

Puget Sound Energy
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Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**RE: Advice No. 2024-52
Puget Sound Energy’s Natural Gas Tariff Revision**

Dear Executive Director Killip:

Pursuant to RCW 80.28.060 and WAC 480-80-101 and -105, please find enclosed for filing the following proposed revisions to the WN U-2, tariff for natural gas service of Puget Sound Energy (“PSE” or the “Company”):

1 st Revision	Sheet No. 1129D-A	Bill Discount Rate Rider (Continued)
1 st Revision	Sheet No. 1129D-B	Bill Discount Rate Rider (Continued)
Original	Sheet No. 1129D-C	Bill Discount Rate Rider (Continued)

The purpose of this filing is to implement changes to rates under Schedule 129D – Bill Discount Rate Rider, which allows PSE to recover the costs of its Commission-approved¹ natural gas Schedule 23BDR Bill Discount Rate.

For this filing, PSE has included a true-up amount from the prior period in accordance with the tariff language. As rates currently in effect will not change until January 2025, amounts for October through December 2024 are based on an updated forecast that will be trued-up in next year’s filing.

The revenue requirement calculation for 2025 results in a net payable of \$8.8 million which represents a \$22.8 million decrease from the prior rate period. The reasons for the \$22.8 million decrease are a \$9.1 million decrease in the estimated discounts to be provided in 2025, a \$15.4 million decrease for the estimated discounts set previously exceeding actual discounts provided for the period, offset by a \$1.8 million increase associated with the reduction of the availability of undistributed HELP funding to assist with funding of 2025 estimated bill discounts.

¹ Docket UG-230561

In this filing, PSE is proposing to set rates to zero instead of reflecting an \$8.8 million credit in rates due to the continued ambiguity regarding the budget required to support bill discounts for low-income customers in the upcoming year. PSE's goal is for continued increase in low-income penetration rates above a straight-line forecast method, which is not factored in the revenue requirement calculation. The Bill Discount Rate is a relatively new service that became available to customers beginning October 1, 2023, and the foundation for estimating participation is still being established. As the program is currently growing, there is not enough historical data to inform the estimation process accurately. Furthermore, temporary requirements such as the one ordered by the Commission in Docket UG-230470 to reach at least 70,000 customers in BDR by January 1, 2024,² and then to keep approximately 50,000 auto-enrolled customers who have not self-attested on BDR at least until December 1, 2024,³ add to volatility of estimates, as it is difficult to estimate how many of these “pre-qualified” customers will self-attest and convert to qualified customers, or if the temporary status will be extended again. In addition to this, PSE's estimates of discounts to be provided are based on current rates,⁴ and do not consider potential rate increases in early 2025 due to PSE's pending general rate case under Docket UG-240005. Therefore, PSE's proposed approach will help support robust customer growth and ensure rate stability.

The actual credit balance owed at the end of 2024 and throughout 2025 will be tracked and provided in next year's filing, ensuring that the full amounts due to or from customers are accounted for in next year's filing or other process as determined by the Commission at that time.

Overall, when setting Schedule 129D rates to zero for 2025, this proposal represents a revenue requirement decrease of approximately \$14.0 million which results in an average overall decrease to rates for natural gas customers of 1.07 percent. A typical residential customer using 64 therms per month would experience a decrease of \$1.02, or 1.09 percent.

The forecast used in the calculation of this revenue requirement assumed the approximately 50,000 estimated low-income customers, who were temporarily auto-enrolled in December 2023⁵ but have not self-attested, would no longer take service under Schedule 23BDR Tier 6 in 2025, as the Commission ordered PSE to continue providing service to these “pre-qualified” customers through December 1, 2024.⁶ Including these customers would result in an increase of \$3.5 million in revenue requirement.

² *Washington State Utilities and Transportation Commission*, Order 01 in Docket UG-230470 (August 3, 2023), paragraph 20, page 5.

³ *Washington Utilities and Transportation Commission*, Order 02 in Docket UG-230470 (August 30, 2024), paragraph 38, page 7.

⁴ Including PSE's Schedule 101 and 106 rates that were approved effective November 1, 2024 in Docket No. UG-240708.

⁵ *Washington State Utilities and Transportation Commission*, Order 01 in Docket UG-230470 (August 3, 2023), paragraph 20, page 5.

⁶ *Washington Utilities and Transportation Commission*, Order 02 in Docket UG-230470 (August 30, 2024), paragraph 38, page 7.

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The tariff sheets described herein reflect an issue date of November 15, 2024 and an effective date of January 1, 2025. Posting of proposed tariff changes, as required by law and the Commission's rules and regulations, is being completed through web, telephone and mail access in accordance with WAC 480-90-193. Although not required, notice to the public under the provisions of WAC 480-90-194 will be provided within 30 days of the January 1, 2025 effective date.

Please contact Veronica Martin at veronica.martin@pse.com for additional information about this filing. If you have other questions, please contact me at birud.jhaveri@pse.com.

Sincerely,

/s/ Birud D. Jhaveri

Birud D. Jhaveri
Director, Regulatory Affairs
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cc: Tad O'Neill, Public Counsel
Sheree Carson, Perkins Coie

Attachments:
Natural Gas Tariff Sheets (listed above)
Workpapers