



Puget Sound Energy  
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PSE.com

March 1, 2012

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

**Re: Advice No. 2012-06  
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 Schedule 120, Natural Gas Conservation Service Tracker. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following natural gas tariff sheet.

WN U-2 - (Natural Gas Tariff):

Sixteenth Revision of Sheet No. 1120 - Supplemental Schedule 120, Gas Conservation Service Tracker

The primary purpose of this filing is to implement changes to rates under the conservation tracker mechanism, as provided in Exhibit F to the Settlement Stipulation Agreement approved by the Commission in Docket Nos. UE-011570 and UG-011571. Specifically, the purpose of this filing is to revise the Gas Conservation Service Tracker charges downward in order to reflect actual costs and collections over the past years for conservation programs. Overall, this proposal represents a decrease in the conservation revenue requirement of \$6,492,272 or 28.6%. All rate schedules for natural gas service are affected by this decrease with the exception of transportation schedules 31T, 41T, 85T, 86T and 87T as transportation customers are not billed under the Conservation Service Tracker. Work papers supporting this filing are attached.

The baseline target level for acquisition of natural gas energy efficiency resources for the two-year period 2010 and 2011 was 9,054,000 therms of first-year savings, reported at the customer meter. This baseline target was set after being discussed with the Conservation Resource Advisory Group (CRAG) and was the same target level underlying the conservation program tariffs for the 2010-2011 bienium filed in Docket No. UG-091860 on November 30, 2009 and approved by the Commission at the December 23, 2009 Open Meeting. Natural gas energy efficiency costs are recovered in tracker rates in the rate-year starting April 1, following the year of expenditures, therefore, the costs being recovered starting on April 1, 2012 are associated with costs incurred from January 1, 2011 through December 31, 2011, and finalize the recovery of the costs from 2010.

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The tariff sheets described herein reflect issue dates of March 1, 2012, and effective dates of April 1, 2012. Posting of proposed tariff changes, as required by WAC 480-90-193, is being accomplished 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 480-90-194 is not required as this filing represents a decrease in rates.

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  
Director, Federal & State Regulatory Affairs

Enclosures

cc: Simon J. ffitch  
Sheree Carson  
Paula Pyron