



Puget Sound Energy
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PSE.com

August 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. 2012-23
Electric 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-60, Tariff G for electric service of Puget Sound Energy, Inc. (the “Company” or “PSE”).

- 9th Revision of Sheet No. 448-i – Power Supplier Choice (Continued)
- 10th Revision of Sheet No. 449-i – Retail Wheeling Service (Continued)
- 3rd Revision of Sheet No. 449-j – Retail Wheeling Service (Continued)

The purpose of this filing is to update the rates in Schedules 448 and 449 coincident with the effectiveness of the proposed transmission rates in the Company’s Open Access Transmission Tariff (“OATT”) in the Federal Energy Regulatory Commission’s (“FERC”) Docket No. ER12-778. The rates proposed in FERC Docket No. ER12-778 reflect the reclassification of certain of the Company’s high-voltage distribution facilities as transmission facilities, as approved by the Commission in Docket No. U-111701, as well as the recovery of these costs through the Company’s OATT transmission rates. The rates proposed in this filing also reflect this reclassification, but instead remove the recovery of costs associated with these high-voltage distribution facilities from the Distribution Service rates of Schedules 448 and 449.

PSE’s proposed OATT transmission rates become effective on September 1, 2012. As discussed in the testimony of Jon A. Piliaris (Exhibit No. JAP-24CT), in Docket Nos. UE-111048 and UG-111049 (consolidated), the Company originally planned to file for updated Schedules 448 and 449 rates after the effectiveness of the revised OATT transmission rates. The Company also committed to file to refund any “double payment” of costs associated with the high-voltage distribution facilities.

Notwithstanding this commitment, PSE's customers served under Schedules 448 and 449 remained concerned about the double payment, specifically due to the associated cash flow impacts. In response to this concern, the Company has elected to file for new Schedule 448 and 449 rates based upon the reclassification of facilities in its filed case in Docket No. ER12-778. Doing so largely mitigates the potential for double recovery of the high voltage distribution costs from customers served under Schedule 448 and 449.

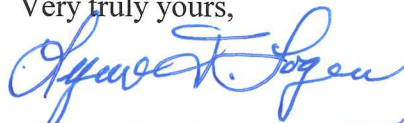
PSE's OATT rates that become effective on September 1, 2012 are subject to change by FERC's final order. That order may result in a decrease or increase in rates or in reclassification of some of the transmission facilities as distribution facilities. This would necessitate a change in the enclosed work papers and result in another change in the Distribution Service rates of Schedules 448 and 449. The Company will file that change as soon as it becomes aware of the need and, depending on the magnitude of the change, may request that the change become effective with less than statutory notice. Notice of this possible change has been included in Footnote (b) on Sheet Nos. 448-i and 449-j.

The enclosed work papers are based on the cost of service and work papers submitted in compliance to the Commission's Final Order in Docket Nos. UE-111048 and UG-111049 with high voltage distribution costs moved to the transmission function, as they will be included in PSE's OATT rates as of September 1, 2012.

The tariff sheets described herein reflect issue dates of August 1, 2012, and effective dates of September 1, 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 480-100-193. As this filing represents a decrease in rates charged under Schedules 448 and 449 and does not restrict access to service, no notice is required under the provisions of WAC 480-100-194.

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,



Lynn F. Logen, Tariff Consultant

for Tom DeBoer

Director, Federal & State Regulatory Affairs

Enclosures

cc: Sheree Carson, Perkins Coie
Simon ffitich, Public Counsel
Irion Sanger, ICNU