

WN U-2

Fourth Revision of Sheet No. 2-D
 Canceling
 Third Revision of Sheet No. 2-D

PUGET SOUND ENERGY
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PUGET SOUND ENERGY
NATURAL GAS RULES AND REGULATIONS (Continued)
RULE NO. 2: Definitions (Continued)

20. Metering pressure:
a. For low pressure metering: A pressure of about six inches of water column (.22 psig) at the inlet of the meter.
b. For other than low pressure metering: The recorded average pressure from the billing chart or electronic volume corrector, or the recorded pressure when the meter was set and as checked in accordance with the Company's Gas Operating Standards.
21. Nomination: A specific quantity of gas which a transportation Customer requests the Company to transport from one specific location to another on a given gas day.
22. Overrun: An Overrun occurs when the amount of natural gas delivered to a transportation Customer by the Company exceeds the amount of the natural gas Nomination by the Customer. (N)
|
(N)
23. Overrun entitlement: A period of time in which delivered gas volumes to a transportation Customer on the Company's distribution system may not exceed the Customer's confirmed nomination for that day. (T)
24. PSIA: Pounds per square inch absolute. (T)
25. PSIG: Pounds per square inch gauge. (T)
26. Pressure factor: The sum of the metering pressure and the standard atmospheric pressure divided by the base atmospheric pressure. (T)
27. Residential service: Service for residential purposes in: (T)
a. a single-family dwelling,
b. an individually-metered apartment in a multiple-family dwelling, or
c. a separately-metered portion of an otherwise commercial or industrial building occupied as the residence of one or more persons.
28. Service classification: Residential, commercial, or industrial gas service as defined in this rule. (T)
29. Service piping: The piping and equipment between the gas main and the gas meter set assembly unit. (T)

(Continued on Sheet No. 12-C)

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PUGET SOUND ENERGY
NATURAL GAS RULES AND REGULATIONS (Continued)
RULE NO. 2: Definitions (Continued)

- | | |
|---|-----------------|
| | (T) |
| 30. Standard atmospheric pressure: A local atmospheric pressure equal to 14.73 PSIA or as assigned by meter location and elevation. | (T) |
| 31. Supercompressibility factor: A factor used to account for the variation in specific weight of natural gas under different pressures at standard temperatures. This factor is calculated per the American Gas Association recommendations. | (T) |
| 32. Temperature factor: The sum of the base gas temperature plus 460, divided by the sum of the average gas temperature plus 460. | (T) |
| 33. Underrun: An Underrun occurs when the amount of natural gas Nomination by a transportation Customer exceeds the amount of the natural gas delivered to the Customer by the Company. | (N)

(N) |
| 34. Underrun entitlement: A period of time in which delivered gas volumes to a transportation Customer on the Company's distribution system is required to be equal to or more than its confirmed nomination. | (T) |

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PUGET SOUND ENERGY
NATURAL GAS RULES AND REGULATIONS
RULE NO. 29: Terms of Distribution System Transportation Service

Section 1: Availability

Distribution system transportation service is available throughout the territory served by the Company to Customers who have executed a service agreement for transportation service under one of the following Rate Schedules No.: 31T, 41T, 85T, 86T, or 87T. Transportation service through the Company's facilities is available from the point of receipt into the Company's distribution system to the Customer's premise, provided that, in the sole judgment of the Company, there are adequate facilities in place to provide such service. In Kittitas County, the interruptible service option under this rule shall be available to Customers that do not take any Gas Service during the months of October through March. Transportation service under all of the above schedules is subject to the provisions of this rule. (O)

Section 2: General Rules and Regulations

Transportation service is subject to the rules and regulations contained in the Company's tariff and to those prescribed by the Washington Utilities and Transportation Commission and as they may from time to time be legally amended or superseded.

Section 3: Nature of Service

1. Service under a transportation schedule includes the following:
 - a. Receipt of gas and transportation through the Company's distribution facilities to a single delivery point specified in the service agreement.
 - b. Measurement and delivery of Customer's gas at the delivery point specified in the service agreement.
 - c. Balancing Confirmed Nominations and deliveries. (O)
2. Service, unless otherwise contracted for, is on an interruptible basis only for Rate Schedules No. 85T, 86T, and 87T. A Customer contracting for firm transportation service under this rule must specify in the service agreement the daily firm demand quantity, expressed in therms. Requests for firm transportation service may require a contribution to capital improvement costs if determined necessary by the Company.
3. Transportation service supplied shall not be interchangeable with any other Gas Service supplied by the Company. (O)
4. The Customer must inform the Company of the amount of gas that the Customer plans to have delivered to the Company's system daily (the daily Nomination). The Customer may name an agent ("Agent") to make Nominations on their behalf. Nominations made by an Agent are binding on the Customer. Only one party, the Customer or the Agent, may make daily Nominations for deliveries to the Company's system. (N)
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(N)

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PUGET SOUND ENERGY
NATURAL GAS RULES AND REGULATIONS
RULE NO. 29: Terms of Distribution System Transportation Service
(Continued)

- c. To establish a unit rate applicable to the migrating Customer, the balance of the Company's 191 (gas cost deferral) accounts (as of the end of the last complete calendar month prior to migration) will be allocated to the various rate schedules using the Company's normal gas cost allocation procedures and rate calculation method as described in Rule No. 26 and assuming a 12 month deferral amortization period.
- d. In addition to all charges applicable to service under the new (after migration) rate schedule:
 - i) Customers migrating from a sales schedule to transportation service will be assessed a charge or issued a credit in each of the subsequent 12 months for consumption multiplied by the rate calculated in c) above.
 - ii) Customers migrating from transportation service to a sales service schedule will be assessed a charge or issued a credit in each of the subsequent 12 months for consumption multiplied by the rate calculated in c) above multiplied by (-1).

Section 9: Payment

Bills are issued net, are due and payable when rendered, and become past due after fifteen days from date of bill.

Section 10: Balancing Services--Program Description

Balancing service is included in the transportation service commodity charge under the applicable rate schedule. This service will provide daily balancing equivalent to the difference between the Customer's daily Confirmed Nomination and daily delivered volumes. All accumulated daily delivered volumes during a billing period are subject to the monthly balancing provisions of this rule. Balancing service is subject to the terms and conditions of this rule and may be modified during constraint periods as described in Section 13 below.

(O)

Section 11: Balancing Services--Monthly Balancing

- 1. Daily delivered volumes will be accumulated at the end of the current billing period and shall be equal to the Customer's total Confirmed Nominations for the current billing period. For any accumulated delivered volumes not equal to accumulated Confirmed Nominations, the provisions in Paragraphs 2, 3, 4 and 5 of this section apply. The Company will communicate on each business day (Monday through Friday except holidays) to the Customer and/or Customer's Agent (as authorized by Customer) information regarding any imbalance (Overrun or Underrun) on a business day basis. The monthly bill, typically issued in the first week of the month for the prior month's service, will include, either with the bill or as a separate mailing, any cumulative imbalance and is notice to the Customer of such imbalance.

(O)
(O)
(N) (C)

(N)

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PUGET SOUND ENERGY
NATURAL GAS RULES AND REGULATIONS
RULE NO. 29: Terms of Distribution System Transportation Service (Continued)

2. Monthly Imbalances:

- a. At each month end, a "Monthly Imbalance" occurs if the accumulated daily delivered volumes for the billing period differ from the accumulated daily Confirmed Nominations for the billing period. If the accumulated daily delivered volumes for the billing period are in excess of the accumulated daily Confirmed Nominations for the billing period, the Monthly Imbalance is a "Monthly Overrun". If the accumulated daily delivered volumes for the billing period are less than the accumulated daily Confirmed Nominations for the billing period, the Monthly Imbalance is a "Monthly Underrun". A "Cumulative Imbalance" is the result of any accumulated Monthly Imbalances (Overrun or Underrun) of a Customer.
- b. A Cumulative Imbalance must be within the "Allowed Imbalance Tolerance", a range that is +/- 5% of the current billing period's cumulative daily Confirmed Nominations. If a Cumulative Imbalance is not within the Allowed Imbalance Tolerance, the Cumulative Imbalance (Overrun or Underrun) may be subject to the applicable charges as Excess Volume or Deficiency Volume. If the Cumulative Imbalance is within the Allowed Imbalance Tolerance, or has gone from positive to negative or negative to positive, there is no current monthly charge applicable to those volumes as an Excess Volume or Deficiency Volume.

(D)(N)

3. Cumulative Overrun:

- a. A "Cumulative Overrun" exists when the sum of the current Monthly Imbalance and the prior month's Cumulative Imbalance yields an Overrun. "Excess Volume" is determined at each month end when a Cumulative Overrun exists. Excess Volume is defined as the number of therms of Cumulative Overrun that are greater than the upper end of the Allowed Imbalance Tolerance.
- b. A Cumulative Overrun amount will be communicated with monthly bills. For a bill that reflects an Excess Volume, the Customer will be given until the end of the second subsequent billing period following the bill reflecting an Excess Volume (approximately 50 non-Constraint Period days) to eliminate all Excess Volume by bringing the Cumulative Overrun within the Allowed Imbalance Tolerance or by creating a Cumulative Underrun. If the Excess Volume is not eliminated by the second subsequent bill, the Customer will be billed a charge of \$1.00 per therm for all Excess Volume in addition to the Customer's normal charges. In the event the month end Excess Volume has not been eliminated at the end of billing periods following the second subsequent bill, the Customer will again be billed an amount equal to the Excess Volume at a charge of \$1.00 per therm. Billing for Excess Volume will continue each month until a month end when the Excess Volume is eliminated. A total month end Excess Volume of less than 10 therms will not be considered an Excess Volume for billing purposes.

(K)
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(K)

(D)(N)

(K) Transferred to Sheet No. 43-G

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PUGET SOUND ENERGY
NATURAL GAS RULES AND REGULATIONS
RULE NO. 29: Terms of Distribution System Transportation Service
(Continued)

- c. In lieu of the charge for Excess Volume, the Customer may buy out the Excess Volume by paying the Company the higher of a price per therm that is 150% of the cost of gas as shown on Schedule No. 101 (Total Rate with Revenue Related Taxes) for the sales schedule corresponding to the transportation schedule under which the Customer is currently taking transportation service or 125% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian Border as reported in the Platts publication Inside FERC's Gas Market Report (including revenue related taxes). Customer must notify the Company in writing of its intent to exercise the option to buy out the Excess Volume not later than the fifteenth (15th) day of the month in which the Excess Volume charge would be assessed. If a Customer exercises this buy out option, the Customer's Excess Volume is eliminated, and the Cumulative Overrun is reduced by the current Excess Volume purchased. The Customer must include payment at 150% of Schedule No. 101 rates with its written letter of intent. The Company will bill the Customer for additional amounts if the monthly index price option results in higher charges. (K) (N)
4. Cumulative Underrun:
- a. A "Cumulative Underrun" exists when the sum of the current Monthly Imbalance and the prior month's Cumulative Imbalance yields an Underrun. Deficiency Volume is determined at each month end when a Cumulative Underrun exists. "Deficiency Volume" is defined as the number of therms of Cumulative Underrun that are less than the lower end of the Allowed Imbalance Tolerance. (K)
- b. A Cumulative Underrun amount will be communicated with monthly bills. For a bill that reflects a Deficiency Volume, the Customer will be given until the end of the second subsequent billing period following the bill reflecting a Deficiency Volume (approximately 50 non-Constraint Period days) to eliminate the Deficiency Volume by bringing the Cumulative Underrun within the Allowed Imbalance Tolerance or by creating a Cumulative Overrun. If the Deficiency Volume is not eliminated by the second bill, the Customer will be billed a charge of \$1.00 per therm for all Deficiency Volume in addition to the Customer's normal charges. In the event the Deficiency Volume has not been eliminated at the end of billing periods following the second subsequent bill, the Customer will again be billed an amount equal to the Deficiency Volume at a charge of \$1.00 per therm. Billing for Deficiency Volumes will continue each month until a month end when the Deficiency Volume has been eliminated. A total month end Deficiency Volume of less than 10 therms will not be considered a Deficiency Volume for billing purposes. (K) (N)

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PUGET SOUND ENERGY
NATURAL GAS RULES AND REGULATIONS
RULE NO. 29: Terms of Distribution System Transportation Service (Continued)

- c. In lieu of the charge for Deficiency Volume, the Customer may elect to cash out its Deficiency Volume and Company will then pay the Customer on the Deficiency Volume a price per therm that is the lesser of 50% of the cost of the gas as shown on Schedule No. 101 (Total Rate with Revenue Related Taxes) for the sales schedule corresponding to the transportation schedule under which the Customer is currently taking transportation service or 75% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian Border, as reported in the Platts publication Inside FERC's Gas Market Report, (including revenue related taxes). Customer must notify the Company in writing of its intent to exercise the option to receive the buy out of the Deficiency Volume not later than the fifteenth (15th) day of the month in which the Deficiency Volume charge would be assessed. If a Customer elects this buy out option, the Deficiency Volume is eliminated and the Cumulative Underrun is reduced by the Deficiency Volume sold. The Company will credit the Customer's account within thirty days of receipt of the Customer's written intent to exercise the option to receive the buy out of the Deficiency Volume. (N)(K) | | (K) | (N)
5. Constraint Period provision: If the delivery of the Customer's gas supply is delayed because of a Company-imposed constraint (Curtailment or entitlement) of service (a "Constraint Period"), the period for balancing the volume delivered to the Customer with the Customer's Confirmed Nomination will be extended by the number of days service was constrained. (M)(O) | (T) | (T) | (O) | (M)
6. Balancing upon termination: If there exists a Cumulative Overrun upon termination of service or upon transfer to another schedule in this tariff (together, "Termination" or "Terminated" in this paragraph) the Customer shall have 15 non-Constraint Period days following Termination to eliminate the Cumulative Overrun. At the end of the 15 day period the following charges apply: a charge equal to the greater of 150% of the cost of gas as shown on Schedule No. 101 (Total Rate with Revenue Related Taxes) for the sales schedule corresponding to the schedule under which the Customer was taking transportation service at the time the Customer Terminated service, or 125% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian Border, as reported in the Platts publication Inside FERC's Gas Market Report (including revenue related taxes). If a Cumulative Underrun exists following 15 non-Constraint Period days after Termination by the Customer the Underrun amount shall become the property of the Company by its purchase at the lesser of 50% of the cost of the gas as shown on Schedule No. 101 (Total Rate with Revenue Related Taxes) for the corresponding sales schedule under which the Customer was taking transportation service at the time the Customer Terminated of service, or 75% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian Border as reported in the Platts publication Inside FERC's Gas Market Report (included revenue related taxes). (M)(C) | | (C) | (N) | (M)(N)

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PUGET SOUND ENERGY
 NATURAL GAS RULES AND REGULATIONS
 RULE NO. 29: Terms of Distribution System Transportation Service
 (Continued)

Section 12: Balancing Services--Aggregation

A Customer with meters at multiple sites may request that the Company aggregate such meters for the purpose of determining the calculation of any balancing service charges provided that aggregated meters are served by a single city gate as determined by the Company, at its sole discretion. The city gate will be specified in the Customer's service agreement. Aggregation will continue by the Company unless, at the end of the Customer's service agreement, the Customer requests that aggregation be discontinued.

(M)
 |
 (C)
 |
 (C)
 |
 (N)
 |
 (N)

Section 13: Balancing Services--Constraint Periods

1. Constraint periods, to be declared at the sole judgment and discretion of the Company, may occur for any or all Customers for one or more hours and/or days. Curtailments may occur as described in Rule 23 of this tariff.
2. Each constraint period will be specified as either a distribution system Curtailment, an Overrun Entitlement, or an Underrun Entitlement. Only one type of constraint period may exist at any one time.
 - a. Distribution system Curtailment: Allowable daily delivered volumes are limited to the lesser of the contracted daily firm demand or the Confirmed Nomination. Volumes consumed in excess of the allowed volumes will be billed at the unauthorized use of gas rate described in Section 7 of this rule.
 - b. Overrun Entitlement: Allowable daily delivered volumes are limited to less than or equal to 103% of the Confirmed Nomination or some other larger percentage for a specific entitlement period determined by the Company that is uniformly applied to all Customers affected by that specific entitlement period. Volumes delivered in excess of 103% (or other percentage as determined above) of the Confirmed Nomination will be billed at the unauthorized use of gas rate described in Section 7 of this rule.
 - c. Underrun Entitlement: Allowable daily delivered volumes must be greater than or equal to ninety-five percent of Confirmed Nominations (constituting a five percent tolerance level) or some other larger percentage for a specific entitlement period determined by the Company that is uniformly applied to all Customers affected by that specific entitlement period. Title to quantities in excess of the five percent (or other percentage as determined above) tolerance will automatically transfer to the Company at no cost.

|
 (C)
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 (C)
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 (O)
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 (O)
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 (O)
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 (O)
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 (N)
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 (N)
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 (O)
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 (N)
 |
 (M) (N)

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PUGET SOUND ENERGY
NATURAL GAS RULES AND REGULATIONS
RULE NO. 29: Terms of Distribution System Transportation Service
(Continued)

3. For purposes of this rule, entitlement or Curtailment for any portion of a twenty-four hour Gas day will be considered one day's entitlement or Curtailment. The gas delivery day or Gas day is defined as a twenty-four consecutive hour period beginning and ending at the times specified in Rule 2 of this tariff.

(M)(O)
| (O)
| (T)
(M)(T)(C)

Section 14: Adjustments

Rates in this rule are subject to conditions and adjustments as set forth in Schedule No. 1 of this tariff and to adjustment by rates in supplemental schedules applicable to the transportation schedule under which the Customer receives service, when applicable. However, the Customer will only be billed once for each therm under an applicable supplemental schedule.

(N)
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(N)

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