



**PUGET SOUND ENERGY**

*The Energy To Do Great Things*

Puget Sound Energy  
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June 1, 2017

***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

**Re: Advice No. 2017-09- Natural Gas Tariff Filing**

Dear Mr. King,

Puget Sound Energy (“PSE”) hereby submits proposed revisions to rates under its natural gas Supplemental Schedule 149, Cost Recovery Mechanism for Pipeline Replacement (“CRM”). This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes changes to the following natural gas tariff sheet:

WN U-2, (Natural Gas Tariff):

3<sup>rd</sup> Revision of Sheet No. 1149 - Cost Recovery Mechanism for Pipeline Replacement (CRM)

The purpose of this filing is to submit a tariff filing in accordance with the Commission’s Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk in Docket No. UG-120715 (“Policy Statement”), which provided in paragraph 64 that a company may request a CRM by June 1 of any subsequent year. The Commission’s Order 01 in Docket No. PG-160294 approved PSE’s 2015 Pipeline Replacement Program Plan (“PRPP”), which included its Two-Year Plans. This year PSE has submitted, coincident with this filing, a new two-year PRPP for replacement of facilities that could pose an elevated risk of failure. Capital costs associated with these facilities are being submitted for cost recovery in this CRM to recover the costs for the period of November 1, 2016 through October 31, 2017. This CRM filing also includes the true up of the forecasted October 2016 costs from last year’s CRM filing under UG-160791 to actual costs.

As provided in the Policy Statement, this filing reflects actual costs from November 1, 2016, through April 30, 2017, and projected costs from May 1, 2017 through October 31, 2017. The Policy Statement provides that each company will update the projected costs with actual costs incurred for the months of May through July. PSE expects to submit such an update concurrent with its 2017 Purchased Gas Adjustment filing which is planned for mid-September of 2017 and to revise the rates on the enclosed tariff sheet to reflect the updated costs.

Additionally, at the time of the September update, PSE will include a change that has not been reflected in prior initial filings in June. Pursuant to the Policy Statement, PSE is proposing to transfer amounts currently being recovered in this rate schedule into its base rates in its 2017 general rate case filed under WUTC Docket No. UG-170034 ("2017 GRC"). In order to easily and transparently enable this transfer, in its mid-September update to this filing and the final October filing, PSE will submit a revised tariff sheet that will break out the proposed rates in this filing into the component that will remain in Schedule 149 (representing the 2017 plant investment) and the component that will be transferred to base rates with PSE's compliance filing in mid-December 2017 in the 2017 GRC (representing the 2014-2016 plant investment). This will easily enable PSE to zero out the portion of the Schedule 149 rate recovering the 2014-2016 plant investment at the same time as the rate change in PSE's general rate case where the investment will then be included. PSE is proposing to incorporate any differences associated with changes in the allowed rate of return or the depreciation rates that are approved in PSE's 2017 GRC in next year's Schedule 149 true-up filing along with the true-up that is performed every year associated with the difference between forecasted and actual investment for the October investment from the prior year.

Overall, this proposal represents a revenue requirement increase of \$5,422,683 or fifty six hundredths of one percent (0.56%) in overall bills for all natural gas customers. For example, the typical residential customer using 64 therms per month will experience an increase of 37 cents per month.

The tariff sheet described herein reflects an issue date of June 1, 2017, and an effective date of November 1, 2017. Posting of proposed tariff changes, as required by WAC 480-90-193, is being made by posting the proposed tariff sheet on the PSE web site immediately prior to or coincident with the date of this transmittal letter. Publication of the proposed increase, in accordance with WAC 480-90-194, will be completed through a published notice at least 30 days prior to the November 1, 2017 effective date of this filing. The Policy Statement provides for updating of costs, therefore PSE plans to reflect the effects of the PGA and the CRM in a combined notice. WAC 480-90-198 requires PSE to file a statement, within 10 days of this filing, that it has published the required notice. Since the notice will not be published until costs are updated later this year, PSE requests that the Commission waive or modify this requirement in order to allow the notice to reflect the updated costs.

Mr. Steven V. King  
June 1, 2017

Advice No. 2017-09  
Page 3 of 3

Please contact Kathie Barnard at (425) 462-3716 or Julie Waltari at (425) 456-2945 for additional information about this filing. If you have any other questions, please contact me at (425) 456-2110.

Sincerely,

*/s/ Kenneth S. Johnson*

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

Attachment:  
Natural Gas Tariff Sheet