

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET UG-120812
	)	
PUGET SOUND ENERGY,	)	ORDER 01
	)	
Petitioner,	)	
	)	
For An Accounting Order Authorizing	)	
Accounting Treatment of the Company's	)	ORDER GRANTING ACCOUNTING
Gas Conservation Programs	)	PETITION
.....	)	

**BACKGROUND**

- 1 On June 1, 2012, Puget Sound Energy, (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking an Accounting Order under [WAC 480-07-370\(1\)\(b\)](#) authorizing PSE to change the existing natural gas conservation cost recovery mechanism (a Conservation Tracker) into a rider mechanism to be consistent with the mechanism under which the Company currently recovers electric conservation costs (a Conservation Rider).
  
- 2 In order to recover the costs associated with the Company's current 2012 gas conservation programs, PSE is proposing to transfer deferred amounts from over-recovery of commodity costs in the Company's Purchased Gas Adjustment (PGA) deferral account to the new gas Conservation Rider. As of April 30, 2012, the Company had \$32.4 million in excess customer funds from the over recovery of natural gas costs in the PGA deferral.

**ACCOUNTING TREATMENT**

- 3 Amounts that have been deferred in the PGA commodity deferral from November 2011 through April 2012 will be used to offset the 2012 natural gas conservation expenditures that will have been deferred through June 2012. Each month from July 2012 through April 2013 the Company will transfer the allocated natural gas conservation expenditures from the PGA commodity deferral account to the gas Conservation Rider to recover the remaining conservation costs. The 2012 approved budget for PSE's natural gas conservation program is \$13.45 million.
  
- 4 Current natural gas conservation rates under UG-120291, which are effective from April 1, 2012, through March 31, 2013, are recovering PSE's 2011 natural gas

conservation program expenditures. This recovery will remain unchanged. The existing Conservation Tracker includes interest on the amounts deferred as an Allowance for Funds Used to Conserve Energy (AFUCE). Beginning in July 2012, the Company will cease recognition and recovery of this interest on future conservation expenditures.

- 5 Starting in 2013, PSE will file its annual conservation rate change for gas conservation on March 1 with an effective date of May 1. This allows a 60 day review period which is consistent with the electric conservation rate filing.
- 6 A new gas Conservation Rider, consistent with the electric Conservation Rider approved by the Commission in Docket No. UE-970686 will begin July 1, 2012. Gas conservation expenditures will be recovered through a forward-looking tariff rider subject to true-up during a subsequent twelve-month period. The Conservation Rider rate will be adjusted by the actual conservation expenditures during the program years and the actual recoveries during the relevant recovery period compared to the projected expenditures. Because the rider provides for concurrent recovery of conservation expenditures in rates, no AFUCE is necessary. The program year is a calendar year with the company required to submit its program cost recovery filing on or before March 1 of that year.
- 7 Multiple offsetting conservation and PGA rate changes can be avoided by allowing the Company to use the accumulated refund balance in the PGA to recover the 2012 conservation expenditures. ,.

### FINDINGS AND CONCLUSIONS

- 8 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including gas companies. [RCW 80.01.040](#), [RCW 80.04](#), [RCW 80.08](#), [RCW 80.12](#), [RCW 80.16](#) and [RCW 80.28](#).
- 9 (2) PSE is a gas company and a public service company subject to Commission jurisdiction.
- 10 (3) [WAC 480-07-370\(1\)\(b\)](#), allows companies to file petitions including that for which PSE seeks approval.

- 11 (4) Staff has reviewed the petition in Docket UG-120812 including related work papers.
- 12 (5) Staff believes the proposed accounting order PSE requests is reasonable and should be granted.
- 13 (6) This matter came before the Commission at its regularly scheduled meeting on June 28, 2012.
- 14 (7) After reviewing PSE's petition filed in Docket UG-120812 on June 1, 2012, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition filed should be granted.

**O R D E R**

**THE COMMISSION ORDERS:**

- 15 (1) Puget Sound Energy's request to change the existing natural gas tracker mechanism into a rider mechanism by using funds from the PGA commodity deferral account to recover 2012 natural gas conservation program expenditures is granted.
- 16 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 17 (3) The Commission retains jurisdiction over the subject matter and Puget Sound Energy to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective June 28, 2012.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary