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May 1, 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. 2015-10  
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):  
2<sup>nd</sup> Revision of Sheet No. 1140-B - Property Tax Tracker (Continued)

The 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.

The cover letter in PSE's initial filing (dated March 26, 2015) in Docket No. UG-150490 included a description of the verbal agreement between PSE and Commission Staff to adjust the timing of the filing in the Property Tax Tracker. That adjustment included an initial filing a minimum of 30 days prior to the May 1 effective date that reflected an estimate of the current year taxes followed by a subsequent filing that would be made as close to April 15<sup>th</sup> as possible that would update the current year estimates to actual amounts.

As mentioned in the cover letter for the initial filing, PSE's existing Schedule 140 (Sheet 1140-A, Section 3, paragraph 5) includes a provision that provides that if a rate change under the mechanism results in an amount that is less than one percent greater or less than the prior year's assessed property taxes, this annual filing would take the form of a letter stating that no change in rates under Schedule 140 would be submitted. In its final April 15, 2015, filing updated with

actual tax payments, PSE incorrectly concluded that the update did not result in a rate change greater than the one percent of prior year Schedule 140 revenue requirement threshold and on that conclusion requested that the filing be withdrawn. Unfortunately, however, the Schedule 140 revenue requirement did in fact decrease by 5.09 percent and PSE should have requested that rates be changed at that time.

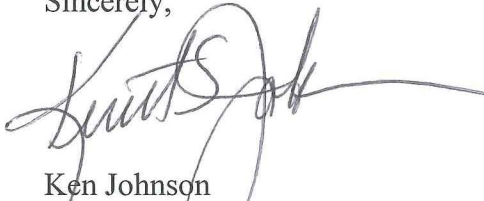
In discussions with Commission Staff, it was agreed that the best action would be to file for a tariff rate change to take effect on June 1, 2015, using the final work papers which were submitted April 15, 2015, and which depicted the 5.09 percent decrease in natural gas Schedule 140 revenue requirement. Current rates would stand for the month of May 2015, and any difference attributed to the lack of a rate change during May would be trued up in next year's update of Schedule 140.

PSE respectfully requests that the new rates submitted in this filing of Schedule 140 be approved to reflect a decrease to customers' overall bills by 0.2 percent and be allowed to become effective on June 1, 2015. A typical residential customer using 68 therms per month would experience a decrease of \$0.16 in their monthly bill.

The tariff sheet described herein reflects an issue date of May 1, 2015, and an effective date of June 1, 2015. This filing represents a decrease in rates to most customers therefore no notice is required under the provisions of WAC 480-90-194 for most customers. Customers receiving service under Schedule Nos. 87 and 87T will see an increase and will be provided notice pursuant to WAC 480-90-194(1) through a notice to each individual customer. 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 Mr. Lynn Logen at (425) 462-3872 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

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