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April 11, 2024

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Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**Re: Docket UG-240139 (Advice No. 2024-07)
Puget Sound Energy's Natural Gas Tariff Filing – Do Not Redocket**

Dear Executive Director Killip:

Puget Sound Energy (“PSE”) hereby submits in connection with Docket UG-240139 the following revised natural gas tariff sheet as a substitution for the tariff sheet that accompanied its March 1, 2024 filing, submitted under Advice No. 2024-07.

WN U-2 - (Natural Gas Tariff):

29th Revision of Sheet No. 1120 – Supplemental Schedule 120, Natural Gas Conservation Service Rider

The purpose of this substitute tariff filing is to revise the natural gas revenue requirement and calculation of rates to correct the allocation of electric costs that were misallocated to natural gas. A thorough portfolio review identified three programs that slightly over-charged natural gas work orders in 2022 by \$28,758.13 and in 2023 by \$103,602.05. Specifically, Multi-Family New Construction, Commercial New Construction and Small Business Direct Install programs.

The Multi-Family and Commercial New Construction program issues stem from applying standard cost splits across electric and natural gas for all vendor costs, instead of a subset of those costs where such a split is appropriate. The Small Business Direct Install program correction stems from one invoice that applied costs to natural gas when instead all costs should have been applied to electric.

This filing proposes to decrease the natural gas revenue requirement by \$116,252, the amount of the combined 2022 and 2023 corrections grossed up for revenue sensitive items. A similar revenue requirement increase proposed for the electric filing will be made today in a separate Electric Schedule 120 substitute tariff filing under Docket UE-240138.

The revised natural gas revenue requirement in this filing is \$31.9 million, a 0.4 percent decrease to the revenue requirement proposed in PSE's original filing. This is \$5.3 million higher than the

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\$26.6 million requested in last year's filing under Docket UG-230140. This is due to a \$2.8 million increase in the budget for the 2024 program year, and an increase of \$ 2.5 million in the true-up for spending, load variances and revenue sensitive fees and taxes, as compared to 2023.

Overall, this proposal results in a 0.67 percent increase in customer bills, a slight decrease compared to 0.68 percent in the original filing. The typical residential customer using 64 therms per month would experience an increase to their monthly bill of \$0.49 or 0.61 percent. PSE initially proposed an increase of \$0.50 or 0.62 percent.

This substitution is provided for in WAC 480-80-111(1)(a) Substitute Tariff Filings, as the proposed changes address concerns of the Commission regarding the pending tariff sheet. The tariff sheet described herein reflects the original issue date of March 1, 2024, and the original effective date of May 1, 2024. Posting of proposed tariff changes, as required by WAC 480-90-193, is being accomplished by posting the proposed tariff sheet on the PSE web site coincident with the date of this transmittal letter.

Please contact Julie Waltari at julie.waltari@pse.com or (425) 456-2945 for additional information about this filing. If you have any other questions, please contact me at Birud.Jhaveri@pse.com.

Sincerely,

/s/ Birud D. Jhaveri

Birud D. Jhaveri
Director, Regulatory Affairs
Puget Sound Energy
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cc: Tad O'Neill, Public Counsel
Sheree Carson, Perkins Coie
Ed Finklea, AWEC

Attachments:

Substitute Natural Gas Tariff Sheet (as listed above)
Revised Revenue Requirement Work Paper
Revised Cost of Service Work Paper