



Puget Sound Energy
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PSE.com

March 31, 2017

Filed Via Web Portal

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

RE: Electric Accounting Report Pursuant to WAC 480-100-257

Dear Mr. King:

Attached is Puget Sound Energy's ("PSE") Electric Commission Basis Reports ("CBR") showing Restated Results of Operations for the twelve-month period ended December 31, 2016. Electronic workpapers supporting this report will be submitted separately to Commission Staff and once filed will be available upon request. Although not required, as a courtesy and for ease of navigation, PSE is also submitting a PDF version of the CBR. This report was prepared following the requirements of WAC 480-100-257 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 480-100-257.

The results show a normalized overall rate of return of 8.06% and a return on actual common equity of 10.28%, 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 overall rate of return of 7.77 percent. The twenty nine basis points that PSE earned above its authorized return equates to \$11,945,200 in earnings sharing. An earnings rebate in this amount has been included in the Schedule 142 filing made concurrent with this filing. Consequently, PSE's normalized overall rate of return and return on actual common equity after consideration of earnings sharing is 7.91% and 9.99%.

In an August 28, 2014 recessed open meeting related to these dockets, Commissioner's expressed a desire for PSE to provide additional information regarding its efficiency efforts and the impacts on the periodic CBRs. Accordingly, and in compliance with paragraphs 211 and 215 of Order 07, an analysis and write-up for the reporting period are enclosed, discussing both the

Commission requested information and a further overview of the earnings sharing results. As a courtesy and for ease of navigation, PSE is also submitting a PDF version of this additional information.

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

Sincerely,



Susan E. Free
Manager of Revenue Requirement

Attachments:

- PSE December 2016 Commission Basis Reports Electric (Complete PDF)
- PSE Electric December 2016 Commission Basis Reports
- PSE 12-2016 Commission Basis Reports Additional Information
- PSE 12-2016 Commission Basis Reports Additional Info part-1
- PSE 12-2016 Commission Basis Reports Additional Info part-2