



Puget Sound Energy
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PSE.com

March 31, 2017

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

**Re: Advice No. 2017-08
Natural Gas Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy ("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):

- 5th Revision of Sheet No. 1142 – Revenue Decoupling Adjustment Mechanism
- 5th Revision of Sheet No. 1142-C – Revenue Decoupling Adjustment Mechanism(Continued)
- 5th Revision of Sheet No. 1142-D – Revenue Decoupling Adjustment Mechanism(Continued)

The filing consists of proposed changes to Schedule 142, which reflect changes in both projected allowed revenue per customer and deferral amortization rates. The overall impact of the Schedule 142 rate change related to projected allowed revenue is a revenue increase of \$17.8 million, or 1.9%. The overall impact of the Schedule 142 rate change related to deferral amortizations is a revenue increase of \$4.7 million, or 0.5%. The net impact of this filing is to increase the amount billed to customers under Schedule 142 with an overall revenue increase of \$22.4 million, or 2.4%.

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"). Coincident with this tariff filing, but under separate cover, PSE has submitted its Commission Basis Report for the twelve months ending December 2016 which also supports the Earnings Test calculation in

this filing. The work papers include information that would be in compliance with reporting on the impacts of decoupling and the operation of the rate plan in accordance with Paragraph 211 in Order 07.

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, they reflect the effect of the projected allowed revenue for the upcoming rate year from May 2017 through April 2018. Second, they reflect the true-up of the deferral of the difference between allowed and actual volumetric decoupling revenue during calendar year 2016.

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 submitted concurrently with this filing and the calculation of the Earnings Test results is provided in the work papers supporting this rate filing. The Earnings Test resulted in a normalized rate of return that exceeded the authorized rate of return. Accordingly, this filing incorporates a reduction of \$2,188,074 that will be returned to customers.

Including the reduction in deferrals from the Earnings Test, overall, this proposal represents an average increase in overall bills of 2.4 percent for Decoupled Customers. All Decoupled Customers’ rate schedules are affected by the change and will experience an increase in rates. The typical residential customer using 64 therms per month will experience an increase of \$1.92 per month.

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.

The tariff sheets described herein reflect issue dates of March 31, 2017, and effective dates of May 1, 2017. Posting of proposed tariff changes, as required by WAC 480-90-193, is being accomplished by posting the proposed tariff sheets 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 March 31, 2017.

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Please contact Julie Waltari at (425) 456-2945 or Paul Schmidt at (425) 462-3180 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,


ERIC E ENGLERT
Manager, Regulatory Initiatives & Tariffs
for Ken Johnson
Director, State Regulatory Affairs

cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie
Ed Finklea, NWIGU

Attachments: Tariff Sheets (filename: "PSE Advice 2017-08 Tariff Sheets 3-31-17.zip" – including tariff sheets as listed above)