



Puget Sound Energy  
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PSE.com

July 14, 2011

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

Re: Docket No. UG-110723 (Advice No. 2011-12) – **Do Not Redocket**  
Substitute Natural Gas Tariff Sheets – Filed Electronically

Dear Mr. Danner:

Puget Sound Energy, Inc. (the “Company” or “PSE”) hereby submits, in connection with Docket No. UG-110723, the following substitute tariff sheets to replace the tariff sheets filed on April 26, 2011 and June 29, 2011, under the Company’s Advice No. 2011-12. This substitute filing is pursuant to RCW 80.28.060 and Chapter 480-80 WAC and includes the following portion of the Company’s WN U-2 tariff for natural gas service.

Original Sheet No. 1134 – Schedule 134 Pipeline Integrity Program  
Original Sheet No. 1134-A – Schedule 134 Pipeline Integrity Program (Continued)

Over the past six months, the Company has discussed the proposed Pipeline Integrity Program with the Commission, Commission Staff (both Pipeline Safety and Energy Staff), Public Counsel and Northwest Industrial Gas Users (“NWIGU”) and responded to informal data requests from Commission Staff, which responses were shared with both Public Counsel and NWIGU. The Commission and interested parties also had an opportunity to discuss the proposal at the Commission’s June 30, 2010 Open Meeting. Following the Open Meeting, PSE and the interested parties had further discussions in an attempt to reach an agreed upon resolution of the proposal.

The purpose of this filing is to modify the proposal to address some of the concerns raised both by the Commission and other parties over the course of these discussions. Admittedly, the filing does not address all issues raised over the course of review.

Changes to the program from the original filing include: the removal of bare steel replacement from eligible investments; includes only incremental program additions; setting a program year capital expenditure cap of \$25 million; and sets a termination date if the Pipeline Integrity Program is not extended by the Commission. Further detail can be found in Attachment A included in this filing. Substitution to address Commission concerns with the filing is provided for in WAC 480-80-111(1)(a).

The tariff sheets described herein reflect issue dates of April 26, 2011, and effective dates of August 1, 2011. As required by law and the Commission’s rules and regulations, posting will be completed immediately prior to or coincident with the date of this transmittal letter. Posting is being accomplished through web, telephone and mail access in accordance with WAC 480-90-193(1).

Mr. David Danner

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Please contact Julie Waltari at (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,

A handwritten signature in black ink that reads "Tom DeBoer". The signature is written in a cursive, slightly slanted style.

Tom DeBoer

Director, Federal & State Regulatory Affairs

Enclosures

cc: Simon J. ffitc  
Paula Pyron  
Sheree Strom Carson