

Agenda Date: October 30, 2014
Item Number: A2

Docket: UG-141212
Company: Puget Sound Energy

Staff: Betty Erdahl, Regulatory Analyst
Joanna Huang, Regulatory Analyst

Recommendation

Take no action, thereby allowing the tariff sheet filed in Docket UG-141212 to become effective on November 1, 2014, by operation of law.

Background

On May 30, 2014, Puget Sound Energy (PSE or company) filed its pipeline replacement cost recovery mechanism (CRM) tariff in Docket UG-141212. The CRM was updated on September 18, 2014, and again on October 16, 2014, to reflect actual expenditures from November 1, 2013, through September 30, 2014, plus estimated expenditures for October 2014.

Cost Recovery Mechanism (CRM)

The effect of the CRM is an increase of \$2,280,577, or 0.24 percent on annual revenues of \$965,895,293. The impact of the filing on a residential customer's monthly bill with consumption of 68 therms will be an increase of \$0.17, resulting in a change to the average bill from \$77.29 to \$77.46. The total increase related to the CRM, PGA, and Deferral charges will increase the bill by \$1.78, from \$77.29 to \$79.07.

The pipeline replacement cost recovery mechanism was filed in accordance with the commission's policy statement in Docket UG-120715, providing for accelerated replacement of pipeline facilities with elevated risk to the public.

The policy statement allows a return of and return on specific identified investment with elevated risk, as approved in a company's pipeline replacement plan. The company proposes a CRM related to high risk pipe and does not seek to recover the costs associated with:

- Locating pipe;
- Normal growth, system expansion, and repair and replacement of pipe damaged by third parties; and
- Pipe that a company is required to replace by a commission order or approved settlement.

Of the four companies that file pipeline replacement plans bi-annually, PSE and Cascade are the only two companies that propose a CRM. This is the first year that PSE has requested a cost recovery mechanism.

PSE serves approximately 781,849 natural gas customers located in King, Kittitas, Snohomish, Pierce, Thurston, and Lewis counties.

Customer Comments

Puget Sound Energy Company notified its customers of the proposed rate increase through a news release and bill inserts mailed to customers in September and October. The commission received one customer comment opposing the increase. The customer objects to a usage charge for the replacement of gas pipes. He believes that the cost of pipes is a fixed cost which should be part of existing rates.

Conclusion

Staff has analyzed the supporting documentation of this proposed cost recovery mechanism and recommends the commission take no action, thereby allowing the tariff sheet filed in Docket UG-141212 to become effective on November 1, 2014, by operation of law.