

EXHIBIT NO. ___(JAP-4)
DOCKET NO. UE-12___/UG-12___
JOINT DECOUPLING ACCOUNTING
PETITION
WITNESS: JON A. PILIARIS

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.
and NW ENERGY COALITION

For an Order Authorizing PSE To
Implement Electric and Natural Gas
Decoupling Mechanisms and To
Record Accounting Entries Associated
With the Mechanisms

Docket No. UE-12___
Docket No. UG-12___

THIRD EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
JON A. PILIARIS
ON BEHALF OF PUGET SOUND ENERGY, INC.

OCTOBER 25, 2012

WN U-2

Original Sheet No. 1139

PUGET SOUND ENERGY, INC.
NATURAL GAS SUPPLEMENTAL SCHEDULE NO. 139
Revenue Decoupling Adjustment Mechanism

(N)

Section 1: Applicability

This rate is applicable to all Customers of the Company that receive service under Schedules 23, 31, 41, 53, 85, 86 and 87 and will be applied to all bills to Customers with energy usage during a month when this schedule is effective.

Section 2: Purpose

The purpose of this schedule is to establish balancing accounts and implement a rate adjustment mechanism that decouples the Company's revenues to recover delivery costs from sales of natural gas and restores a portion of the revenue lost by the Company as a result of its conservation investments.

Section 3: Mechanism

a. Definitions:

- i. Residential Customers: Customers served under Schedules 23 and 53.
- ii. Non-Residential Customers: Customers served under Schedules 31, 41, 85, 86, and 87.

b. Calculation:

- i. The Revenue Decoupling Adjustment (RDA) reconciles on a monthly basis, separately for Residential Customers and Non-Residential Customers, differences between (i) the monthly Actual Delivery Revenue resulting from applying a Delivery Cost Energy Rate of 38.641 cents per therm for Residential Customers and 25.202 cents per therm for Non-Residential Customers to their energy sales, and (ii) the Allowed Delivery Revenue that would be collected by applying the Monthly Allowed Delivery Revenue Per Customer by the active number of Customers in each group for each month.

(N)

(Continued on Sheet 1139-A)

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Original Sheet No. 1139-A

PUGET SOUND ENERGY, INC.
 NATURAL GAS SUPPLEMENTAL SCHEDULE NO. 139
 Revenue Decoupling Adjustment Mechanism
 (Continued)

(N)

- ii. The difference resulting when the Actual Delivery Revenue is subtracted from the Allowed Delivery Revenue is accrued monthly in the RDA Balancing Account and will accrue interest at the Company's currently authorized net of tax rate of return grossed up for income taxes. The monthly amount accrued will be divided into sub-accounts so that net accruals for Residential Customers and Non-Residential Customers can be tracked separately.
- iii. Monthly Allowed Delivery Revenue Per Customer: For each group of customers (Residential Customers and Non-Residential Customers), the Monthly Allowed Delivery Revenue Per Customer will be as follows:

Month	Residential	Non-Residential
January	\$46.59	\$204.45
February	\$36.84	\$167.15
March	\$39.61	\$178.97
April	\$25.07	\$126.89
May	\$17.09	\$101.73
June	\$10.70	\$76.18
July	\$8.26	\$67.33
August	\$7.64	\$63.06
September	\$10.78	\$70.73
October	\$22.14	\$109.65
November	\$37.14	\$161.82
December	\$46.73	\$198.56

(N)

(Continued on Sheet 1139-B)

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PUGET SOUND ENERGY, INC.
NATURAL GAS SUPPLEMENTAL SCHEDULE NO. 139
Revenue Decoupling Adjustment Mechanism
(Continued)

(N)

c. Process:

- i. The amounts accrued in the RDA Balancing Account, including interest, for Residential Customers and Non-Residential Customers through the end of the calendar year will be collected or refunded to the same group of Customers (Residential Customers and Non-Residential Customers) during the subsequent May 1 through April 30 rate year.
- ii. No later than April 1 of each year the Company will make a filing to set the Monthly Allowed Delivery Revenue Per Customer and proposed rates under this Schedule 139 to be effective May 1 of the same year.

Section 4: Term

This mechanism shall remain in effect for no less than five (5) years after its initial effective date, but may be continued, subject to approval by the Commission of a filing by the Company requesting that the term be extended.

Section 5: Monthly Rate

The rate shown below and on the following sheet for each schedule shall be added to the monthly rate(s) for each schedule identified thereby changing the rate charged for natural gas service. Customer bills shall reflect the sum of this Schedule 139 rate and the rate(s) otherwise charged for electric service.

SCHEDULE 23

Energy Charge: \$0.000000 per therm

SCHEDULES 31

Energy Charge: \$0.000000 per therm

SCHEDULES 41

Energy Charge: \$0.000000 per therm

(Continued on Sheet 1139-C)

(N)

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PUGET SOUND ENERGY, INC.
NATURAL GAS SUPPLEMENTAL SCHEDULE NO. 139
Revenue Decoupling Adjustment Mechanism
(Continued)

(N)

Section 5: Monthly Rate (Continued)

SCHEDULE 53

Energy Charge: \$0.000000 per therm

SCHEDULES 85

Energy Charge: \$0.000000 per therm

SCHEDULE 86

Energy Charge: \$0.000000 per therm

SCHEDULE 87

Energy Charge: \$0.000000 per therm

Section 6: Adjustments

Rates in this schedule and those rates reflected in the schedules for natural gas service to which this mechanism applies, as listed in the Applicability section above, are subject to adjustment by such other schedules in this tariff as may apply.

Section 7: General Rules and Regulations

Service under this schedule is subject to the General Rules and Regulations contained in this tariff as they may be modified from time to time and other schedules of such tariff that may from time to time apply as they may be modified from time to time.

(N)

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