



Puget Sound Energy
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PSE.com

March 26, 2015

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

**Re: Advice No. 2015-06
Natural Gas Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy, Inc. ("PSE") hereby submits proposed revisions to rates under its natural gas Schedule 140, Property Tax Tracker. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following natural gas tariff sheet:

WN U-2, (Natural Gas Tariff):
2nd Revision of Sheet No. 1140-B - Property Tax Tracker (Continued)

The primary purpose of this filing is to implement changes to rates under the established Property Tax Tracker, 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"). Schedule 140 includes a mechanism for adjusting rates, both up and down; to pass through the cost of property taxes that PSE actually pays. Work papers supporting this filing are enclosed.

Schedule 140 provides that PSE must file revisions on or prior to April 15 for rates to be effective on May 1st each year. In 2014, PSE filed on April 10, 2014, and requested an effective date of May 1, 2014, with less than statutory notice ("LSN"). With this short amount of time between filing and effectiveness, Commission Staff was left with little time to review the filing and prepare a recommendation, plus had the added responsibility of the LSN request. Because of these issues PSE and Commission Staff verbally agreed to an adjustment to the timing of future filings. The adjusted approach is to make an initial filing a minimum of 30 days prior to the effective date. The initial filing would include an estimate of the current year taxes and then a subsequent filing would be made as close to April 15th as possible that would update the estimates to actual amounts. This approach would allow Commission Staff enough time to review all aspects of PSE's filing except the final property tax amounts and to prepare a draft of their memo by their internal due dates. With the only change in the update filing being the final current property tax amounts, a focused review and update to existing draft open meeting memos can be achieved. This filing constitutes the initial filing with estimated current property tax amounts. PSE expects to make the subsequent filing for this year on April 15, 2015. This process is similar to the natural gas Cost Recovery Mechanism for replacement of natural gas pipeline which avoids a request for LSN treatment and allows Commission Staff adequate time for review.

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Schedule 140 also provides that should the rate change under the mechanism result in an amount that is less than one percent greater or less than the prior year's assessed property taxes this annual filing should take the form of a letter stating that no change in rates under Schedule 140 will be submitted. This filing represents an amount of less than one percent; however, the subsequent filing to true-up to actual taxes discussed above may result in an amount greater than one percent. In order to avoid a filing with LSN at that time, PSE is submitting the tariff sheet at this time reflecting no change in rates. The subsequent filing on April 15 can then take the form of a substitute filing if the change is greater than one percent or a withdrawal request if the amount remains less than one percent. Should the subsequent filing result in withdrawal of the initial filing because the decrease is less than a 1.0% change in the revenue requirement, PSE requests that this letter be considered the letter meet the Schedule 140 requirement of the letter "stating that no change to the rates in Schedule 140 will be submitted." (from Section 3(e) of Schedule 140).

Overall, the enclosed work papers show a decrease of 0.1 percent in overall bills for all customers. For example, the typical residential customer using 68 therms per month would experience a decrease of \$0.08 in their monthly bill. However, as stated above, the enclosed tariff sheet reflects no changes.

WAC 480-90-194 provides that the published notice informing customers of the proposed increase be provided at least thirty days prior to the effective date which is prior to the date when the actual amount of the property taxes will be known, as discussed above. The filing represents no change in rates so no notice is required. However, due to the process adjustment discussed above, PSE will provide notice of this filing in conjunction with notice regarding all other filings with May 1, 2015, requested effective dates. Since this filing represents no change PSE will not include any rate impacts due to this filing in the published notice. PSE will provide notice of the filings with May 1, 2015, requested effective dates through a published notice as provided in WAC 480-90-194(2) on or prior to March 31, 2015.

The tariff sheet described herein reflects an issue date of March 26, 2015, and an effective date of May 1, 2015. 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.

Please contact Ms. 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,



Ken Johnson
Director, State Regulatory Affairs

Enclosures

cc: Simon J. ffitich, Public Counsel
Sheree Carson, Perkins Coie
Ed Finklea, NWIGU