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***Filed Via Web Portal***

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

**Re: Do Not Redocket – PSE Natural Gas Tariff Filing  
Docket UG-220715 (Advice No. 2022-18)**

Dear Ms. Maxwell:

Puget Sound Energy (“PSE”) hereby submits in connection with Docket UG-220715 revised tariff sheets to replace the tariff sheets that accompanied its September 19, 2022 filing made under Advice No 2022-18. This substitute filing includes the following portion of PSE’s WN U-2 natural gas tariff.

46<sup>th</sup> Revision of Sheet No. 1101 – Supplemental Schedule 101 – Gas Cost Rates

49<sup>th</sup> Revision of Sheet No. 1106 – Supplemental Schedule 106 – Deferred Account Adjustment

3<sup>rd</sup> Revision of Sheet No. 1138 – Supplemental Schedule 138 – Voluntary Renewable Natural Gas Service-Purchase Rider

***Purpose of This Filing***

PSE submits its revised Purchased Gas Adjustment (“PGA”) filing after collaborating with Commission Staff to explore options to mitigate the sizeable heating season bill impact for residential customers. PSE makes the following proposals to mitigate the immediate impacts of increased natural gas commodity costs as reflected in its proposed rate filing of Supplemental Schedule 101 Gas Cost Rates and Supplemental Schedule 106 Deferred Account Adjustment. The first proposal is an update to the Schedule 101 commodity forecast and Schedule 106 deferral balances, both resulting in decreases. Secondly, PSE proposes to modify Schedule 101 residential rate with the addition of a seasonal rate structure that will bring down proposed rate increases in the winter and recover the associated winter revenue reductions beginning in April.

In addition to the rate mitigation, bill assistance is available to PSE customers meeting the criteria described in Low Income Program Schedule 129. Additionally, all residential customers

in good standing are eligible to participate in PSE's Budget Payment Plan, which evens out energy costs throughout the year.

As rate adjustments to Supplemental Schedule 138 Voluntary Renewable Natural Gas Service-Purchase Rider ("VRNG") were also included in PSE's initial PGA filing, an adjustment that corresponds to the Schedule 101 decrease is included in this substitute filing.

### ***Update of Commodity Forecast & Deferral Balances***

#### Gas Cost Rates (Supplemental Schedule 101):

PSE has updated its Schedule 101 commodity forecast since making its initial filing in this docket, one month ago. A necessary component of the gas cost forecast is the assumed "forward strip" of monthly prices for the basins from which PSE acquires gas. PSE's gas cost forecast utilizes a 3-month average (90-day average) of forward price marks. The 3-month price mark period, as initially filed, was June 1 through August 31, 2022. The proposed revision to its PGA cost model is to update the 3-month price mark period through September 30, 2022. The resulting decrease to gas costs for the period November 2022 through October 2023 is \$16.8 million, or a decrease of 1.62% in overall rates, as compared to the initial filing. Employing more recent data to PSE's PGA cost model resulted in a reduction in the estimated annual gas supply costs.

#### Tracker Rates (Supplemental Schedule 106):

PSE has updated its Schedule 106 deferred balances since making its initial filing in September. The Tracker rates true-up prior over- or under-recoveries of purchased gas expenses. The initial filing reflected the true-up of actual costs to actual revenue collected through August 31, 2022, and estimated costs to estimated revenue for September 1, 2022 through October 31, 2022. The update includes actual revenue and costs for September 2022 and updated projected revenues and costs for October 2022. Employing more recent data increased the accuracy of the deferral balances and resulted in a reduction of \$8.3 million or 0.80% in overall rates, as compared to the initial filing.

### ***Implement Temporary Residential Seasonal Rate Structure***

PSE is proposing the addition of a temporary seasonal structure to residential commodity rates in its Schedule 101. This is specific only to residential customers taking gas service under Schedule 23. Proposed rate increases would be decreased during the heating season, November 1, 2022 through March 31, 2023. Rates would subsequently increase effective April 1, 2023 in order to fully collect the Schedule 101 projected costs during the PGA year. The proposal is designed to reduce the amount residential customers pay during the heating season when usage is higher and recover the under-collected heating season costs during the non-heating season. While reallocating heating season costs to the non-heating season does invariably shift the cost burden from heating customers to non-heating customers, PSE sought to minimize this reallocation of costs by combining multiple rate mitigation strategies. The resulting average residential bill impacts of this structure along with the updated commodity forecast and deferral balance are summarized in the table below:

**Estimated Average Residential Bill (Combined Sch. 101 & Sch. 106)**

Schedule 23	Volume (therms)	Current Rates in Effect	Rates Proposed in Initial Filing	Rates Proposed in Revised Filing
Heating Season (Nov-Mar)	100	\$111.64	\$131.03	\$125.00
Non-Heating Season (Apr-Oct)	32	\$43.56	\$49.76	\$51.27

**Estimated Average Residential Bill Increase (Combined Sch. 101 & Sch. 106)**

Schedule 23	Volume (therms)	Bill Increase Proposed in Initial Filing	Bill Increase Proposed in Revised Filing
Heating Season (Nov-Mar)	100	\$19.39   17.37%	\$13.36   11.97%
Non-Heating Season (Apr-Oct)	32	\$6.20   14.23%	\$7.71   17.70%

***Combined Impact of Mitigations***

With the proposed mitigations to its Gas Cost Rates and Tracker rates, the overall combined impact is \$155.3 million, or 14.91%. The initial filing reflected an overall combined impact of \$180.4 million, or 17.3%. The average residential customer taking service under Schedule 23 using 100 therms per month during the heating season of November through March would experience an increase of \$13.36 per month or 11.97% in their bill, as compared to current rates. The average residential customer with service under Schedule 23 using 32 therms per month during the non-heating season of April through October would experience an increase of \$7.71 per month or 17.70% in their bill, as compared to current rates. The following table summarizes the separate and combined impacts of the proposed Gas Cost and Tracker rates, based on a percentage change in total revenue for each rate schedule:

**Estimated Impact on Annual Bills**

Rate Schedule	Sch. 101 Gas Cost Impact	Sch. 106 Tracker Impact	Total Impact in the Revised Filing	Total Impact in the Initial Filing
Residential				
23	12.96%	1.20%	14.16%	16.45%
16	13.25%	1.23%	14.48%	16.82%
Commercial and Industrial				
31	14.25%	1.33%	15.58%	18.10%
41	20.98%	1.97%	22.95%	26.68%
Interruptible				
85	27.09%	2.55%	29.64%	34.48%
86	22.45%	2.14%	24.59%	28.63%
87	29.43%	2.80%	32.24%	37.54%
Total	13.64%	1.27%	14.91%	17.32%

***Corresponding Update to Voluntary RNG***

This substitute filing proposes a reduction to the Schedule 101 annual Commodity Cost from \$0.45496 to \$0.43733 per therm. A corresponding reduction is proposed to the Schedule 138 Conventional Natural Gas Credit from \$1.30486 to \$1.25544 per RNG block.

Please note that work papers submitted with this filing contain commercially sensitive information, disclosure of which could adversely affect PSE's ability to effectively negotiate favorable gas supply agreements and conduct wholesale trading for its customers. Therefore, PSE requests that work paper tabs marked confidential be accorded confidential treatment. Pursuant to WAC 480-07-160, they have been marked "Shaded information is designated as confidential per WAC 480-07-160."

The tariff sheets described herein reflect the original issue date of September 19, 2022, and the original effective date of November 1, 2022. 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 customers was completed on September 30, 2022, in accordance with the provisions of WAC 480-90-194.

Questions regarding this filing can be directed to Kelima Yakupova at (425) 462-3588 or Julie Waltari at (425) 456-2945. If you have any other questions, or if I can be of any assistance, please contact me at (425) 456-2142.

Sincerely,

*/s/ Jon Piliaris*

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

Attachments: Substitute Natural Gas Tariff Sheets (listed on page 1)  
Revised Work Paper – Schedule 101 (redacted & confidential)  
Revised Work Paper – Schedule 106 (redacted & confidential)  
Revised Work Paper – Schedule 138 (redacted & confidential)