### WN U-2

Original Sheet No. 1139

PUGET SOUND ENERGY, INC.

NATURAL GAS SUPPLEMENTAL SCHEDULE NO. 139

Revenue Decoupling Adjustment Mechanism

Section 1: Applicability

This rate schedule is applicable to all Customers of the Company that receive service under Schedules 16, 23, 31, 31T, 41, 41T, 53, 71, 72, 74, 85, 85T, 86, 86T, 87 and 87T. Rates in this schedule will be applied to all bills of applicable 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 recovered from certain customers that are intended to recover delivery costs from sales and transportation of natural gas. Its purpose is to also implement a rate plan for all other applicable customers.

Section 3: Rate Groups

* 1. Decoupled Residential Customers: Customers served under Schedules 23 and 53.
  2. Decoupled Non-Residential Customers: Customers served under Schedules 31, 31T, 41, 41T, 85, 85T, 86, 86T, 87 and 87T.
  3. Rate Plan Customers: Customers served under Schedules 16, 71, 72, and 74.

Section 4: Decoupling Mechanism

1. Decoupling Calculation:
2. The Revenue Decoupling Adjustment (RDA) reconciles on a monthly basis, separately for Decoupled Residential Customers and Decoupled Non-Residential Customers, differences between (i) the monthly Actual Delivery Revenue resulting from applying a Delivery Revenue Per Unit of 38.491 cents per therm for Decoupled Residential Customers and 17.383 cents per therm for Decoupled Non-Residential Customers to their energy usage, and (ii) the Allowed Delivery Revenue that would be collected by applying the Monthly Allowed Delivery Revenue Per Customer (see iii below) by the active number of Customers in each group for each month.

(Continued on Sheet 1139-A)

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| By: |  | Ken Johnson **Title**: Director, State Regulatory Affairs |