

**EXHIBIT NO. \_\_\_(KJB-10)**  
**DOCKET NO. UE-13\_\_\_/UG-13\_\_\_**  
**PSE EXPEDITED RATE FILING**  
**WITNESS: KATHERINE J. BARNARD**

**BEFORE THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of**

**PUGET SOUND ENERGY, INC.'S**

**Expedited Rate Filing**

**Docket No. UE-13\_\_\_**  
**Docket No. UG-13\_\_\_**

**NINTH EXHIBIT (NONCONFIDENTIAL) TO THE PREFILED DIRECT**  
**TESTIMONY OF**  
**KATHERINE J. BARNARD**  
**ON BEHALF OF PUGET SOUND ENERGY, INC.**

**FEBRUARY 1, 2013**

Original Sheet No. 1140

PUGET SOUND ENERGY, INC  
NATURAL GAS SUPPLEMENTAL SCHEDULE NO. 140  
Property Tax Tracker

(N)

Section 1: Applicability

This rate is applicable to all Customers of the Company and will be applied to all bills to Customers with energy usage during a month when this schedule is effective.

Section 2: Purpose

The purpose of this schedule is to pass through the cost of all property taxes incurred by the Company.

Section 3: Mechanism

- a. To implement the mechanism in April, 2013, property taxes will be removed from general rates by reducing the energy component or per unit rate for street lights and rentals for the amount of the property taxes included in Docket Nos. UE-111048 and UG-111049 and those same costs will be included as an energy component rate, or a per unit component rate, in the Schedule 140 tracker. For billing purposes the Schedule 140 rates will be included with the general rate tariff billing resulting in a zero overall impact.
- b. Following this initial implementation the mechanism will act as a tracker rate schedule wherein it will collect the total amount of property taxes assessed, as billed by counties or states from the last property tax cycle ("Assessed Property Taxes"). Where the Company has not received a bill for property taxes from any given county ("Delayed Billing County") Assessed Property Taxes shall include an estimate of taxes equal to the prior year's tax assessed by the Delayed Billing County. A property tax cycle is approximately sixteen months, from January 1<sup>st</sup> of every year, when the taxing authorities obtain the right to tax the Company's property, until April the following year when information provided by the states and counties provides the actual property taxes owed.
- c. With implementation of this tracker mechanism, in addition to removing the cost of all property taxes from general rates as described, the tracker will be adjusted each year in May based on that year's Assessed Property Taxes. For example, if property taxes for April 2013 exceed that for April 2012, this difference will be positive and will, if the true-up described in section 3.d. of this schedule is zero, result in an overall increase to customer rates. If this difference is negative it will, if the true-up described in section 3.d. of this schedule is zero, result in an overall decrease to customer rates.

(N)

**Issued:** MONTH XX, 2013  
**Advice No.:** 2013-XX

**Effective:** Month XX, 2013

**Issued By Puget Sound Energy, Inc.**

By: \_\_\_\_\_ Ken Johnson      **Title:** Director, State Regulatory Affairs

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PUGET SOUND ENERGY, INC. (N)  
NATURAL GAS SUPPLEMENTAL SCHEDULE NO. 140  
Property Tax Tracker (Continued)

- d. The Company will submit annual filings on or prior to April 15 for rates effective on May 1 each year. Each annual filing will be for rates to be effective from May 1 through April 30 the following year. The rates will be based on (i) the total Assessed Property Taxes that become known prior to the annual filing, and (ii) starting with the April 2014 filing, that amount of true-ups described below.

True-Ups:

- (i) a true-up equal to the actual property tax amounts paid in past tax cycles minus the Assessed Property Taxes used to set rates in past tax cycles;
- (ii) a true-up equal to property tax refunds or other adjustments received or paid for property with lien dates on or after January 1, 2012 that are not previously included in rates; and
- (iii) a true-up will be included for the difference between what was expected to be collected when rates were set the previous year versus the amount actually collected that is due to variances between the load used to set the rate and actual load experienced during the period.

If a true-up calculation results in a positive number, the amount will be an addition to the amount to be otherwise collected under Schedule 140 during the current year. If the result is a negative number, the resulting amount will be a reduction to the amount to be otherwise collected under Schedule 140 during the current year. (N)

- e. Where the calculation described in d. above results in an amount that is less than one percent (1.0%) ("1% Threshold Amount") greater or less than the prior year's Assessed Property Taxes the annual filing submitted by the Company shall take the form of a letter stating that no change to the rates in Schedule 140 will be submitted. The 1.0% Threshold Amount that is not passed through in one year will be included as an addition to the following year's Assessed Property Taxes when setting rates for Schedule 140.

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PUGET SOUND ENERGY, INC. (N)  
NATURAL GAS SUPPLEMENTAL SCHEDULE NO. 140  
Property Tax Tracker (Continued)

Section 4: Rate

MONTHLY RATE: The surcharge rate shown below shall be added to the rate(s) shown on each schedule for natural gas service.

Schedule 16	\$0.41 per mantle
Schedules 23 and 53	\$0.02149 per therm
Schedules 31 and 31T	\$0.01972 per therm
Schedules 41 and 41T	\$0.00844 per therm
Schedules 85 and 85T	\$0.00374 per therm
Schedules 86 and 86T	\$0.00564 per therm
Schedules 87 and 87T	\$0.00231 per therm
Special Contracts	\$0.00295 per therm
Schedules 71, 72 and 74	\$0.46 per unit

Section 5: Adjustments

Rates in this schedule and those rates reflected in the schedules for natural gas service to which the surcharge in the Rate section above applies, are subject to adjustment by such other schedules in this tariff as may apply.

Section 6: General Rules And Regulations

Service under this schedule is subject to the general Rules and Regulations contained in this tariff as they may be modified from time to time and other schedules of such tariff that may from time to time apply as they may be modified from time to time.

(N)

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