

PUGET SOUND ENERGY
ELECTRIC RESULTS OF OPERATIONS
2019 GENERAL RATE CASE
12 MONTHS ENDED DECEMBER 31, 2018
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | | |
|----------|--|----|---------------|
| 1 | RATE BASE | \$ | 5,510,161,281 |
| 2 | RATE OF RETURN | | 7.44% |
| 3 | | | |
| 4 | OPERATING INCOME REQUIREMENT | | 409,955,999 |
| 5 | | | |
| 6 | PRO FORMA OPERATING INCOME | | 313,977,292 |
| 7 | OPERATING INCOME DEFICIENCY | | 95,978,707 |
| 8 | | | |
| 9 | CONVERSION FACTOR | | 0.751381 |
| 10 | REVENUE CHANGE BEFORE ATTRITION AND RIDERS (1) | | 127,736,404 |
| 11 | CHANGES TO OTHER PRICE SCHEDULES FROM EXH. JAP-14: | | |
| 12 | DECREASE TO SCHEDULE 95 POWER COST ADJUSTMENT CLAUSE | | (3,124,000) |
| 13 | DECREASE TO SCHEDULE 141 EXPEDITED RATE FILING RATE ADJUSTMENT | | (25,853,000) |
| 14 | INCREASE TO SCHEDULE 141Y TEMPORARY FEDERAL INCOME TAX RATE CREDIT | | 25,853,000 |
| 15 | SUBTOTAL CHANGES TO OTHER PRICE SCHEDULES | | (3,124,000) |
| 16 | | | |
| 17 | NET REVENUE CHANGE BEFORE ATTRITION | | 124,612,404 |
| 18 | | | |
| 19 | ATTRITION ADJUSTMENT | | 13,370,046 |
| 20 | | | |
| 21 | NET REVENUE CHANGE AFTER ATTRITION FROM PAGE 4 OF 6 | | 137,982,450 |
| 22 | | | |
| 23 | REDUCTION TO SUPPORTED AMOUNT | | - |
| 24 | | | |
| 25 | NET REVENUE CHANGE REQUESTED EXH. JAP-14 | \$ | 137,982,450 |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | (1) AMOUNT RELATED TO WHOLESALE | \$ | 362,217 |

PUGET SOUND ENERGY
ELECTRIC RESULTS OF OPERATIONS
2019 GENERAL RATE CASE
12 MONTHS ENDED DECEMBER 31, 2018
COST OF CAPITAL - GRC

| LINE NO. | DESCRIPTION | CAPITAL STRUCTURE | COST | WEIGHTED COST |
|-------------|--|----------------------|-------|------------------|
| 1 | SHORT AND LONG TERM DEBT | 51.50% | 5.50% | 2.83% |
| 2 | EQUITY | 48.50% | 9.50% | 4.61% |
| 3 | TOTAL | 100% | | 7.44% |
| 4 | | | | |
| 5 | AFTER TAX SHORT TERM DEBT ((LINE 1)* 79%) | 51.50% | 4.34% | 2.24% |
| 6 | EQUITY | 48.50% | 9.50% | 4.61% |
| 7 | TOTAL AFTER TAX COST OF CAPITAL | 100% | | 6.85% |

**PUGET SOUND ENERGY
ELECTRIC RESULTS OF OPERATIONS
2019 GENERAL RATE CASE
12 MONTHS ENDED DECEMBER 31, 2018
CONVERSION FACTOR**

| LINE NO. | DESCRIPTION | | |
|-------------|---|---------|------------------------|
| 1 | BAD DEBTS | | 0.008479 |
| 2 | ANNUAL FILING FEE | | 0.002000 |
| 3 | STATE UTILITY TAX (3.8406% - (LINE 1 * 3.8406%)) | 3.8734% | <u>0.038406</u> |
| 4 | | | |
| 5 | SUM OF TAXES OTHER | | 0.048885 |
| 6 | | | |
| 7 | CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 6) | | 0.951115 |
| 8 | FEDERAL INCOME TAX (LINE 7 * 21%) | 21% | <u>0.199734</u> |
| 9 | CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 - LINE 8) | | <u><u>0.751381</u></u> |

PUGET SOUND ENERGY
ELECTRIC RESULTS OF OPERATIONS
2019 GENERAL RATE CASE
12 MONTHS ENDED DECEMBER 31, 2018
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | AMOUNT |
|----------|--|----------------|
| 1 | ATTRITION DEFICIENCY FROM RON AMEN EXH. RJA-3 (DOES NOT INCLUDE POWER COSTS) | \$ 83,674,560 |
| 2 | CHANGES TO OTHER PRICE SCHEDULES | (3,124,000) |
| 3 | DEFICIENCY ASSOCIATED WITH POWER COSTS FROM EXH. SEF-3E PAGE 5 | 57,431,891 |
| 4 | | |
| 5 | NET REVENUE CHANGE AFTER ATTRITION | \$ 137,982,450 |

PUGET SOUND ENERGY
ELECTRIC RESULTS OF OPERATIONS
2019 GENERAL RATE CASE
12 MONTHS ENDED DECEMBER 31, 2018
GENERAL RATE INCREASE

| LINE NO. | Description | 2019 GRC | Microsoft Update UE-190166 | Increase |
|-------------|---|----------------|-------------------------------|---------------|
| 1 | Total Variable Costs per Exhibit A-1 | \$ 732,100,742 | \$ 670,031,044 | |
| 2 | Revenue Sensitive Items | 0.951115 | 0.952386 | |
| 3 | Total Grossed Up Variable Costs per Exhibit A-1 | \$ 769,728,942 | \$ 703,528,867 | |
| 4 | Load in MWh's | 20,535,749 | 20,282,959 | |
| 5 | Dollar per MWh | \$ 37.482 | \$ 34.686 | \$ 2.80 |
| 6 | Current Load in MWh's | | | 20,535,749 |
| 7 | Increase in Power Costs | | | \$ 57,431,891 |

**Exhibit A-1 Power Cost Baseline Rates With and Without Microsoft
Exhibit H to the 2017 GRC - Multi-Party Settlemtent**

| <=Contingent Calculation - NO MS Settlement=> | | | | | | | | |
|--|---|------------------|----|-----------|---|----------------|----|--------------|
| Row | Test Year | | | | | | | |
| 3 | Regulatory Assets (1) (Fixed) | \$ 199,079,031 | | | | | | |
| 4 | Transmission Rate Base (Fixed) | 85,738,601 | | | | | | |
| 5 | Production Rate Base (Fixed) | 1,961,447,672 | | | | | | |
| 6 | | \$ 2,246,265,304 | | | | | | |
| 7 | Net of tax rate of return | 6.55% | | | | | | |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 9A | | | | | | | | |
| 10 | Regulatory Asset Recovery (on Row 3) | \$ 20,061,041 | \$ | 0.989 | F | \$ 20,061,041 | \$ | - |
| 10a | Equity Adder Centralia Coal Transition PPA | 4,770,580 | \$ | 0.235 | V | | | 4,770,580 |
| 11 | Fixed Asset Recovery Other (on Row 4) | 8,639,813 | \$ | 0.426 | F | 8,639,813 | | |
| 12 | Fixed Asset Recovery-Prod Factored (on Row 5) | 197,653,573 | \$ | 9.745 | F | 197,653,573 | | |
| 13 | 501-Steam Fuel Incl PC Reg Amort | 69,979,069 | \$ | 3.450 | V | | | 69,979,069 |
| 14 | 555-Purchased power Incl PC Reg Amort | 370,094,614 | \$ | 18.247 | V | | | 370,094,614 |
| 15 | 557-Other Power Exp | 7,238,267 | \$ | 0.357 | F | 7,238,267 | | |
| 15a | Payroll Overheads - Benefits (Inc. Worker's Comp) | 8,206,061 | \$ | 0.405 | F | 8,206,061 | | |
| 15b | Property Insurance | 2,763,777 | \$ | 0.136 | F | 2,763,777 | | |
| 15c | Montana Electric Energy Tax | 1,262,954 | \$ | 0.062 | V | | | 1,262,954 |
| 15d | Payroll Taxes on Production Wages | 2,119,540 | \$ | 0.104 | F | 2,119,540 | | |
| 15e | Brokerage Fees 55700003 | 313,404 | \$ | 0.015 | V | | | 313,404 |
| 16 | 547-Fuel Incl PC Reg Amort | 171,056,253 | \$ | 8.433 | V | | | 171,056,253 |
| 17 | 565-Wheeling Incl PC Reg Amort | 108,399,249 | \$ | 5.344 | V | | | 108,399,249 |
| 18 | Transmission Revenue 456.1 | (11,639,833) | \$ | (0.574) | F | (11,639,833) | | |
| 19 | Production O&M | 138,209,149 | \$ | 6.814 | F | 138,209,149 | | |
| 20 | 447-Sales to Others | (39,617,468) | \$ | (1.953) | V | | | (39,617,468) |
| 21 | 456-Purch/Sales Non-Core Gas | (16,227,611) | \$ | (0.800) | V | | | (16,227,611) |
| 22 | Transmission Exp - 500KV | 662,135 | \$ | 0.033 | F | 662,135 | | |
| 23 | Depreciation-Production (FERC 403) | 161,583,689 | \$ | 7.966 | F | 161,583,689 | | |
| 24 | Depreciation-Transmission | 3,490,805 | \$ | 0.172 | F | 3,490,805 | | |
| 25 | Amortization - Regulatory Assets & Liab - Non PC Only (1) | 19,415,532 | \$ | 0.957 | F | 19,415,532 | | |
| 26 | N/A (formerly hedging line of credit) | | | | | | | |
| 27 | Subtotal & Baseline Rate | \$ 1,228,434,593 | \$ | 60.565 | | \$ 558,403,549 | \$ | 670,031,044 |
| 28 | Revenue Sensitive Items | 0.9523860 | | 0.9523860 | | 0.9523860 | | 0.9523860 |
| 29 | Grossed up for RSI | \$ 1,289,849,486 | \$ | 63.593 | | \$ 586,320,619 | \$ | 703,528,867 |
| 30 | Test Year DELIVERED Load (MWH's) | 20,282,959 | | | | | | |
| 31 | | | | | | | | |
| | | | | | | | | |
| 32 | Baseline Rate Summarized | | | | | | | |
| 33 | BLR Net of RSI | \$ | | 60.565 | | \$ 27.531 | \$ | 33.034 |
| 34 | BLR Grossed Up for RSI | \$ | | 63.593 | | \$ 28.907 | \$ | 34.686 |
| 35 | | | | | | | | |

36 (1) - Amortization is picked up in Regulatory Assets and Liabilities Adjustment and White River Adjustment.

PUGET SOUND ENERGY - NATURAL GAS
RESULTS OF OPERATIONS
2019 GENERAL RATE CASE
12 MONTHS ENDED DECEMBER 31, 2018
GENERAL RATE INCREASE

| LINE NO. | DESCRIPTION | | |
|-------------|--|----|---------------|
| 1 | RATE BASE | \$ | 2,142,648,725 |
| 2 | RATE OF RETURN | | 7.44% |
| 3 | | | |
| 4 | OPERATING INCOME REQUIREMENT | | 159,413,065 |
| 5 | | | |
| 6 | PRO FORMA OPERATING INCOME | | 92,980,214 |
| 7 | OPERATING INCOME DEFICIENCY | | 66,432,851 |
| 8 | | | |
| 9 | CONVERSION FACTOR | | 0.754097 |
| 10 | REVENUE CHANGE BEFORE ATTRITION AND RIDERS | | 88,095,896 |
| 11 | CHANGES TO OTHER PRICE SCHEDULES FROM EXH. JAP-15: | | |
| 12 | DECREASE TO SCHEDULE 149 GAS COST RECOVERY MECHANISM FOR PIPELINE REPL | | (10,620,092) |
| 13 | DECREASE TO SCHEDULE 141 EXPEDITED RATE FILING RATE ADJUSTMENT | | (27,975,683) |
| 14 | INCREASE TO SCHEDULE 141Y TEMPORARY FEDERAL INCOME TAX RATE CREDIT | | 6,187,109 |
| 15 | SUBTOTAL CHANGES TO OTHER PRICE SCHEDULES | | (32,408,666) |
| 16 | | | |
| 17 | NET REVENUE CHANGE BEFORE ATTRITION | | 55,687,230 |
| 18 | | | |
| 19 | ATTRITION ADJUSTMENT | | 21,455,964 |
| 20 | | | |
| 21 | NET REVENUE CHANGE AFTER ATTRITION FROM PAGE 4 OF 4 | | 77,143,194 |
| 22 | | | |
| 23 | REDUCTION TO SUPPORTED AMOUNT | | (11,670,384) |
| 24 | | | |
| 25 | NET REVENUE CHANGE REQUESTED EXH. JAP-15 | \$ | 65,472,810 |

**PUGET SOUND ENERGY - NATURAL GAS
RESULTS OF OPERATIONS
2019 GENERAL RATE CASE
12 MONTHS ENDED DECEMBER 31, 2018
COST OF CAPITAL - PROFORMA**

| LINE NO. | DESCRIPTION | CAPITAL STRUCTURE | COST | WEIGHTED COST |
|---------------------|---|------------------------------|-------------|--------------------------|
| 1 | SHORT AND LONG TERM DEBT | 51.50% | 5.50% | 2.83% |
| 2 | EQUITY | 48.50% | 9.50% | 4.61% |
| 3 | TOTAL | 100.00% | | 7.44% |
| 4 | | | | |
| 5 | AFTER TAX SHORT TERM DEBT ((LINE 1)* 79%) | 51.50% | 4.34% | 2.24% |
| 6 | EQUITY | 48.50% | 9.50% | 4.61% |
| 7 | TOTAL AFTER TAX COST OF CAPITAL | 100.00% | | 6.85% |

PUGET SOUND ENERGY - NATURAL GAS
RESULTS OF OPERATIONS
2019 GENERAL RATE CASE
12 MONTHS ENDED DECEMBER 31, 2018
CONVERSION FACTOR

| LINE NO. | DESCRIPTION | | |
|-------------|---|---------|----------|
| 1 | BAD DEBTS | | 0.005124 |
| 2 | ANNUAL FILING FEE | | 0.002000 |
| 3 | STATE UTILITY TAX (3.8323% - (LINE 1 * 3.8323%)) | 3.8520% | 0.038323 |
| 4 | | | |
| 5 | SUM OF TAXES OTHER | | 0.045447 |
| 6 | | | |
| 7 | CONVERSION FACTOR EXCLUDING FEDERAL INCOME TAX (1 - LINE 6) | | 0.954553 |
| 8 | FEDERAL INCOME TAX (LINE 7 * 21%) | 21% | 0.200456 |
| 9 | CONVERSION FACTOR INCL FEDERAL INCOME TAX (LINE 7 - LINE 8) | | 0.754097 |

**PUGET SOUND ENERGY - NATURAL GAS
RESULTS OF OPERATIONS
2019 GENERAL RATE CASE
12 MONTHS ENDED DECEMBER 31, 2018
GENERAL RATE INCREASE**

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|---|----------------|
| 1 | ATTRITION DEFICIENCY SUPPORTED BY RON AMEN (EXH. RJA-4) | \$ 109,551,860 |
| 2 | CHANGES TO OTHER PRICE SCHEDULES | (32,408,666) |
| 3 | | |
| 4 | NET REVENUE CHANGE AFTER ATTRITION | \$ 77,143,194 |