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PUGET SOUND ENERGY
The Energy To Do Great Things
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August 4, 2009

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

Re: Advice No. 2009-15 – Natural Gas Tariff Filing - Filed Electronically

Dear Mr. Danner:

Puget Sound Energy, Inc. (the "Company" or "PSE") hereby submits proposed revisions to its Natural Gas Rules and Regulations, Rule 21, Firm Service Priority and Rule 23, Interruptible Sales and Transportation Service Priority. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following natural gas tariff sheets.

WN U-2 - (Natural Gas Tariff):
Fourth Revision of Sheet No. 35 - Rule 21, Natural Gas Rules and Regulations (Continued)
Firm Service Priority (Continued)
Third Revision of Sheet No. 37-A - Rule 23, Natural Gas Rules and Regulations (Continued)
Interruptible Sales and Transportation Service Priority (Continued)
First Revision of Sheet No. 37-C - Rule 23, Natural Gas Rules and Regulations (Continued)
Interruptible Sales and Transportation Service Priority (Continued)
Second Revision of Sheet No. 37-D - Rule 23, Natural Gas Rules and Regulations (Continued)
Interruptible Sales and Transportation Service Priority (Continued)
First Revision of Sheet No. 37-E - Rule 23, Natural Gas Rules and Regulations (Continued)
Interruptible Sales and Transportation Service Priority (Continued)

The purpose of this filing is to implement changes to the penalty provisions for unauthorized use of gas during a curtailment period by firm and interruptible customers. Specifically, this filing revises the penalty for interruptible customers in Rule 23 from the present rate that is the greater of (a) a market based penalty or (b) $2.00 per therm and revises the penalty for firm customers in Rule 21 from the present rate of $2.00 per therm for all therms. This proposal increases the rates in Rule 23 over the next five years from $1.00 to $10.00 per therm for unauthorized use during the first two hours of a curtailment period and from $2.00 to $15.00 per therm for unauthorized use after the first two hours of a curtailment period, plus a pass-through of any penalties imposed upon the Company by upstream gas transmission provider(s). Rates per year are shown in the following table. For firm customers (Rule 21) this filing revises the penalty over the next five years from $2.00 to $15.00 consistent with the last column of the following table.

Implementation Date	First Two Hours	Subsequent Hours
Current	$1.00	$2.00
September 4, 2009	$5.00	$10.00
September 1, 2010	$6.00	$11.00
September 1, 2011	$7.00	$12.00
September 1, 2012	$8.00	$13.00
September 1, 2013	$9.00	$14.00
September 1, 2014	$10.00	$15.00

The Company does not expect this proposal to increase revenues, but it may result in a reduction in revenues. All firm and interruptible rate schedules for natural gas service are affected by this proposal. Customers who do not violate the tariff provision prohibiting the use of gas during a curtailment period will not be impacted by this change.

In Appendix B, Partial Settlement Agreement Re: Natural Gas Rate Spread and Rate Design in Docket Nos. UE-072300 and UG-072301, the requirement that interruptible customers maintain a back-up fuel was eliminated to respond to opposition to the back-up requirements by transportation customers and to achieve consistency between sales and transportation service. Because of the elimination of the requirement for back-up fuel sources to be used during periods of interruption, the Company reviewed the penalty provisions that apply when interruptible customers fail to interrupt service. The current provision of $2.00 per therm has been in existence since 1994 and the market based penalty was added in 2000. With the elimination of the back-up fuel requirement, this level of penalty is not sufficient incentive for customers to partially or completely discontinue consumption. Many interruptible customers take some level of firm gas supply for critical operations, and physical disconnection of service for failing to curtail use of interruptible volumes would result in interruption of this firm supply as well, so disconnection of service is not a workable option. If interruptible customers fail to curtail when requested, the Company's ability to serve firm customers may be affected. These changes provide an economic incentive to customers to curtail when requested.

A work paper supporting the calculation of this revised rate is included. The rate is based on the cost of restarting service to customers after an outage. If failure of customers to curtail were to cause an outage on part of the system, there would be additional costs such as the inconvenience to other customers and the loss of revenues to the Company. These additional costs are not included in the proposed penalty rate.

The penalty for unauthorized use by firm customers in Rule 21 was increased to match that of interruptible customers. The current provision of $2.00 per therm has been in existence since 1980. To the best of PSE's corporate memory, curtailment under this rule has not taken place in at least 30 years and perhaps never has. However, should curtailment of firm customers ever become necessary, it is important to have a penalty that is sufficient to encourage such curtailment.

Sheet 37-A was modified to clarify that the penalty referred to in Rule 29, Section 7, is the same for unauthorized usage. Sheet 37-E was included to revise a paragraph number. All sheets in this filing have been revised to use capital letters as the initial letter of defined terms. These changes are coded with a T. Capitalization is used to indicate to the reader that the term is defined.

The tariff sheets described herein reflect an issue date of August 4, 2009, and an effective date of September 4, 2009. Posting of proposed tariff changes, as required by WAC 480-90-193, is being made by posting the proposed tariff sheet on the PSE web site immediately prior to or coincident with the date of this transmittal letter. Notice to the public will be provided under the provisions of WAC 480-90-195(2) through notice on or with the first bill after the change becomes effective.

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,

Tom DeBoer

Tom DeBoer
Director, Federal & State Regulatory Affairs

Enclosures
cc: Simon J. ffitch
Sheree Carson
Paula Pyron