



Puget Sound Energy
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February 21, 2023

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

**Re: Advice No. 2023-05
 PSE’s Electric Tariff Filing – Filed Electronically**

Dear Ms. Maxwell:

Pursuant to RCW 80.28.060 and WAC 480-80-101 and WAC 480-80-105(1)(c), please find enclosed for filing the following proposed revisions to the WN U-60, Tariff G for electric service of Puget Sound Energy (“PSE”):

96 th Revision	Sheet No. 81	Schedule 81	Tax Adjustment
101 st Revision	Sheet No. 81-A	Schedule 81	Tax Adjustment (Continued)
24 th Revision	Sheet No. 81-B	Schedule 81	Tax Adjustment (Continued)
15 th Revision	Sheet No. 81-C	Schedule 81	Tax Adjustment (Continued)

The purpose of this filing is to revise electric Schedule 81 Tax Adjustment to incorporate the increased Utility and Transportation Commission (“UTC”) regulatory fee for certain utilities that became effective on June 9, 2022, in RCW 80.24.010; and certain outcomes of Order 24/10 of the consolidated Dockets UE-220066, UG-220067, and UG-210918 on December 22, 2022 (“2022 GRC”). Revised tariff sheets regarding natural gas Schedule 1, Tax Adjustment, are being filed concurrently under Advice No. 2023-06.

Per Schedule 81, Section 2, Tax Adjustment, the UTC allows PSE to increase the amount PSE charges its customers to recover the cost of a municipal utility tax levy and the additional expenses associated with collection of the municipal utility tax. The effect of a municipal utility tax rate as shown in Schedule 81 reflects both the municipal utility tax levy rate and the associated adjustments.

PSE does not profit from passing through a municipal utility tax and these grossed up adjustments. PSE incurs additional taxes and expenses as a result of the collection of a

municipal utility tax levy. With each increase in gross revenue, additional tax and fee amounts become payable. Therefore, the effect of the tax rate in a municipal utility tax ordinance needs to be grossed up to reflect Washington State Public Utility Tax per RCW 82.16, and Washington UTC regulatory fee per RCW 80.24.010, and additional bad debt expenses associated with the collection of the municipal utility tax for the city. The following table summarizes these gross-up adjustments:

Electric			
	Input Used in The Calculation of Proposed Schedule 81 Rates	Input Used in The Calculation of Current Schedule 81 Rates	Change
Bad Debts	0.720%	0.848%	-0.128%
UTC Regulatory Fee	0.400%	0.200%	0.200%
State Utility Tax	3.873%	3.873%	0.000%
Sum	4.993%	4.921%	0.072%

The updated electric bad debt expense ratio is 0.720%, which is a decrease of 0.128% from the 0.720% that was incorporated into the current rates. Washington State Senate Bill 5634 revised the UTC regulatory fee under RCW 80.24.010 from 0.200% to 0.400%. Depending on the treatment of UTC regulatory fee, bad debt expenses, and tax expenses in each municipality's utility tax ordinance and the result of rounding the calculation to six decimal places, the effects of these adjustments changes varied among the 81 affected cities.

The impact of the proposed change on a residential bill (at 800 kWh/month) for 40 of the 81 cities is \$0.01/month, and \$0.02/month for 39 of the 81 cities. There is no estimated residential impact for customers use 800 kWh/month in the areas of Lummi Reservation and Swinomish Reservation due to rounding. Exhibit A to this letter summarizes, for the 81 affected cities, the rate changes, and the estimated changes on annual revenue and monthly residential customer impact. Bill assistance programs are available to qualified customers who need help with their energy bills. Customers can go to pse.com or call 1-888-333-9882 to learn if they are eligible. Payment plans are also available to all PSE customers.

PSE respectfully requests an exemption from WAC 480-100-194(4)(d) which requires the publication of proposed tariff changes to include a comparison of current and proposed rates. The effective tax rates for 81¹ out of the 82 cities in Schedule 81 are subject to change in this filing, and the presentation of such a large amount of data may create confusion for customers. To provide the target information for the customers in each of the 81 cities, in conjunction to the newspaper notices, PSE has setup a website where customers can look up the specific change associated with their city at <https://www.pse.com/pages/rates/news-and-filings>. This request has been discussed with Commission Staff prior to this filing.

The tariff sheets described herein reflect an issue date of February 21, 2023, and an effective date of March 24, 2023. Posting of the proposed tariff change for public inspection and review, as required by law and the Commission's rules and regulations, is being completed in accordance

¹ The effective tax rate for the City of Puyallup was just updated in Docket UE-220886.

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with WAC 480-100-193(1). With the exception of WAC 480-100-194(4)(d), notice to the public under the provisions of WAC 480-100-194 will be provided on February 21, 2023, within 30 days of the March 24, 2023 effective date.

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) 456-2142.

Sincerely,

/s/ Jon Piliaris

Jon Piliaris
Director, Regulatory Affairs
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cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachments:

Electric Tariff Sheets, listed above

Exhibit A: Summary of Effective Tax Rate and Estimated Annual Revenue Changes and Monthly Residential Customer Impacts