

**EXHIBIT NO. ___(KJB-4)
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___

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

KATHERINE J. BARNARD

ON BEHALF OF PUGET SOUND ENERGY

JANUARY 13, 2017

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS	REVENUE REQUIREMENT DEFICIENCY	AFTER RATE INCREASE
1	OPERATING REVENUES				
2	SALES TO CUSTOMERS	\$ 2,146,048,308	\$ (182,861,223)	\$ 1,963,187,085	\$ 2,111,842,982
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT	324,382	(7,993)	316,389	722,479
4	SALES TO OTHER UTILITIES	201,125,742	(172,694,095)	28,431,646	28,431,646
5	OTHER OPERATING REVENUES	47,841,339	24,572,574	72,413,913	72,413,913
6	TOTAL OPERATING REVENUES	2,395,339,771	(330,990,738)	2,064,349,033	2,213,411,019
7	OPERATING REVENUE DEDUCTIONS:			149,061,986	
8					
9					
10	POWER COSTS:				
11	FUEL	235,002,887	(27,358,720)	207,644,167	207,644,167
12	PURCHASED AND INTERCHANGED	532,346,459	(84,520,705)	447,825,754	447,825,754
13	WHEELING	113,800,193	(5,225,456)	108,574,738	108,574,738
14	RESIDENTIAL EXCHANGE	(69,268,220)	69,268,220		
15	TOTAL PRODUCTION EXPENSES	811,881,319	(47,836,661)	764,044,658	764,044,658
16	OTHER POWER SUPPLY EXPENSES	125,897,437	9,861,453	135,758,890	135,758,890
17	TRANSMISSION EXPENSE	20,270,050	71,477	20,341,527	20,341,527
18	DISTRIBUTION EXPENSE	83,356,029	28,735	83,384,764	83,384,764
19	CUSTOMER ACCTS EXPENSES	47,600,166	2,726,768	50,326,934	51,393,771
20	CUSTOMER SERVICE EXPENSES	19,829,127	(17,231,810)	2,597,317	2,597,317
21	CONSERVATION AMORTIZATION	97,566,975	(97,540,765)	26,210	26,210
22	ADMIN & GENERAL EXPENSE	114,599,759	2,072,296	116,672,055	116,670,179
23	DEPRECIATION	268,356,985	49,907,233	318,264,218	318,264,218
24	AMORTIZATION	45,684,975	4,321,972	50,006,947	50,006,947
25	AMORTIZ OF PROPERTY GAIN/LOSS	20,604,866	15,418,006	36,022,873	36,022,873
26	OTHER OPERATING EXPENSES	(9,997,194)	19,486,736	9,489,542	9,489,542
27	ASC 815	(64,111,668)	64,111,668		
28	TAXES OTHER THAN INCOME TAXES	230,800,257	(144,222,468)	86,577,789	92,310,265
29	INCOME TAXES	800	46,784,334	46,785,134	96,472,711
30	DEFERRED INCOME TAXES	181,996,915	(140,252,061)	41,744,854	41,744,854
31	TOTAL OPERATING REV. DEDUCT.	1,994,336,799	(232,293,088)	1,762,043,712	1,818,828,726
32				56,785,015	
33	NET OPERATING INCOME	\$ 401,002,972	\$ (98,697,650)	\$ 302,305,322	\$ 394,582,293
34				92,276,971	
35	RATE BASE	5,153,204,462	(55,242,028)	5,097,962,433	5,097,962,433
36					
37	RATE OF RETURN	7.78%		5.93%	7.74%
38					
39					
40	RATE BASE:				
41	GROSS UTILITY PLANT IN SERVICE	9,760,401,507	(50,517,700)	9,709,883,806	9,709,883,806
42	ACCUM DEPR AND AMORT	(3,743,804,806)	(65,056,024)	(3,808,860,830)	(3,808,860,830)
43	DEFERRED DEBITS AND CREDITS	253,258,620	30,590,973	283,849,593	283,849,593
44	DEFERRED TAXES	(1,263,932,468)	29,740,723	(1,234,191,745)	(1,234,191,745)
45	ALLOWANCE FOR WORKING CAPITAL	227,005,242	-	227,005,242	227,005,242
46	OTHER	(79,723,633)	-	(79,723,633)	(79,723,633)
47	TOTAL RATE BASE	\$ 5,153,204,462	\$ (55,242,028)	\$ 5,097,962,433	\$ 5,097,962,433

PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
 Adjustment Detail (Page 1)

LINE NO.	ACTUAL RESULTS OF OPERATIONS	REVENUES & EXPENSES NORMALIZATION	TEMPERATURE PASS-THROUGH REVS. & EXPS.	FEDERAL INCOME TAX	TAX BENEFIT OF PROFORMA INTEREST	DEPRECIATION STUDY
	6.01	6.02	6.03	6.04	6.05	6.06
1	OPERATING REVENUES					
2	SALES TO CUSTOMERS	\$ 2,146,048,308	\$ (18,636,298)	\$ (192,533,061)	\$ -	\$ -
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT	324,382	147	(13,258)	-	-
4	SALES TO OTHER UTILITIES	201,125,742				
5	OTHER OPERATING REVENUES	47,841,339	(10,225,163)	(278,053)		
6	TOTAL OPERATING REVENUES	2,395,339,771	(28,861,314)	(192,824,371)		
7			28,313,253			
8	OPERATING REVENUE DEDUCTIONS:					
9						
10	POWER COSTS:					
11	FUEL	235,002,887				
12	PURCHASED AND INTERCHANGED	532,346,459				
13	WHEELING	113,800,193				
14	RESIDENTIAL EXCHANGE	(69,268,220)				
15	TOTAL PRODUCTION EXPENSES	811,881,319		69,268,220		
16				69,268,220		
17	OTHER POWER SUPPLY EXPENSES	125,897,437				
18	TRANSMISSION EXPENSE	20,270,050				
19	DISTRIBUTION EXPENSE	83,356,029				
20	CUSTOMER ACCTS EXPENSES	47,600,166	202,638	(1,378,054)		
21	CUSTOMER SERVICE EXPENSES	19,829,127		(17,275,568)		
22	CONSERVATION AMORTIZATION	97,566,975		(97,540,765)		
23	ADMIN & GENERAL EXPENSE	114,599,759	56,627	(426,522)		
24	DEPRECIATION	268,356,985				53,998,973
25	AMORTIZATION	45,684,975				(751,879)
26	AMORTIZ OF PROPERTY GAIN/LOSS	20,604,866				
27	OTHER OPERATING EXPENSES	(9,997,194)		365,335		
28	ASC 815	(64,111,668)				
29	TAXES OTHER THAN INCOME TAXES	230,800,257	1,088,843	(144,297,723)		
30	INCOME TAXES	800	9,437,801	(538,752)		
31	DEFERRED INCOME TAXES	181,996,915		144,836,216	(53,350,177)	(18,636,483)
32	TOTAL OPERATING REV. DEDUCT.	1,994,336,799	277,800	(191,823,831)	27,023,239	34,610,611
33						
34	NET OPERATING INCOME	\$ 401,002,972	\$ (29,139,114)	\$ (1,000,540)	\$ (27,023,239)	\$ (34,610,611)
35						
36	RATE BASE	\$ 5,153,204,462	\$ -	\$ -	\$ -	\$ (17,305,306)
37						
38	RATE OF RETURN	7.78%				
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40	RATE BASE:					
41	GROSS UTILITY PLANT IN SERVICE	\$ 9,760,401,507	\$ -	\$ -	\$ -	\$ -
42	ACCUM DEPR AND AMORT	(3,743,804,806)				(26,623,547)
43	DEFERRED DEBITS AND CREDITS	253,258,620				
44	DEFERRED TAXES	(1,263,932,468)				
45	ALLOWANCE FOR WORKING CAPITAL	227,005,242				9,318,241
46	OTHER	(79,723,633)				
47	TOTAL RATE BASE	\$ 5,153,204,462	\$ -	\$ -	\$ -	\$ (17,305,306)

PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
Adjustment Detail (Page 2)

LINE NO.	NORMALIZE INJ & DMGS 6.07	BAD DEBTS 6.08	INCENTIVE PAY 6.09	D&O INSURANCE 6.10	INTEREST ON CUST DEPOSITS 6.11	RATE CASE EXPENSES 6.12	DEFERRED G/L ON PROPERTY SALES 6.13	PROPERTY & LIABILITY INS 6.14
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PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
Adjustment Detail (Page 3)

LINE NO.	PENSION PLAN 6.15	WAGE INCREASE 6.16	INVESTMENT PLAN 6.17	EMPLOYEE INSURANCE 6.18	ENVIRONMENTAL REMEDIATION 6.19	PAYMENT PROCESSING COSTS 6.20	SOUTH KING SERVICE CENTER 6.21	EXCISE TAX AND FILING FEE 6.22
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PUGET SOUND ENERGY-ELECTRIC
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
 Adjustment Detail (Page 4)

LINE NO.	POWER COSTS 7.01	MT ELECTRIC ENERGY TAX 7.02	WILD HORSE SOLAR 7.03	ASC 815 (PREV. SFAS 133) 7.04	STORM DAMAGE 7.05	REG ASSETS & LIABILITIES 7.06	GLACIER BATTERY STRG 7.07	ENERGY IMB MARKET 7.08
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PUGET SOUND ENERGY-ELECTRIC
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016
 Adjustment Detail (Page 5)

LINE NO.	GOLDENDALE CAPACITY UPGRADE 7.09	MINT FARM CAPACITY UPGRADE 7.10	WHITE RIVER 7.11	RECLASS OF HYDRO TREAS GRANTS 7.12	PRODUCTION ADJUSTMENT 7.13	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1	OPERATING REVENUES						
2	SALES TO CUSTOMERS						
3						(182,861,223)	\$ 1,963,187,085
4						(7,993)	316,389
5						(172,694,095)	28,431,646
6						24,572,574	72,413,913
7						(330,990,738)	2,064,349,033
8	OPERATING REVENUE DEDUCTIONS:						
9	POWER COSTS:						
10							
11							
12					(3,551)	(27,358,720)	207,644,167
13						(84,520,705)	447,825,754
14						(5,225,456)	108,574,738
15					(3,551)	69,268,220	-
16						(47,836,661)	764,044,658
17					(7,192)	9,861,453	135,758,890
18						71,477	20,341,527
19						28,735	83,384,764
20						2,726,768	50,326,934
21						(17,231,810)	2,597,317
22						(97,540,765)	26,210
23						2,072,296	116,672,055
24					(283,574)	49,907,233	318,264,218
25					(299,560)	4,321,972	50,006,947
26	(3,317)		5,194,475		(265,522)	15,418,006	36,022,873
27				3,279,780	(230,039)	19,486,736	9,489,542
28						64,111,668	-
29					(53,153)	(144,222,468)	86,577,789
30					1,807,775	46,784,334	46,785,134
31	1,161		(1,818,066)			(140,252,061)	41,744,854
32	(2,156)			2,131,857	(3,130,918)	(232,293,088)	1,762,043,712
33							
34	\$	2,156	\$	(3,376,409)	\$	(98,697,650)	\$ 302,305,322
35							
36	\$	18,140,954	\$	19,004,590	\$	(55,242,028)	\$ 5,097,962,433
37							
38							5.93%
39							
40							
41		(46,657)	\$	24,765,516	\$	(50,517,700)	9,709,883,806
42		21,111,913		(1,572,187)		(65,056,024)	(3,808,860,830)
43					(95,819,884)	46,486,223	283,849,593
44		(2,924,302)		(4,188,739)	(5,970,590)	30,590,973	(1,234,191,745)
45					12,603,399	29,740,723	227,005,242
46							(79,723,633)
47	\$	18,140,954	\$	19,004,590	\$	(55,242,028)	\$ 5,097,962,433