



Puget Sound Energy  
P.O. Box 97034  
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PSE.com

December 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. 2012-42**  
**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 for electric service of Puget Sound Energy, Inc. (the "Company" or "PSE").

- 9<sup>th</sup> Revision of Sheet No. 95-f – Schedule 95A – Federal Incentive Tracker
- 9<sup>th</sup> Revision of Sheet No. 95-g – Schedule 95A – Federal Incentive Tracker (Continued)
- 10<sup>th</sup> Revision of Sheet No. 95-h – Schedule 95A – Federal Incentive Tracker (Continued)
- 10<sup>th</sup> Revision of Sheet No. 95-I – Schedule 95A – Federal Incentive Tracker (Continued)
- 9<sup>th</sup> Revision of Sheet No. 95-j – Schedule 95A – Federal Incentive Tracker (Continued)
- 7<sup>th</sup> Revision of Sheet No. 95-k – Schedule 95A – Federal Incentive Tracker (Continued)
- 1<sup>st</sup> Revision of Sheet No. 95-l – Schedule 95A – Federal Incentive Tracker (Continued)
- 1<sup>st</sup> Revision of Sheet No. 95-m – Schedule 95A – Federal Incentive Tracker (Continued)

The provisions of Schedule 95A require that the Company file annually to adjust rates for the next calendar year to include the Treasury Grants (or other credits) available to be passed through to customers during such year plus or minus any difference in the amount of Treasury Grants actually credited to customers during the previous year as compared to the previous year's forecast. On October 31, 2012, the Company submitted the required annual filing in Docket No. UE-121735 ("October Filing") in which PSE requested no change in the rate. The Commission allowed the Company's filing to become effective January 1, 2013, per the No Action Agenda at the Commission's December 27, 2012 Open Meeting.

The purpose of this filing, as discussed in the October Filing, is to incorporate the effects of the Treasury Grant related to the Lower Snake River ("LSR") wind generation

project and to make a conforming adjustment for the amortization of the remaining balance of the Treasury Grants received for the Wild Horse wind generation project to match the remaining life of that project. The Company received the LSR Treasury Grant, in the amount of \$205,261,327, on December 21, 2012. The enclosed tariff sheets reflect an increase in the credit rates for all customers which will result in an overall decrease in customer bills.

The current Schedule 95A rate amortizes Treasury Grants over a ten year period. In this filing the Company proposes to amortize the LSR Treasury Grants over the life of the project and to adjust the amortization of the remaining balance of the Treasury Grants received for the Wild Horse wind generation project to match the remaining life of that project. To accomplish this change in the Wild Horse Treasury Grants which are currently being passed through and which have had 4 year's worth of amortization already passed-through, were spread over the remaining 21 year of life of the Wild Horse expansion project. Treasury Grants, prior to the passage of Section 1096 of Public Law No. 112-81 (House Resolution 1540) were passed through to customers without interest. As a result of this law and of approval provided under UTC Docket No. UE-120277, in July 2012, the Company began passing through interest with the Treasury Grants in Schedule 95A. This filing continues to include interest on the unamortized balance of the Treasury Grants over the 2013 rate period.

Since the Company received the LSR Treasury Grant prior to January 1, 2013, this filing reflects the pass through of the entire 2013 amount of \$37,856,899 (credit) passed back to eligible customers over eleven months beginning February 1, 2013. Of the total credit, \$13,816,679 represents the pass-back of grant amortization and \$24,040,220 represents the pass through of interest. This represents an overall average rate decrease of 1.63% and affects all of PSE's electric customers except those on Schedules 448 and 449. Work papers supporting this filing are enclosed.

This filing also reflects minor textual changes on Sheets 95-f and 95-m to incorporate provisions related to the pass through of interest in accordance with Section 1603(d) of the American Recovery and Reinvestment Act of 2009 and the Commission's order in Docket No. UE-120277.

The tariff sheets described herein reflect issue dates of December 31, 2012, and effective dates of February 1, 2013. 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. This filing represents a net decrease in customer bills, therefore, the Company will provide notice to customers in accordance with WAC 480-100-195(3) by publishing the change on PSE's web site.

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

Enclosures

cc: Sheree Carson, Perkins Coie  
Simon ffitch, Public Counsel