



The Energy To Do Great Things

Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

October 21, 2013

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

RE: Docket No: UE-131585 (Advice No. 2013-15) – **Do Not Redocket**
Substitute Tariff Filing – Filed Electronically

Dear Mr. King:

Puget Sound Energy, Inc. (the “Company” or “PSE”) hereby submits in connection with Docket No. UE-131585, the following substitute tariff sheets to replace the tariff sheets filed on August 28, 2013, under the Company’s Advice No. 2013-15. This substitute filing is pursuant to to RCW 80.28.060 and Chapter 480-80 WAC and includes the following portion of the Company’s WN U-60, Tariff G for electric service.

Original Sheet No. 195 - Schedule 195: Electric Vehicle Charger Incentive
Original Sheet No. 195-A - Schedule 195: Electric Vehicle Charger Incentive (Continued)
22nd Revision of Sheet No. 120 - Schedule 120: Electricity Conservation Service Rider
Fortieth Revision of Sheet No. 2-a – Index to Rate Schedules (Continued)

The purpose of this filing is to update the tariff sheets to reflect the request of Commission Staff for a change to the effective date and to provide some clarity around the issue of source of funding and cost recovery.

The original filing reflected an effective date of October 31, 2013, at the request of Commission Staff, the Company is changing the effective date to November 16, 2013.

Subsequent to the filing, there have been discussions about clarifying several issues related to the source of funding and cost recovery. Namely: 1) clarifying that this program’s costs will be recovered from the residential class; 2) clarifying that budgeted amounts and costs would be separately identified in the annual Schedule 120 filings; and 3) the use of Schedule 120 as an appropriate mechanism for cost recovery.

To clarify that this program’s costs will be recovered from the residential class, PSE is adding language in Section 6, Source of Funding and Cost Recovery on Sheet No. 195-A. This is consistent with the Decoupling Mechanism structure wherein benefits created by the residential class are distributed back to the residential class.

In addition to the language that the Company provided in the original advice letter¹ (and in the tariff schedule), PSE would like to clarify that as there were no budgeted amounts for this program included in the conservation budget used to establish Schedule 120 rates currently in

¹ “The Company will defer the costs of the program and recover them through the Electric Conservation Rider (Schedule 120). The program revenues and expenditures will not impact the Company’s income statement.”

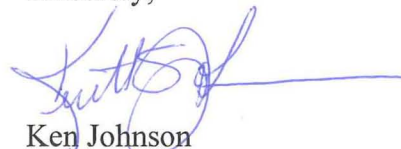
effect since May 1, 2013, all of the actual costs of this program through calendar year 2013 will be deferred and become part of the true-up included in the March 1, 2014, Schedule 120 filing for rates effective May 1, 2014. Consistent with previous Schedule 120 rate filings, prior year actual costs detailed by program will be included in the Company's March 1, 2014, filing and thus, the calendar year 2013 costs for this program will be easily identifiable within the supporting workpapers. Likewise, any calendar year budgeted amounts for this program used to establish the revenue requirement in the March 1, 2014, rate filing will be separately identified.

The Company still believes that Schedule 120 is an appropriate mechanism to recover the costs of this program. As explained in the original advice letter, PSE is not claiming this is a conservation program, but rather it wishes to use an administratively expedient method that will allow this program to proceed in a timely fashion. The Company does not believe that anything stands in the way of this occurring. PSE believes that there is nothing in the Order(s) in Docket No. UE-970686 that would specifically prohibit the use of Schedule 120 for this purpose, especially given the subsequent strong precedent that Schedule 120 can be used for public purposes other than recovering Conservation costs. For example since 1999, certain costs of running the Net Metering program have been recovered through Schedule 120, with a 2013 budgeted amount of \$461,000. Another example are the costs of the renewable education program, Schedule 120 has been used to recovery these costs since 2007, with a 2013 budget level of \$120,000. Another "non-conservation" use of Schedule 120 has been the pass through of SQI penalty credits in the years 2007, 2008 and 2009, with the respective dollar amounts of \$1,000,000, \$512,868 and \$446,691. The use of Schedule 120 for other cost recovery and credit distribution purposes has been occurring over a long timeframe; has been used for varying types of non-conservation costs and refunds; and has involved amounts that are material to the Schedule 120 rate as a whole. In the event that others do not share this view, the Company is willing to discuss and work with interested Conservation Resource Advisory Group members on the issue of using (or not using) Schedule 120 as a cost recovery mechanism for other public purposes/programs (e.g. Net Metering) from now through the annual true-up filing in March 2015.

This substitution is provided for in WAC 480-80-111(a) as there are no material changes to the terms and conditions to the pending tariff sheets. The tariff sheets described herein reflect the original issue date of August 28, 2013.

Please contact Ben Farrow at (425) 456-2541 or Eric Englert (425) 456-2312 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

Enclosure

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