



Puget Sound Energy
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PSE.com

March 31, 2017

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

**Re: Advice No. 2017-07
Electric Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy ("PSE") hereby submits proposed revisions to rates under its electric Schedule 142, Revenue Decoupling Adjustment Mechanism. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following electric tariff sheets:

WN U-60, Tariff G - (Electric Tariff):

- 5th Revision of Sheet No. 142 - Revenue Decoupling Adjustment Mechanism
- 6th Revision of Sheet No. 142-A - Revenue Decoupling Adjustment Mechanism (Continued)
- 6th Revision of Sheet No. 142-D - Revenue Decoupling Adjustment Mechanism (Continued)

The filing consists of proposed changes to Schedule 142, which reflect changes in both projected allowed revenue per customer and deferral amortization rates. The overall impact of the Schedule 142 rate change related to projected allowed revenue is a revenue increase of \$34.9 million, or 1.6%. The overall impact of the Schedule 142 rate change related to deferral amortizations is a revenue increase of \$7.0 million, or 0.3%. The net impact of this filing is to increase the amount billed to customers under Schedule 142 with an overall revenue increase of \$41.9 million, or 2.0%.

The primary purpose of this filing is to implement changes to rates under the established Revenue Decoupling Adjustment Mechanism, as provided in the Commission's Order 07 (Final Order Granting Petition) in Docket Nos. UE-121697 and UG-121705 (consolidated) which was combined with the Commission's Order 07 (Final Order Authorizing Rates) in Docket Nos. UE-130137 and UG-130138 (consolidated) ("Order 07"). The mechanism was revised by the Commission's Order 09 in Docket Nos. UE-121697 and UG-121705 (consolidated) and Order 08 in Docket Nos. UE-130137 and UG-130138 (consolidated) ("Order 09"). The purpose of this filing is also to update the Delivery Revenue per Unit for Decoupled Customers. Work papers supporting this filing are enclosed. Coincident with this tariff filing, but under separate cover,

PSE has submitted its Commission Basis Report (compliant with WAC 480-100-257) for the twelve months ending December 2016 which also supports the Earnings Test calculation in this filing. Also coincident with this tariff filing, PSE has submitted reports on the impacts of decoupling and the operation of the rate plan in accordance with Order 07 and Order 09. Schedule 142 is a mechanism for adjusting rates, both up and down, for defined Decoupled Customers and rates for Rate Plan Customers which are not decoupled. This filing revises the Revenue Decoupling Adjustment Mechanism charges for Decoupled Customers. Decoupled Customers include those customers receiving service under Schedules 7, 7A, 8, 10, 11, 12, 24, 25, 26, 29, 31, 35, 40, 43, 46 and 49 ("Decoupled Customers"). The rates for Decoupled Customers in this filing include two components. First, it reflects the effect of the projected allowed revenue for the upcoming rate year from May 2017 through April 2018. In addition, it reflects the true-up of the deferral of the difference between allowed and actual volumetric decoupling revenue during calendar year 2016.

Consistent with the requirements of Order 07, the rates proposed herein reflect the results of the Earnings Test. The Earnings Test is derived from the results of the Commission Basis Report submitted concurrent with this filing. The Earnings Test resulted in a normalized rate of return in excess of the rate of return approved in Order 07. Accordingly, this filing incorporates a reduction of \$11,945,200 that will be returned to customers.

Including the reduction in deferrals from the Earnings Test, overall this proposal represents an average increase in overall bills of 2.0 percent for Decoupled Customers. All Decoupled Customer rates will change, however Schedules 7, 7A, 8, 11, 24, 25, 29, 35, 40, 43, 46 and 49 will experience an increase while Schedules 10, 12, 26 and 31 will experience a decrease in rates. The typical residential customer using 900 kWh per month will experience an increase of \$2.54 per month.


Rate Plan Customers include those customers receiving service under Schedules 50 through 59 (outdoor lighting) and Schedules 448, 449, 458 and 459 (retail wheeling) (the "Rate Plan Customers"). This filing does not represent a change to rates for Rate Plan Customers.

The tariff sheets described herein reflect issue dates of March 31, 2017, and effective dates of May 1, 2017. Posting of proposed tariff changes, as required by WAC 480-100-193, is being made by posting the proposed tariff sheets on the PSE web site immediately prior to or coincident with the date of this transmittal letter. Notice to the public under the provisions of WAC 480-100-194 is required, which PSE will provide through a published notice on March 31, 2017.

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Please contact Julie Waltari at (425) 456-2945 or Paul Schmidt at (425) 462-3180 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,


ERIC E ENGLERT
Manager, Regulatory Initiatives & Tariffs
for Ken Johnson
Director, State Regulatory Affairs

Enclosures

cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachments: Tariff Sheets (filename: "PSE Advice 2017-07 Tariff Sheets 3-31-17.zip" – including tariff sheets as listed above)