



Puget Sound Energy  
P.O. Box 97034  
Bellevue, WA 98009-9734  
PSE.com

October 6, 2020

***Filed Via Web Portal***

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

Received  
Records Management  
10/06/20 10:54  
State Of WASH.  
UTIL. AND TRANSP.  
COMMISSION

**Re: Advice No. 2020-36  
PSE’s Electric Tariff Filing – Filed Electronically**

Dear Mr. Johnson:

Pursuant to RCW 80.28.060 and WAC 480-80-101 and WAC 480-80-105(1)(c), please find enclosed for filing the following proposed revisions to the WN U-60, Tariff G for electric service of Puget Sound Energy (“PSE”):

- |                                                    |                                                |
|----------------------------------------------------|------------------------------------------------|
| <b>95<sup>th</sup> Revision of Sheet No. 81</b>    | <b>Schedule 81, Tax Adjustment</b>             |
| <b>100<sup>th</sup> Revision of Sheet No. 81-A</b> | <b>Schedule 81, Tax Adjustment (Continued)</b> |
| <b>22<sup>nd</sup> Revision of Sheet No. 81-B</b>  | <b>Schedule 81, Tax Adjustment (Continued)</b> |
| <b>14<sup>th</sup> Revision of Sheet No. 81-C</b>  | <b>Schedule 81, Tax Adjustment (Continued)</b> |

The purpose of this filing is to update Schedule 81 Tax Adjustment as impacted by the outcomes of Order 08, Final Order Rejecting Tariff Sheets; Authorizing and Requiring Compliance Filing, in consolidated Dockets UE-190529 and UG-190530 (2019 GRC).

Per Schedule 81, Section 2, Tax Adjustment, the Washington Utilities and Transportation Commission allows PSE to increase the amount PSE charges its customers to recover the cost of a municipal utility tax levy and the additional expenses associated with collection of the municipal utility tax. The effect of a municipal utility tax rate as shown in Schedule 81 reflects both the municipal utility tax levy rate and the associated adjustments. PSE does not profit from passing through these grossed up adjustments.

PSE incurs additional taxes and expenses as a result of the collection of a municipal utility tax. With each increase in gross revenue, additional tax and fee amounts become payable. Therefore, the effect of the tax rate in a municipal utility tax ordinance needs to be grossed up to reflect Washington State Public Utility Tax of 3.8734% per RCW 82.16 and Washington State Regulatory Fee of 0.20% per RCW 80.24, and additional bad debt expenses associated with the

collection of the municipal utility tax, which has been updated during PSE’s 2019 GRC proceeding.

The updated electric bad debt expense ratio is 0.008479, which is an increase of 0.001322 from the 0.007157 that was incorporated in PSE’s last effective tax rates filing in Docket UE-190392. However, depending on the treatment of bad debt expenses in each municipality’s utility tax ordinance and the result of rounding the calculation to six decimal places, not all the effects of the municipal tax rates are impacted by the higher bad debt expense ratio. The following table summarizes these changes and associated estimated annual revenue change and monthly customer impact.

City	Current Effective Rate	Proposed Effective Rate	Change	10/2019 -9/2020 Electric Revenue Before City Tax	Estimated Annual Change
Bellingham	6.061%	6.070%	0.009%	\$63,526,445.02	\$5,717.38
Blaine	6.724%	6.733%	0.010%	\$481,355.20	\$48.14
Bremerton	6.724%	6.733%	0.010%	\$29,186,565.03	\$2,918.66
Buckley	6.724%	6.733%	0.010%	\$3,833,967.20	\$383.40
Bucoda	6.724%	6.733%	0.010%	\$376,720.25	\$37.67
Clyde Hill	6.061%	6.070%	0.009%	\$2,310,659.68	\$207.96
DuPont	6.724%	6.733%	0.010%	\$7,611,352.65	\$761.14
Duvall	6.724%	6.733%	0.010%	\$4,229,381.69	\$422.94
Ellensburg	6.724%	6.733%	0.010%	\$166,674.97	\$16.67
Everson	6.061%	6.070%	0.009%	\$2,596,318.37	\$233.67
Ferndale	6.061%	6.070%	0.009%	\$10,061,876.36	\$905.57
Kirkland	6.061%	6.070%	0.009%	\$63,519,353.17	\$5,716.74
Lacey	6.061%	6.070%	0.009%	\$39,433,865.70	\$3,549.05
Lummi Reservation	5.541%	5.549%	0.008%	\$4,362,560.14	\$349.00
Lynden (Assuming all revenue at first tax block of 6%)	6.448%	6.458%	0.010%	\$12,002,503.29	\$1,200.25
Medina	6.724%	6.733%	0.010%	\$3,582,017.06	\$358.20
Milton	6.724%	6.733%	0.010%	\$181,896.17	\$18.19
Nooksack	6.061%	6.070%	0.009%	\$634,833.82	\$57.14
Normandy Park	6.724%	6.733%	0.010%	\$3,841,974.02	\$384.20
North Bend	6.448%	6.458%	0.010%	\$3,754,534.94	\$375.45
Olympia	9.094%	9.108%	0.014%	\$51,083,466.53	\$7,151.69
Roslyn	6.724%	6.733%	0.010%	\$972,909.33	\$97.29
Skykomish	6.724%	6.733%	0.010%	\$253,968.77	\$25.40
Snoqualmie	6.448%	6.458%	0.010%	\$8,414,078.57	\$841.41
Steilacoom	6.319%	6.328%	0.009%	\$75,462.91	\$6.79
Swinomish Reservation	3.252%	3.257%	0.004%	\$2,648,384.39	\$105.94
Tenino	6.319%	6.328%	0.009%	\$1,758,265.04	\$158.24

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For the cities noted above the effect of the proposed change on a residential bill (at 900 kWh per month) is \$0.01; except for the Swinomish Reservation which is \$0.00. There is no change to PSE's natural gas Schedule 1 Tax Adjustment due to the rounding of the small change in the natural gas bad debt expense ratio of 0.000016. The natural gas bad debt expense ratio used in last update under Docket UG-19033 is 0.005140 and the updated ratio in 2019 GRC is 0.005124.

The tariff sheets described herein reflect issue dates of October 6, 2020, and effective dates of November 5, 2020. Posting of the proposed tariff change 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). Pursuant to WAC 480-100-195, notice to customers will be provided in the first billing after the tariff revisions become effective. The approximately 320,000 customers within these 27 cities listed in the table above will receive notification in the form of a bill message.

Please contact Mei Cass at (425) 462-3800 or Julie Waltari at (425) 456-2945 for additional information about this filing. If you have any other questions please contact me at (425) 456-2142.

Sincerely,

*/s/ Jon Piliaris*

Jon Piliaris  
Director, Regulatory Affairs  
Puget Sound Energy  
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Bellevue, WA 98009-9734  
(425) 456-2142  
[Jon.Piliaris@pse.com](mailto:Jon.Piliaris@pse.com)

cc: Lisa Gafken, Public Counsel  
Sheree Carson, Perkins Coie

Attachments:  
Electric Tariff Sheets, listed above