



Puget Sound Energy
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March 1, 2017

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

**Re: Advice No. 2017-04
Natural Gas Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy ("PSE") hereby submits proposed revisions to its natural gas Schedule 120, Natural Gas Conservation Service Rider. 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):

22nd Revision of Sheet No. 1120 - Schedule 120, Natural Gas Conservation Service Rider

The purpose of this filing is to implement changes to rates under the conservation rider mechanism, as provided in Exhibit F to the Settlement Stipulation Agreement approved by the Commission in Docket Nos. UE-011570 and UG-011571. Specifically, the purpose of this filing is to decrease the Natural Gas Conservation Service Rider charges in order to reflect actual costs and collections over the past years for conservation programs and the estimated expenditures during the 2017 program year. Overall, this proposal represents a decrease in the conservation revenue requirement of \$1.3 million which results in an average 0.1% decrease in affected customer's bills. All firm and interruptible gas sales schedules for natural gas service are affected by this decrease. Customers taking transportation service under Schedules 31T, 41T, 85T, 86T, 87T and special contracts ("Transportation Customers") are not billed under the Natural Gas Conservation Service Rider.

The target level for acquisition of natural gas energy efficiency resources for the two-year period 2016 and 2017 is 6.96 million therms of first-year savings, reported at the customer meter. This target was set after being discussed with the Conservation Resource Advisory Group ("CRAG") and was presented to the Commission in Docket No. UG-152075.

This filing revises the Natural Gas Conservation Service Rider charges for all customers except Transportation Customers in order to reflect decreased amounts budgeted for the upcoming year and the true-up (and approval) of actual costs and actual collections during prior years. The amount of

Mr. Steve V. King
March 1, 2017
Advice No. 2017-04
Page 2 of 2

grossed up budgeted conservation expenditures to be recovered from customers affected by these tariff changes for natural gas energy efficiency programs between May 1, 2017 and April 30, 2018 is \$15.4 million. This amount is adjusted by grossed up true-ups due to changes in load and budget and spending variances which add \$0.7 million, for a total of \$16.1 million.

All rate schedules for natural gas service, except Transportation Customers, are affected by the change and will experience a small decrease. For example, the typical residential customer using 64 therms per month will experience a decrease of 7 cents per month.

The tariff sheet described herein reflects an issue date of March 1, 2017, an effective date of May 1, 2017. Posting of proposed tariff changes, as required by WAC 480-90-193, is being accomplished 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 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

Enclosure

cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie
Ed Finklea, NWIGU