

WN U-2

Original Sheet No. 1134

PUGET SOUND ENERGY
NATURAL GAS SCHEDULE NO. 134
Pipeline Integrity Program

(N)

Section 1: Applicability and Purpose

1. This Pipeline Integrity Program ("PIP") is applicable to all firm and interruptible gas sales and transportation Customers as well as Special Contract Customers.
2. The purpose of this schedule is to provide for the recovery of eligible program costs incurred by the Company through an adjustment of certain natural gas rates.

Section 2: Method of Calculation and Eligible Investments

1. The rate adjustment will be based on forecasted expense and investment activity through October 31 of the upcoming program period, adjusted to reflect the difference between the previous program period's actual versus forecasted costs and loads. The costs included in the rate adjustment will be based on actual and forecasted incremental: 1) return on rate base, net of accumulated depreciation and applicable deferred federal income tax and 2) change in depreciation expense calculated on net book value which is net of retirements of assets that are included in existing rates. Additionally, the rate adjustment will include a true-up of estimates used in the previous filing to actual costs and loads. The rate adjustment will be updated each year with a November 1 effective date. The first program period will be July 1, 2011 to October 31, 2011. All subsequent program periods will be November 1 through October 31.
2. An investment included in the PIP must be expected to be completed during the upcoming program period and must not have been included in the Company's rate base in its most recently completed general rate case. Eligible investments will be determined on an annual basis in consultation with interested stakeholders and shall initially consist of the following programs:
 - a. Bare Steel Replacement
 - b. Wrapped Steel Service Assessment
 - c. Wrapped Steel Main Assessment
 - d. Older Polyethylene Pipe Replacement

(N)

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By:

Tom DeBoer

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Title: Director, Federal & State Regulatory Affairs

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(Continued)

(N)

Section 3: Adjustment Rates

MONTHLY RATE:

Schedule 16	\$ 0.11 per mantle
Schedules 23	0.571 ¢ per therm
Schedules 31 and 31T	0.446 ¢ per therm
Schedules 41 and 41T	0.200 ¢ per therm
Schedules 85 and 85T	0.061 ¢ per therm
Schedules 86 and 86T	0.104 ¢ per therm
Schedules 87 and 87T	0.043 ¢ per therm
Special Contracts	0.051 ¢ per therm

Section 4: Adjustments

Rates in this schedule are subject to conditions and adjustment as set forth in Schedule No. 1 and to adjustment by other adjusting or supplemental schedules, when applicable.

Section 5: General Rules and Regulations

Service under this schedule is subject to the rules and regulations contained in Company's tariff.

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