



The Energy To Do Great Things

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**Filed Via Web Portal**

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

Re: Pipeline Replacement Cost Recovery Mechanism Update in Accordance with the Commission Policy Statement in Docket UG-120715, originally filed under Advice No. 2017-09 - Natural Gas Tariff Filing - Docket UG-170692  
**Do Not Redocket**

Dear Mr. King:

Puget Sound Energy (“PSE”) hereby submits an update to rates under its natural gas Supplemental Schedule 149, Cost Recovery Mechanism for Pipeline Replacement (“CRM”).

The CRM was originally filed on June 1, 2017, under PSE’s Advice Number 2017-09 and was assigned Docket UG-170692. In accordance with the Commission’s Policy Statement in Docket UG-120715 (“Policy Statement”) PSE submits three CRM filings each year:

1. The initial June filing contained 1) actual costs through April 2017, 2) forecast amounts through October 2017, 3) and the true up to actuals for the forecasted October 2016 costs, from last year’s CRM filing under Docket UG-160791.
2. This September filing updates the projected costs from the initial filing to actual amounts for the May 2017 through July 2017 period and updates the forecast for the August through October 2017 period.
3. The third and final filing, the timing of which is discussed below, will update the projected costs from this September filing to actual amounts for the August 2017 through September 2017 period and updates the forecast for the month of October 2017.

In accordance with the Policy Statement, PSE expects to provide the final filing as soon as September data is available which is expected to be around October 16, 2017, and will include a replacement of the originally filed tariff based on the data in the final update.

In this September filing, PSE has included an additional change that was not reflected in the initial June filing. Pursuant to the Policy Statement, PSE is proposing to transfer amounts currently being recovered in this rate schedule into its base rates in its 2017 general rate case filed under WUTC Docket UG-170034 ("2017 GRC"). In order to easily enable this transfer, in this filing, PSE has submitted a revised tariff sheet that breaks out the proposed rates in this filing into the component that will remain in Schedule 149 and the component that will be transferred to base rates with PSE's compliance filing in mid-December 2017 in the 2017 GRC (representing the 2014-2016 plant investment). This will easily enable PSE to zero out the portion of the Schedule 149 rate recovering the 2014-2016 plant investment at the same time as the rate change in PSE's general rate case where the investment will then be included.

Finally, for the 2017 investment that will remain in Schedule 149 for the whole rate period, PSE is proposing to incorporate any differences associated with changes in the allowed rate of return or the depreciation rates that are approved in PSE's 2017 GRC in the true-up in next year's Schedule 149 filing along with the true-up that is performed every year associated with the difference between forecasted and actual investment for the October investment from the prior year.

Publication of the proposed increase, in accordance with WAC 480-90-194, will be completed through a published notice at least 30 days prior to the November 1, 2017, effective date of that filing. Since that notice must occur by October 1, 2017, which is prior to the date of the final update of CRM costs, the notice will reflect the revenue requirement reflected in this update.

The Policy Statement provides that the final update of costs be submitted under the PGA docket for the year. As the CRM filings are already submitted under their own docket, PSE has made this update filing during the same period as its PGA filing (Advice No. 2017-14) and will reflect the effects of the PGA and the CRM in a combined notice to effectuate the intent of the Policy Statement.

The effect of the CRM, including the enclosed update of costs, is an overall increase of \$5,047,339 or 0.5% in annual revenues. The impact of this update for the typical residential customer using 64 therms per month is an increase of \$0.35 or 0.5%.

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Advice No. 2017-09  
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Please contact Kathie Barnard at (425) 462-3716 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,

*/s/ Kenneth S. Johnson*

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Director, State Regulatory Affairs  
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cc: Lisa Gafken, Public Counsel  
Sheree Carson, Perkins Coie

Attachment:  
Natural Gas Tariff Sheet