



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

January 31, 2018

Filed Via Web Portal

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

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

RE: Advice No. 2018-11 Electric Tariff Filing – Filed Electronically

Dear Mr. King:

Pursuant to RCW 80.28.060 and Chapter 480-80 WAC, PSE hereby submits for filing with the Washington Utilities and Transportation Commission (“WUTC” or “Commission”) the following proposed revisions to the WN U-60, Tariff G for electric service of Puget Sound Energy (“PSE”):

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| 9 th Revision of Sheet No. 85 | - Schedule 85: Line Extensions and Service Lines |
| 8 th Revision of Sheet No. 85-A | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 10 th Revision of Sheet No. 85-B | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 10 th Revision of Sheet No. 85-C | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 9 th Revision of Sheet No. 85-D | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 14 th Revision of Sheet No. 85-E | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 13 th Revision of Sheet No. 85-F | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 6 th Revision of Sheet No. 85-G | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 6 th Revision of Sheet No. 85-H | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 4 th Revision of Sheet No. 85-I | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 2 nd Revision of Sheet No. 85-J | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 2 nd Revision of Sheet No. 85-K | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 3 th Revision of Sheet No. 85-L | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 3 th Revision of Sheet No. 85-M | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 3 th Revision of Sheet No. 85-N | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 1 st Revision of Sheet No. 85-O | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 2 nd Revision of Sheet No. 85-P | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 2 nd Revision of Sheet No. 85-Q | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 1 st Revision of Sheet No. 85-R | - Schedule 85: Line Extensions and Service Lines (Continued) |
| 2 nd Revision of Sheet No. 85-S | - Schedule 85: Line Extensions and Service Lines (Continued) |

Original Sheet No. 85-T	- Schedule 85: Line Extensions and Service Lines (Continued)
Original Sheet No. 85-U	- Schedule 85: Line Extensions and Service Lines (Continued)
Original Sheet No. 85-V	- Schedule 85: Line Extensions and Service Lines (Continued)
Original Sheet No. 85-W	- Schedule 85: Line Extensions and Service Lines (Continued)
Original Sheet No. 85-X	- Schedule 85: Line Extensions and Service Lines (Continued)
Original Sheet No. 85-Y	- Schedule 85: Line Extensions and Service Lines (Continued)

The purpose of this filing is to propose changes to Schedule 85 that reorganize the Schedule 85 tariff sheets, revise charges and costs for line extensions and service lines, and update Margin Allowance amounts. The filing of these proposed changes is part of PSE's commitments that were documented in the WUTC Staff memo in Docket UE-150200, PSE's 2015 Schedule 85 filing. PSE has been working collaboratively with WUTC Staff in preparation for these changes since 2015. All of WUTC Staff's feedback and suggestions have been incorporated into this filing.

Additionally, PSE hereby submits the following documents for filing, to be considered by the Commission concurrently with PSE's proposed Schedule 85 revisions:

- PSE's Petition for Exemption from Commission Rule,
- Declaration of Mei Cass in Support of PSE's Petition for Exemption, and
- Exhibits A and B to the Declaration of Mei Cass in Support of PSE's Petition for Exemption.

Reorganization of Schedule 85 Tariff Sheets

Changes to the tariff sheets mostly pertain to grouping relevant information together so that there is logical continuity among the different terms and conditions. In particular, the individual items in Additional Terms of Service on the current sheet Nos. 85-k through 85-s are moved up to either have their own section or moved to the specific section to which they belong. Most of the items were moved without any substantive edits.

There are also notable format changes to the tariff sheets to be consistent with PSE's current tariff sheet style. These format changes do not change rates, services, regulations, or conditions but are designed for ease of readability. These changes include: four lines of coding in the right-hand margin; increased line spacing; a note at the bottom of the tariff sheets when text is continued onto the next page; and repeating the section header at the top of that next page. Because of these format changes, the location of tariff language is changed.

For the sake of tariff clarity and conciseness of footnote space, PSE proposes coding these reorganization and format-related changes with the tariff symbol "T", rather than a "K" (for original page) or an "M" (for designated page) because of the scale of the tariff re-organization in this proposed filing. As stated above, PSE is concurrently submitting for filing a petition

seeking an exemption from the WAC 480-80-105(4)(b), Tariff filing instructions, to accommodate the different use of the tariff symbols “K” “M”, and “T”.

The tariff changes proposed in the filing because of the following purposes are coded in accordance with WAC 480-80-105(4)(b), Tariff filing instructions.:

- “D” - Discontinued rate, service, regulation, or condition;
- “N” - New rate, service, regulation, condition, or sheet;
- “I” - A rate increase;
- “R” - A rate reduction;
- “C” - Changed condition or regulation;

Revision of Charges and Costs for Line Extensions and Service Lines

Following WUTC Staff’s review of PSE’s 2015 Schedule 85 filing in Docket UE-150200, PSE committed to develop a more granular cost study for electric residential service line charges. On September 15, 2017, PSE presented to WUTC Staff its proposed approach for the Schedule 85 charge and cost update, the overall Schedule 85 cost study results, and the detailed finding of the granular residential service line charge study. The cost basis of these studies and analyses included work orders completed between January 1, 2016, and December 31, 2016. The proposed tariff schedule charges and costs are based upon the cost study results and approach that have been previewed and discussed with WUTC Staff at the September 15, 2017 meeting (“Study Results”).

Proposed charges for the service lines and line extensions that are on a per-foot basis are the same as the Study Results, except the charge for residential plats, which is based on centerline footage of all roads within the plat. All other service line and line extension charges and costs (and the residential plat rate) are based upon an increase of fifty percent of the cost increase reflected by the Study Results. The reason for increasing only fifty percent is to mitigate the current potential impact of the increase in costs. The reason for increasing the per foot rates to the level reflected in the Study is to maintain the relationship between the rates per foot for line extensions and service lines.

In addition to the proposed update to the line extension standard costs that were reviewed at the September 15, 2017 meeting, PSE also proposes changes to the transformation costs in this filing. The transformation costs are applicable when customers request a secondary voltage service.

Update of Margin Allowance Amounts

The update to the Schedule 85 Margin Allowance amounts is based on the results of PSE’s most recent General Rate Case, as approved by the Commission on December 5, 2017. *See* Order 08, Final Order Rejecting Tariff Sheets; and Authorizing and Requiring Compliance Filing, in consolidated Dockets UE-170033 and UG-170034 (“2017 GRC”). Specifically, these proposed

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line extension Margin Allowance amounts are determined based upon the 2017 GRC cost of capital, authorized rate of return, and the cost of service results.

In order to provide certainty and advance notice to the building industry, PSE proposes the updated line extension costs and charges and Margin Allowance amounts become effective on July 1, 2018, as indicated on the proposed tariff sheets. PSE plans to continue discussions with members of the building industry to make them aware of this filing and the proposed line extension charges and costs and the Margin Allowance update.

These tariff changes do not increase recurring charges or restrict access to services. The tariff sheets described herein reflect an issue date of January 31, 2018, and an effective date of March 3, 2018. Notice and posting of the proposed tariff changes, as required by law and the Commission's rules and regulations, is being given to the public immediately prior to or coincident with the date of this transmittal letter, through web, telephone, and mail access in accordance with WAC 480-100-193(1). Furthermore, PSE provides a cost quote to individual customers who request facility extension or modification prior to construction.

Please contact Mei Cass at (425) 462-3800 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,

/s/ Kenneth S. Johnson

Ken Johnson
Director, State Regulatory Affairs
Puget Sound Energy
PO Box 97034, PSE-08N
Bellevue, WA 98009-9734
425-456-2110
ken.s.johnson@pse.com

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

Attachments:
Electric Tariff Sheets, listed above