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Filed at WUTC via Web Portal

May 31, 2013

Mr. Steven V. King, Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

**Re: Pipeline Replacement Program Plan and
Special Pipe Replacement Program Cost Recovery Mechanism
In accordance with Policy Statement in Docket No. UG-120715**

Dear Mr. King:

Enclosed for filing, in accordance with the Policy Statement issued in Docket No. UG-120715 ("Policy Statement"), please find Puget Sound Energy, Inc.'s ("PSE" or the "Company") 2013 Pipeline Replacement Program Plan ("PRPP") and a request for the opportunity to file a Special Pipe Replacement Program Cost Recovery Mechanism ("CRM") by August 1, 2013.

PSE's 2013 PRPP contains the following required elements: (1) a "master" plan for replacing all pipes with an elevated risk of failure; (2) a two-year plan that specifically identifies the pipe replacement program goals for the upcoming two year period; and (3) if applicable, a plan for identifying the location of pipe that presents elevated risk of failure.

At this time PSE is not filing a CRM, but requests that the Commission allow it the opportunity to file its 2013 CRM at a date no later than August 1, 2013. There are several factors that prompt PSE to request that the Commission allow it to file a possible CRM later than June 1, 2013, but by August 1, 2013. The following are some of those factors:

- 1) There are several important dockets pending before the Commission (UE-121697/UG-121705, UE-130137/UG-130138, and UE-121373), the outcome of which may influence whether PSE elects to file a CRM in 2013. It is PSE's practice to consider the impact on customers before it files a possible rate increase. PSE would like to await the final outcome of those pending dockets,

so that it may undertake a more informed consideration of the impact of a CRM on gas customers' rates and bills before filing the CRM.

- 2) The filing of the CRM is in accordance with a Policy Statement and is not required by a law, rule, or Commission Order; therefore there is an element of flexibility for both the Commission and the gas companies around the filing date. PSE's request for the opportunity to file a 2013 CRM no more than two months after the time designated in the Policy Statement is fully within a reasonable boundary of flexibility inherent in this (and all) policy statements.
- 3) While the Commission did note that it anticipates a concurrent review process of the PRPP and the CRM, it also noted that the final approval of the CRM is contingent upon the approval of the PRPP.¹ Thus, a CRM filed on August 1 should not delay the review and approval of the PRPP, and may not delay consideration of the CRM, given that approval of the PRPP is a necessary prerequisite to the approval of the CRM.
- 4) The Commission had already contemplated that the CRM would be updated with projected costs in the August-September 2013 time frame:

The company will update the projected costs with actual investment incurred during May through July and revised costs estimates for August through October with its annual Purchased Gas Adjustment tariff filing. Once actual project cost data are available, a company will submit actual cost data through September and an updated estimate for October under the PGA docket for that year.²

Since the Commission had already contemplated that gas companies would file updates to the cost estimates in August or September, the Company's request to file a CRM by August 1, 2013, is not a significant departure from the process and timeline the Commission already outlined.

Thank you for your consideration of this request. If you have any questions about the information contained in this filing, please contact Kathie Barnard, Director, Revenue Requirements & Regulatory Compliance, at (425) 462-3716.

Sincerely,



Ken Johnson
Director, State Regulatory Affairs

Enclosures

¹ Policy Statement at n. 30.

² Policy Statement at ¶ 69.