



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

**Re: Advice No. 2018-21
PSE’s Natural Gas Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy (“PSE”) hereby submits proposed revisions, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, in the following electric tariff sheets:

WN U-2, Natural Gas Tariff:

13 th Revision	Sheet No. 116-A	General Gas Lighting and Street Lighting Service (Optional) (Continued)
58 th Revision	Sheet No. 123	Residential General Service
54 th Revision	Sheet No. 131	Commercial and Industrial General Service
8 th Revision	Sheet No. 131T	Distribution System Transportation Service (Firm- Commercial and Industrial)
60 th Revision	Sheet No. 141	Large Volume High Load Factor Gas Service (Optional)
21 st Revision	Sheet No. 141-A	Large Volume High Load Factor Gas Service (Optional) (Continued)
8 th Revision	Sheet No. 141T	Distribution System Transportation Service (Firm-Large Volume High Load Factor)
8 th Revision	Sheet No. 141T-A	Distribution System Transportation Service (Firm-Large Volume High Load Factor) (Continued)
14 th Revision	Sheet No. 153-B	Propane Service (Continued)
26 th Revision	Sheet No. 171	Residential Water Heater Rental Service
27 th Revision	Sheet No. 172	Large Volume Water Heater Rental Service
21 st Revision	Sheet No. 174	Gas Conversion Burner Rental Service

21 st Revision	Sheet No. 185-C	Interruptible Gas Service with Firm Option (Continued)
8 th Revision	Sheet No. 185T	Distribution System Transportation Service (Interruptible with Firm Option)
21 st Revision	Sheet No. 186-C	Limited Interruptible Gas Service with Firm Option (Optional) (Continued)
6 th Revision	Sheet No. 186T	Distribution System Transportation Service (Interruptible with Firm Option)
7 th Revision	Sheet No. 186T-A	Distribution System Transportation Service (Interruptible with Firm Option) (Continued)
22 nd Revision	Sheet No. 187-D	Non-Exclusive Interruptible Gas Service w/ Firm Option (Continued)
6 th Revision	Sheet No. 187T	Distribution System Transportation Service (Non-Exclusive Interruptible with Firm Option)
7 th Revision	Sheet No. 187T-A	Distribution System Transportation Service (Non-Exclusive Interruptible with Firm Option) (Continued)
4 th Revision	Sheet No. 1142-A	Revenue Decoupling Adjustment Mechanism (Continued)
4 th Revision	Sheet No. 1142-B	Revenue Decoupling Adjustment Mechanism (Continued)
7 th Revision	Sheet No. 1142-C	Revenue Decoupling Adjustment Mechanism (Continued)

The purpose of this filing is to update natural gas base rates and the Allowed Revenue Per Customer reflected in Schedule 142, to reflect the decrease in the federal corporate income tax rate from 35% to 21% resulting from the Tax Cut and Jobs Act of 2017 (TCJA) which is effective with 2018 federal income tax filings.

This filing passes through the benefits of the lower income tax rates, by updating the electric and natural gas compliance filings from PSE's most recently completed general rate case in Dockets UE-170033 and UG-170034. To determine the rates, the revenue requirement models approved in the general rate case compliance filing were used with the following modifications:

- The conversion factors were updated for the change in the income tax rate from 35% to 21%, which changed the conversion factors from 61.9051% to 75.2385% for electric and from 62.0450% to 75.4085% for natural gas.
- The Federal Income Tax Expense adjustment (Common Adj 04 in the compliance filing) was updated to reflect the new lower corporate tax rate of 21% on test year balances.
- The Tax Benefit of Proforma Interest adjustment was updated to reflect the new 21% federal income tax rate (Common Adj 05 in the compliance filing).
- The federal income tax expense component was updated on all other revenue requirement adjustments to reflect the 21% tax rate.

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This filing does not address excess deferred taxes or the deferred balance associated with the over collection of income tax expense for the period January 1 through April 30, 2018¹. PSE proposes that both the excess deferred taxes and the deferred balance associated with the over collection of income tax expense be addressed in PSE's accounting petition in Dockets UE-171225 and UG-171226.

The overall impact of this filing is a revenue decrease of \$23.6 million, or 2.7%. The typical residential customer using 64 therms per month would experience a decrease of \$1.83 per month. Work papers will be provided separately to Commission Staff.

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 480-100-193, 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 not required; however PSE will provide a published notice on March 31, 2018.

Please contact Kathie Barnard at (425) 462-3716 or Julie Waltari at (425) 456-2945 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
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cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie
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Attachments:
Natural Gas Tariff Sheets, listed above

¹ This time period encompasses the effective date of the TCJA through May 1, 2018, the requested effective date of this rate change.