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UTIL. AND TRANSP.  
COMMISSION

***Filed Via Web Portal***

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

Re: Pipeline Replacement Cost Recovery Mechanism Update in Accordance with the Commission Policy Statement in Docket UG-120715, originally filed under Advice No. 2017-09 - Natural Gas Tariff Filing - Docket UG-170692  
**Do Not Redocket**

Dear Mr. King:

Puget Sound Energy (“PSE”) hereby submits proposed revisions to rates under its natural gas Supplemental Schedule 149, Cost Recovery Mechanism for Pipeline Replacement (“CRM”). This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes changes to the following natural gas tariff sheet:

WN U-2 (Natural Gas Tariff)  
3<sup>rd</sup> Revision of Sheet No. 1149 – Cost Recovery Mechanism for Pipeline Replacement (CRM)

Consistent with the Commission’s Policy Statement (“Policy Statement”), this filing provides the final update to CRM costs by updating the projected costs within this filing to actual costs through September 30, 2017, and updating the forecast for October 1 through October 31, 2017. Additionally, as was first introduced in the September filing, this filing breaks out the proposed rates into both the component that will remain in Schedule 149 and the component that will be transferred to base rates with PSE’s compliance filing in mid-December 2017 in the 2017 GRC (representing the 2014-2016 plant investment). The CRM was originally filed on June 1, 2017, under PSE’s Advice Number 2017-09 and was assigned Docket No. UG-170692. In accordance with the Policy Statement in Docket No. UG-120715:

1. The initial June filing contained, 1) actual costs through April 2017, 2) forecast amounts through October 2017, and 3) the true up to actuals for the forecasted October 2016 costs, from last year’s CRM filing under Docket UG-160791.

2. A September 21, 2017 filing updated the projected costs from the initial filing to actual amounts for the May 2017 through July 2017 period and updated the forecast for the August through October 2017 period.

The CRM filing represents an increase of \$4,881,049 in annual revenue or an average increase of 0.5% for all of PSE's approximately 762,000 natural gas customers. The impact of this filing on the typical residential customer using 64 therms per month will be an increase of \$0.34 on the current monthly bill of \$69.78. PSE's customers are located in PSE's certificated areas in King, Kittitas, Snohomish, Pierce, Thurston and Lewis counties. On September 30, 2017, PSE published the notice to customers required by WAC 480-90-194 which informed customers of the impacts of the CRM and PGA filings, a net decrease for sales customers and a net increase for transportation customers. This CRM update filing overall reflects a slight decrease in the impacts resulting from the two filings. After incorporating this CRM update, the combined impact from the CRM and PGA filings is an overall average decrease of 2.7%. The total decrease related to the CRM and PGA filings for the typical residential customer using 64 therms is \$1.80, which decreases the typical monthly bill from \$69.78 to \$67.98.

Please contact Kathie Barnard at (425) 462-3716 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,

*/s/ Kenneth S. Johnson*

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Director, State Regulatory Affairs  
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cc: Lisa Gafken, Public Counsel  
Sheree Carson, Perkins Coie

Attachment:  
Natural Gas Tariff Sheet