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March 31, 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. 2014-09
Natural Gas Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy, Inc. ("PSE") hereby submits proposed revisions to rates under its natural gas Schedule 142, Revenue Decoupling Adjustment Mechanism. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following natural gas tariff sheets:

WN U-2 - (Natural Gas Tariff):

- 2nd Revision of Sheet No. 1142 – Revenue Decoupling Adjustment Mechanism
- 2nd Revision of Sheet No. 1142-C – Revenue Decoupling Adjustment Mechanism (Continued)
- 2nd Revision of Sheet No. 1142-D – Revenue Decoupling Adjustment Mechanism (Continued)
- Original of Sheet No. 1142-I – Revenue Decoupling Adjustment Mechanism (Continued)
- Original of Sheet No. 1142-J – Revenue Decoupling Adjustment Mechanism (Continued)

The primary purpose of this filing is to implement changes to rates under the established Revenue Decoupling Adjustment Mechanism, as provided in the Commission's Order 07 (Final Order Granting Petition) in Docket Nos. UE-121697 and UG-121705 (consolidated) which was combined with the Commission's Order 07 (Final Order Authorizing Rates) in Docket Nos. UE-130137 and UG-130138 (consolidated) ("Order 07"). The mechanism was revised by the Commission's Order 09 in Docket Nos. UE-121697 and UG-121705 (consolidated) and Order 08 in Docket Nos. UE-130137 and UG-130138 (consolidated) ("Order 09"). The purpose of this filing is also to update the Delivery Revenue per Unit for Decoupled Customers. The enclosed tariff sheets also reflect minor updates in format. Work papers supporting this filing are enclosed. Coincident with this tariff filing, but under separate cover, PSE has submitted its Commission Basis Report for the twelve months ending December 2013 which also supports the Earnings Test calculation in this filing. Also coincident with this tariff filing, PSE has submitted reports on the impacts of decoupling and the operation of the rate plan in accordance with Order 07 and Order 09.

Schedule 142 is a mechanism for adjusting rates, both up and down, for defined Decoupled Customers and rates for Rate Plan Customers which are not decoupled. This filing revises the Revenue Decoupling Adjustment Mechanism charges for Decoupled Customers. Decoupled

Customers include those customers receiving service under Schedules 23, 53, 31, 31T, 41, 41T, 86 and 86T (“Decoupled Customers”). The rates for Decoupled Customers in this filing include two components. First, it reflects the effect of the projected allowed revenue for the upcoming rate year from May 2014 through April 2015. In addition, it reflects the true-up of the deferral of the difference between allowed and actual volumetric decoupling revenue during calendar year 2013.

Consistent with the requirements of Order 07, the rates proposed herein reflect the results of the Earnings Test. The Earnings Test is derived from the results of the Commission Basis Report that was submitted concurrent with this filing and the calculation of the Earnings Test results is provided in the work papers supporting this rate filing. This analysis shows that PSE did not earn in excess of the rate of return approved in Order 07.

Rate Plan Customers include those customers receiving service under Schedules 16, 71, 72, 74, 85, 85T, 87 and 87T (the “Rate Plan Customers”). This filing does not represent a change to rates for Rate Plan Customers. However, for Rate Plan Customers receiving service under Schedules 85, 85T, 87 and 87T there is a decoupling true-up rate to recover their share of the accrued deferral in 2013 during which these Rate Plan Customers were Decoupled Customers.

Overall, this proposal represents an average decrease in overall bills of 0.12% for Decoupled Customers. Some Decoupled Customers will experience an increase while others will experience a decrease. For example, the typical residential customer using 68 therms per month will experience a decrease of \$0.97 per month.

The tariff sheets described herein reflect issue dates of March 31, 2014, and effective dates of May 1, 2014. Posting of proposed tariff changes, as required by WAC 480-90-193, is being accomplished by posting the proposed tariff sheet on the PSE web site immediately prior to or coincident with the date of this transmittal letter. Notice to the public under the provisions of WAC 480-90-194 is required which PSE will provide through a published notice on April 1, 2014, which is 30 days prior to the requested effective date of May 1, 2014.

Please contact 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,



Ken Johnson
Director, State Regulatory Affairs

Enclosures

cc: Simon J. ffitch
Sheree Carson
Ed Finklea