



Puget Sound Energy
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PSE.com

September 13, 2013

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

RE: Advice No. 2013-20 – Electric Tariff Filing – Filed Electronically
Temporary Substitute Index for Use In Schedules 448 and 449

Dear Mr. King:

Pursuant to RCW 80.28.060, WAC 480-80-101 and -105, 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"):

WN U-60, Tariff G, Electric Service:

Second Revised Sheet No. 449-o - Schedule 449: Retail Wheeling Service (Continued)
Fifth Revised Sheet No. 448-q - Schedule 448: Power Supplier Choice (Continued)

The purpose of this filing is to provide a temporary substitute Index for use in Schedules 449 and 448. The Index, as defined on Sheet No. 449-o (for Schedule 449) and on Sheet No. 448-q (for Schedule 448), is used in the calculation of Imbalance Energy Credit and the Imbalance Energy Surcharge. This calculation only occurs when, for each hour, Supplied Power is different than Customer Metered Energy. The Company is requesting that the Commission approve the use of a temporary replacement index so that PSE can continue to provide timely and uninterrupted service and billing to these customers.

In mid-August, S&P Dow Jones Indices ("SPDJI") indicated it will discontinue the calculation of the Index currently used in Schedules 448 and 449, the "Dow Jones Mid-Columbia Electricity Index", after the close on Friday September 13, 2013. Since the Index currently in use will no longer be reported after the close on Friday September 13, 2013, the Company requests a replacement index be substituted until December 31, 2013. PSE is proposing to use the IntercontinentalExchange, Inc. ("ICE") Mid-Columbia Index ("Mid-C Index") since the ICE Mid-C Index is now generally recognized within the Pacific Northwest region to be the most accurate and widely relied upon index at the Mid-Columbia trading hub. In addition, the ICE

Mid-C Index is an index that the PSE trade floor is familiar with and it is a “day ahead” index similar to the Dow Jones Index being discontinued. Several other utilities in the Pacific Northwest (e.g. Avista and Idaho Power) have transitioned to this index as well, on a permanent basis. The ICE Mid-C Index has been endorsed by the Federal Regulatory Commission (“FERC”) as a reputable provider for price discovery.

PSE is proposing the temporary use of this replacement index, because PSE still intends to honor the process that is described in Schedule 449 in Section 10.2 (Replacement Index):

- 10.2 Replacement Index. If Dow Jones permanently ceases to report any of the Mid-Columbia indices referenced in the definition of INDEX, or if the methodology used to determine any of said reported indices is materially modified or changed, Customer and the Company shall select a mutually agreeable permanent replacement, reported by a reputable third party, that reflects actual same day transactions at the Mid-Columbia. If, after thirty (30) days, Customer and the Company are at impasse, the determination of the replacement index that best replicates the INDEX as described above in this definition based on Mid-Columbia Energy prices as they were reported for such INDEX on the effective date of this Schedule, shall be made consistent with the Dispute Resolution section of this Schedule.

PSE has already contacted the individual customers that are served under Schedules 448 and 449 to begin the discussion on coming to a mutually agreeable permanent replacement. PSE is hopeful that it and the affected customers will select a mutually agreeable permanent replacement index in a reasonable amount of time, but PSE will honor the amount of time suggested in Section 10.2, and, if necessary use the next 70 days to work with the individual customers on Schedule 449 to come to a mutually agreeable permanent replacement and resolve any possible impasse. By the last week of November, PSE would then hope to file a permanent Replacement Index agreed upon by the Company and these customers. If a different index is proposed at the later date, and if there are significant financial differences (greater than \$5,000 per month) between the two, PSE and the affected customers may choose to true-up those differences. If PSE and customers can select a mutually agreeable permanent replacement index earlier than late November, PSE will try to make an appropriate tariff schedule filing (or substitution) as soon as reasonably practical.

PSE relies upon this index for customer billing. It is important that a temporary index be in place so that PSE can efficiently calculate and provide timely billing for the Schedule 449 customers for the month of September and any subsequent months as needed (e.g. October through December).

Due to this reliance on the index for customer billing, PSE is requesting less than statutory notice approval for this and the above reasons. Therefore, the Company respectfully requests that the Commission allow this tariff change to become effective on September 27, 2013, with less than statutory notice ("LSN"), in order to allow the Company to continue service under these schedules. The information required by WAC 480-80-122 is contained throughout this letter and on the attached LSN form provided by the Commission. Ken Johnson is authorized to issue tariff changes on behalf of the Company.

PSE is making a similar filing with the FERC for use in PSE's Open Access Transmission Tariff ("OATT"). PSE posted notice of this potential change on OASIS on September 10, 2013.

The tariff sheets described herein reflect issue dates of September 13, 2013, and effective dates of October 14, 2013 which, as noted above, is requested to be changed to September 27, 2013 with LSN approval. This filing is not expected to increase rates, therefore notice will be provided in accordance with WAC 480-100-195(3). Posting of the proposed tariff change, as required by law and the UTC'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.

Please contact Eric Englert (425) 456-2312 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,



Ken Johnson
Director, State Regulatory Affairs

Enclosure

cc: Simon J. ffitich, Public Counsel
Sheree Carson, Perkins Coie