



Puget Sound Energy
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Mr. Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: **Advice No. 2020-17**
Puget Sound Energy - Natural Gas Tariff Revision

Dear Mr. Johnson:

Pursuant to RCW 80.28.060 and Chapter 480-80 WAC, please find enclosed for filing the following proposed revision to the WN U-2 Tariff for natural gas service of Puget Sound Energy (“PSE”):

3rd Revision of Sheet No. 40-A - Rule No. 26: Purchased Gas Adjustment Mechanism (Continued)

The purpose of this filing is to add clarifying language around renewable natural gas (“RNG”) to the Purchased Gas Adjustment Mechanism in Rule No. 26 of PSE’s natural gas tariff. The proposed changes will clarify that costs associated with the purchase of RNG will be included in the Purchased Gas Adjustment Mechanism, which recovers projected and actual gas costs. This will allow PSE to implement RCW 80.28.385(1) Renewable Natural Gas Program, and supply renewable natural gas for a portion of the natural gas sold to its retail sales customers. RCW 80.28.385 Renewable Natural Gas Program was signed into law in 2019 to support the development of renewable natural gas resources and to provide guidelines for natural gas companies who opt to include RNG purchases with the other natural gas purchases that are sold to customers. Consistent with RCW 80.28.385(1), PSE has elected to utilize this option in the law and will contract for the long term purchase of RNG from Klickitat Public Utility District starting in July of this year.

To implement RCW 80.28.385 Renewable Natural Gas Program, the revision to Rule No. 26 Purchased Gas Adjustment Mechanism (“PGA”), addresses the additional actual commodity costs and possible actual demand costs that will be incurred by PSE implementing RCW 80.28.385(1) Renewable Natural Gas Program. PSE believes that this statute and others, as well as PSE’s present tariff language, currently allow for the purchase of RNG. This filing simply intends to add clarification, out of an abundance of clarity in advance of PSE’s annual PGA filing later this year. When PSE makes the annual PGA filing, and consistent with the law, the Commission will review the portion of the RNG supply newly included in the Purchased Gas Adjustment Mechanism along

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with the projected RNG supply for the upcoming 12-months. The Commission will review and ensure that the impact of purchasing that portion of RNG on customer charges does not exceed five percent of the amount charged to retail sales customers for natural gas, as a result of the portion that is RNG. By doing so, the Commission is reviewing and approving the portion and the costs as part of the PGA filing.

Concurrent with RCW 80.28.385, a separate law, RCW 80.28.390 Tariff-Voluntary Renewable Natural Gas Service also went into effect. This separate law requires gas companies to offer a new optional tariff schedule that provides RNG service to individual customers, at the customer's choice. PSE's RNG contract with Klickitat Public Utility District provides an RNG supply that is adequate for PSE to both make optional purchases under RCW 80.28.385(1), and to comply with the separate law RCW 80.28.390(1). PSE intends to file a natural gas tariff schedule to offer voluntary RNG service as prescribed in the separate law RCW 80.28.390 Tariff-Voluntary Renewable Natural Gas Service, in the near future. Only the quantity of RNG purchased by PSE that is not utilized in a future voluntary RNG tariff service will flow through the Purchased Gas Adjustment Mechanism. The amount of RNG that will be voluntarily subscribed by customers in the future RNG tariff service will be accounted for separately, as will the setting of those rates.

PSE understands the provision in RCW 80.28.385(1), that the charges to natural gas customers may not exceed five percent of the amount charged to retail customers for natural gas. PSE is confident that for the foreseeable future, the impact of the renewable natural gas on the Purchased Gas Adjustment Mechanism will remain below the definition of that five percent. And as noted above, the Commission will review that portion of RNG when it reviews and approves rates in PSE's annual PGA filing. PSE also understands the provision in RCW 80.28.385(2), that the environmental attributes of renewable natural gas provided must be retired using procedures established by the Commission and may not be used for any other purpose. Until such procedures are established, PSE will track and hold the related environmental attributes and ensure that they are not used for any other purpose. PSE will abide by both these two provisions noted above, as indicated in the law; as these provisions are already written in the law, it is not necessary to repeat them in PSE's tariff rule.

The tariff sheet described herein reflects an issue date of June 11, 2020, and effective date of July 11, 2020. Posting of the proposed tariff changes for public inspection and review, as required by law and the Commission's rules and regulations, is being completed in accordance with WAC 480-90-193(1).

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Please contact Julie Waltari at (425) 456-2945 for additional information about this filing. If you have any other questions please contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

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cc: Lisa Gafken, Public Counsel
Ed Finklea, NWIGU
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Attachment:
Natural Gas Tariff Sheet