



Puget Sound Energy
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PSE.com

May 30, 2014

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

**Re: Advice No. 2014-19
Electric Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy, Inc. ("PSE") hereby submits proposed revisions to its electric tariff. This filing, pursuant to RCW 80.28.060 and Chapter 480-80 WAC, proposes revisions in the following electric tariff sheets:

WN U-60, Tariff G - (Electric Tariff):

- 3rd Revision of Sheet No. 142-A – Revenue Decoupling Adjustment Mechanism (Continued)
- 2nd Revision of Sheet No. 142-B – Revenue Decoupling Adjustment Mechanism (Continued)
- 2nd Revision of Sheet No. 142-C – Revenue Decoupling Adjustment Mechanism (Continued)
- 3rd Revision of Sheet No. 142-D – Revenue Decoupling Adjustment Mechanism (Continued)

The purpose of this filing is to revise the Monthly Allowed Delivery Revenue Per Customer for Large General Service Schedules 12 & 26 (Primary or Secondary Voltage) Customers (the "Schedule 26 Group"), Large Primary Service Schedules 10 & 31 Customers (the "Schedule 31 Group") and Other Non-Residential Customers (the "Other Non-Residential Group"). The purpose of this filing is also to revise the associated Monthly Decoupling Surcharge Rates for the Schedule 26 and Schedule 31 Groups. This filing also includes a number of changes for clarity. The overall effect of this filing is a reduction in overall rates by \$1.42 million or a 0.07% reduction. Work papers supporting this filing are enclosed.

Monthly Allowed Delivery Revenue Per Customer

While reviewing the work papers associated with PSE's current Schedule 142 rates, PSE discovered an unintended calculation of the above schedules' Monthly Allowed Delivery Revenue Per Customer. Customer counts for Schedules 10 and 12, schedules that are billed Schedule 31 and 26 rates respectively, were mistakenly included in the calculation of the Monthly Allowed Delivery Revenue Per Customer for the Other Non-Residential Group.

Instead, the customer counts for Schedule 10 should have been included in the Schedule 31 Group and customer counts for Schedule 12 should have been included in the Schedule 26 Group. One consequence of these calculations is that the Monthly Allowed Delivery Revenue Per Customer for the Schedule 26 Group and Schedule 31 Group has been higher than intended. Similarly, the Monthly Allowed Delivery Revenue Per Customer for the Other Non-Residential Group has been lower than intended. This issue goes back to January 1, 2014, when the mechanism was revised by Commission’s Order 9 in Docket Nos. UE-121697 and UG-121705 (consolidated) and the current filing is intended to align the Monthly Allowed Delivery Revenue Per Customer with the original intent of the proposal approved in Order 9.

Allowed Delivery Revenue

A related consequence of these unintended calculations is their impact on PSE’s recognition of Allowed Delivery Revenue from these customers. Since the Monthly Allowed Delivery Revenue Per Customer for these customer groups were not calculated as intended, the Allowed Delivery Revenue was similarly impacted. Specifically, the Allowed Delivery Revenue recognized from the Schedule 26 Group and the Schedule 31 Group have been greater than intended while the Allowed Delivery Revenue from the Other Non-Residential Group has been lower than intended since January 2014.

Below is a table estimating the magnitude of this impact for each customer group, including the associated interest. While the figures for January 2014 through April 2014 are known at this time, the amounts for May 2014 and June 2014 are projected. PSE intends to update these figures for the actual amounts once the actuals are known, book an adjustment to each group’s Revenue Decoupling Adjustment Balancing Accounts for the differences through the end of June 2014, and provide the Commission evidence of such adjustments in PSE’s Schedule 142 filing in March 2015.

	<u>Current</u>		<u>Intended</u>		<u>Difference</u>	
	Jan-Apr	Projected May-June	Jan-Apr	Projected May-June	Jan-Apr	Projected May-June
Schedule 26 Group	\$711,581	(\$122,992)	\$509,368	(\$225,147)	(\$202,213)	(\$102,155)
Schedule 31 Group	\$489,029	\$45,547	\$231,050	(\$81,044)	(\$257,979)	(\$126,591)
Other Non-Residential Group	\$5,024,028	(\$857,057)	\$5,036,676	(\$851,355)	\$12,647	\$5,702

Monthly Decoupling Surcharge Rates

Since the calculation of the Monthly Decoupling Surcharge Rates includes a projection of the Monthly Allowed Delivery Revenue during the Schedule 142 rate year, PSE also requests, in this filing, to revise these rates for the Schedule 26 Group and the Schedule 31 Group at this time.

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This will better align the Actual Delivery Revenue received by PSE from these customers with the associated Allowed Delivery Revenue for the remainder of the rate year.

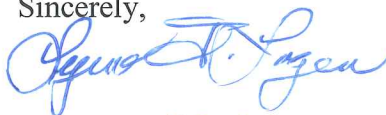
As summarized in the table below, this filing will result in an immediate rate reduction for customers in the Schedule 26 Group and in the Schedule 31 Group. PSE is not proposing to increase the Monthly Decoupling Surcharge Rates for the Other Non-Residential Group at this time, given what would be a very small change to their rates. Instead, PSE intends to let the resulting differences between Actual Delivery Revenue and Allowed Delivery Revenue for these customers be reflected in deferrals and be addressed in its Schedule 142 filing in March 2015.

Group	Monthly Decoupling Surcharge Rate (\$/kW)		
	Existing	Proposed	Difference
Schedule 26 Group	\$0.34	\$0.21	(\$0.13)
Schedule 31 Group	\$0.03	(\$0.20)	(\$0.23)

The tariff sheets described herein reflect an issue date of May 30, 2014, and an effective date of July 1, 2014. Posting of proposed tariff changes, as required by WAC 480-100-193, is being made by posting the proposed tariff sheets on the PSE web site immediately prior to or coincident with the date of this transmittal letter. Notice to the public under the provisions of WAC 480-100-195(3) is required which PSE will provide in accordance with WAC 480-100-193(1).

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,



Lynn F. Logen, Tariff Consultant

for

Ken Johnson

Director, State Regulatory Affairs

Enclosures

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