



Puget Sound Energy
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March 31, 2014

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

**Re: Advice No. 2014-08
Electric Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy, Inc. ("PSE") hereby submits proposed revisions to rates under its electric Schedule 142, Revenue Decoupling Adjustment Mechanism. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following electric tariff sheets:

WN U-60, Tariff G - (Electric Tariff):

- 2nd Revision of Sheet No. 142 - Revenue Decoupling Adjustment Mechanism
- 2nd Revision of Sheet No. 142-A - Revenue Decoupling Adjustment Mechanism (Continued)
- 2nd Revision of Sheet No. 142-D - Revenue Decoupling Adjustment Mechanism (Continued)

The primary purpose of this filing is to implement changes to rates under the established Revenue Decoupling Adjustment Mechanism, as provided in the Commission's Order 07 (Final Order Granting Petition) in Docket Nos. UE-121697 and UG-121705 (consolidated) which was combined with the Commission's Order 07 (Final Order Authorizing Rates) in Docket Nos. UE-130137 and UG-130138 (consolidated) ("Order 07"). The mechanism was revised by the Commission's Order 09 in Docket Nos. UE-121697 and UG-121705 (consolidated) and Order 08 in Docket Nos. UE-130137 and UG-130138 (consolidated) ("Order 09"). The purpose of this filing is also to update the Delivery Revenue per Unit for Decoupled Customers. Work papers supporting this filing are enclosed. Coincident with this tariff filing, but under separate cover, PSE has submitted its Commission Basis Report (compliant with WAC 480-90-257) for the twelve months ending December 2013 which also supports the Earnings Test calculation in this filing. Also coincident with this tariff filing, PSE has submitted reports on the impacts of decoupling and the operation of the rate plan in accordance with Order 07 and Order 09.

Schedule 142 is a mechanism for adjusting rates, both up and down, for defined Decoupled Customers and rates for Rate Plan Customers which are not decoupled. This filing revises the Revenue Decoupling Adjustment Mechanism charges for Decoupled Customers. Decoupled Customers include those customers receiving service under Schedules 7, 7A, 8, 10, 11, 12, 24,

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25, 26, 29, 31, 35, 40, 43, 46 and 49 (“Decoupled Customers”). The rates for Decoupled Customers in this filing include two components. First, it reflects the effect of the projected allowed revenue for the upcoming rate year from May 2014 through April 2015. In addition, it reflects the true-up of the deferral of the difference between allowed and actual volumetric decoupling revenue during calendar year 2013.

Consistent with the requirements of Order 07, the rates proposed herein reflect the results of the Earnings Test. The Earnings Test is derived from the results of the Commission Basis Report that was submitted concurrent with this filing and the calculation of the Earnings Test results is provided in the work papers supporting this rate filing. This analysis shows that PSE did not earn in excess of the rate of return approved in Order 07.

To demonstrate that decoupling removed barriers to increased acquisition of energy efficiency, PSE committed to accelerate its acquisition of cost-effective electric energy efficiency resources to achieve 105 percent of the targets set by the Commission. PSE’s 2013 Annual Report of Energy Conservation Accomplishments filed with the Commission on February 13, 2014, reflected, in Table 1a, that PSE achieved 108.4% of the annual electric savings goal for 2013.

Rate Plan Customers include those customers receiving service under Schedules 50 through 59 (outdoor lighting) and Schedules 448, 449, 458 and 459 (retail wheeling) (the “Rate Plan Customers”). This filing does not represent a change to rates for Rate Plan Customers.

Overall, this proposal represents an average increase in overall bills of 0.5% for Decoupled Customers. All Decoupled Customers are affected by the change and all will experience a small increase. For example, the typical residential customer using 1,000 kWh per month will experience an increase of \$0.06 per month.

The tariff sheets described herein reflect issue dates of March 31, 2014, and effective dates of May 1, 2014. Posting of proposed tariff changes, as required by WAC 480-100-193, is being made 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 480-100-194 is required which PSE will provide through a published notice on April 1, 2014 which is 30 days prior to the requested effective date of May 1, 2014.

Please contact Mr. 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.

Sincerely,



Ken Johnson
Director, State Regulatory Affairs

Enclosures

cc: Simon J. Ffitch, Public Counsel
Sheree Carson, Perkins Coie