



February 28, 2013

Mr. Steven V. King
Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

**Re: Advice No. 2013-04
Natural Gas Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy, Inc. (the "Company" or "PSE") hereby submits proposed revisions to its natural gas Schedule 120, Natural Gas Conservation Service Tracker. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following natural gas tariff sheet.

WN U-2 - (Natural Gas Tariff):

Seventeenth Revision of Sheet No. 1120 - Supplemental Schedule 120, Gas Conservation Service Tracker

The purpose of this filing is to implement changes to rates under the conservation tracker mechanism, as provided in Exhibit F to the Settlement Stipulation Agreement approved by the Commission in Docket Nos. UE-011570 and UG-011571. Specifically, the purpose of this filing is to revise the Gas Conservation Service Tracker charges downward in order to reflect actual costs and collections over the past years for conservation programs and the estimated expenditures during the 2013 program year. Overall, this proposal represents a decrease in the conservation revenue requirement of \$5,165,284 or 31.9%. All firm and interruptible gas sales schedules for natural gas service are affected by this decrease. Transportation customers are not billed under the Conservation Service Tracker. Work papers supporting this filing are attached.

The target level for acquisition of natural gas energy efficiency resources for the two-year period 2012 and 2013 was 9.55 million therms of first-year savings, reported at the customer meter. This target was set after being discussed with the Conservation Resource Advisory Group (CRAG) and was presented to the Commission in Docket Numbers UE-111811 and UG-121911.

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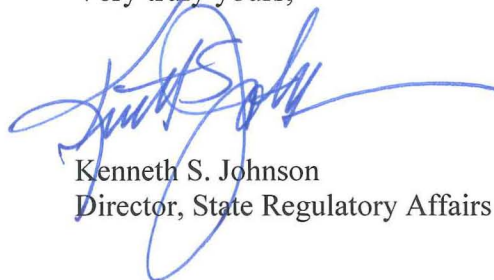
This filing revises the Natural Gas Conservation Service Tracker charges for all customers except those receiving service under transportation schedules and contracts in order to reflect decreased amounts budgeted for the upcoming year and the true-up (and approval) of actual costs and actual collections during prior years. The amount proposed to be recovered from customers affected by these tariff changes for natural gas energy efficiency programs between May 1, 2013 and April 30, 2014 is \$13.8 million. This amount is adjusted by: the true-up for 2012/2013 which subtracts \$2.7 million, for a total of \$11.1 million. Overall, this proposal represents a revenue requirement decrease of \$5.2 million or 0.7% for customers affected by this tariff change.

This filing is also consistent with Order No. 01 in Docket No. UG-120812 regarding a petition for accounting treatment of the Company's gas conservation programs. In that petition the Commission approved the transfer of deferred amounts from over-recovery of commodity costs in the Company's Purchased Gas Adjustment deferral account to the new gas Conservation Rider.

The tariff sheet described herein reflects an issue date of February 28, 2013, and effective dates of May 1, 2013. Posting of proposed tariff changes, as required by WAC 480-90-193, is being accomplished by posting the proposed tariff sheets on the PSE web site immediately prior to or coincident with the date of this transmittal letter. Notice to the public under the provisions of WAC 480-90-194 is not required as this filing represents a decrease in rates.

Please contact Lynn Logen at (425) 462-3872 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Very truly yours,



Kenneth S. Johnson
Director, State Regulatory Affairs

Enclosures

cc: Simon J. ffitch
Sheree Carson
Ed Finklea