



Puget Sound Energy
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PSE.com

May 30, 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. 2014-18 - Natural Gas Tariff Filing - Filed Electronically

Dear Mr. King:

Puget Sound Energy, Inc. ("PSE") hereby submits proposed revisions to rates under its natural gas Supplemental Schedule 149, Cost Recovery Mechanism for Pipeline Replacement (CRM). This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes the following new natural gas tariff sheet:

WN U-2, (Natural Gas Tariff):

Original of Sheet No. 1149 - Cost Recovery Mechanism for Pipeline Replacement (CRM)

The purpose of this filing is to submit a tariff filing in accordance with the Commission's Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk in Docket No. UG-120715 ("Policy Statement"), which provided in paragraph 64 that a company may request a CRM by June 1 of any subsequent year. The Commission's Order 01 in Docket No. PG-131839 approved PSE's Pipeline Replacement Program Plan ("PRPP") for replacement of three types of facilities that could pose an elevated risk of failure. PSE has proceeded according to its PRPP and now desires to submit this request for cost recovery through a CRM to recover the costs for the period of November 1, 2013, through October 31, 2014. Work papers and PSE's approved 2013 PRPP supporting this filing are enclosed.

Overall, this proposal represents an increase of \$2,477,111 or 0.2% in overall bills for all customers. For example, the typical residential customer using 68 therms per month will experience an increase of \$0.18 per month. As provided in the Policy Statement, this filing reflects actual costs from November 1, 2013, through April 30, 2014 and projected costs from May 1, 2014 through October 31, 2014. The Policy Statement provides that each company will update the projected costs with actual costs incurred for the months of May through July. PSE expects to submit such an update prior to August 31, 2014, and to revise the rates on the enclosed tariff sheet to reflect the updated costs.

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The Policy Statement provides that upon filing a general rate case following approval of a CRM, the general rate case must include all PRPP investments in base rates and reset the CRM rates to zero. Therefore, PSE proposes that the CRM rates proposed in this filing, if approved, be included in base rates on customer bills.

The tariff sheet described herein reflects an issue date of May 30, 2014, and an effective date of November 1, 2014. Posting of proposed tariff changes, as required by WAC 480-90-193, is being made 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 480-90-195 will be provided through a bill print message.

Please contact Kathie Barnard at (425) 462-3716 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Johnson", with a long horizontal line extending to the right.

Ken Johnson
Director, State Regulatory Affairs

Enclosures

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