



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

August 31, 2012

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

Re: **Advice No. 2012-26 – Natural Gas Tariff Filing – Filed Electronically  
Compliance Filing Docket Nos. UE-111048 and UG-111049 (consolidated)**

Dear Mr. Danner:

Pursuant to RCW 80.28.060 and Chapter 480-80 WAC, please find enclosed for filing the following proposed revision to the WN U-2 Tariff for natural gas service of Puget Sound Energy (the “Company” or “PSE”):

- 8<sup>th</sup> Revision of Sheet No. 1129 - Low Income Program
- 5<sup>th</sup> Revision of Sheet No. 1129-A - Low Income Program (Continued)
- 11<sup>th</sup> Revision of Sheet No. 1129-B - Low Income Program (Continued)

The purpose of this filing is two-fold: First, the filing adjusts and trues-up the low income rates as provided in Exhibit G to the Settlement Stipulation Agreement approved by the Commission in Docket Nos. UE-011570 and UG-011571 (the “Settlement”) and as provided in the Multiparty Settlement Stipulation in Docket No. U-072375 and the Partial Settlement in Docket Nos. UE-072300 and UG-072301. This filing revises the Low Income Program charges in order to reflect actual program funding costs due to changes in billing determinants and the collections over the past year.

Secondly, this filing reflects an increase in the annual natural gas cap, from \$3.864 to \$5.050 million. This increase is consistent with and in compliance with the Commission’s Order 08 in Docket Nos. UE-111048 and UG-111049 (consolidated) (“Order 08”).

As mentioned above, Order 08 provided for an increase in funding of the low-income program. That increase was described in Order 08 at paragraph 373 which provided, in part:

*The Energy Project recommends increasing PSE’s low-income bill assistance program funding from .51 percent to .665 percent of the Company’s total annual operating revenues<sup>466</sup>, because the current funding level does not allow*

*many of the customers in PSE's service territory who are eligible for assistance to receive it.*

Where footnote number '466' indicates that "this would increase [total] low-income bill assistance from \$15.5 million to \$20.2 million".

Order 08 at paragraph 376 provided the Commission's Determination which, in part, stated the following:

*No party objects to increasing funding for PSE's low-income bill assistance program. We find reasonable the Energy Project's proposal to increase the funding for PSE's low-income bill assistance program. We direct the Company to file for the increase as part of its ongoing annual true-up compliance filing on August 31, 2012.*

This resulted in the annual natural gas cap being increased by \$1.186 million to \$5.050 million. The table below shows how the \$20.2 million is split between natural gas and electric:

Total	Natural Gas	Electric
100%	25%	75%
\$ 20,200,000	\$ 5,050,000	\$ 15,150,000

The percentages of 25% for natural gas and 75% for Electric are specified in the Commission Order 12: Final Order Approving and Adoption Settlement Stipulations; Authorizing and Requiring Compliance Filing in Consolidated Dockets UE-072300 and UG-072301, Appendix D.

The true-up for actual program funding costs and changes in billing determinants and collections resulted in a decrease of \$44,375 (including impacts of the conversion factor). Prior year collections and rate spread will be detailed in work papers provided directly to the Commission's staff.

All natural gas customers who are billed for therms, except those taking service under existing special contracts, are affected by this filing. The amount of change in the total natural gas revenue requirement over last year is an increase of \$1,198,831. This revenue requirement results in an approximate average overall increase to rates for natural gas customers of 0.11%. This filing does not result in any net change in revenue to the Company.

The tariff sheets described herein reflect issue dates of August 31, 2012, and effective dates of October 1, 2012. Posting of the proposed tariff change for public inspection and review, as required by law and the Commission's rules and regulations, is being completed immediately prior to or coincident with the date of this transmittal letter, through web, telephone and mail access in accordance with WAC 480-90-193(1).

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Notice to the public under the provisions of WAC 480-90-194 is not required as the increase is in compliance with Order 08, however, the Company will provide notice to customers in conjunction with its notice to electric customers, within 30 days of the effective date by publishing the notice described in WAC 480-90-194(2).

Please contact Lynn Logen at (425) 462-3872 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 style with a horizontal line above the first few letters.

Tom DeBoer  
Director, Federal & State Regulatory Affairs

Enclosures

cc: Simon J. ffitc  
Paula Pyron  
Sheree Carson