

**Gas Commission Basis Report Cover Letter**  
**December 31, 2017**

<b>1.01</b>
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		<b>Adjusted Results of Operations</b>	<b>Earnings Sharing</b>	<b>After Earnings Sharing</b>
Restated Net Operating Income	a	\$ 147,134,927	\$ (3,030,268)	\$ 144,104,659
Restated Rate Base	b	\$ 1,802,850,989	\$ -	\$ 1,802,850,989
<b>Normalized Overall Rate of Return</b>	c=a/b	<b>8.16%</b>	<b>-0.17%</b>	<b>7.99%</b>
Restated Net Operating Income	d=a	\$ 147,134,927	\$ (3,030,268)	\$ 144,104,659
Restated Interest Expense	e	\$ 53,724,959		\$ 53,724,959
Restated NOI less Restated Interest Exp	f=d-e	\$ 93,409,968	\$ (3,030,268)	\$ 90,379,700
Restated Rate Base	g=b	\$ 1,802,850,989	\$ -	\$ 1,802,850,989
Actual Equity Percent	h	49.78%		49.78%
Equity Rate Base	i=g*h	\$ 897,459,222	\$ -	\$ 897,459,222
<b>Restated Return on Actual Equity</b>	j=f/i	<b>10.41%</b>	<b>-0.34%</b>	<b>10.07%</b>

1.02

**PUGET SOUND ENERGY, INC.**

**Utility Capital Structure  
Cost of Capital and Rate of Return  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**

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	<b>Total Debt</b>	\$3,827,851,600	50.22%	5.93%	<b>2.98%</b>
8					
9	<b>Common Stock</b>	\$3,793,999,993	<u>49.78%</u>	9.79%	<u>4.87%</u>
10					
11	<b>Total</b>	<b><u>\$7,621,851,593</u></b>	<b><u>100.00%</u></b>		<b><u>7.85%</u></b>
12					
13					
14	<b>(i) - Average of Month-End Balances</b>				

**PUGET SOUND ENERGY**  
**Gas Earnings Sharing Test (Excludes Normalizing Adjustments per UE-170033 / UG-170034)**  
**Commission Basis Report**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**

Line No.	Description	2017 CBR as Filed	Normalizing Adjustments to Remove				2017 Adjusted CBR Earnings Test
			Temp Normalization	Rate Case Expense	Bad Debt	Injuries & Damages	
1	Rate Base Adjustments		\$ -	\$ -	\$ -	\$ -	
2	Restated Rate Base	\$ 1,802,850,989	\$ 1,802,850,989	\$ 1,802,850,989	\$ 1,802,850,989	\$ 1,802,850,989	\$ 1,802,850,989
3	Threshold (only 13 days at 2017 GRC ROR)	7.76%	7.76%	7.76%	7.76%	7.76%	7.76%
4	Maximum Net Operating Income	\$ 139,974,417	\$ 139,974,417	\$ 139,974,417	\$ 139,974,417	\$ 139,974,417	\$ 139,974,417
5	Normalizing Adjustments		\$ 25,260	\$ (61,778)	\$ 482,188	\$ (1,545,645)	
6	Restated Net Operating Income (Cumulative)	\$ 147,134,927	\$ 147,160,187	\$ 147,098,410	\$ 147,580,598	\$ 146,034,953	\$ 146,034,953
7	Difference	\$ 7,160,510	\$ 7,185,770	\$ 7,123,993	\$ 7,606,181	\$ 6,060,536	\$ 6,060,536
8	Excess Earnings (Cumulative)	\$ 7,160,510	\$ 7,185,770	\$ 7,123,993	\$ 7,606,181	\$ 6,060,536	\$ 6,060,536
9	Earnings Sharing %	50%	50%	50%	50%	50%	50%
10	After-Tax Earnings Sharing (Cumulative)	3,580,255	3,592,885	3,561,997	3,803,091	3,030,268	3,030,268
11	Conversion Factor	0.62045	0.62045	0.62045	0.62045	0.62045	0.62045
12	Incremental Earnings Sharing for CY 2017 for Cost	\$ 5,770,417	\$ 20,356	\$ (49,783)	\$ 388,579	\$ (1,245,585)	\$ 4,883,984

**PUGET SOUND ENERGY**  
**PERIODIC ALLOCATED RESULTS OF OPERATIONS**  
**FOR THE 12 MONTHS ENDED DECEMBER 31, 2017**

(Common cost is spread based on allocation factors developed for the 12 ME 12/31/2017)

	Electric	Gas	Total Amount
1 - OPERATING REVENUES:			
2 - SALES TO CUSTOMERS	\$ 2,260,133,186	\$ 1,004,134,915	\$ 3,264,268,101
3 - SALES FOR RESALE-FIRM	354,461	-	354,461
4 - SALES TO OTHER UTILITIES	129,039,388	-	129,039,388
5 - OTHER OPERATING REVENUES	48,085,655	(6,375,543)	41,710,112
6 - TOTAL OPERATING REVENUES	\$ 2,437,612,690	\$ 997,759,372	\$ 3,435,372,062
7			
8 - OPERATING REVENUE DEDUCTIONS:			
9			
10 - POWER COSTS:			
11 - FUEL	\$ 206,275,407	\$ -	\$ 206,275,407
12 - PURCHASED AND INTERCHANGED	540,870,184	360,008,599	900,878,783
13 - WHEELING	117,598,896	-	117,598,896
14 - RESIDENTIAL EXCHANGE	(75,933,464)	-	(75,933,464)
15 - TOTAL PRODUCTION EXPENSES	\$ 788,811,023	\$ 360,008,599	\$ 1,148,819,622
16			
17 - OTHER ENERGY SUPPLY EXPENSES	\$ 125,057,644	\$ 4,380,924	\$ 129,438,569
18 - TRANSMISSION EXPENSE	20,893,816	-	20,893,816
19 - DISTRIBUTION EXPENSE	76,281,991	59,084,502	135,366,493
20 - CUSTOMER ACCTS EXPENSES	49,265,340	28,329,053	77,594,393
21 - CUSTOMER SERVICE EXPENSES	21,872,767	8,035,607	29,908,374
22 - CONSERVATION AMORTIZATION	104,947,340	16,268,880	121,216,220
23 - ADMIN & GENERAL EXPENSE	126,742,111	66,160,194	192,902,305
24 - DEPRECIATION	283,105,475	130,682,950	413,788,426
25 - AMORTIZATION	58,683,970	17,346,426	76,030,396
26 - AMORTIZ OF PROPERTY LOSS	20,885,273	-	20,885,273
27 - OTHER OPERATING EXPENSES	(82,364,984)	281,808	(82,083,176)
28 - ASC 815	30,790,455	-	30,790,455
29 - TAXES OTHER THAN INCOME TAXES	245,541,877	114,566,585	360,108,462
30 - INCOME TAXES	61,594,180	17,027,972	78,622,153
31 - DEFERRED INCOME TAXES	133,835,621	48,612,801	182,448,422
32 - TOTAL OPERATING REV. DEDUCT.	\$ 2,065,943,901	\$ 870,786,301	\$ 2,936,730,202
<b>NET OPERATING INCOME</b>	<b>\$ 371,668,789</b>	<b>\$ 126,973,070</b>	<b>\$ 498,641,859</b>

**PUGET SOUND ENERGY**  
**BALANCE SHEET**  
As of December 31, 2017

FERC Account and Description	12/31/2017	December 17 AMA
*ASSETS		<b>REVISED</b>
**UTILITY PLANT		<b>JUNE 28, 2018</b>
***Electric Plant		
101 Electric Plant in Service	9,650,535,613	9,551,417,259
102 Electric Plant Purchased or Sold	-	-
105 Electric Plant Held for Future Use	52,143,357	51,069,038
106 Comp.Construction Not Classfd.-Electric	146,752,173	71,847,761
107 Construction Work in Prog. - Electric	228,175,190	259,811,165
114 Electric Plant Acquisition Adjustments	282,791,675	282,791,675
Total Electric Plant	<u>10,360,398,008</u>	<u>10,216,936,899</u>
***Gas Plant		
101 Gas Plant in Service	3,648,585,013	3,544,843,423
105 Gas Plant Held for Future Use	1,436,911	1,436,902
106 Comp. Construction Not Classfd. - Gas	91,940,790	83,232,978
107 Construction Work in Progress - Gas	132,115,958	128,682,597
117.1 Base Gas Stored Underground - Non Current	8,654,564	360,607
117.3 Gas Strd.in Resvr.& Pipln.-Noncurr.	-	8,293,958
Total Gas Plant	<u>3,882,733,237</u>	<u>3,766,850,464</u>
***Common Plant		
101 Plant in Service - Common	670,048,473	577,493,594
101.1 - Property under capital leases	1,129,252	947,015
105 Common Plant Held for Future Use	-	8,850,057
106 Comp Construction Not Classfd. - Common	36,320,795	7,254,073
107 Construction Work in Progress - Common	135,646,120	123,653,511
Total Common Plant	<u>843,144,640</u>	<u>718,198,250</u>
***Accumulated Depreciation and Amortization		
108 Accumulated Provision for Depreciation	(5,299,101,782)	(5,159,795,550)
111 Accumulated Provision for Amortization	(188,664,312)	(165,709,691)
115 Accm.Priv.for Amort.of Plant Acquis.Adj.	(129,645,725)	(125,425,629)
Less: Accumulated Depr and Amortizat	<u>(5,617,411,819)</u>	<u>(5,450,930,869)</u>
**NET UTILITY PLANT	9,468,864,066	9,251,054,744
**OTHER PROPERTY AND INVESTMENTS		
***Other Investments		
121 Nonutility Property	3,106,846	3,005,036
122 Accm.Prov.for Depr.& Amort.Non-utility P	(20,713)	(9,725)
123.1 Investment in Subsidiary Companies	25,282,008	28,041,483
124 Other Investments	48,473,452	49,316,503
***Total Other Investments	<u>76,841,593</u>	<u>80,353,297</u>
**TOTAL OTHER PROPERTY AND INVESTMENT	76,841,593	80,353,297
**CURRENT ASSETS		
***Cash		
131 Cash	24,969,139	17,049,946
134 Other Special Deposits	5,700,640	4,053,680
135 Working Funds	4,363,344	5,325,753
136 Temporary Cash Investments	-	-
***Total Cash	<u>35,033,123</u>	<u>26,429,379</u>
***Restricted Cash	-	-
***Total Restricted Cash	<u>-</u>	<u>-</u>
***Accounts Receivable		
141 Notes Receivable	2,601,890	2,839,907
142 Customer Accounts Receivable	237,229,841	207,297,935
143 Other Accounts Receivable	94,860,942	84,180,683
146 Accounts Receiv.from Assoc. Companies	3,368,040	14,131,943
171 Interest and Dividends Receivable	-	-
173 Accrued Utility Revenues	222,186,152	159,943,819
185 Temporary Facilities	186,390	144,790

<b>FERC Account and Description</b>	<b>12/31/2017</b>	<b>December 17 AMA</b>
191 Unrecovered Purchased Gas Costs	(16,050,963)	(8,724,816)
***Total Accounts Receivable	544,382,291	459,814,261
***Allowance for Doubtful Accounts		
144 - Accumulated provision for uncollectible account credit	(8,900,746)	(8,861,674)
***Less: Allowance for Doubtful Accounts	(8,900,746)	(8,861,674)
***Materials and Supplies		
151 Fuel Stock	17,266,161	19,054,248
154 Plant Materials and Operating Supplies	107,473,644	105,467,038
156 Other Materials and Supplies	150,639	233,887
158.1 Carbon Allowances	32,064	10,134
163 Stores Expense Undistributed	(502,989)	314,966
164.1 Gas Stored - Current	31,092,338	31,426,128
164.2 Liquefied Natural Gas Stored	75,973	60,602
***Total Materials and Supplies	155,587,830	156,567,002
***Unrealized Gain-Derivative Instrumnts (ST)		
175 Invest in Derivative Instrumnts -Opt ST	22,247,016	20,498,536
176 Invest in Derivative Instrumnts-Gain ST	-	-
***Unrealized Gain on Derivatives (ST)	22,247,016	20,498,536
***Prepayments and Other Current Assets		
165 Prepayments	19,629,478	23,130,147
174 Misc.Current and Accrued Assets	14,000	3,973,479
186 Miscellaneous Deferred Debits	11,985	20,712
***Total Prepayments & Othr.Curr.Assets	19,655,463	27,124,337
Current Deferred Taxes		
Total Current Deferred Taxes	1,375,504,644	522,941,761
<b>**TOTAL CURRENT ASSETS</b>	<b>2,143,509,621</b>	<b>1,204,513,603</b>
<b>**LONG-TERM ASSETS</b>		
128 Qualified Pension Plan Funded Status	20,167,632	20,164,904
165 Long-Term Prepaid	6,830,645	13,690,865
165.8 Long-Term Prepaid Contra	(6,727,963)	(5,070,108)
165.9 Long-Term Prepaid	6,727,963	5,070,108
175 Invest in Derivative Instrumnts -Opt LT	2,157,991	4,125,216
176 Invest in Derivative Instrumnts-Gain LT	-	-
181 Unamortized Debt Expense	27,275,211	26,192,397
182.1 Extraordinary Property Losses	128,508,500	125,894,441
182.2 Unrecovered Plant & Reg Study Costs	3,786,308	2,930,974
Subtotal WUTC AFUDC	50,300,536	50,571,295
182.3 Other Regulatory Assets	462,167,825	525,215,957
183 Prelm. Survey and Investigation Charges	-	-
184 Clearing Accounts	-	(1,144,060)
186 Miscellaneous Deferred Debits	195,459,323	220,418,964
187 Def.Losses from Dispos.of Utility Plant	248,878	320,010
189 Unamortized Loss on Reacquired Debt	39,674,090	40,872,509
<b>**TOTAL LONG-TERM ASSETS</b>	<b>936,576,939</b>	<b>1,029,253,473</b>
<b>*TOTAL ASSETS</b>	<b>\$ 12,625,792,219</b>	<b>\$ 11,565,175,117</b>
<b>*CAPITALIZATION AND LIABILITIES</b>		
<b>**CURRENT LIABILITIES</b>		
230 Asset Retirement Obligations	(361,712)	(301,347)
244 FAS 133 Opt Unrealized Loss ST	(64,859,130)	(48,081,834)
245 FAS 133 Unrealized Loss ST	-	-
231 Notes Payable	(329,463,000)	(95,364,333)
232 Accounts Payable	(397,018,980)	(309,718,327)
233 Notes Payable to Associated Companies	-	-
234 Accounts Payable to Asscted Companies	-	-
235 Customer Deposits	(45,143,005)	(45,000,410)
236 Taxes Accrued	(114,841,147)	(106,812,018)
237 Interest Accrued	(47,836,634)	(58,027,737)
238 Dividends Declared	-	-
241 Tax Collections Payable	(1,436,537)	(1,694,983)
242 Misc. Current and Accrued Liabilities	(22,901,623)	(32,158,340)
243 Obligations Under Cap.Leases - Current	(509,713)	(928,689)
<b>**TOTAL CURRENT LIABILITIES</b>	<b>(1,024,371,481)</b>	<b>(698,088,019)</b>

FERC Account and Description	12/31/2017	December 17 AMA
<b>**DEFERRED TAXES</b>		
***Reg. Liability for Def.Income Tax		
283 Accum.Deferred Income Taxes - Other	(797,362)	(68,363,368)
***Total Reg.Liab.for Def.Income Tax	(797,362)	(68,363,368)
***Deferred Income Tax		
255 Accum.Deferred Investment Tax Credits	-	-
282 Accum. Def. Income Taxes - Other Prop.	(2,034,328,346)	(1,970,937,705)
283 Accum.Deferred Income Taxes - Other	(211,890,423)	(268,090,104)
***Total Deferred Income Tax	(2,246,218,769)	(2,239,027,809)
<b>**TOTAL DEFERRED TAXES</b>	(2,247,016,131)	(2,307,391,177)
<b>**OTHER DEFERRED CREDITS</b>		
Subtotal 227 Oblig Under Cap Lease - Noncurr	(619,538.37)	(25,814.10)
Total Unrealized Loss on Derivatives -LT	(21,235,027)	(18,355,162)
228.2 Accum. Prov.for Injuries and Damages	(2,290,000)	(1,994,542)
228.3 Pension & Post Retirement Liabilities	(58,840,022)	(77,903,763)
228.4 Accum. Misc.Operating Provisions	(160,945,986)	(252,167,855)
229 Accum Provision for Rate Refunds	-	-
230 Asset Retirement Obligations (FAS 143)	(188,572,019)	(186,114,505)
252 Customer Advances for Construction	(88,764,092)	(90,558,690)
253 Other Deferred Credits	(316,010,348)	(373,795,514)
254 Other Regulatory Liabilities	(1,141,625,470)	(166,573,588)
256 Def. Gains from Dispos.of Utility Plt	(2,277,159)	(2,597,304)
257 Unamortized Gain on Reacquired Debt	-	-
<b>**TOTAL OTHER DEFERRED CREDITS</b>	(1,981,179,662)	(1,170,086,737)
<b>**CAPITALIZATION</b>		
***SHAREHOLDER'S EQUITY		
****Common Equity		
201 Common Stock Issued	(859,038)	(859,038)
207 Premium on Capital Stock	(478,145,250)	(478,145,250)
211 Miscellaneous Paid-in Capital	(2,804,096,691)	(2,804,096,691)
214 Capital Stock Expense	7,133,879	7,133,879
215 Appropriated Retained Earnings	(22,554,372)	(21,107,368)
216 Unappropriated Retained Earnings	(362,300,335)	(355,687,145)
216.1 Unappr.Undistrib.Subsidiary Earnings	19,215,436	16,289,294
219 Other Comprehensive Income	126,904,052	139,799,084
433 Balance Transferred from Income	(320,054,044)	(197,265,849)
438 Dividends Declared - Common Stock	227,784,248	70,550,604
439 Adjustments to Retained Earnings	5,848,610	5,848,610
****Total Common Equity	(3,601,123,505)	(3,617,539,870)
<b>***TOTAL SHAREHOLDER'S EQUITY</b>	(3,601,123,505)	(3,617,539,870)
<b>***REDEEMABLE SECURITIES AND LONG-TERM DEBT</b>		
****Preferred Stock - Manditorily Redeemable Capital		
****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	(3,523,860,000)	(3,523,860,000)
226 Unamort.Disct. on Long-term Debt-Debit	1,758,560	1,790,686
Long-term Debt	(3,772,101,440)	(3,772,069,314)
<b>****Long-term Debt Total</b>	(3,772,101,440)	(3,772,069,314)
<b>***REDEEMABLE SECURITIES AND LTD</b>	(3,772,101,440)	(3,772,069,314)
<b>**TOTAL CAPITALIZATION</b>	(7,373,224,945)	(7,389,609,184)
<b>*TOTAL CAPITALIZATION AND LIABILITIES</b>	\$ (12,625,792,219)	\$ (11,565,175,117)
	\$ (0)	\$ (0)

2.03

**Puget Sound Energy**  
**Gas Rate Base**  
**As of Dec 31, 2017**

Line No.	Description	AMA 12/31/17
1	Gas Utility Plant in Service	3,622,165,847
2	Common Plant-Allocation to Gas	202,039,355
3	Gas Stored Underground - Non current	8,654,564
4	Total Plant in Service and Other Assets	<u>3,832,859,767</u>
5	Accumulated Provision for Depreciation	(1,413,591,025)
7	Common Accumulated Depreciation-Allocation to Gas	(79,848,064)
8	Customer Advances for Construction	(21,799,494)
9	Contributions in Aid of Construction - Accum. Def. FIT.	-
10	Liberalized Depreciation Total Accum. Def. FIT - Liberalizer	(581,762,113)
11	NOL Carryforward	2,478,207
12	Customer Deposits	(12,993,809)
12	Accumulated Depreciation and Other Liabilities	<u>(2,107,516,298)</u>
13	Net Operating Investment	<u>1,725,343,469</u>
14	<b>Allowance for Working Capital</b>	<u>77,507,520</u>
15	Total Gas Rate Base	<u><u>1,802,850,989</u></u>

2.04

**Summary Working Capital  
Comparison Between PSE Original and December 2017 With New Coding**

Line No.	Description	Dec-17 With New Accounts and Coding
1	Average Invested Capital	
2		
3	Total Average Invested Capital	\$ 7,580,497,834
4		
5	Investments	
6		
7	Total Electric Rate Base and Operating	4,919,147,866
8		
9	Total Gas Rate Base and Operating	1,725,343,469
10		
11	Total Electric and Gas Investment (lines 7 + 9)	6,644,491,335
12		
13	Total Non Operating Investments	610,108,468
14		
15	Total Average Investments (Lines 11+13)	7,254,599,803
16		
17	Investor Supplied Working Capital	\$ 325,898,031
18		
19	Total Average Investments (Lines 11+13)	7,254,599,803
20	Remove CWIP	
21	Net Investment	7,254,599,803
22		
23	Total Non-Operating Investments(Line 13)	610,108,468
24	Remove CWIP	
25	Net Non-Operating Investments	610,108,468
26		
27	<b>Working Capital Spread</b>	
28	<b>Electric</b>	<b>\$ 220,982,638</b>
29		67.81%
30	<b>Gas</b>	<b>\$ 77,507,520</b>
31		23.78%
32	<b>Non-Utility</b>	<b>\$ 27,407,873</b>
33		8.41%

**PUGET SOUND ENERGY-ELECTRIC & GAS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**ALLOCATION METHODS**

<b>Method</b>	<b>Description</b>		<b>Electric</b>	<b>Gas</b>	<b>Total</b>
<b>1</b>	<b>* <u>12 Month Average Number of Customers</u></b>	12/31/2017	1,135,044	819,336	1,954,380
	Percent		<b>58.08%</b>	<b>41.92%</b>	100.00%
<b>2</b>	<b>* <u>Joint Meter Reading Customers</u></b>	12/31/2017	768,686	459,527	1,228,213
	Percent		<b>62.59%</b>	<b>37.41%</b>	100.00%
<b>3</b>	<b>* <u>Non-Production Plant</u></b>				
	Distribution	12/31/2017	\$ 3,725,822,720	\$ 3,504,295,642	\$ 7,230,118,362
	Transmission	12/31/2017	1,488,784,963	-	1,488,784,963
	Direct General Plant	12/31/2017	228,577,774	34,398,937	262,976,711
	Total		<b>\$ 5,443,185,457</b>	<b>\$ 3,538,694,579</b>	<b>\$ 8,981,880,036</b>
	Percent		<b>60.60%</b>	<b>39.40%</b>	100.00%
<b>4</b>	<b>* <u>4-Factor Allocator</u></b>				
	Number of Customers	12/31/2017	1,135,044	819,336	1,954,380
	Percent		58.08%	41.92%	100.00%
	Labor - Direct Charge to O&M	12/31/2017	41,991,177	23,528,352	\$ 65,519,529
	Percent		64.09%	35.91%	100.00%
	T&D O&M Expense (Less Labor)	12/31/2017	78,860,314	38,229,867	\$ 117,090,181
	Percent		67.35%	32.65%	100.00%
	Net Classified Plant (Excluding General (Common) Plant)	12/31/2017	5,692,483,657	2,123,904,942	7,816,388,599
	Percent		72.83%	27.17%	100.00%
	Total Percentages		262.34%	137.66%	400.00%
	Percent		<b>65.59%</b>	<b>34.41%</b>	100.00%
<b>5</b>	<b>* <u>Employee Benefits</u></b>				
	Direct Labor Accts 500-935	12/31/2017	46,240,566	25,604,402	71,844,968
	Total		<b>\$ 46,240,566</b>	<b>\$ 25,604,402</b>	<b>\$ 71,844,968</b>
	Percent		<b>64.36%</b>	<b>35.64%</b>	100.00%

Summary 1

**PUGET SOUND ENERGY-GAS**  
**RESULTS OF OPERATIONS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	ACTUAL RESULTS OF OPERATIONS	TOTAL ADJUSTMENTS	RESTATED RESULTS OF OPERATIONS
1	<u>OPERATING REVENUES:</u>		
2	\$ 956,902,248	\$ (69,883,079)	\$ 887,019,168
3	47,232,667	(47,232,667)	-
4	(6,375,543)	42,109,439	35,733,896
5	\$ 997,759,372	\$ (75,006,308)	\$ 922,753,064
6			
7			
8	<u>OPERATING REVENUE DEDUCTIONS:</u>		
9			
10	<u>GAS COSTS:</u>		
11			
12	\$ 360,008,599	\$ 16,153,956	\$ 376,162,555
13			
14	\$ 360,008,599	\$ 16,153,956	\$ 376,162,555
15			
16	\$ 4,380,924	\$ (122,706)	\$ 4,258,218
17	-	-	-
18	59,084,502	-	59,084,502
19	28,329,053	431,643	28,760,696
20	8,035,607	(6,343,351)	1,692,257
21	16,268,880	(16,268,880)	-
22	66,160,194	(2,447,552)	63,712,642
23	130,682,950	0	130,682,950
24	17,346,426	-	17,346,426
25	-	-	-
26	281,808	-	281,808
27	114,566,585	(73,768,616)	40,797,969
28	17,027,972	(16,817,741)	210,231
29	48,612,801	4,015,083	52,627,883
30	\$ 510,777,703	\$ (111,322,120)	\$ 399,455,582
31			
32	\$ 126,973,070	\$ 20,161,857	\$ 147,134,927
33			
34	\$ 1,802,850,989	\$0	\$ 1,802,850,989
35			
36	7.04%		8.16%
37			
38	<u>RATE BASE:</u>		
39	\$ 3,832,859,767	\$ -	\$ 3,832,859,767
40	(1,493,439,089)	-	(1,493,439,089)
41	(581,762,113)	-	(581,762,113)
42	(32,315,096)	-	(32,315,096)
43	\$ 1,725,343,469	\$ -	\$ 1,725,343,469
44	77,507,520	-	77,507,520
45	\$ 1,802,850,989	\$ -	\$ 1,802,850,989

PUGET SOUND ENERGY-GAS  
STATEMENT OF OPERATING INCOME AND ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017  
COMMISSION BASIS REPORT

LINE NO.	ACTUAL RESULTS OF OPERATIONS 12 ME Dec 31, 2017	TEMPERATURE NORMALIZATION Adj 3.01	REVENUE & EXPENSE Adj 3.02	FEDERAL INCOME TAX Adj 3.03	TAX BENEFIT OF RESTATED INTEREST REVENUE & EXPENSE Adj 3.04	PASS-THROUGH Adj 3.05	RATE CASE EXPENSES Adj 3.06	BAD DEBTS Adj 3.07
1	OPERATING REVENUES							
2	SALES TO CUSTOMERS	\$ 956,902,248	\$ (40,706)	\$ 3,322,045	\$ -	\$ -	\$ (73,164,418)	\$ -
3	MUNICIPAL ADDITIONS	47,232,667					(47,232,667)	
4	OTHER OPERATING REVENUES	(6,375,543)		4,271,540			37,837,899	
5	TOTAL OPERATING REVENUES	\$ 997,759,372	\$ (40,706)	\$ 7,593,585	\$ -	\$ -	\$ (82,559,186)	\$ -
6								
7								
8	OPERATING REVENUE DEDUCTIONS:							
9								
10	GAS COSTS:							
11								
12	PURCHASED GAS	\$ 360,008,599	\$ -	\$ -	\$ -	\$ -	\$ 16,153,956	\$ -
13								
14	TOTAL PRODUCTION EXPENSES	\$ 360,008,599	\$ -	\$ -	\$ -	\$ -	\$ 16,153,956	\$ -
15								
16	OTHER ENERGY SUPPLY EXPENSES	\$ 4,380,924	\$ -	\$ -	\$ -	\$ -	\$ (122,706)	\$ -
17	TRANSMISSION EXPENSE	-						
18	DISTRIBUTION EXPENSE	59,084,502						
19	CUSTOMER ACCTS EXPENSES	28,329,053	(204)	38,021			(413,374)	741,827
20	CUSTOMER SERVICE EXPENSES	8,035,607					(6,343,351)	
21	CONSERVATION AMORTIZATION	16,268,880					(16,268,880)	
22	ADMIN & GENERAL EXPENSE	66,160,194	(81)	15,187			(165,118)	(95,043)
23	DEPRECIATION	130,682,950						
24	AMORTIZATION	17,346,426						
25	AMORTIZATION OF PROPERTY LOSS	-						
26	OTHER OPERATING EXPENSES	281,808						
27	TAXES OTHER THAN F.I.T.	114,566,585	(1,560)	291,039			(73,997,814.46)	
28	FEDERAL INCOME TAXES	17,027,972	(13,601)	2,537,268	(612,606)	(18,803,736)	(490,665)	33,265
29	DEFERRED INCOME TAXES	48,612,801			4,015,083			(259,639)
30	TOTAL OPERATING REV. DEDUCT.	\$ 510,777,703	\$ (15,446)	\$ 2,881,516	\$ 3,402,477	\$ (18,803,736)	\$ (97,801,908)	\$ (61,778)
31								\$ 482,188
32	NET OPERATING INCOME	\$ 126,973,070	\$ (25,260)	\$ 4,712,069	\$ (3,402,477)	\$ 18,803,736	\$ (911,234)	\$ 61,778
33								\$ (482,188)
34	RATE BASE	\$ 1,802,850,989				\$ -		
35								
36	RATE OF RETURN	7.04%						
37								
38	RATE BASE:							
39	UTILITY PLANT IN SERVICE AND OTHER ASSETS	\$ 3,832,859,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	ACCUMULATED DEPRECIATION	(1,493,439,089)						
41	ACCUMULATED DEFERRED FIT - LIBERALIZED	(581,762,113)						
42	DEPRECIATION AND OTHER LIABILITIES	(32,315,096)						
43	TOTAL NET INVESTMENT	\$ 1,725,343,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	ALLOWANCE FOR WORKING CAPITAL	77,507,520						
45	TOTAL RATE BASE	\$ 1,802,850,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PUGET SOUND ENERGY-GAS  
 STATEMENT OF OPERATING INCOME AND ADJUSTMENTS  
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017  
 COMMISSION BASIS REPORT

LINE NO.	EXCISE TAX & FILING FEE Adj 3.08	INTEREST ON CUST DEPOSITS Adj 3.09	PENSION PLAN Adj 3.10	D&O INSURANCE Adj 3.11	INJURIES AND DAMAGES Adj 3.12	INCENTIVE PAY Adj 3.13	MISCELLANEOUS EXPENSE Adj 3.14	TOTAL ADJUSTMENTS	ADJUSTED RESULTS OF OPERATIONS
1 OPERATING REVENUES									
2 SALES TO CUSTOMERS		\$ -	\$ -	\$ -				\$ (69,883,079)	\$ 887,019,168
3 MUNICIPAL ADDITIONS								(47,232,667)	-
4 OTHER OPERATING REVENUES								42,109,439	35,733,896
5 TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -		\$ -		\$ (75,006,308)	\$ 922,753,064
6									
7									
8 OPERATING REVENUE DEDUCTIONS:									
9									
10 GAS COSTS:									
11									
12 PURCHASED GAS		\$ -	\$ -	\$ -				16,153,956	\$ 376,162,555
13									
14 TOTAL PRODUCTION EXPENSES	\$ -	\$ -	\$ -	\$ -		\$ -		\$ 16,153,956	\$ 376,162,555
15									
16 OTHER ENERGY SUPPLY EXPENSES	\$ -	\$ -	\$ -	\$ -				\$ (122,706)	\$ 4,258,218
17 TRANSMISSION EXPENSE								-	-
18 DISTRIBUTION EXPENSE								-	59,084,502
19 CUSTOMER ACCTS EXPENSES			65,373					431,643	28,760,696
20 CUSTOMER SERVICE EXPENSES								(6,343,351)	1,692,257
21 CONSERVATION AMORTIZATION								(16,268,880)	-
22 ADMIN & GENERAL EXPENSE	12,751		1,351,136	(5,971)	(2,377,915)	(1,182,258)	(239)	(2,447,552)	63,712,642
23 DEPRECIATION								-	130,682,950
24 AMORTIZATION								-	17,346,426
25 AMORTIZATION OF PROPERTY LOSS								-	-
26 OTHER OPERATING EXPENSES								-	281,808
27 TAXES OTHER THAN F.I.T.	(1,542)							(58,740)	(73,768,616)
28 FEDERAL INCOME TAXES	(3,923)		(472,898)	2,090	832,270	434,349	84	(16,817,741)	210,231
29 DEFERRED INCOME TAXES								4,015,083	52,627,883
30 TOTAL OPERATING REV. DEDUCT.	\$ 7,286	\$ 65,373	\$ 878,238	\$ (3,881)	\$ (1,545,645)	\$ (806,649)	\$ (155)	\$ (111,322,120)	\$ 399,455,582
31									
32 NET OPERATING INCOME	\$ (7,286)	\$ (65,373)	\$ (878,238)	\$ 3,881	\$ 1,545,645	\$ 806,649	\$ 155	\$ 20,161,857	\$ 147,134,927
33									
34 RATE BASE								\$ -	\$ 1,802,850,989
35									
36 RATE OF RETURN									8.16%
37									
38 RATE BASE:									
39 UTILITY PLANT IN SERVICE AND OTHER ASSETS	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ 3,832,859,767
40 ACCUMULATED DEPRECIATION								-	(1,493,439,089)
41 ACCUMULATED DEFERRED FIT - LIBERALIZED								-	(581,762,113)
42 DEPRECIATION AND OTHER LIABILITIES								-	(32,315,096)
43 TOTAL NET INVESTMENT	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ 1,725,343,469
44 ALLOWANCE FOR WORKING CAPITAL								-	77,507,520
45 TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ 1,802,850,989

**PUGET SOUND ENERGY-GAS**  
**TEMPERATURE NORMALIZATION**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	TEMPERATURE NORMALIZATION ADJUSTMENT:			
2		<u>ACTUAL</u>	<u>TEMP ADJ</u>	<u>THERMS</u>
3		<u>THERMS</u>	<u>THERMS</u>	<u>CHANGE</u>
4		23,122,400	21,911,615	(1,210,785)
5		22,106,021	21,558,289	(547,732)
6		22,505,524	22,411,218	(94,306)
7		22,325,036	22,305,666	(19,370)
8		21,364,122	21,496,948	132,826
9		18,221,674	18,359,732	138,058
10		18,585,516	18,585,516	0
11		18,459,817	18,459,817	0
12		18,860,800	19,026,335	165,535
13		23,292,077	23,255,311	(36,766)
14		21,794,269	21,941,368	147,099
15		25,714,459	25,475,756	(238,703)
16		256,351,716	254,787,572	(1,564,144)
17	<b>REVENUE ADJUSTMENT:</b>			
18				
19	TRANS. INTERRUPT WITH FIRM OPTION - COM		85T	\$ (9,577)
20	TRANS. NON-EXCLUS INTER W/ FIRM OPTION - COM		87T	(7,827)
21	INTERRUPTIBLE WITH FIRM OPTION - COM		85	(11,550)
22	NON-EXCL INTERRUPT W/ FIRM OPTION - COM		87	(6,399)
23	SPECIAL CONTRACTS		SC	(5,354)
24	INCREASE (DECREASE) SALES TO CUSTOMERS			\$ (40,706)
25				
26	<b>OPERATING EXPENSES:</b>			
27	PURCHASED GAS COSTS			<u>0</u>
28				\$ -
29	UNCOLLECTIBLES @		0.50070%	\$ (204)
30	ANNUAL FILING FEE @		0.20000%	<u>(81)</u>
31	INCREASE (DECREASE) EXPENSE			(285)
32				
33	STATE UTILITY TAX @		3.83270%	<u>\$ (1,560)</u>
34	INCREASE (DECREASE) TAXES OTHER			<u>(1,560)</u>
35				
36	INCREASE (DECREASE) OPERATING INCOME			(38,861)
37				
38	INCREASE (DECREASE) FIT @		35%	<u>(13,601)</u>
39	INCREASE (DECREASE) NOI			<u>\$ (25,260)</u>

**PUGET SOUND ENERGY-GAS**  
**REVENUE & EXPENSE RESTATING**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	SALES TO CUSTOMERS:	
2		
3	REMOVE MERGER RATE CREDIT SCH 132	\$ 3,322,045
4		
5	TOTAL INCREASE (DECREASE) SALES TO CUSTOMERS	\$ 3,322,045
6		
7	OTHER OPERATING REVENUES:	
8		
9	REMOVE RENTALS ASSOC WITH SCH 132	51,242
10		
11	REMOVE EARNINGS SHARING ACCRUALS	4,220,298
12		
13		
14	TOTAL INCREASE (DECREASE) OPERATING REVENUES	\$ 4,271,540
15		
16	TOTAL INCREASE (DECREASE) REVENUES	7,593,585
17		
18	UNCOLLECTIBLES @	0.50070% 38,021
19	ANNUAL FILING FEE @	0.20000% 15,187
20	INCREASE (DECREASE) EXPENSE	53,208
21		
22	STATE UTILITY TAX @	3.83270% \$ 291,039
23		
24	INCREASE (DECREASE) TAXES OTHER	291,039
25		
26	INCREASE (DECREASE) OPERATING INCOME	7,249,337
27	INCREASE (DECREASE) FIT @	35% 2,537,268
28	INCREASE (DECREASE) NOI	\$ 4,712,069

**PUGET SOUND ENERGY-GAS**  
**FEDERAL INCOME TAX**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	TAXABLE INCOME	\$ 46,901,048
2		
3	FEDERAL INCOME TAX	
4	CURRENT FIT @	35% 16,415,367
5	DEFERRED FIT - DEBIT	52,627,890
6	DEFERRED FIT - OTHER	
7	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	-
8	TOTAL RESTATED FIT	<u>69,043,256</u>
9		
10	FIT PER BOOKS:	
11	CURRENT FIT	17,027,972
12	DEFERRED FIT - DEBIT	299,576,080
13	DEFERRED FIT - CREDIT	(250,963,273)
14	DEFERRED FIT - INV TAX CREDIT, NET OF AMORTIZATION	-
15		
16	TOTAL CHARGED TO EXPENSE	65,640,779
17		
18	INCREASE (DECREASE) FIT	(612,606)
19	INCREASE (DECREASE) DEFERRED FIT	4,015,083
20	INCREASE(DECREASE) NOI	<u>\$ (3,402,477)</u>

**PUGET SOUND ENERGY-GAS**  
**TAX BENEFIT OF RESTATED INTEREST**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	RATE BASE	1,802,850,989
2		
3	NET RATE BASE	<u>\$ 1,802,850,989</u>
4		
5	WEIGHTED COST OF DEBT	<u>2.98%</u>
6	RESTATED INTEREST	\$ 53,724,959
7		
8		
9		
10	INCREASE (DECREASE) INCOME	\$ (53,724,959)
11		
12	INCREASE (DECREASE) FIT @	35% (18,803,736)
13	INCREASE (DECREASE) NOI	<u><u>\$ 18,803,736</u></u>

**PUGET SOUND ENERGY-GAS**  
**PASS-THROUGH REVENUE & EXPENSE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ADJUSTMENT
1	<u>REMOVE REVENUES ASSOCIATED WITH RIDERS:</u>	
2	REMOVE LOW INCOME RIDER - SCHEDULE 129	\$ 6,635,998
3	REMOVE CONSERVATION TRACKER - SCHEDULE 120	17,019,437
4	REMOVE PROPERTY TAX TRACKER - SCHEDULE 140	26,321,849
5	REMOVE REVENUE ASSOC WITH PGA AMORTIZATION - SCHEDULE 106	(16,899,211)
6	REMOVE CARBON OFFSET - SCHEDULE 137	91,148
7	REMOVE OTHER ASSOC WITH CARBON OFFSET - SCHEDULE 137	35,514
8	REMOVE DECOUPLING SCH 142 REVENUE	39,995,197
9	REMOVE DECOUPLING SCH 142 SURCHARGE AMORT EXPENSE	(38,231,409)
10	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	47,232,667
11	REMOVE MUNICIPAL TAXES ASSOC WITH OTHER OPRTG REV	357,997
12	TOTAL (INCREASE) DECREASE REVENUES	<u>\$ 82,559,186</u>
13		
14	<u>DECREASE REVENUE SENSITIVE ITEMS FOR DECREASE IN REVENUES:</u>	
15	UNCOLLECTIBLES @ 0.005007	\$ (413,374)
16	ANNUAL FILING FEE 0.002000	(165,118)
17	STATE UTILITY TAX 0.038327	(3,164,246)
18	TOTAL	<u>\$ (3,742,738)</u>
19		
20	<u>REMOVE EXPENSES ASSOCIATED WITH RIDERS</u>	
21	REMOVE LOW INCOME AMORTIZATION - SCHEDULE 129	\$ (6,343,351)
22	REMOVE CONSERVATION AMORTIZATION - SCHEDULE 120	(16,268,880)
23	REMOVE PROPERTY TAX AMORTIZATION EXP - SCHEDULE 140	(25,161,055)
24	REMOVE PGA DEFERRAL AMORTIZATION EXP - SCHEDULE 106	16,153,956
25	REMOVE CARBON OFFSET AMORTIZATION EXP - SCHEDULE 137	(122,706)
26	REMOVE MUNICIPAL TAXES ASSOC WITH SALES TO CUSTOMERS	(45,672,514)
27	TOTAL INCREASE (DECREASE) EXPENSE	<u>\$ (77,414,549)</u>
28		
29	INCREASE (DECREASE) OPERATING INCOME BEFORE FIT	\$ (1,401,899)
30	INCREASE (DECREASE) FIT (LINE 26 * 35%)	(490,665)
31	INCREASE (DECREASE) NOI	<u>\$ (911,234)</u>

**PUGET SOUND ENERGY-GAS**  
**RATE CASE EXPENSES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT	
1	<b>EXPENSES TO BE NORMALIZED:</b>		
2			
3	2017 AND 2011 GRC EXPENSES TO BE NORMALIZED	\$ 1,101,000	
4			
5	ANNUAL NORMALIZATION (LINE 3 / 2)	550,500	
6	LESS TEST YEAR EXPENSE: GRC DIRECT CHARGES TO O&M	<u>645,543</u>	
7	INCREASE (DECREASE) EXPENSE	\$ (95,043)	<u>\$ (95,043)</u>
8			
9			
10	TOTAL INCREASE (DECREASE) EXPENSE		\$ (95,043)
11			
12	INCREASE(DECREASE) FIT @	35%	<u>33,265</u>
13	INCREASE(DECREASE) NOI		<u><u>\$ 61,778</u></u>

**PUGET SOUND ENERGY-GAS**  
**BAD DEBTS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	YEAR	NET WRITEOFFS	GROSS REVENUES	OTHER OPERATING REVENUE	NET REVENUES	PERCENT WRITEOFFS TO REVENUE
		December	August	August	August	
1	12 ME 9/01/2012 AND 8/31/2013	\$ 4,892,400	\$ 1,001,308,155	\$ 13,765,254	\$ 987,542,901	0.4954%
2	12 ME 9/01/2015 AND 8/31/2016	\$ 4,457,529	\$ 896,161,552	\$ 14,277,247	881,884,306	0.5055%
3	12 ME 9/01/2016 AND 8/31/2017	\$ 4,875,798	\$ 985,378,965	\$ 12,751,981	972,626,984	0.5013%
4						
5	3-YR AVERAGE OF NET WRITE OFF RATE					<b>0.5007%</b>
6						
7	REPORTING PERIOD REVENUES		\$ 997,759,372	\$ (6,375,543)	\$1,004,134,915	
8						
9						
10	PROFORMA BAD DEBT RATE				<b>0.5007%</b>	
11	PROFORMA BAD DEBTS				\$ 5,027,704	
12						
13	UNCOLLECTIBLES CHARGED TO EXPENSE IN TEST YEAR				4,285,877	
14	INCREASE (DECREASE) EXPENSE					\$ 741,827
15						
16	INCREASE(DECREASE ) IN INCOME					\$ (741,827)
17	INCREASE (DECREASE) FIT				35%	(259,639)
18	INCREASE (DECREASE) NOI					<b>\$ (482,188)</b>

Adj 3.08

**PUGET SOUND ENERGY-GAS**  
**EXCISE TAX & FILING FEE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	AMOUNT
1	<b>RESTATED EXCISE TAXES</b>	\$ 39,210,588
2	CHARGED TO EXPENSE FOR TEST YEAR	\$ 39,212,130
3	INCREASE(DECREASE) EXCISE TAX	\$ (1,542)
4		
5	<b>RESTATED WUTC FILING FEE</b>	\$ 2,008,220
6	CHARGED TO EXPENSE FOR TEST YEAR	\$ 1,995,469
7	INCREASE(DECREASE) WUTC FILING FEE	\$ 12,751
8		
9	INCREASE(DECREASE) EXPENSE	\$ 11,209
10		
11	INCREASE(DECREASE) OPERATING INCOME	\$ (11,209)
12		
13	INCREASE(DECREASE) FIT 35%	\$ (3,923)
14		
15	INCREASE(DECREASE) NOI	<u>\$ (7,286)</u>

Adj 3.09
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**PUGET SOUND ENERGY-GAS**  
**INTEREST ON CUSTOMER DEPOSITS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

<b>LINE</b>			
<b>NO.</b>	<b>DESCRIPTION</b>		<b>AMOUNT</b>
1	INTEREST EXPENSE FOR TEST YEAR	\$	65,373
2			
3			
4	INCREASE (DECREASE) NOI	\$	<u><u>(65,373)</u></u>

**PUGET SOUND ENERGY-GAS**  
**PENSION PLAN**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	QUALIFIED RETIREMENT FUND	\$ 2,195,172	\$ 3,546,308	\$ 1,351,136
2				
3				
4	INCREASE (DECREASE ) IN EXPENSE	\$ 2,195,172	\$ 3,546,308	\$ 1,351,136
5				
6	INCREASE (DECREASE) INCOME			(1,351,136)
7	INCREASE (DECREASE) FIT @		35%	(472,898)
8				
9	INCREASE (DECREASE) NOI			<u>\$ (878,238)</u>

**PUGET SOUND ENERGY-GAS**  
**D&O INSURANCE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	TEST YEAR	RESTATED	ADJUSTMENT
1	D & O INS. CHG EXPENSE	\$ 65,216	\$ 59,245	\$ (5,971)
2				
3	INCREASE (DECREASE) IN EXPENSE	\$ 65,216	\$ 59,245	\$ (5,971)
4				
5	INCREASE (DECREASE) OPERATING INCOME			5,971
6				
7	INCREASE (DECREASE) FIT @		35%	2,090
8				
9	INCREASE (DECREASE) NOI			<u>\$ 3,881</u>

**PUGET SOUND ENERGY-GAS**  
**INJURIES AND DAMAGES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1	INJURIES & DAMAGES ACCRUALS	\$ 1,982,722	\$ 811,241	\$ (1,171,481)
2	INJURIES & DAMAGES PAYMENTS IN EXCESS OF ACCRUALS	1,920,823	714,389	(1,206,434)
3	INCREASE/(DECREASE) IN EXPENSE	3,903,545	1,525,630	(2,377,915)
4				
5	INCREASE/(DECREASE) IN OPERATING EXPENSE (LINE 3)			\$ (2,377,915)
6	INCREASE (DECREASE) FIT @		35%	832,270
7				
8	INCREASE (DECREASE) NOI			\$ 1,545,645

**PUGET SOUND ENERGY-GAS**  
**INCENTIVE PAY**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1				
2	TOTAL INCENTIVE / MERIT PAY	\$ 5,058,040	\$ 3,875,782	(1,182,258)
3				
4	PAYROLL TAXES ASSOC WITH MERIT PAY	251,305	192,565	(58,740)
5	INCREASE(DECREASE) EXPENSE	5,309,344	4,068,347	(1,240,998)
6				
7	INCREASE (DECREASE) OPERATING EXPENSE			(1,240,998)
8				
9	INCREASE(DECREASE) FIT @		35%	434,349
10	INCREASE(DECREASE) NOI			\$ 806,649

**PUGET SOUND ENERGY-GAS**  
**MISCELLANEOUS EXPENSE**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE	NO. DESCRIPTION	ACTUAL	RESTATED	ADJUSTMENT
1				
2	<u>OPERATING EXPENSES</u>	\$ 239	\$ -	(239)
3	To move amounts charged to ATL to BTL			
4				-
5	<u>INCREASE(DECREASE ) IN EXPENSE</u>	239	-	(239)
6				
7	<u>TOTAL INCREASE(DECREASE) IN EXPENSE</u>			(239)
8				
9	<u>INCREASE (DECREASE) FIT @ 35%</u>		35%	<u>84</u>
10	<u>INCREASE (DECREASE) NOI</u>			<u>\$ 155</u>

**PUGET SOUND ENERGY-GAS**  
**CONVERSION FACTOR**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017**  
**COMMISSION BASIS REPORT**

LINE NO.	DESCRIPTION	BASE	RATE	AMOUNT
1	BAD DEBTS			0.005007
2	ANNUAL FILING FEE			0.002000
3	STATE UTILITY TAX ( 3.852% - ( LINE 1 * 3.852% ) )			0.038327
4				
5	SUM OF TAXES OTHER			0.045334
6				
7	CONVERSION FACTOR BEFORE FIT			0.954666
8	FEDERAL INCOME TAX ( ( 1 - LINE 5 ) * 35% )		35%	0.334133
9	CONVERSION FACTOR ( 1 - ( LINE 5 + LINE 7 ) )			<b>0.620533</b>