



Puget Sound Energy
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April 26, 2018

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: Docket UE-180280 (Advice No. 2018-18) – Do Not Redocket
PSE’s Electric Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy (“PSE”) hereby submits in connection with Docket UE-180280 the following substitute tariff sheet to replace the tariff sheet that accompanied PSE’s March 30, 2018 filing which was submitted under PSE’s Advice No. 2018-18. This filing includes the following portion of PSE’s WN U-60 Tariff G for electric service.

3rd Revision of Sheet No. 142-H - Revenue Decoupling Adjustment Mechanism (Continued)

The purpose of this substitute filing is to revise the Delivery Margin Amortization and Fixed Production Cost Amortization rates within electric Schedule 142 to account for two changes. First, this substitute filing proposes to change the Fixed Production Cost (FPC) deferral balances at the end of calendar year 2017 by approximately \$4.9 million to address Commission Staff’s concerns, as explained and reflected in their open meeting memo in this docket. Additionally, PSE understands that Commission Staff agrees that the change to the FPC deferral balance would yield an offsetting change to the amount shared through application of the decoupling mechanism’s Earnings Test. Accordingly, this substitute filing offsets the impact of the change to the FPC deferral balance with the change to the amount shared through the Earnings Test. This reduces the amount passed back to customers in PSE’s original filing through application of the Earnings Test, from \$12.42 million to \$9.95 million, or a reduction of \$2.47 million. The combined effect of the lower FPC deferral balance and the lower shared amount through application of the Earnings Test, increases PSE’s originally proposed revenue reduction from \$22.7 million to \$25.2 million, and provides an additional \$2.5 million reduction to PSE customers. Work papers supporting these changes are included with this substitute filing.

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The earnings sharing amount included in the deferral amortization rate is supported by PSE's Commission Basis Report ("CBR") filing made in Docket UE-180255. Therefore, PSE will file a revised CBR by April 30th consistent with WAC 480-100-257.

Incorporating the combined effects of the reduction in FPC deferrals and sharing through the Earnings Test, increases the average decrease in overall bills from 1.0 percent to 1.1 percent for Decoupled Customers and all Decoupled Customers will experience an overall reduction in rates relative to those originally proposed on March 30, 2018. Under this substitute proposal, all Decoupled Customer rates will change. Schedules 7A, 11, 12, 25, 26, 29, 35, 40, and 43 will experience an increase relative to current rates, while Schedules 7, 8, 10, 24, 31, 46 and 49 will experience a decrease in rates. The typical residential customer using 900 kWh per month under the substitute proposal will experience a decrease of \$2.19 per month, versus the \$2.10 per month reduction that was originally proposed.

Please note that under the substitute filing, the Delivery Margin Amortization rates will increase, but the Fixed Power Cost Amortization rates will decrease. Within each schedule, the net impact of these changes will be an overall decrease. PSE interprets this to be in compliance with the Commission's rules related to substitute tariff filings. However, if and to the extent that the Commission interprets these rules differently, PSE hereby requests waiver of WAC 480-80-111(1)(b) to allow these proposed substitute rates to go into effect as proposed on May 1, 2018.

The tariff sheet described herein reflects the original issue date of March 30, 2018, and effective date of May 1, 2018. As required by WAC 480-100-193, PSE has posted the proposed tariff sheet on the PSE web site immediately prior to or coincident with the date of this transmittal letter.

Please contact Julie Waltari at (425) 456-2945 or Paul Schmidt at (425) 462-3180 for additional information about this filing. If you have any other questions please contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

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

Attachments: Electric Tariff Sheet & Work paper