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January 21, 2025

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Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**RE: Docket UG-240005 (Advice No. 2025-04) – Do Not Redocket
Puget Sound Energy’s Natural Gas Tariff Revision**

Dear Executive Director Killip:

Pursuant to RCW 80.28.060, WAC 480-80-101 and -105, and WAC 480-07-880, enclosed are copies of the following revised tariff sheets and Subject to Refund Calculation of Puget Sound Energy (“PSE” or the “Company”) in compliance with the Commission’s Order Nos. 09/07¹(“Orders”).

17th Revision	Sheet No. 116-A	General Gas Lighting and Street Lighting Service (Optional) (Continued)
62nd Revision	Sheet No. 123	Residential General Service
58th Revision	Sheet No. 131	Commercial and Industrial General Service
12th Revision	Sheet No. 131T	Distribution System Transportation Service (Firm- Commercial and Industrial)
64th Revision	Sheet No. 141	Large Volume High Load Factor Gas Service (Optional)
25th Revision	Sheet No. 141-A	Large Volume High Load Factor Gas Service (Optional) (Continued)
Original	Sheet No. 141-B	Large Volume High Load Factor Gas Service (Optional) (Continued)
12th Revision	Sheet No. 141T	Distribution System Transportation Service (Firm-Large Volume High Load Factor)

¹ Final Order Rejecting Tariff Sheets; Authorizing and Requiring Compliance Filing (“Orders 09/07, “Orders”) in consolidated Dockets UE-240004 and UG-240005 and UE-230810.

12th Revision	Sheet No. 141T-A	Distribution System Transportation Service (Firm-Large Volume High Load Factor) (Continued)
Original	Sheet No. 141T-B	Distribution System Transportation Service (Firm-Large Volume High Load Factor) (Continued)
18th Revision	Sheet No. 153-B	Propane Service (Continued)
25th Revision	Sheet No. 185-C	Interruptible Gas Service with Firm Option (Continued)
23rd Revision	Sheet No. 185-D	Interruptible Gas Service with Firm Option (Continued)
12th Revision	Sheet No. 185T	Distribution System Transportation Service (Interruptible with Firm Option)
8th Revision	Sheet No. 185T-A	Distribution System Transportation Service (Interruptible with Firm Option) (Continued)
Original	Sheet No. 185T-A.1	Distribution System Transportation Service (Interruptible with Firm Option) (Continued)
25 th Revision	Sheet No. 186-C	Limited Interruptible Gas Service with Firm Option (Optional) (Continued)
19 th Revision	Sheet No. 186-D	Limited Interruptible Gas Service with Firm Option (Optional) (Continued)
8 th Revision	Sheet No. 186T	Distribution System Transportation Service (Interruptible with Firm Option)
11th Revision	Sheet No. 186T-A	Distribution System Transportation Service (Interruptible with Firm Option) (Continued)
26th Revision	Sheet No. 187-D	Non-Exclusive Interruptible Gas Service w/ Firm Option (Continued)
Original	Sheet No. 187-D.1	Non-Exclusive Interruptible Gas Service w/ Firm Option (Continued)
9th Revision	Sheet No. 187T	Distribution System Transportation Service (Non-Exclusive Interruptible with Firm Option)
11th Revision	Sheet No. 187T-A	Distribution System Transportation Service (Non-Exclusive Interruptible with Firm Option) (Continued)
1 st Revision	Sheet No. 188T	Distribution System Transportation Service (Exclusive Interruptible)
1 st Revision	Sheet No. 188T-A	Distribution System Transportation Service (Exclusive Interruptible) (Continued)
4 th Revision	Sheet No. 1141N	Rates Not Subject to Refund Rate Adjustment
4 th Revision	Sheet No. 1141N-A	Rates Not Subject to Refund Rate Adjustment (Continued)
4 th Revision	Sheet No. 1141N-B	Rates Not Subject to Refund Rate Adjustment (Continued)

4 th Revision	Sheet No. 1141N-C	Rates Not Subject to Refund Rate Adjustment (Continued)
1 st Revision	Sheet No. 1141N-D	Rates Not Subject to Refund Rate Adjustment (Continued)
1 st Revision	Sheet No. 1141N-E	Rates Not Subject to Refund Rate Adjustment (Continued)
1 st Revision	Sheet No. 1141PFG	Participatory Funding Grants Rate Adjustment
1 st Revision	Sheet No. 1141PFG-A	Participatory Funding Grants Rate Adjustment (Continued)
1 st Revision	Sheet No. 1141PFG-B	Participatory Funding Grants Rate Adjustment (Continued)
1 st Revision	Sheet No. 1141R	Rates Subject to Refund Rate Adjustment
4 th Revision	Sheet No. 1141R-A	Rates Subject to Refund Rate Adjustment (Continued)
4 th Revision	Sheet No. 1141R-B	Rates Subject to Refund Rate Adjustment (Continued)
4 th Revision	Sheet No. 1141R-C	Rates Subject to Refund Rate Adjustment (Continued)
2 nd Revision	Sheet No. 1141R-D	Rates Subject to Refund Rate Adjustment (Continued)
10th Revision	Sheet No. 1142-A	Revenue Decoupling Adjustment Mechanism (Continued)
10th Revision	Sheet No. 1142-B	Revenue Decoupling Adjustment Mechanism (Continued)
13th Revision	Sheet No. 1142-C	Revenue Decoupling Adjustment Mechanism (Continued)
2nd Revision	Sheet No. 1142-C.1	Revenue Decoupling Adjustment Mechanism (Continued)
2nd Revision	Sheet No. 1142-C.2	Revenue Decoupling Adjustment Mechanism (Continued)

On February 15, 2024, PSE filed with the Commission revisions to its currently effective Tariff WN U-60, Tariff G, Electric Service, and Tariff WN U-2, Natural Gas, which were assigned Dockets UE-240004 and UG-240005, respectively. On March 5, 2024, the Commission suspended the tariff revisions, consolidated Dockets UE-240004 and UG-240005, and initiated PSE’s general rate case (“GRC Dockets”). On March 29, 2024, the Commission further consolidated Docket UE-230810 related to the deferral of costs and return associated with qualifying power purchase agreements with the GRC Dockets.

REVENUE REQUIREMENT AND THE RESULTING RATES IN THE COMPLIANCE FILING:

Revenue Requirement:

The primary purpose of this Compliance Filing (consistent with WAC 480-07-880) is to comply with the portion of the Orders that addresses natural gas rates. PSE is submitting a separate filing of its electric tariff sheets in compliance with the Orders under the Company’s Advice No. 2025-03. The attached revised natural gas tariff sheets reflect the form and rates authorized by these Orders. These tariff sheets reflect an overall dollar amount increase of \$110.0 million in 2025 and \$20.0 million in 2026; this represents overall dollar percentage increases of 10.64 percent and 1.76 percent, respectively. These amounts differ from the amounts included in Appendix B to the Orders² for the following reasons (amounts provided are in millions):

Line	Description	2025	2026
		Gas	Gas
1	Rev Req per the Order	\$ 109.8	\$ 21.1
2	Adjust Tax Benefit of Interest	(0.4)	(0.1)
3	Precise calculation for Gas Depreciation	0.4	(0.9)
4	Precise calculation for Alternative Fuels	0.1	(0.1)
5	Subtotal Changes from Order	0.1	(1.1)
6	Rev Req per Compliance Filing	\$ 110.0	\$ 20.0

Explanations for these natural gas differences are as follows:

Line 4 Tax Benefit of Pro Forma Interest (“TBPFI”): PSE’s authorized weighted average cost of debt (“WACOD”) changed due to the change in the capital structure approved in Paragraph 492 of the Orders. The TBPFI is determined by multiplying the approved rate base by the WACOD. Therefore, when the WACOD changes, the TBPFI calculation within the revenue requirement will also change. This adjustment to the revenue requirement was not made in the amounts reflected in Appendix A. PSE’s compliance filing properly adjusts the TBPFI adjustment for the approved WACOD, which results in the difference presented on Line 4 of the above table.

Line 5 Accelerated Gas Depreciation Rates: The determination of the impact of removing PSE’s proposed gas depreciation rates pursuant to paragraph 337 of the Orders utilized a calculation performed by Public Counsel Witness Meyers. However, Mr. Meyer’s calculation was based on the depreciation rates proposed by Public Counsel, which are not the same as PSE’s existing depreciation, which will stay in effect as a result of the Orders. Additionally, Mr. Meyer’s calculation was performed at a very high level, utilizing average rate base and

² Appendix B to the Orders contains the summary of the natural gas revenue requirement results of the Orders.

one composite depreciation rate and did not take into consideration the IRS normalization rules when determining accumulated deferred income taxes. Accordingly, in order to provide the more precise calculation of the impact and to stay in compliance with IRS normalization rules, PSE has based this compliance filing on the precise calculation to restore depreciation rates to their existing levels, which results in the minor variance shown on line 5 of the above table.

Line 6 Alternative Fuels Readiness Program Investment: The determination of the impact of removing the investment in Alternative Fuels that was not allowed by Paragraph 468 of the Orders was based on high level assumptions of the timing of the investment and did not incorporate the offsetting amounts for accumulated depreciation and accumulated deferred income taxes. Accordingly, in order to provide the more precise calculation of the impact and to stay in compliance with IRS normalization rules, PSE has based this compliance filing on the forecasted timing of the project in-service dates and the precise calculation to remove the program capital costs and depreciation, which results in the variance shown on line 6 of the above table.

Resulting Rates:

PSE applied its rate design consistent with past practices in areas where the Order did not address uncontested issues. These uncontested issues include the following:

- Handling of increased demand and volumetric charges for natural gas.³
- Increases to low-income funding based on a starting point that utilizes the supplemental income amount in Dockets UE-240194 and UG-240195.⁴
- Rates under natural gas Schedules 141N and 141R will be set to zero and costs previously recovered or revenues passed back under these Schedules will be recovered in base rates (e.g. Schedule 23, 31, 41, etc.). Rates under natural gas Schedule 141PFG will be set to zero beginning May 1, 2025. Recovery of costs on a prospective basis will be included in base rates as reflected in this compliance filing. Any resulting residual balance in Schedule 141PFG will be included in Schedule 140, Property Tax Tracker in PSE's March 2026 filing for final dispensation.⁵

PSE complied with the Orders specifically 1) to separately track and assign rate base and depreciation expense to Schedule 88T in the COSS; and 2) use book costs rather than replacement costs when assigning Upgrade 2 and 3 costs, as it pertains to Schedule 88T.⁶

³ Taylor, Exh. JDT-1T at 29:5-31:6

⁴ Mickelson, Exh. CTM-13T at 35:12-36:3

⁵ Mickelson, Exh. CTM-1T at 57:1-69:6

⁶ Final Order 09 07 at paragraph 280

RATES SUBJECT TO REFUND:

PSE has recalculated the rates that are subject to refund for approval by the Commission. The recalculation is necessary based on the denial of PSE's proposed accelerated gas depreciation rates,⁷ which are a component of rates that are subject to refund in this filing. PSE requests that the Commission approve in this compliance filing the following level of revenue requirement as subject to refund for use in PSE's annual capital reviews during the multiyear rate plan:

Gas Revenue Subject to Refund:

2025: \$58.6 million

2026: \$40.2 million incremental and \$98.8 million cumulative

Please see Attachment A to this cover letter for the calculation demonstrating the derivation of the above amount. Supporting work papers for Attachment A are included in the following file:

See "240004-05-PSE-Cply-WP-SEF-42-Rev-Req-Gas-STR-24GRC-01-2025.xlsx"

FINAL CONSIDERATIONS:

The enclosed revised tariff sheets reflect issue dates of January 21, 2025, and effective dates of January 29, 2025, by authority of the Washington Utilities and Transportation Commission in Dockets UE-240004 and UG-240005 (Consolidated). The issue date of this filing allows for the five business days' review and response to this compliance filing, pursuant to WAC 480-07-880(4); and thus, immediately following the five-day review period, the tariff sheets included with this filing will go into effect on January 29, 2025. In compliance with WAC 480-07-880(3), PSE will be providing supporting electronic work papers to parties to the case, the Administrative Law Division, and the Commission's policy staff, on the same date this compliance filing is made. The work papers demonstrate the derivation of the rates proposed to be changed by the enclosed tariff sheets. Due to size, work papers will be provided separately *via* email. The following files are the main work papers to start with when reviewing to find the revenue requirement, rates, and bill impacts:

240004-05-PSE-Cply-WP-SEF-34G-GAS-REV-REQ-MODEL-24GRC-01-2025.xlsx

240004-05-PSE-Cply-WP-JDT-11-GAS-RATE-SPREAD-DESIGN-24GRC-01-2025.xlsx

240004-05-PSE-Cply-WP-JDT-13-GAS-Decoupling-24GRC-01-2025.xlsx

240004-05-PSE-Cply-WP-JDT-12-GAS-BILL-IMPACTS-24GRC-01-2025.xlsx

⁷ Orders, paragraph 594.

In order to make the review of the number of tariff sheets easier for the parallel five-day review period for Docket UE-240087, the table below lists the tariff sheets that were initially filed and those that were added or deleted in this compliance filing along with notes/narrative of the reason for the additions and deletions.

Tariff Sheet Count	Revision No.	Sheet No.	Name of Schedule	Reason for Change from Initial Filing (if applicable)
1	17th Revision	Sheet No. 116-A	General Gas Lighting and Street Lighting Service (Optional) (Continued)	
2	62nd Revision	Sheet No. 123	Residential General Service	
3	58th Revision	Sheet No. 131	Commercial and Industrial General Service	
4	12th Revision	Sheet No. 131T	Distribution System Transportation Service (Firm- Commercial and Industrial)	
5	64th Revision	Sheet No. 141	Large Volume High Load Factor Gas Service (Optional)	
6	25th Revision	Sheet No. 141-A	Large Volume High Load Factor Gas Service (Optional) (Continued)	
7	Original	Sheet No. 141-B	Large Volume High Load Factor Gas Service (Optional) (Continued)	
8	12th Revision	Sheet No. 141T	Distribution System Transportation Service (Firm-Large Volume High Load Factor)	
9	12th Revision	Sheet No. 141T-A	Distribution System Transportation Service (Firm-Large Volume High Load Factor) (Continued)	
10	Original	Sheet No. 141T-B	Distribution System Transportation Service (Firm-Large Volume High Load Factor) (Continued)	
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12	25th Revision	Sheet No. 185-C	Interruptible Gas Service with Firm Option (Continued)	
13	23rd Revision	Sheet No. 185-D	Interruptible Gas Service with Firm Option (Continued)	
14	12th Revision	Sheet No. 185T	Distribution System Transportation Service (Interruptible with Firm Option)	
15	8th Revision	Sheet No. 185T-A	Distribution System Transportation Service (Interruptible with Firm Option) (Continued)	

Tariff Sheet Count	Revision No.	Sheet No.	Name of Schedule	Reason for Change from Initial Filing (if applicable)
16	Original	Sheet No. 185T-A.1	Distribution System Transportation Service (Interruptible with Firm Option) (Continued)	
17	25 th Revision	Sheet No. 186-C	Limited Interruptible Gas Service with Firm Option (Optional) (Continued)	
18	19 th Revision	Sheet No. 186-D	Limited Interruptible Gas Service with Firm Option (Optional) (Continued)	
19	8 th Revision	Sheet No. 186T	Distribution System Transportation Service (Interruptible with Firm Option)	
20	11 th Revision	Sheet No. 186T-A	Distribution System Transportation Service (Interruptible with Firm Option) (Continued)	
21	26 th Revision	Sheet No. 187-D	Non-Exclusive Interruptible Gas Service w/ Firm Option (Continued)	
22	Original	Sheet No. 187-D.1	Non-Exclusive Interruptible Gas Service w/ Firm Option (Continued)	
23	9 th Revision	Sheet No. 187T	Distribution System Transportation Service (Non-Exclusive Interruptible with Firm Option)	
24	11 th Revision	Sheet No. 187T-A	Distribution System Transportation Service (Non-Exclusive Interruptible with Firm Option) (Continued)	
25	1 st Revision	Sheet No. 188T	Distribution System Transportation Service (Exclusive Interruptible)	Included with this compliance filing, tariff schedule was not in effect at the time of initial filing.
26	1 st Revision	Sheet No. 188T-A	Distribution System Transportation Service (Exclusive Interruptible) (Continued)	Included with this compliance filing, tariff schedule was not in effect at the time of initial filing.
	Original	Sheet No. 1141DCARB	Decarbonization Rate Adjustment	Being omitted, Commission did not approve these tariff sheets in Order 09
	Original	Sheet No. 1141DCARB-A	Decarbonization Rate Adjustment (Continued)	Being omitted, Commission did not approve these tariff sheets in Order 09
	Original	Sheet No. 1141DCARB-B	Decarbonization Rate Adjustment (Continued)	Being omitted, Commission did not approve these tariff sheets in Order 09
27	4 th Revision	Sheet No. 1141N	Rates Not Subject to Refund Rate Adjustment	Included with this compliance filing; Not included with initial filing due to existing filing requirement in 2024
28	4 th Revision	Sheet No. 1141N-A	Rates Not Subject to Refund Rate Adjustment (Continued)	Not included with initial filing due to existing filing requirement in 2024
29	4 th Revision	Sheet No. 1141N-B	Rates Not Subject to Refund Rate Adjustment (Continued)	Not included with initial filing due to existing filing requirement in 2024

Tariff Sheet Count	Revision No.	Sheet No.	Name of Schedule	Reason for Change from Initial Filing (if applicable)
30	4 th Revision	Sheet No. 1141N-C	Rates Not Subject to Refund Rate Adjustment (Continued)	Not included with initial filing due to existing filing requirement in 2024
31	1 st Revision	Sheet No. 1141N-D	Rates Not Subject to Refund Rate Adjustment (Continued)	Included with compliance filing to update language re: supplemental rate
32	1 st Revision	Sheet No. 1141N-E	Rates Not Subject to Refund Rate Adjustment (Continued)	Included with compliance filing to update language re: supplemental rate
33	1 st Revision	Sheet No. 1141PFG	Participatory Funding Grants Rate Adjustment	Included with compliance filing as tariff schedule was not in effect at the time of initial filing.
34	1 st Revision	Sheet No. 1141PFG-A	Participatory Funding Grants Rate Adjustment (Continued)	Included with compliance filing as tariff schedule was not in effect at the time of initial filing.
35	1 st Revision	Sheet No. 1141PFG-B	Participatory Funding Grants Rate Adjustment (Continued)	Included with compliance filing as tariff schedule was not in effect at the time of initial filing.
36	1 st Revision	Sheet No. 1141R	Rates Subject to Refund Rate Adjustment	Not included with initial filing due to existing filing requirement in 2024
37	4 th Revision	Sheet No. 1141R-A	Rates Subject to Refund Rate Adjustment (Continued)	Not included with initial filing due to existing filing requirement in 2024
38	4 th Revision	Sheet No. 1141R-B	Rates Subject to Refund Rate Adjustment (Continued)	Not included with initial filing due to existing filing requirement in 2024
39	4 th Revision	Sheet No. 1141R-C	Rates Subject to Refund Rate Adjustment (Continued)	Not included with initial filing due to existing filing requirement in 2024
40	2 nd Revision	Sheet No. 1141R-D	Rates Subject to Refund Rate Adjustment (Continued)	Not included with initial filing due to existing filing requirement in 2024
41	10 th Revision	Sheet No. 1142-A	Revenue Decoupling Adjustment Mechanism (Continued)	
42	10 th Revision	Sheet No. 1142-B	Revenue Decoupling Adjustment Mechanism (Continued)	
43	13 th Revision	Sheet No. 1142-C	Revenue Decoupling Adjustment Mechanism (Continued)	
44	2 nd Revision	Sheet No. 1142-C.1	Revenue Decoupling Adjustment Mechanism (Continued)	
45	2 nd Revision	Sheet No. 1142-C.2	Revenue Decoupling Adjustment Mechanism (Continued)	

Jeff Killip, Executive Director and Secretary

January 21, 2025

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Please contact Veronica Martin at veronica.martin@pse.com for additional information about this filing. If you have other questions, please contact me at birud.jhaveri@pse.com.

Sincerely,

/s/ Birud D. Jhaveri

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cc: Sheree Carson, Perkins Coie
Service List

Attachments:

Natural Gas Tariff Sheets (listed above)

Attachment A – Subject to Refund Calculation

Certificate of Service