

IMPORTANT NOTICE FOR PUGET SOUND ENERGY CUSTOMERS ABOUT PROPOSED NATURAL GAS RATE CHANGE

Puget Sound Energy in September filed two separate requests with the state Utilities and Transportation Commission (UTC) proposing an overall average 2.8 percent decrease for all natural gas sales customers and an overall average 1.4 percent increase for natural gas transportation customers, effective Nov. 1, 2017.

Purchased Gas Adjustment (PGA): PSE has requested to decrease natural gas bills under the purchased gas adjustment rate-setting mechanism, which allows utilities to adjust rates, up or down, to reflect fluctuations in the price of natural gas in the wholesale market. The PGA has two components—one is a projection of the average cost of natural gas supplies over the next year, the other is a true-up of the difference between prior years' projected costs and the actual costs of the supplies.

The requested true-up component amounts on average to a less than one one-hundredth of 1 cent per-therm increase. The component for projected natural gas supply costs proposes a decrease to reflect lower wholesale prices of natural gas supplies purchased for customers. PSE proposes to pass through to customers a reduced charge from an average of 41.0 cents per therm to an average of 37.8 cents per therm.

The net effect of the two components of the PGA would decrease the average cost of natural gas by 3.2 cents per therm, or an overall average of 3.3 percent. The cost of natural gas is shown on your monthly PSE bill as "Gas Cost." PSE is not allowed to profit on the natural gas it purchases for customers.

Cost Recovery Mechanism for Pipeline Replacement (CRM): PSE has asked the UTC to increase natural gas rates an overall average 0.4 cents per therm, or one-half of 1 percent, to recover costs from Nov. 1, 2016 through Oct. 31, 2017 for the replacement of aging natural gas pipes to ensure continued, safe and dependable service, as allowed by the CRM.

If both proposals are approved by the UTC, the total decrease for typical households using 64 therms per month would be 2.6 percent, or \$1.79, bringing the monthly PSE bill to \$67.99.

Combined, the proposed changes for residential, commercial and industrial customers with natural gas services are:

TYPE OF SERVICE	PERCENT CHANGE
Residential Service, Schedules 23 & 53	2.6 decrease
Residential Gas Lights, Schedule 16	1.3 decrease
Commercial & Industrial (C&I), Schedule 31	2.9 decrease
Large Volume C&I, Schedule 41	3.9 decrease
Interruptible C&I, Schedule 85	4.6 decrease
Limited Interruptible C&I, Schedule 86	3.4 decrease
Non-exclusive Interruptible C&I, Schedule 87	5.0 decrease

Transportation Only:

C&I, Schedule 31T	1.0 increase
Large Volume C&I, Schedule 41T	1.1 increase
Interruptible C&I, Schedule 85T	1.1 increase
Limited Interruptible C&I, Schedule 86T	0.8 increase
Non-exclusive Interruptible C&I, Schedule 87T	1.8 increase
Special Contracts	3.1 increase

The UTC will review each of these filings and has the authority to set final rates that may vary from PSE's request, either higher or lower or structured differently, depending on the results of its review.

Comments or Questions: PSE customers may comment to the UTC on these proposed filings by: using the online comment form, at <http://www.utc.wa.gov/comment>; emailing to comments@utc.wa.gov; faxing to 360-664-4291 or mailing your comments to the UTC at: P.O. Box 47250, Olympia, WA, 98504-7250. If you write, include your name and mailing address, and the name of the company (PSE) and a description of the filings. You may also ask questions of the UTC and request notification of the open meeting at which this proposal will be considered by the commission. The UTC will provide reasonable accommodation to participants with disabilities. If you need such accommodation, please contact the commission at (360) 664-1132 or human_resources@utc.wa.gov

The public is represented by the Public Counsel Section of the Washington Attorney General's office. You can reach the Public Counsel Section by writing to Public Counsel, Assistant Attorney General, 800 5th Avenue, Suite 2000, Seattle, WA 98104-3188, or by e-mail at utility@atg.wa.gov.

To contact Puget Sound Energy about these proposals: by email, customer@pse.com; in writing, Puget Sound Energy, ATTN: Customer Care, P.O. Box 97034, Bellevue, WA 98009-9734; by phone, 888-225-5773.



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