



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. 2018-19
PSE's 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):

- 7th Revision of Sheet No. 1142-D – Revenue Decoupling Adjustment Mechanism (Continued)
- 3rd Revision of Sheet No. 1142-E – Revenue Decoupling Adjustment Mechanism (Continued)

The filing consists of proposed changes to natural gas Schedule 142, which reflects changes to the deferral amortization rates. The overall impact of the Schedule 142 rate change is a revenue increase of \$15.9 million, or 1.7%.

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 UG-180256, PSE has submitted its Commission Basis Report for the twelve months ending December 2017 which also supports the Earnings Test calculation in this filing. 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 23, 53, 31, 31T, 41, 41T, 86 and 86T ("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.

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Mr. Steven V. King
March 30, 2018
Advice No. 2018-19
Page 2 of 2

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 \$4,883,984 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 1.7 percent for Decoupled Customers. All Decoupled Customers' rate schedules are affected by the change and most will experience a decrease in rates except for residential Schedules 23 and 53 which would experience an increase in rates. The typical residential customer using 64 therms per month would experience an increase of \$2.55 per month.

The tariff sheets described herein reflect issue dates of March 30, 2018, and effective dates of May 1, 2018. 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, 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
Ed Finklea, NWIGU

Attachments:
Natural Gas Tariff Sheets, listed above