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January 26, 2018

*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: Advice No. 2018-05 Electric Tariff Filing - Filed Electronically**

Dear Mr. King:

Puget Sound Energy (“PSE”) hereby submits proposed revisions to rates under its electric Schedule 62, Substation And Related Equipment Capacity. 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):**

**2<sup>nd</sup> Revision of Sheet No. 62-A - Substation and Related Equipment Capacity (Continued)**

**3<sup>rd</sup> Revision of Sheet No. 62-B - Substation and Related Equipment Capacity (Continued)**

**Attachment “B” to Schedule 62 - Fixed Charge Rates**

**Attachment “C” to Schedule 62 - Rate Methodology**

The purpose of this filing is to implement changes to Schedule 62 rates resulting from PSE’s most recent General Rate Case (“GRC”) under consolidated Docket Nos. UE-170033 and UG-170034. These rates are updated in accordance with the rate methodology set forth in Attachment C to Schedule 62. There are no changes to the Attachment C rate methodology.

As a result of the GRC, to better reflect the cost difference between an overhead distribution system and an underground distribution system, the proposed changes include two different rates for the Distribution O&M and A&G Charge: 21.85% for overhead and 4.74% for underground. Currently the Distribution O&M and A&G Charge rate is the same for either system. Also as a result of the GRC, the Substation and Feeder plant lives were updated consistent with the depreciation study in the GRC.

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Schedule 62 makes substations and related equipment capacity available for use (“lease”) to PSE customers that take service at high voltage (greater than 50,000 volts) under Schedules 46, 49, 449 and 459, subject to availability and the conditions of Schedule 62. The Schedule 62 optional product has been available for over a decade and has dozens of long-term “lease” customers taking this service. PSE’s program of leasing substation and related equipment capacity has been in existence since at least 1975 and the original investment in the substations currently covered under the program is approximately \$56 million. The approximate annual revenue from this service is \$4 million associated with approximately \$26 million in net leased plant.

This proposal represents an overall decrease in bills of about \$196,993 for existing substations and related equipment provided for customers’ use under Schedule 62. All Customers currently taking service under Schedule 62 are affected by the changes and all but one will experience a decrease in rates due to the changes in rates reflected in this filing.

The tariff sheets described herein reflect issue dates of January 26, 2018, and effective dates of March 1, 2018. 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. PSE will mail or provide electronically the posting to each customer that would be affected by the proposed change at least thirty days before the stated effective date of the proposed change per the provisions of WAC 480-100-194 (1).

Please contact Mei Cass at (425) 462-3800 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

Attachments:  
Electric Tariff Sheets, listed above