



Puget Sound Energy  
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PSE.com

August 29, 2014

Mr. Steven V. King, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, Washington 98504-7250

**Re: Advice No. 2014-24 – Natural Gas Tariff Filing – Filed Electronically  
Compliance Filing Docket Nos. UE-130137 and UG-130138 (consolidated)  
Compliance Filing Docket Nos. UE-121697 and UG-121705 (consolidated)**

Dear Mr. King:

Pursuant to RCW 80.28.060 and Chapter 480-80 WAC, please find enclosed for filing the following proposed revision to the WN U-2 Tariff for natural gas service of Puget Sound Energy, Inc. (“PSE”):

- 10<sup>th</sup> Revision of Sheet No. 1129 - Low Income Program
- 7<sup>th</sup> Revision of Sheet No. 1129-A - Low Income Program (Continued)
- 13<sup>th</sup> Revision of Sheet No. 1129-B - Low Income Program (Continued)

The purpose of this filing is to adjust and true-up the low income rates as provided in (1) Exhibit G to the Settlement Stipulation Agreement approved by the Commission in Docket Nos. UE-011570 and UG-011571 (the “Settlement”) and (2) as provided in the Multiparty Settlement Stipulation in Docket No. U-072375 and the Partial Settlement in Docket Nos. UE-072300 and UG-072301 and (3) as ordered by the Commission in Order 08 in Docket Nos. UE-111048 and UG-111049 (“Order 08”) and (4) as ordered by the Commission in Order 07 in Docket Nos. UE-121697 and UG-121705 (consolidated) issued jointly with Order 07 in Docket Nos. UE-130137 and UG-130138 (consolidated) (“Order 07”). This filing revises the Low Income Program charges in order to reflect the increase in funding required by Order 07 and for actual program funding costs due to changes in billing determinants and the collections over the past year.

The Low Income Program (“LIP”) provides benefits to PSE customers based on a program year as is provided in the Settlement at paragraph 6 which is as follows:

*“The electric LIP will follow the Low Income Home Energy Assistance Program (LIHEAP) year which runs annually from October 1<sup>st</sup> to September 30<sup>th</sup>. For the first year, the natural gas LIP will begin its program year effective no sooner than the dates general revenue gas rates changes go into effect in Docket UG-011571. Thereafter, the gas LIP year will*

*coincide with the electric LIP year. The program year designation shall not in any way alter the respective LIP annual revenue caps.”*

The mechanism for funding the LIP provides for collection of costs and a true up of those collections and costs. This filing represents the true up of collections and costs as well as the increased funding provided for by Order 07. The Settlement at paragraph 9 provides, in part, the following:

*“The cost recovery will be subject to an annual compliance filing, on the anniversary of the LIP implementation schedule effective date, to reflect changes in total billing determinants (true up to maintain conformity to the LIP annual revenue cap).”*

As mentioned above, Order 07 provided for an increase in funding of the low-income program. That increase was described in Order 07 at paragraph 177 which provided, in part:

*“... PSE proposes that low-income bill assistance program funding be increased in proportion to the residential bill impacts of this proposal on August 31, 2013, and each August 31 thereafter, until the decoupling mechanisms cease operation.*

*We approved these proposals to help offset any possible disparate impact of decoupling on PSE’s low-income consumers.”*

Order 07 also provided for increased funding at paragraph 182 which provided, in part:

*“We determine that the disparate impact of any rate increases on low income customers warrants additional support for those customers beyond what is included in the Amended Decoupling Petition. Considering the impact of a three-year rate plan, as demonstrated in Mr. Eberdt’s testimony, we determine that an additional amount of \$1.0 million per year should be added to PSE’s low income bill assistance program.<sup>245</sup> We accordingly will condition our approval of the ERF, decoupling, and the rate plan on this additional level of funding being provided.<sup>246</sup>”*

The additional \$1 million provided in Order 07 and the additional amount provided in the ERF rate proceeding and the July 1, 2013, increased funding due to increases in residential bills due to the change in decoupling rates resulted in the annual natural gas cap being \$5.48 million. The decoupling filing effective July 1, 2014, represented a decrease in residential natural gas rates. Even though the decoupling filing represented a decrease in rates, PSE proposes to maintain the low income funding at \$5.48 million rather than decrease the funding in proportion to the decrease in rates. In the low income filing in 2015, PSE proposes to re-address the funding level including the 2014 decrease in decoupling rates, regardless if the 2015 decoupling filing represents an increase or a decrease. The table below shows how the total funding of \$21.887 million is split between electric and natural gas:

<b>Description</b>	<b>Electric</b>	<b>Natural Gas</b>	<b>Electric</b>	<b>Natural Gas</b>	<b>Total</b>
Annual base	75% <sup>(1)</sup>	25% <sup>(1)</sup>	\$15,150,000	\$5,050,000	\$20.2 M
Order 07 <sup>(3)</sup>	75% <sup>(1)</sup>	25% <sup>(1)</sup>	\$ 750,000	\$ 250,000	\$1.0 M
ERF Residential Bill Impact	1.58% <sup>(2)</sup>	1.58% <sup>(2)</sup>	\$251,220	\$83,740	\$334,960
2013 Decoupling Residential Bill Impact	1.55% <sup>(2)</sup>	1.83% <sup>(2)</sup>	\$246,450	\$96,990	\$343,440
2014 Decoupling Residential Bill Impact	0.05% <sup>(4)</sup>	-1.28% <sup>(4)</sup>	\$8,660	\$0.00	\$8,660
<b>Total</b>			<b>\$16,406,330</b>	<b>\$5,480,730</b>	<b>\$21,887,060</b>

<sup>(1)</sup> The percentages of 75% for electric and 25% for natural gas are specified in the Commission Order 12: Final Order Approving and Adopting Settlement Stipulations; Authorizing and Requiring Compliance Filing in Consolidated Dockets UE-072300 and UG-072301, Appendix D.

<sup>(2)</sup> The percentages associated with the ERF and decoupling increases in LIP funding are based on the percentage increase in residential rates as proposed in PSE's Amended Decoupling Petition in Docket Nos. UE-121697 and UG-121705 (consolidated).

<sup>(3)</sup> Order 07 increased the annual base by \$1.0 million for the duration of the three year rate plan as described in paragraph 182 of Order 07.

<sup>(4)</sup> Order 07 changes the annual base in proportion to the percentage change in residential rates due to changes in decoupling rates.

Details supporting the revised level of funding, prior year collections and rate spread are detailed in work papers provided directly to the Commission's staff.

The amount of change in the total natural gas revenue requirement over last year is a decrease of \$144,064. This revenue requirement results in an approximate average overall decrease to rates for natural gas customers of 0.04%.

The tariff sheets described herein reflect issue dates of August 29, 2014, and effective dates of October 1, 2014. Posting of the proposed tariff change for public inspection and review, as required by law and the Commission's rules and regulations, is being completed immediately prior to or coincident with the date of this transmittal letter, through web, telephone and mail access in accordance with WAC 480-90-193(1). Since PSE is not proposing to increase rates, no notice is required pursuant to WAC 480-90-194(2).

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Advice No. 2014-24  
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Please contact Lynn Logen at (425) 462-3872 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ken Johnson", with a long horizontal flourish extending to the right.

Ken Johnson  
Director, State Regulatory Affairs

Enclosures

cc: Simon J. ffitch  
Paula Pyron  
Sheree Carson