778	16.9%	12.9%	21.2%	21.3%
33 PCA Transmission	120,648,501	113,206,055	107,422,863	102,337,940	94,699,228	-3.3%	-3.3%	-3.8%	-3.8%
34 Transmission & Distribution (Note 1)	1,408,241,596	1,395,944,754	1,641,251,984	1,922,288,883	2,172,658,792	6.2%	8.8%	9.0%	6.3%
35 General , Intangible , Other (Note 1)	221,758,096	203,380,656	180,138,722	-	-	-100.0%	-100.0%	-100.0%	0.0%
36 Non-Tracker	42,776,224	29,838,500	127,847,726	188,037,777	255,040,634	0.0%	0.0%	0.0%	0.0%
37 Electric Ratebase	2,544,670,041	2,977,316,193	3,303,573,535	3,796,614,971	4,853,248,431	9.3%	9.8%	12.6%	13.1%
38 Total T&D and General	1,629,999,692	1,599,325,411	1,821,390,706	1,922,288,883	2,172,658,792	4.0%	6.0%	5.6%	6.3%

Average Customer Count from GRC (2)		1,004,833	1,041,219	1,060,704	1,075,057	1.3%
Cost per customer:						
39 Depn	\$	86.49	\$ 102.16	\$ 101.47	\$ 113.63	5.3%
40 Ratebase	\$	1,591.63	\$ 1,749.29	\$ 1,812.28	\$ 2,020.97	4.7%
41 Operating Expense	\$	176.32	\$ 191.08	\$ 204.19	\$ 224.29	4.7%

(Note 1) For the 2009 GRC, 2011 GRC and 2011 CBR, General, Intangible and Other plant is included on line 35.

(Note 2) Customer Counts from PSE's Response to Public Counsel Data Request 78, Attachments A

PUGET SOUND ENERGY
ANNUAL GROWTH RATE BASED ON GRC COMPLIANCE FILING WORKPAPERS
NATURAL GAS OPERATIONS

	2004 GRC	2006 GRC	2007 GRC	2009 GRC	2011 GRC	% Annual Growth in O&M			
	Sep-03	Sep-05	Sep-07	Dec-08	Dec-10	2004GRC - 2011GRC	2006GRC - 2011GRC	2007GRC - 2011GRC	2009GRC - 2011GRC
1 Test Year						7.25	5.25	3.25	2.0
2									
3 Load									
4 Gas	1,033,465,074	1,038,450,901	1,084,208,169	1,120,309,121	1,072,668,096	0.5%	0.6%	-0.3%	-2.1%
5									
6 Gas Expenses									
7 Other Power Supply Expense	1,162,087	1,555,800	1,769,111	1,881,592	1,959,232	7.5%	4.5%	3.2%	2.0%
8 Transmission & Distribution Expense	26,259,234	34,532,486	43,207,192	52,101,244	49,783,566	9.2%	7.2%	4.5%	-2.2%
9 Customer Account & Services Expenses	23,088,164	25,038,278	27,397,683	29,110,812	31,704,844	4.5%	4.6%	4.6%	4.4%
10 Admin & General Expenses	32,698,303	41,714,840	40,022,534	43,076,879	43,995,146	4.2%	1.0%	3.0%	1.1%
11 Total Gas Expenses	83,207,788	102,841,404	112,396,520	126,170,527	127,442,788	6.1%	4.2%	3.9%	0.5%
Non-power supply related	82,045,701	101,285,604	110,627,409	124,288,935	125,483,555	6.0%	4.2%	4.0%	0.5%
12									
13 Electric Non-pca related									
14 Production & Gas Storage	1,076,351	1,294,251	934,365	1,011,473	1,278,337	2.4%	-0.2%	10.1%	12.4%
15 Transmission & Distribution	52,617,414	59,340,713	75,944,262	80,729,161	85,358,207	6.9%	7.2%	3.7%	2.8%
16 General, Intangible, Other	4,182,553	4,321,030	10,051,696	7,109,187	9,195,128	11.5%	15.5%	-2.7%	13.7%
17 Gas Depreciation	57,876,318	64,955,994	86,930,323	88,849,821	95,831,672	7.2%	7.7%	3.0%	3.9%
18 Less Prod. Storage, LNG	1,076,351	1,294,251	934,365	1,011,473	1,278,337	2.4%	-0.2%	10.1%	12.4%
19 Net Gas Depreciation (In17 - In18)	56,799,967	63,661,743	85,995,958	87,838,349	94,553,335	7.3%	7.8%	3.0%	3.8%
21									
22 Gas Amortization									
23 Production & Gas Storage	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%
24 Transmission & Distribution	21,162	82,646	303,738	403,917	219,232	38.1%	20.4%	-9.5%	-26.3%
25 General, Intangible, Other	9,579,622	11,220,066	13,783,889	15,214,871	12,558,889	3.8%	2.2%	-2.8%	-9.1%
26 Gas Amortization	9,600,784	11,302,712	14,087,627	15,618,788	12,778,120	4.0%	2.4%	-3.0%	-9.5%
27									
28 T&D/General Depn & Amort (In19 + In26)	66,400,751	74,964,455	100,083,585	103,457,137	107,331,456	6.8%	7.1%	2.2%	1.9%
29									
30 Gas Ratebase									
31 Production & Gas Storage	22,042,681	25,973,805	27,896,986	27,244,685	39,751,535	8.5%	8.4%	11.5%	20.8%
32 Transmission & Distribution	925,750,507	1,037,271,755	1,191,070,429	1,301,847,809	1,414,064,871	6.0%	6.1%	5.4%	4.2%
33 General, Intangible, Other	118,543,578	106,130,161	90,793,405	85,446,599	101,077,864	-2.2%	-0.9%	3.4%	8.8%
34 Working Capital	1,345,790	10,976,022	37,506,872	52,980,352	78,334,208	75.2%	45.4%	25.4%	21.6%
35 Gas Ratebase	1,067,682,556	1,180,351,743	1,347,267,693	1,467,519,443	1,633,228,478	6.0%	6.4%	6.1%	5.5%
36 Less Production related	(22,042,681)	(25,973,805)	(27,896,986)	(27,244,685)	(39,751,535)				
37 Less Working Capital	(1,345,790)	(10,976,022)	(37,506,872)	(52,980,352)	(78,334,208)				
38 Total T&D and General	1,044,294,085	1,143,401,915	1,281,863,835	1,387,294,407	1,515,142,736	5.3%	5.5%	5.3%	4.5%

(Note 1) The 2007 GRC depreciation results shown on line 19, included a \$9.3M adjustment resulting from the 07 Depreciation study approved in that filing. Had the adjustment occurred in the 2006 GRC, the compound growth factor for the 2006 to 2011 period would have been 5.1%

2006 Gas Depreciation	63,661,743	
2007 GRC Depreciation Adjustment	9,262,448	
	72,924,191	5.1%

Average Customer Count from GRC (2)	678,712	717,732	737,836	750,800	1.9%
Cost per customer:					
39 Depn	\$ 107.44	\$ 119.82	\$ 119.05	\$ 125.94	3.1%
40 Ratebase	\$ 1,684.66	\$ 1,785.99	\$ 1,880.22	\$ 2,018.04	3.5%
41 Operating Expense	\$ 149.23	\$ 154.13	\$ 168.45	\$ 167.13	2.2%
Total Ratebase (In 35)	\$ 1,739.10	\$ 1,877.12	\$ 1,988.95	\$ 2,175.32	4.4%

(Note 2) Customer Counts from PSE's Response to Public Counsel Data Request 78, Attachments B

PUGET SOUND ENERGY ALLOCATION ANALYSIS					
Line No.		2011 CBR 12/31/11	2012 CBR 12/31/12	2013 CBR 12/31/13	2014 CBR 12/31/14
1	12 Month Average Number of Customers				
2	Gas	41.12%	41.21%	41.61%	41.82%
3	Electric	58.88%	58.79%	58.39%	58.18%
4	Total	100.00%	100.00%	100.00%	100.00%
5					
6					
7	Joint Meter Reading Customers				
8	Gas	36.70%	36.78%	37.52%	37.73%
9	Electric	63.30%	63.22%	62.48%	62.27%
10	Total	100.00%	100.00%	100.00%	100.00%
11					
12	Non-Production Plant				
13					
17	Gas	38.87%	38.37%	38.74%	39.01%
21	Electric	61.13%	61.63%	61.26%	60.99%
25	Total	100.00%	100.00%	100.00%	100.00%
26					
27	FOUR FACTOR ALLOCATOR				
28					
29	CUSTOMER COUNT				
30	Gas	41.12%	41.21%	41.61%	41.82%
31	Electric	58.88%	58.79%	58.39%	58.18%
32	Total	100.00%	100.00%	100.00%	100.00%
33					
34	LABOR - DIRECT CHARGE TO O&M				
35	Gas	33.44%	32.50%	31.28%	29.94%
36	Electric	66.56%	67.50%	68.72%	70.06%
37	Total	100.00%	100.00%	100.00%	100.00%
38					
39	T&D OPERATIONS & MAINTENANCE EXPENSE (LESS LABOR)				
40	Gas	31.34%	29.86%	28.78%	27.94%
41	Electric	68.66%	70.14%	71.22%	72.06%
42	Total	100.00%	100.00%	100.00%	100.00%
43					
44	CLASSIFIED PLANT				
45	Gas	30.31%	28.00%	26.42%	26.09%
46	Electric	69.69%	72.00%	73.58%	73.91%
47	Total	100.00%	100.00%	100.00%	100.00%
48					
49	FOUR FACTOR ALLOCATOR				
50	Gas	34.05%	32.89%	32.02%	31.45%
51	Electric	65.95%	67.11%	67.98%	68.55%
52	Total	100.00%	100.00%	100.00%	100.00%
53					
54	LABOR BENEFITS				
55	Gas	33.28%	33.12%	31.70%	30.41%
56	Electric	66.72%	66.88%	68.30%	69.59%
57	Total	100.00%	100.00%	100.00%	100.00%
58					