



Puget Sound Energy
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pse.com

November 1, 2022

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Ms. Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**Re: Advice No. 2022-21
PSE's Natural Gas Tariff Revision - Filed Electronically**

Dear Ms. Maxwell:

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-2, Tariff for natural gas service of Puget Sound Energy ("PSE"):

4th Revision of Sheet No. 1137 Supplemental Schedule 137 Carbon Offset Service

The purpose of this filing is to adjust the monthly rate per block of Carbon Offset, and to add additional clarifying language regarding the therm equivalent per Carbon Offset. This filing increases the monthly rate per block from \$3.00 to \$4.50 for every 400 pounds of Carbon Dioxide Equivalent (or 34.217 therms).

In 2020, PSE reduced the price per block of Carbon Offset to better reflect both its current expenses and [near-term] future expenses, which represented lower relative administrative costs due to increased customer participation. However, the price of carbon offsets has increased in 2022 and is expected to continue to increase for the next few years. The market for carbon offsets in the Pacific Northwest is particularly competitive due to corporate climate commitments and state-driven requirements.

PSE conducted a survey of its Schedule 137 customers in August 2022. The results indicated that customers value the impact per block of Carbon Offsets more than the rate per block. 491 customers responded to the survey, 485 of whom are residential customers. 56% of respondents indicated that they chose the number of blocks to subscribe to, based on their carbon footprint, not on the monthly rate per block. 77% of respondents indicated that they are very likely or somewhat

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likely to leave their Schedule 137 subscription as-is, even if the rate per block were to go as high as double the current monthly rate.

The charges for this optional service are eligible to be covered by various bill assistances that are available to PSE customers, including PSE's Schedule 129 Low Income Program.

Additionally, PSE is proposing clarifying language to include the terms equivalent of per block of Carbon Offset. This proposed change is intended to provide greater transparency and consistency of purchasing units to customers purchasing Carbon Offsets.

The tariff sheet described herein reflects an issue date of November 1, 2022, and effective date of January 1, 2023. Posting of proposed tariff changes, as required by law and the Commission's rules and regulations, is being completed through web, telephone and mail access in accordance with WAC 480-90-193. Notice to individual customers will be provided in accordance with the provisions of WAC 480-90-194.

Please contact Veronica Martin at (425) 457-5624 or veronica.martin@pse.com for additional information about this filing. If you have any other questions, please contact me at (425) 456-2142.

Sincerely,

/s/ Jon A. Piliaris

Jon A. Piliaris - Director, Regulatory Affairs

Puget Sound Energy

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

Attachments:

Natural Gas Tariff Sheet (listed above)

Work Paper