



Puget Sound Energy
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PSE.com

March 30, 2018

Filed Via Web Portal

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

**Re: Advice No. 2018-18
PSE's Electric Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy ("PSE") hereby submits proposed revisions to rates under its electric Schedule 142, Revenue Decoupling Adjustment Mechanism. 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):
3rd Revision of Sheet No. 142-H - Revenue Decoupling Adjustment Mechanism (Continued)

The filing consists of proposed changes to electric Schedule 142, which reflect changes to the deferral amortization rates. The overall impact of the Schedule 142 rate change is a revenue decrease of \$22.7 million, or 1.0%.

The purpose of this filing is to implement changes to rates under the established Revenue Decoupling Adjustment Mechanism, as provided in the Commission's Order 08 (Final Order) in Dockets UE-170033 and UG-170034 (consolidated). Under Docket UE-180255, PSE has submitted its Commission Basis Report (compliant with WAC 480-100-257) for the twelve months ending December 2017 which also supports the Earnings Test calculation in this filing. The work papers supporting this filing include information in compliance with reporting on the impacts of decoupling consistent with Paragraph 9 in Order 08.

Schedule 142 is a mechanism for adjusting rates, both up and down, for defined Decoupled Customers. Decoupled Customers include those customers receiving service under Schedules 7, 7A, 8, 10, 11, 12, 24, 25, 26, 29, 31, 35, 40 and 43 ("Decoupled Customers"). The rates calculated for Decoupled Customers in this filing true-up the deferral of the difference between allowed and actual volumetric decoupling revenue during calendar year 2017. While Schedules 46 and 49 are no longer Decoupled Customers as of December 19, 2017 in accordance with Order 08, rates were calculated in this filing for these schedules in order to amortize the deferrals

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for these customers accrued throughout 2017 until they were removed from the Revenue Decoupling Adjustment Mechanism.

Consistent with the requirements of Order 08, the rates proposed herein reflect the results of the Earnings Test, in accordance with paragraph 308 of Order 08. The Earnings Test is derived from the results of the Commission Basis Report submitted on March 27, 2018 excluding normalizing adjustments. The Earnings Test resulted in a rate of return that exceeded the authorized rate of return. Accordingly, this filing incorporates a reduction of \$12,417,431 that will be returned to customers.

Including the reduction in deferrals from the Earnings Test, overall this proposal represents an average decrease in overall bills of 1.0 percent for Decoupled Customers. All Decoupled Customer rates will change. Schedules 7A, 8, 10, 11, 12, 24, 25, 26, 29, 35, 40, 43, 46 and 49 would experience an increase, while Schedules 7 and 31 would experience a decrease in rates. The typical residential customer using 900 kWh per month would experience a decrease of \$2.10 per month.

The tariff sheet described herein reflects an issue date of March 30, 2018, and an effective date of May 1, 2018. 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 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 through a published notice on March 31, 2018.

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,

/s/ Kenneth S. Johnson

Ken Johnson
Vice President, Regulatory and Government Affairs
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cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachment:
Electric Tariff Sheet, listed above