



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

January 24, 2019

Filed Via Web Portal

Mr. Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

**Re: Advice No. 2019-01
PSE's Natural Gas Tariff Filing – Filed Electronically**

Dear Mr. Johnson,

Pursuant to RCW 80.28.060 and WAC 480-80-101 and WAC 480-80-105(1)(c), please find enclosed for filing the following proposed revision to the WN U-2 Tariff for natural gas service of Puget Sound Energy (“PSE”):

27th Revision of Sheet No. 101-B Schedule 1, Tax Adjustment (Continued)

The purpose of this filing is to incorporate the effect of the City of Lake Stevens (the “City”) local utility tax rate change. A copy of the City utility tax levy ordinance, Ordinance No. 1037, is enclosed as Exhibit A to this filing.

The change imposed by the City’s Ordinance No. 1037 is an increase to 6.00% from the current 5.00%. As of December 31, 2018, there were about 8,000 natural gas customers served by PSE within the city limits of Lake Stevens. PSE estimates the corresponding increase in the City tax related annual revenue to be about \$48,000.

The effect of City tax shown on a Lake Stevens PSE customer invoice would be 6.27%, as shown in the Exhibit B to this filing. PSE collects from its customers the total *effect* of the 6% City tax levy rate that includes additional revenue sensitive adjustments such as tax on tax and deductions allowed by the City. The net difference of 0.27% (i.e., 6.27%, the effect of City tax, minus 6.00%, the levy rate per City Ordinance No. 1037) is to account for the additional PSE expenses that PSE will incur due to the collection of the City utility tax on behalf of the City from customers in the City of Lake Stevens. These adjustments include credit losses (0.514%), City tax on City tax (6.00%), City tax deduction, Washington State Filing Fee (0.200%), and Washington State Utility Tax (3.873%).

Per Schedule 1, Section 2, Tax Adjustment, the Washington Utilities and Transportation Commission allows PSE to increase the amount PSE charges its customers to recover the cost of a local utility tax levy and the additional expenses associated with collection of the local utility tax. Since the city tax is added as a component of the amount PSE is collecting from its customers, the revenue associated with the city tax has the effect of increasing PSE’s gross revenue. PSE is also required to pay the Washington State Utility Tax and the Washington State Filing Fee based on PSE’s gross revenue that includes the city tax

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revenue collection via PSE. With each increase in gross revenue, additional expense, tax, and fee amounts become payable.

RCW 82.16.090 requires the posting of the information about the rate, origin and approximate amount of each tax levied upon an electric/natural gas utility and added as a component of the amount charged to the customer. <http://app.leg.wa.gov/rcw/default.aspx?cite=82.16.090>

Light or power and gas distribution businesses—Information required on customer billings.
Any customer billing issued by a light or power business or gas distribution business that serves a total of more than twenty thousand customers and operates within the state shall include the following information:

- (1) The rates and amounts of taxes paid directly by the customer upon products or services rendered by the light and power business or gas distribution business; and
 - (2) The rate, origin and approximate amount of each tax levied upon the revenue of the light and power business or gas distribution business and added as a component of the amount charged to the customer. Taxes based upon revenue of the light and power business or gas distribution business to be listed on the customer billing need not include taxes levied by the federal government or taxes levied under chapters 54.28, 80.24, or 82.04 RCW. [1988 c 228 § 1.]
- NOTES: Effective date—1988 c 228: "This act shall take effect on January 1, 1989." [1988 c 228 § 2.]

The tariff sheet described herein reflects an issue date of January 24, 2019, and effective date of March 1, 2019. Notice and 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.

Please contact Veronica Martin at (425) 457-5624 or Mei Cass at (425) 462-3800 for additional information about this filing. If you have any other questions please contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

Jon Piliaris
Director, Regulatory Affairs
Puget Sound Energy
PO Box 97034, EST-07W
Bellevue, WA 98009-9734
(425) 456-2142
Jon.Piliaris@pse.com

cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachments:

Natural Gas Tariff Sheet, listed above

Exhibit A: Lake Stevens City Ordinance No. 1037

Exhibit B: Calculation of the Total Effect of Lake Stevens Levy City Utility Tax