



Puget Sound Energy
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PSE.com

June 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. 2012-16
Natural Gas Tariff Filing – Filed Electronically**

Dear Mr. Danner:

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

Fourth Revision of Sheet No. 1132-A - Schedule No. 132 (Continued) Merger Rate Credit

Order No. 8 in Docket No. U-072375 included a Multiparty Settlement Stipulation as Attachment A. That Multiparty Settlement Stipulation included Transaction Commitment number 34 which provided that the Company would pass through rate credits to all customers.

The Company is currently in the process of implementing a new customer information and billing system and during that process it was discovered that natural gas customers with rental water heaters and conversion burners (customers on natural gas Schedules 71, 72 and 74) were not receiving the merger rate credits, other than for the natural gas distribution service used to provide gas to those leased units on base price schedules. The cause behind these customers not receiving the rate credits was not initially apparent, because, while the visible configuration of the billing system was correct, the programming underlying the charge was set with a non-matching unit charge (i.e. Schedule 71 had unit of measure of “period” and Schedule 132 had a unit of measure of “item”). It was not until a programmer examined the programming code that this non-matching units cause was found and will be corrected effective with the approved effective date of this proposed tariff schedule change. In an expanded ongoing investigation, the Company has confirmed that all other rate classes/schedules are and have been receiving the merger rate credits. As of March, 2012 the Company was billing 40,401 customers under Schedules 71, 72 and 74.

The rental units were to receive a rate credit of 16¢ per unit per month starting on February 13, 2009. This rate changed to 15¢ on January 1, 2010 and to 12¢ on January 1, 2011. The rate is currently 12¢

per unit per month. The rate credits that were not passed through equal a cumulative total of \$5.72 per unit, through June, 2012. The Company proposes to remedy this situation in two different ways for two different groups of customers. For the customers that are still renting water heaters or conversion burners, they will receive the past cumulative amount of the credit (\$5.72) and current rate credit on their regular bills for the rental equipment in their July billing. For customers who no longer rent equipment but still have an account (gas or electric) with PSE, the Company will credit the customer's account 16¢ per unit per month for the number of months the customer rented equipment. The company evaluated the cost of making program changes and developing a program to calculate the exact amount of credit that each of these types of customer is entitled to vs. the cost to use flat rates of \$5.72 and 16¢ per month. These flat rates will slightly over-credit these customers but the cost of doing otherwise was estimated to be prohibitive. The slight over-crediting with the \$5.72 will occur to customers who are currently renting equipment but have not rented equipment for the entire forty-one month period. Slight over-crediting will also occur to customers who are no longer renting equipment if the period when they did rent equipment extends after January 1, 2010.

The purpose of this filing is to pass through an additional \$5.72 per unit to customers taking service on Schedules 71, 72 and 74 and to provide for the crediting of customers who no longer rent equipment. The additional \$5.72 per unit is effective for one month and will be prorated so that when billing cycles are billed during that month most customers will receive the \$5.72 split over two bills. For current customers, the Company will include an explanatory message on the first of these two bills.

The tariff sheet described herein reflects an issue date of June 1, 2012, and an effective date of July 2, 2012. Posting of proposed tariff changes, 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. This filing does not increase rates or restrict access to services so notice is not required under WAC 480-90-194.

Please contact Lynn Logen at (425) 462-3872 or at lynn.logen@pse.com 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

Enclosure

cc: Sheree Carson, Perkins Coie
Simon ffitch, Public Counsel
Paula Pyron, NWIGU