

**EXHIBIT NO. ___(KJB-7)
DOCKETS UE-17___/UG-17___
2017 PSE GENERAL RATE CASE
WITNESS: KATHERINE J. BARNARD**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

Docket UE-17___

Docket UG-17___

**SIXTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

KATHERINE J. BARNARD

ON BEHALF OF PUGET SOUND ENERGY

JANUARY 13, 2017

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

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | INCREASE (DECREASE) |
|-------------|---|---------------|---------------|------------------------|
| 1 | PRODUCTION EXPENSES: | | | |
| 2 | 501-STEAM FUEL | \$ 85,246,015 | \$ 79,063,626 | \$ (6,182,389) |
| 3 | 547-FUEL | 149,756,872 | 128,580,540 | (21,176,331) |
| 4 | 555-PURCHASED POWER | 523,037,996 | 433,414,853 | (89,623,143) |
| 5 | 557-OTHER POWER EXPENSE | 9,308,464 | 9,504,882 | 196,419 |
| 6 | 565-WHEELING | 113,800,193 | 108,574,738 | (5,225,456) |
| 7 | 447-SALES FOR RESALE | (201,125,742) | (28,431,646) | 172,694,095 |
| 8 | 456-PURCHASES/SALES OF NON-CORE GAS | 18,023,678 | (15,588,634) | (33,612,312) |
| 9 | | | | - |
| 10 | PRODUCTION O&M | 125,897,437 | 135,482,346 | 9,584,909 |
| 11 | TRANS. EXP. INCL. 500KV O&M | 662,135 | 645,352 | (16,783) |
| 12 | 456-1 VARIABLE TRANSM. INCOME - COLSTRIP, 3RD AC & NI | (8,228,549) | (9,692,026) | (1,463,477) |
| 13 | EQUITY RETURN ON CENTRALIA TRANSITION COAL PPA | | 4,769,481 | 4,769,481 |
| 14 | INCREASE (DECREASE) EXPENSE | 816,378,499 | 846,323,512 | 29,945,013 |
| 15 | | | | |
| 16 | INCREASE (DECREASE) OPERATING INCOME | (816,378,499) | (846,323,512) | (29,945,013) |
| 17 | | | | |
| 18 | STATE UTILITY TAX SAVINGS FOR LINE 12 | 3.873% | | (56,686) |
| 19 | INCREASE (DECREASE) INCOME | | | (30,001,699) |
| 20 | INCREASE (DECREASE) FIT @ | 35% | | (10,500,595) |
| 21 | INCREASE (DECREASE) NOI | | | <u>\$ (19,501,105)</u> |

Puget Sound Energy
 Determination of Net Power Costs in Adjustment KIB 7.01
 Test Year: 12MOE Sept 2016
 Rate Year: Jan - Dec 2018

| FERC | F/V | a | b | c | d | e | f | g | h | i | j | k | l |
|------|-----|--|--------------|---|---------------|---|-------------|-------------|---------------|--------------|-------------|--------------|--------------|
| 501 | V | Steam Fuel | 85,246,015 | | 85,246,015 | | | | 85,246,015 | 82,220,396 | | 82,220,396 | 79,063,626 |
| 547 | V | GFG Fuel | 149,756,872 | | 149,756,872 | | | | 149,756,872 | 133,714,370 | | 133,714,370 | 128,580,540 |
| 555 | V | Purchased Power | 375,700,425 | | 375,700,425 | | | | 523,037,996 | 450,719,789 | | 450,719,789 | 433,414,853 |
| 557 | F | Other Power Expense | 10,715,288 | | 147,337,571 | | | | 8,982,621 | 11,163,254 | (1,732,667) | 9,430,587 | 9,191,550 |
| 557 | V | Brokerage Fees | 325,842 | | | | | (368,616) | 325,842 | 325,842 | | 325,842 | 313,332 |
| 565 | V | Wheeling | 113,800,193 | | | | | | 113,800,193 | 112,909,796 | | 112,909,796 | 108,574,738 |
| 447 | V | Sales for Resale | (53,788,171) | | (147,337,571) | | | | (201,125,742) | (29,566,835) | | (29,566,835) | (28,431,646) |
| 456 | V | Purchases/(Sales) of Non-Core Gas | 18,023,678 | | | | | | 18,023,678 | (16,211,041) | | (16,211,041) | (15,588,634) |
| 18 | | Net power costs from TY Margin or RY DEM Exh | 699,780,142 | | | | (1,364,051) | (368,616) | 698,047,475 | 745,275,571 | (1,732,667) | 743,542,904 | 715,118,359 |
| 20 | F | Production O&M | 133,910,147 | | | | (6,304,989) | (1,707,721) | 125,897,437 | 147,018,434 | (8,012,710) | 139,005,724 | 135,482,346 |
| 21 | F | 500KV Trans Exp/O&M | 662,135 | | | | | | 662,135 | 662,135 | | 662,135 | 645,352 |
| 22 | F | OATT Transmission Revenue | (8,228,549) | | | | | | (8,228,549) | (9,944,078) | | (9,944,078) | (9,692,026) |
| 23 | V | Equity Return on Centralia Coal Transition PPA | | | | | | | | 4,959,912 | | 4,959,912 | 4,769,481 |
| 24 | | Total Power Cost Adjustment | 826,123,875 | | | | (7,669,040) | (2,076,336) | 816,378,499 | 887,971,973 | (9,745,377) | 878,226,597 | 846,323,512 |

| | |
|---------------------------|------------------------|
| Factor | Complement |
| Fixed PF 2.535% | Fixed PF 97.465% |
| Variable PF 3.839% | Variable PF 96.161% |
| Net Before Prod Factor | Production Factored |

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

| LINE NO. | DESCRIPTION | PROFORMA | AMOUNT |
|-------------|---------------------------------------|-----------------|------------------|
| 1 | RATE YEAR KWh | 4,295,103,591 | |
| 2 | TRANSMISSION LINE LOSS % FOR WECC | 5.0% | |
| 3 | WETT TAX RATE | <u>0.000150</u> | |
| 4 | WETT TAX | \$ 612,052 | |
| 5 | | | |
| 6 | EEELT TAX RATE | <u>0.000200</u> | |
| 7 | EEELT TAX | \$ 859,021 | |
| 8 | | | |
| 9 | RESTATED ENERGY TAX (LINE 1 X LINE 2) | | \$ 1,471,073 |
| 10 | CHARGED TO EXPENSE | | <u>1,540,793</u> |
| 11 | INCREASE (DECREASE) INCOME | | 69,720 |
| 12 | | | |
| 13 | INCREASE (DECREASE) FIT @ | 35% | <u>24,402</u> |
| 14 | INCREASE (DECREASE) NOI | | <u>\$ 45,318</u> |
| 15 | | | |

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

| LINE NO. | DESCRIPTION | ACTUAL | PROFORMA | ADJUSTMENT |
|-------------|--|--------------------|-------------|-----------------------|
| 1 | | | | |
| 2 | <u>RATEBASE (AMA) UTILITY PLANT RATEBASE</u> | | | |
| 3 | PLANT BALANCE | \$4,539,303 | \$ - | \$ (4,539,303) |
| 4 | ACCUM DEPRECIATION | (1,578,037) | | 1,578,037 |
| 5 | A/D PORTION INCLUDED IN DEPRECIATION STUDY ADJ | (11,979) | | 11,979 |
| 6 | DEFERRED INCOME TAX LIABILITY | (984,139) | | 984,139 |
| 7 | ADFIT PORTION INCLUDED IN DEPRECIATION STUDY ADJ | 4,193 | | (4,193) |
| 8 | NET WILD HORSE SOLAR PLANT RATEBASE | <u>\$1,969,341</u> | <u>\$ -</u> | <u>\$ (1,969,341)</u> |
| 9 | | | | |
| 10 | <u>OPERATING EXPENSE</u> | | | |
| 11 | DEPRECIATION EXPENSE | \$ 188,181 | \$ - | \$ (188,181) |
| 12 | PORTION INCLUDED IN DEPRECIATION STUDY ADJ | 23,957 | | (23,957) |
| 13 | INCREASE (DECREASE) EXPENSE | <u>212,138</u> | <u>-</u> | <u>(212,138)</u> |
| 14 | | | | |
| 15 | INCREASE (DECREASE) FIT @ | | 35% | 74,248 |
| 16 | INCREASE (DECREASE) NOI | | | <u>\$ 137,890</u> |

PUGET SOUND ENERGY-ELECTRIC
ACCOUNTING STANDARDS CODIFICATION 815 (FORMERLY SFAS 133)
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE

| LINE NO. | | ACTUAL | RESTATED | ADJUSTMENT |
|-------------|-------------------------------------|-----------------|----------|------------------------|
| 1 | ASC 815 OPERATING EXPENSE | \$ (64,111,668) | \$ - | \$ 64,111,668 |
| 2 | | | | |
| 3 | INCREASE (DECREASE) IN EXPENSE | (64,111,668) | - | 64,111,668 |
| 4 | | | | |
| 5 | INCREASE(DECREASE) OPERATING INCOME | | | (64,111,668) |
| 6 | | | | |
| 7 | INCREASE (DECREASE) DEFERRED I | 35% | | (22,439,084) |
| 8 | | | | |
| 9 | INCREASE (DECREASE) NOI | | | <u>\$ (41,672,584)</u> |

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

| LINE NO. | DESCRIPTION | TRANSMISSION | DISTRIBUTION | AMOUNT |
|----------|---|--------------|---------------|----------------|
| 1 | NORMAL STORMS | | | |
| 2 | ACTUAL O&M: | | | |
| 3 | TWELVE MONTHS ENDED 09/30/11 | \$ 146,578 | \$ 9,324,413 | \$ 9,470,991 |
| 4 | TWELVE MONTHS ENDED 09/30/12 | 330,554 | 11,614,288 | 11,944,841 |
| 5 | TWELVE MONTHS ENDED 09/30/13 | 115,489 | 5,128,915 | 5,244,404 |
| 6 | TWELVE MONTHS ENDED 09/30/14 | 427,808 | 12,676,576 | 13,104,384 |
| 7 | TWELVE MONTHS ENDED 09/30/15 | 718,706 | 12,394,592 | 13,113,298 |
| 8 | TWELVE MONTHS ENDED 09/30/16 | 506,069 | 10,553,488 | 11,059,557 |
| 9 | TOTAL NORMAL STORMS | 2,245,204 | 61,692,271 | 63,937,475 |
| 10 | | | | |
| 11 | SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR | 374,201 | 10,282,045 | 10,656,246 |
| 12 | | | | |
| 13 | CHARGED TO EXPENSE 12 MONTHS ENDED 9/30/2016 | | | |
| 14 | STORM DAMAGE EXPENSE (LINE 8) | 506,069 | 10,553,488 | 11,059,557 |
| 15 | | | | |
| 16 | INCREASE (DECREASE) OPERATING EXPENSE | (131,868) | (271,443) | (403,311) |
| 17 | | | | |
| 18 | | | | |
| 19 | CATASTROPHIC STORMS | | | |
| 20 | DEFERRED BALANCES FOR UE-090704 4 YEAR AMORTIZATION | | | |
| 21 | AT START OF RATE YEAR (01/01/2018): | | | |
| 22 | 2010 STORM DAMAGE | (12,560,038) | | |
| 23 | 2010 STORM DAMAGE PENDING APPROVAL | 50,186 | | |
| 24 | 2014 STORM DAMAGE-PENDING APPROVAL | 18,185,673 | | |
| 25 | 2015 STORM DAMAGE-PENDING APPROVAL | 24,157,767 | | |
| 26 | 2016 STORM DAMAGE-PENDING APPROVAL | 8,269,006 | | |
| 27 | TOTAL (LINE 21 THROUGH LINE 26) | 38,102,593 | | |
| 28 | | | | |
| 29 | ANNUAL AMORTIZATION (LINE 27 ÷ 48) x 12 | | 9,525,648.36 | |
| 30 | | | | |
| 31 | | | | |
| 32 | DEFERRED BALANCES FOR 10 YEAR AMORTIZATION AT | | | |
| 33 | START OF RATE YEAR (01/01/18): | | | |
| 34 | 12/13/06 WIND STORM | 6,632,821 | | |
| 35 | ORIGINAL PERIOD WAS 10 YEARS, NOV 2008 - OCT 2018 | | | |
| 36 | ANNUAL AMORTIZATION (LINE 34 ÷ 10 (01/2018 - 10/2018) x 10) | | 6,632,821 | |
| 37 | | | | |
| 38 | DEFERRED BALANCES FOR 6 YEAR AMORTIZATION AT | | | |
| 39 | 01/18/12 SNOW STORM - PENDING APPROVAL | 60,295,490 | | |
| 40 | ANNUAL AMORTIZATION (LINE 39 ÷ 72 (6 YEARS) X 12) | | 10,049,248.38 | |
| 41 | | | | |
| 42 | TOTAL RATE YEAR AMORTIZATION (LINE 29 + LINE 36 + LINE 40) | | 26,207,718 | |
| 43 | | | | |
| 44 | LESS TOTAL RATE YEAR AMORTIZATION | | 15,477,396 | |
| 45 | | | | |
| 46 | INCREASE (DECREASE) OPERATING EXPENSE | | | 10,730,322 |
| 47 | | | | |
| 48 | TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 46) | | | 10,327,010 |
| 49 | | | | |
| 50 | INCREASE (DECREASE) FIT @ 35% (LINE 489 X 35%) | | 35% | (3,614,454) |
| 51 | | | | |
| 52 | INCREASE (DECREASE) NOI | | | \$ (6,712,557) |

**PUGET SOUND ENERGY-ELECTRIC
REGULATORY ASSETS AND LIABILITIES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE**

| LINE NO. DESCRIPTION | TEST YEAR | RATE YEAR | ADJUSTMENT |
|--|-----------------------|-----------------------|------------------------|
| 1 <u>AMA OF REGULATORY ASSET/LIABILITY NET OF ACCUM AMORT AND DFIT</u> | | | |
| 2 BEP | \$ 2,930,265 | \$ - | \$ (2,930,265) |
| 3 WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) | (658,519) | (88,510) | 570,008 |
| 4 WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) | (902,764) | (121,339) | 781,425 |
| 5 MINT FARM DEFFRED - UE-090704 (FERC 407.3) | 16,769,498 | 12,550,110 | (4,219,388) |
| 6 CHELAN PUD | 96,067,433 | 82,196,761 | (13,870,672) |
| 7 CHELAN - ROCK ISLAND SECURITY DEPOSIT | 18,500,000 | 18,500,000 | - |
| 8 COLSTRIP 1&2 (WEC _o) PREPAYMENT | 1,875,000 | 750,000 | (1,125,000) |
| 9 FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074 (FERC 407) | 180,951 | - | (180,951) |
| 10 LOWER SNAKE RIVER PP TRANSM PRINCIPAL \$99.8M | 68,955,038 | 60,863,794 | (8,091,244) |
| 11 CARRYING CHARGES ON LSR PP TRANSM \$99.8M (FERC 407.3) | 9,472,053 | 8,466,701 | (1,005,352) |
| 12 LOWER SNAKE RIVER PLANT DEFERRAL \$18.3M (FERC 407.3) | 497,612 | 0 | (497,612) |
| 13 BAKER LICENSE UPGRADE DEFERRAL (2013 PCORC) (FERC 407.3) | 1,130,666 | 151,972 | (978,694) |
| 14 SNOQUALMIE LICENSE UPGRADE DEFERRAL (2013 PCORC) (FERC 407.3) | 4,439,920 | 596,764 | (3,843,156) |
| 15 FERNDALE DEFERRAL (2013 PCORC) (FERC 407.3) | 10,528,817 | 3,917,700 | (6,611,117) |
| 16 BAKER TREASURY GRANT DEFERRAL (2014 PCORC) (FERC 407.4) | (806,046) | (108,339) | 697,707 |
| 17 SNOQUALMIE TREASURY GRANT DEFERRAL (2014 PCORC) (FERC 407.4) | (2,784,432) | (374,252) | 2,410,180 |
| 18 ELECTRON UNRECOVERED COST (2014 PCORC) (FERC 407.3) | 6,319,201 | 1,128,004 | (5,191,197) |
| 19 | | | |
| 20 | | | |
| 21 TOTAL REGULATORY ASSETS AND LIABILITIES RATEBASE | <u>\$ 232,514,692</u> | <u>\$ 188,429,365</u> | <u>\$ (44,085,326)</u> |
| 22 | | | |
| 23 | | | |
| 24 <u>AMORTIZATION OF REGULATORY ASSET/LIABILITY</u> | | | |
| 25 BEP | | (NOTE 1) | |
| 26 WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) | | (NOTE 1) | |
| 27 WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) | | (NOTE 1) | |
| 28 MINT FARM DEFFRED - UE-090704 (FERC 407.3) | \$ 2,885,052 | \$ 2,885,052 | \$ - |
| 29 CHELAN PUD | | (NOTE 1) | |
| 30 COLSTRIP 1&2 (WEC _o) PREPAYMENT | | (NOTE 1) | |
| 31 FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074 (FERC 407) | 241,268 | - | (241,268) |
| 32 LOWER SNAKE RIVER PP TRANSM PRINCIPAL \$99.8M | | (NOTE 1) | |
| 33 CARRYING CHARGES ON LSR PP TRANSM \$99.8M (FERC 407.3) | 687,420 | 687,420 | - |
| 34 LOWER SNAKE RIVER PLANT DEFERRAL \$18.3M (FERC 407.3) | 2,624,777 | - | (2,624,777) |
| 35 BAKER LICENSE UPGRADE DEFERRAL (2013 PCORC) (FERC 407.3) | 673,352 | 561,126 | (112,225) |
| 36 SNOQUALMIE LICENSE UPGRADE DEFERRAL (2013 PCORC) (FERC 407.3) | 2,644,123 | 2,203,436 | (440,687) |
| 37 FERNDALE DEFERRAL (2013 PCORC) (FERC 407.3) | 4,520,423 | 4,520,423 | - |
| 38 BAKER TREASURY GRANT DEFERRAL (2014 PCORC) (FERC 407.4) | (480,026) | (400,022) | 80,004 |
| 39 SNOQUALMIE TREASURY GRANT DEFERRAL (2014 PCORC) (FERC 407.4) | (1,658,222) | (1,381,852) | 276,370 |
| 40 ELECTRON UNRECOVERED COST (2014 PCORC) (FERC 407.3) | 3,394,820 | 3,786,308 | 391,487 |
| 41 TOTAL AMORTIZATION OF REG ASSETS/LIABS | <u>\$ 15,532,987</u> | <u>\$ 19,551,068</u> | <u>\$ (2,671,095)</u> |
| 42 | | | |
| 43 | | | |
| 44 | | | |
| 45 INCREASE (DECREASE) EXPENSE | | | (2,671,095) |
| 46 | | | |
| 47 INCREASE (DECREASE) FIT | | 35% | <u>934,883</u> |
| 48 | | | |
| 49 INCREASE (DECREASE) NOI | | | <u>\$ 1,736,212</u> |
| 50 | | | |
| 51 | | | |
| 52 (NOTE 1) THE ADJUSTMENTS FOR AMORTIZATION OF POWER COST RELATED REGULATORY ASSETS AND | | | |
| 53 LIABILITIES ARE PERFORMED IN THE POWER COST ADJUSTMENT (ADJUSTMENT NO. 9.01) | | | |
| 54 AND THEREFORE ARE NOT ADJUSTED HERE. | | | |

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

| LINE NO. | DESCRIPTION | TEST YEAR | ADJUSTED TEST YEAR | ADJUSTMENT |
|-------------|---------------------------------------|---------------------|-----------------------|---------------------|
| 1 | RATEBASE (AMA) UTILITY PLANT RATEBASE | | | |
| 2 | PLANT BALANCE | \$ 2,532,527 | \$ 7,815,670 | \$ 5,283,143 |
| 3 | ACCUM DEPRECIATION | (23,967) | (746,090) | (722,123) |
| 4 | ACCUM DEPR-PORION NEW DEPR STUDY | 1,602 | - | (1,602) |
| 5 | DEFERRED INCOME TAX LIABILITY | (205,321) | (1,922,512) | (1,717,191) |
| 6 | DEF IN TAX LIAB-PORT NEW DEPR STUDY | (561) | - | 561 |
| 7 | GLACIER BATTERY STORAGE RATEBASE | <u>\$ 2,304,280</u> | <u>\$ 5,147,067</u> | <u>\$ 2,842,787</u> |
| 8 | | | | |
| 9 | OPERATING EXPENSE | | | |
| 10 | DEPRECIATION EXPENSE | \$ 123,837 | \$ 340,034 | \$ 216,197 |
| 11 | DEPR EXP-PORION FOR NEW DEPR STUI | (7,634) | - | 7,634 |
| 12 | TOTAL OPERATING EXPENSES | <u>116,203</u> | <u>340,034</u> | <u>223,831</u> |
| 13 | | | | |
| 14 | INCREASE (DECREASE) EXPENSE | | | 223,831 |
| 15 | | | | |
| 16 | INCREASE (DECREASE) FIT @ | | 35% | (78,341) |
| 17 | INCREASE (DECREASE) NOI | | | <u>\$ (145,490)</u> |

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

| LINE NO. | DESCRIPTION | TEST YEAR | PROFORMA | ADJUSTMENT |
|-------------|-------------------------------|-------------|---------------------|-----------------------|
| 1 | <u>EIM RATEBASE (AMA)</u> | | | |
| 2 | <u>UTILITY PLANT RATEBASE</u> | | | |
| 3 | PLANT BALANCE | \$ - | \$ 16,120,232 | \$ 16,120,232 |
| 4 | ACCUM DEPRECIATION | - | (9,403,469) | (9,403,469) |
| 5 | DEFERRED FIT | - | (1,584,894) | (1,584,894) |
| 6 | TOTAL RATEBASE | <u>\$ -</u> | <u>\$ 5,131,869</u> | <u>\$ 5,131,869</u> |
| 7 | | | | |
| 8 | <u>EIM OPERATING EXPENSE</u> | | | |
| 9 | DEPRECIATION EXPENSE | <u>\$ -</u> | <u>\$ 5,373,411</u> | <u>\$ 5,373,411</u> |
| 10 | INCREASE (DECREASE) EXPENSE | - | 5,373,411 | 5,373,411 |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | INCREASE (DECREASE) EXPENSE | - | 5,373,411 | 5,373,411 |
| 15 | | | | |
| 16 | INCREASE (DECREASE) FIT @ | 35% | | (1,880,694) |
| 17 | INCREASE (DECREASE) NOI | | | <u>\$ (3,492,717)</u> |

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

| LINE NO. DESCRIPTION | TEST YEAR | NEW RATE YEAR | NEW ADJUSTMENT |
|---|----------------------|----------------------|----------------------|
| 1 <u>UTILITY PLANT RATEBASE - <i>RETIRED ASSET</i></u> | | | |
| 2 PLANT BALANCE | \$ 21,985,164 | \$ - | \$ (21,985,164) |
| 3 ACCUM DEPRECIATION | (4,782,185) | 17,053,554 | 21,835,739 |
| 4 A/D PORTION INCLUDED IN DEPRECIATION STUDY | (770,445) | - | 770,445 |
| 5 ACCUM DEFERRED FIT | (1,771,037) | - | 1,771,037 |
| 6 DFIT PORTION INCLUDED IN DEPRECIATION STUDY | 269,656 | - | (269,656) |
| 7 TOTAL RATEBASE | <u>\$ 14,931,153</u> | <u>\$ 17,053,554</u> | <u>\$ 2,122,401</u> |
| 8 | | | |
| 9 <u>UTILITY PLANT RATEBASE - <i>NEW ADDITION</i></u> | | | |
| 10 PLANT BALANCE | \$ 3,134,073 | \$ 25,072,580 | \$ 21,938,508 |
| 11 ACCUM DEPRECIATION | (3,365) | (1,607,189) | (1,603,824) |
| 12 A/D PORTION INCLUDED IN DEPRECIATION STUDY | (109,553) | - | 109,553 |
| 13 ACCUM DEFERRED FIT | (150,564) | (4,537,904) | (4,387,340) |
| 14 DFIT PORTION INCLUDED IN DEPRECIATION STUDY | 38,344 | - | (38,344) |
| 15 TOTAL RATEBASE | <u>\$ 2,908,934</u> | <u>\$ 18,927,487</u> | <u>\$ 16,018,553</u> |
| 16 | | | |
| 17 <u>GOLDENDALE CAPACITY UPGRADE OPERATING EXPENSE</u> | | | |
| 18 RETIRED ASSET DERPRECIATION EXPENSE | \$ 340,770 | \$ - | \$ (340,770) |
| 19 DEP EXP PORTION INCLUDED IN DEPRECIATION STUDY | 1,540,889 | - | (1,540,889) |
| 20 NEW ASSET DEPRECIATION EXPENSE | 48,456 | 2,145,904 | 2,097,448 |
| 21 DEP EXP PORTION INCLUDED IN DEPRECIATION STUDY | 219,106 | - | (219,106) |
| 22 TOTAL DEPRECIATION | <u>2,149,221</u> | <u>2,145,904</u> | <u>(3,317)</u> |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 INCREASE (DECREASE) FIT @ | 35% | | 1,161 |
| 27 INCREASE (DECREASE) NOI | | | <u>\$ 2,156</u> |

PUGET SOUND ENERGY-ELECTRIC
MINT FARM CAPACITY UPGRADE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE

| LINE NO. | DESCRIPTION | TEST YEAR | NEW RATE YEAR | NEW ADJUSTMENT |
|-------------|--|-----------|------------------|-------------------|
| 1 | <u>MINT FARM CAPACITY UPGRADE RATEBASE (AMA)</u> | | | |
| 2 | <u>UTILITY PLANT RATEBASE</u> | | | |
| 3 | PLANT BALANCE | \$ - | \$ 24,765,516 | \$ 24,765,516 |
| 4 | ACCUM DEPRECIATION | - | (1,572,187) | (1,572,187) |
| 5 | DEFERRED FIT | - | (4,188,739) | (4,188,739) |
| 6 | TOTAL RATEBASE | \$ - | \$ 19,004,590 | \$ 19,004,590 |

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

| LINE NO. DESCRIPTION | TEST YEAR | NEW RATE YEAR | NEW ADJUSTMENT |
|---|----------------------|----------------------|-----------------------|
| 1 WHITE RIVER AMA | | | |
| 2 WHITE RIVER PLANT REGULATORY ASSET | \$ 59,841,513 | \$ 59,749,660 | \$ (91,854) |
| 3 WHITE RIVER PLANT IN SERVICE FERC 101 | - | 18,825 | 18,825 |
| 4 WHITE RIVER FUTURE USE PLANT FERC 105 | - | 26,607 | 26,607 |
| 5 TOTAL WHITE RIVER | 59,841,513 | 59,795,092 | (46,422) |
| 6 ACCUMULATED AMORTIZATION | (37,066,402) | (43,026,718) | (5,960,316) |
| 7 DEFERRED INCOME TAX LIABILITY | (7,971,289) | (5,853,030) | 2,118,259 |
| 8 TOTAL WHITE RIVER NET | <u>\$ 14,803,823</u> | <u>\$ 10,915,344</u> | <u>\$ (3,888,479)</u> |
| 9 | | | |
| 10 WHITE RIVER AMORTIZATION | | | |
| 11 WHITE RIVER AMORTIZATION | \$ 1,494,702 | \$ 6,689,177 | \$ 5,194,475 |
| 12 TOTAL WHITE RIVER EXPENSES | 1,494,702 | 6,689,177 | 5,194,475 |
| 13 | | | |
| 14 INCREASE (DECREASE) EXPENSE | | | 5,194,475 |
| 15 | | | |
| 16 INCREASE (DECREASE) FIT | | 35% | (1,818,066) |
| 17 INCREASE (DECREASE) NOI | | | <u>\$ (3,376,409)</u> |

PUGET SOUND ENERGY-ELECTRIC
TRANSFER OF HYDRO TREASURY GRANTS IN RATEBASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
GENERAL RATE CASE

| LINE NO. | DESCRIPTION | TEST YEAR | NEW RATE YEAR | NEW ADJUSTMENT |
|----------|--|------------------------|-----------------------|-----------------------|
| 1 | <u>HYDRO TREASURY GRANTS RATEBASE</u> | | | |
| 2 | NET HYDRO TREASURY GRANTS BALANCE IN DEFFERED DEBITS & CREDITS | \$(101,559,499) | \$ - | \$ 101,559,499 |
| 3 | COLSTRIP 1/2 RETIREMENT ACCOUNT | - | (95,819,884) | (95,819,884) |
| 4 | TOTAL TREASURY GRANTS RATEBASE | <u>\$(101,559,499)</u> | <u>\$(95,819,884)</u> | <u>\$ 5,739,615</u> |
| 5 | | | | |
| 6 | | | | |
| 7 | <u>HYDRO TREASURY GRANTS OPERATING EXPENSE</u> | | | |
| 8 | AMORTIZATION EXPENSE | \$ (3,279,780) | \$ - | \$ 3,279,780 |
| 9 | TOTAL TREASURY GRANTS EXPENSE | <u>(3,279,780)</u> | - | <u>3,279,780</u> |
| 10 | | | | |
| 11 | INCREASE (DECREASE) FIT @ | 35% | | <u>(1,147,923)</u> |
| 12 | INCREASE (DECREASE) NOI | | | <u>\$ (2,131,857)</u> |

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

| LINE NO. | DESCRIPTION | PROFORMA AND RESTATED | PRODUCTION FACTOR | FIT 35% |
|-------------|---|--------------------------|----------------------|---------------------|
| 1 | APPLIED TO ALL BUT LINE 19 | FIXED | 2.535% | |
| 2 | APPLIED ONLY TO LINE 19 | VARIABLE | 3.839% | |
| 3 | <u>OPERATING EXPENSE:</u> | | | |
| 4 | <u>O&M / A&G PRODUCTION RELATED</u> | | | |
| 5 | WAGES & INCENTIVE - OTHER PWR 557 | \$ 140,089 | \$ (3,551) | \$ 1,243 |
| 6 | WAGES & INCENTIVE - PROD O&M | 283,736 | (7,192) | 2,517 |
| 7 | BENEFITS - A&G 926 | 8,209,825 | (208,094) | 72,833 |
| 8 | WORKER'S COMP - A&G 926 | 214,072 | (5,426) | 1,899 |
| 9 | PROPERTY INSURANCE - A&G 926 | 2,763,777 | (70,053) | 24,519 |
| 10 | TOTAL PRODUCTION O&M / A&G | <u>11,611,498</u> | <u>(294,317)</u> | <u>103,011</u> |
| 11 | | | | |
| 12 | <u>DEPRECIATION / AMORTIZATION:</u> | | | |
| 13 | DEPRECIATION | 149,765,347 | (3,796,102) | 1,447,773 |
| 14 | AMORTIZATION OF TREASURY GRANTS (407.4) | - | - | - |
| 15 | AMORTIZATION (OTHER THAN REGULATORY ASSETS/LIAB) | 11,818,342 | (299,560) | 101,653 |
| 16 | TOTAL DEPRECIATION / AMORTIZATION | <u>161,583,689</u> | <u>(4,095,662)</u> | <u>1,549,426</u> |
| 17 | | | | |
| 18 | <u>OTHER TAXES:</u> | | | |
| 19 | MONTANA ENERGY TAX | 1,471,073 | (56,480) | 19,768 |
| 20 | PAYROLL TAXES | 2,097,014 | (53,153) | 18,604 |
| 21 | TOTAL OTHER TAXES | <u>3,568,087</u> | <u>(109,633)</u> | <u>38,372</u> |
| 22 | | | | |
| 23 | <u>AMORTIZATION ON REGULATORY ASSETS (EXCLUDES POWER REG AMORT)</u> | | | |
| 24 | WHITE RIVER REGULATORY ASSET | 6,689,177 | (169,551) | 59,343 |
| 25 | TREASURY GRANTS DEFERRAL - SNOQUALMIE | (1,381,852) | 35,026 | (12,259) |
| 26 | TREASURY GRANTS DEFERRAL - BAKER | (400,022) | 10,139 | (3,549) |
| 27 | ELECTRON UNRECOVERED COSTS | 3,786,308 | (95,972) | 33,590 |
| 28 | MINT FARM DEFFRAL - UE-090704 | 2,885,052 | (73,127) | 25,595 |
| 29 | LSR PLANT DEFERRAL - UE-111048 | - | - | - |
| 30 | FERNDALE PLANT DEFERRAL - UE-130617 | 4,520,423 | (114,579) | 40,103 |
| 31 | BAKER UPGRADE PLANT DEFERRAL UE-130617 | 561,126 | (14,223) | 4,978 |
| 32 | SNOQUALMIE UPGRADE PLANT DEFERRAL UE-130617 | 2,203,436 | (55,850) | 19,548 |
| 33 | FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074 | - | - | - |
| 34 | CARRYING CHARGES ON LSR PREPAID TRANSM | 687,420 | (17,424) | 6,098 |
| 35 | TOTAL REGULATORY ASSET ADJUSTMENT TO DECOUPLING RATE | <u>19,551,068</u> | <u>(495,561)</u> | <u>173,446</u> |
| 36 | | | | |
| 37 | INCREASE (DECREASE) EXPENSE | | (4,995,173) | 1,864,255 |
| 38 | INCREASE(DECREASE) NOI | | | <u>\$ 3,130,918</u> |
| 39 | | | | |

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

| LINE NO. | DESCRIPTION | PROFORMA AND RESTATED | PRODUCTION FACTOR | FIT 35% |
|-------------|--|--------------------------|------------------------|-----------------------|
| 40 | | | | |
| 41 | RATEBASE: | | | |
| 42 | PRODUCTION RATE BASE: | | | |
| 43 | DEPRECIABLE PRODUCTION PROPERTY (INCLUDES HYDRO GRAN | \$ 3,894,737,851 | \$ (98,719,920) | \$ 3,796,017,931 |
| 44 | PRODUCTION PROPERTY ACCUM DEPR. | (1,711,022,636) | 43,369,291 | (1,667,653,345) |
| 45 | NON-DEPRECIABLE PRODUCTION PROPERTY | 80,139,253 | (2,031,290) | 78,107,963 |
| 46 | PRODUCTION PROPERTY ACCUM AMORT. | (9,933,315) | 251,780 | (9,681,535) |
| 47 | COLSTRIP COMMON FERC ADJUSTMENT | 2,908,282 | (73,716) | 2,834,566 |
| 48 | COLSTRIP DEFERRED DEPRECIATION FERC ADJ. | 858,922 | (21,771) | 837,151 |
| 49 | ACQUISITION ADJUSTMENT | 281,543,145 | (7,136,274) | 274,406,871 |
| 50 | ACCUMULATED AMORTIZATION ON ACQUISTION ADJ | (113,037,112) | 2,865,152 | (110,171,960) |
| 51 | NET PRODUCTION PROPERTY | <u>2,426,194,391</u> | <u>(61,496,748)</u> | <u>2,364,697,643</u> |
| 52 | | | | |
| 53 | | | | |
| 54 | DEDUCT: | | | |
| 55 | LIBR. DEPREC. POST 1980 (AMA) | (513,042,624) | 13,004,091 | (500,038,533) |
| 56 | NOL DEFERRED TAX ASSET ATTRIBUTABLE TO PRODUCTION | 48,295,905 | (1,224,156) | 47,071,749 |
| 57 | TREASURY GRANTS FOR SNOQUALMIE AND BAKER | 0 | 0 | - |
| 58 | ACCUM AMORT OF TREASURY GRANTS FOR SNOQUALMIE AND BAKER | 0 | 0 | - |
| 59 | ADJUSTMENT TO RATE BASE | <u>(464,746,719)</u> | <u>11,779,935</u> | <u>(452,966,784)</u> |
| 60 | | | | |
| 61 | TOTAL ADJUSTMENT TO PRODUCTION RATE BASE | 1,961,447,672 | (49,716,813) | 1,911,730,859 |
| 62 | | | | |
| 63 | REGULATORY ASSETS RATE BASE (INCLUDES POWER COST REG ASSETS/LIAB): | | | |
| 64 | TREASURY GRANTS DEFERRAL - SNOQUALMIE | (374,252) | 9,486 | (364,765) |
| 65 | TREASURY GRANTS DEFERRAL - BAKER | (108,339) | 2,746 | (105,593) |
| 66 | BEP | 0 | - | 0 |
| 67 | WHITE RIVER REGULATORY ASSET | 10,869,912 | (275,520) | 10,594,392 |
| 68 | WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) | (88,510) | 2,243 | (86,267) |
| 69 | WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) | (121,339) | 3,076 | (118,264) |
| 70 | CHELAN PUD CONTRACT INITIATION | 82,196,761 | (2,083,441) | 80,113,319 |
| 71 | CHELAN - ROCK ISLAND SECURITY DEPOSIT | 18,500,000 | (468,920) | 18,031,081 |
| 72 | COLSTRIP 1&2 (WEC _o) PREPAYMENT | 750,000 | (19,010) | 730,990 |
| 73 | FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074 | 0 | - | 0 |
| 74 | LOWER SNAKE RIVER PREPAID TRANSM PRINCIPAL | 60,863,794 | (1,542,715) | 59,321,079 |
| 75 | CARRYING CHARGES ON LSR PREPAID TRANSM | 8,466,701 | (214,605) | 8,252,096 |
| 76 | MINT FARM DEFFRED - UE-090704 (ENDS MAR 2025) | 12,550,110 | (318,108) | 12,232,003 |
| 77 | LOWER SNAKE RIVER PLANT DEFERRAL (ENDS APR 2016) | 0 | (0) | 0 |
| 78 | FERNDAL PLANT DEFERRAL (ENDS OCT 2019) | 3,917,700 | (99,302) | 3,818,398 |
| 79 | SNOQUALMIE UPGRADE PLANT DEFERRAL (ENDS OCT 2018) | 596,764 | (15,126) | 581,638 |
| 80 | BAKER UPGRADE PLANT DEFERRAL (ENDS OCT 2018) | 151,972 | (3,852) | 148,120 |
| 81 | ELECTRON UNRECOVERED PLANT COSTS | 1,128,004 | (28,592) | 1,099,412 |
| 82 | TOTAL ADJUSTMENT TO REGULATORY ASSETS RATE BASE | <u>\$ 199,299,277</u> | <u>\$ (5,051,639)</u> | <u>\$ 194,247,638</u> |
| 83 | | | | |
| 84 | TOTAL RATE BASE | | <u>\$ (54,768,452)</u> | |