



Puget Sound Energy
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PSE.com

March 31, 2016

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

**Re: Advice No. 2016-11
Natural Gas Tariff Filing - Filed Electronically**

Dear Mr. King:

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

WN U-2 - (Natural Gas Tariff):

- 4th Revision of Sheet No. 1142 – Revenue Decoupling Adjustment Mechanism
- 2nd Revision of Sheet No. 1142-A – Revenue Decoupling Adjustment Mechanism(Continued)
- 2nd Revision of Sheet No. 1142-B – Revenue Decoupling Adjustment Mechanism(Continued)
- 4th Revision of Sheet No. 1142-C – Revenue Decoupling Adjustment Mechanism(Continued)
- 4th Revision of Sheet No. 1142-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 for the twelve months ending December 2015 which also supports the Earnings Test calculation in this filing. The work papers also include information that would be in compliance with reporting on the impacts of decoupling and the operation of the rate plan in accordance with Paragraph 211 in Order 07. The final purpose of

this filing is to update the Monthly Allowed Delivery Revenue Per Customer for all Decoupled Customers for the months of April 2017 through December 2017 in compliance with a Commission ruling from the Bench on March 17, 2016, granting a Joint Petition by PSE and other parties to modify Order 07. Among other things, this Joint Petition requires PSE to update its gas Schedule 142 Monthly Allowed Revenue Per Customer tables for the months of April 2017 through December 2017 with the values provided for these months in Attachment A to the Joint Petition.

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 23, 53, 31, 31T, 41, 41T, 86 and 86T ("Decoupled Customers"). The rates for Decoupled Customers in this filing include two components. First, they reflect the effect of the projected allowed revenue for the upcoming rate year from May 2016 through April 2017. Second, they reflect the true-up of the deferral of the difference between allowed and actual volumetric decoupling revenue during calendar year 2015.

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. The Earnings Test resulted in a normalized rate of return that exceeded the authorized rate of return. Accordingly, this filing incorporates a reduction of \$5,505,334 that will be returned to customers.

Overall, this proposal represents an average increase in overall bills of 2.8 percent for Decoupled Customers. All Decoupled Customers' rate schedules are affected by the change and will experience an increase in rates. The typical residential customer using 68 therms per month will experience an increase of \$2.19 per month.

Rate Plan Customers include those customers receiving service under Schedules 16, 71, 72, 74, 85, 85T, 87 and 87T (the "Rate Plan Customers"). This filing does not represent a change to rates for Rate Plan Customers.

The tariff sheets described herein reflect issue dates of March 31, 2016, and effective dates of May 1, 2016. Posting of proposed tariff changes, as required by WAC 480-90-193, is being accomplished by posting the proposed tariff sheet 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 required, which PSE will provide through a published notice on March 31, 2016.

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Please contact Julie Waltari at (425) 456-2945 or julie.waltari@pse.com 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
Ed Finklea, NWIGU