



Puget Sound Energy
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February 28, 2014

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

**Re: Advice No. 2014-06
Electric Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy, Inc. ("PSE") hereby submits proposed revisions to its electric Schedule 120, Electricity Conservation Service Rider. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following electric tariff sheets.

WN U-60, Tariff G - (Electric Tariff):

- 22nd Revision of Sheet No. 120 - Electricity Conservation Service Rider
- 23rd Revision of Sheet No. 120-a - Electricity Conservation Service Rider (Continued)
- 24th Revision of Sheet No. 120-b - Electricity Conservation Service Rider (Continued)
- 21st Revision of Sheet No. 120-c - Electricity Conservation Service Rider (Continued)
- 19th Revision of Sheet No. 120-d - Electricity Conservation Service Rider (Continued)
- 18th Revision of Sheet No. 120-e - Electricity Conservation Service Rider (Continued)
- 1st Revision of Sheet No. 120-f - Electricity Conservation Service Rider (Continued)

The purpose of this filing is to implement changes to rates under the conservation rider mechanism, as provided in the following dockets: the Commission's order in Docket No. UE-970686 (the "Order"); the Settlement Terms for Conservation ("Settlement") approved by the Commission in Docket No. UE-100177; and the Commission's Order 01 in Docket No. UE-132032 ("Order 01"). Work papers supporting this filing are enclosed.

In Docket No. UE-132032 the Commission approved PSE's Biennial Conservation Target ("Target") for 2014-2015 of 485,770 MWh at the customer meter level. That approved Target represented the cost effective reliable and feasible conservation resources PSE could expect to acquire in the 2014-2015 biennium. The Commission approved the 2014-2015 Target in Order 01.

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This filing revises the Electricity Conservation Rider charges for all customers, including those receiving service under Schedules 448, 458, 449 or 459 ("Transportation Customers"), in order to reflect the following items: increased amounts budgeted for the upcoming year and the true-up (and approval) of actual costs and actual collections over the past year. The revenue requirement reflects the inclusion of budgeted expenditures for the proposed Electric Vehicle Charger Incentive ("ECVI"). The ECVI will be available to residential customers under Schedule 195 which was filed on August 28, 2013, and is pending approval under Docket No. UE-131585. The amount budgeted for 2014 for the electric vehicle charger incentive program proposed by PSE in Docket No. UE-131585 and included in the Schedule 120 revenue requirement for this filing is \$3,091,204. The current requested effective date of that incentive program tariff is March 28, 2014, however the estimated cost is based on PSE's expected launch date for the program in April 2014, which roughly coincides with the effective date of tariff sheets in this filing. Finally, the revenue requirement in this filing reflects the inclusion of \$168,382 of incremental labor expense necessary to support the Conservation Voltage Regulation ("CVR") program, pending resolution of the proposed tariff language in Docket No. UE-132032. The inclusion is consistent with the Commission's past precedent and orders in Docket Nos. UE-960195 and UE-970686. It is for these reasons that PSE is including these estimated costs in this filing.

The amount of revenue requirement requested in this filing from non-transportation customers affected by these tariff changes in the Electricity Conservation Service Rider is \$105.9 million. This amount is higher than the \$92.0 million requested in last year's filing under Docket No. UE-130305 for the following reasons: \$9.9 million for the difference between the \$5.1 million budget under-spending from prior program year and the \$4.9 million budget over-spending in the current filing, \$1.2 million due to the difference between the forecast load used to set rates and the actual load during the program period and \$2.7 million due to an increase in budgeted costs between the two filings, which is the result from the difference between the \$100.0 million of budgeted expenditures in the current filing vs. \$97.3 million from the prior filing. The \$4.9 million of budget over-spending from the current filing is primarily comprised of higher than expected actual spending on electric conservation acquisition than what was assumed when setting rates in the last rate period.

Overall, this proposal represents a revenue requirement increase of \$13.8 million or an average increase in overall bills of 0.6% for customers affected by this tariff change. The total increase associated with Transportation Customers included in this filing is \$325,837. All rate schedules for electric service are affected by the change and all will experience a small increase. For example, the typical residential customer using 1,000 kWh per month will experience an increase of eighty-three cents per month.

The tariff sheets described herein reflect an issue date of February 28, 2014, and an effective date of May 1, 2014. Posting of proposed tariff changes, as required by WAC 480-100-193, is being made by posting the proposed tariff sheets on the PSE web site immediately prior to or

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coincident with the date of this transmittal letter. Notice to the public under the provisions of WAC 480-100-194 is required which PSE will provide, as required, within 30 days of the requested effective date of May 1, 2014.

Please contact Mr. Lynn Logen at (425) 462-3872 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,



Lynn F. Logen, Tariff Consultant

for

Ken Johnson

Director, State Regulatory Affairs

Enclosures

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