



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

November 1, 2012

Mr. David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Report of Weighted Average Cost of Propane Fuel Inventory
Third Quarter - 2012

Dear Mr. Danner:

Pursuant to WN U-2 tariff for natural gas service of Puget Sound Energy, Inc. (the "Company" or "PSE") Supplemental Schedule No. 101 Gas Cost Rates, please find enclosed the Report of Weighted Average Cost of Propane Fuel Inventory for the three months ended September 2012.

The weighted average cost to the Company of propane fuel inventory at the end of the third quarter of 2012 was \$5.42647 per therm. The weighted average cost of propane charged to customers under the provisions of Schedule 101 during the same period was \$4.00641 per therm. The weighted average cost of propane charged to customers will remain at \$4.00641 which is the maximum cost per therm within the approved banded rate. The Company is considering what changes should be made.

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 (425) 462-3495.

Very truly yours,

Manager Regulatory Initiatives & Tariffs

for Tom DeBoer
Director, Federal & State Regulatory Affairs

Enclosures

cc: Simon J. Fitch, Public Counsel
Sheree Carson, Perkins Coie