

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

PUGET SOUND ENERGY, INC.,

Respondent.

) Docket No. UE-072300

) Docket No. UG-072301

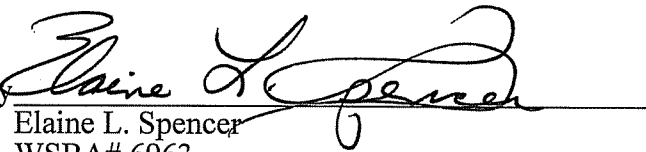
) REQUEST FOR PERMISSION TO REPLY

Seattle Steam Company respectfully requests permission to file the attached Reply Of Seattle Steam Regarding Its Motion For Leave To Provide Notice To Schedule 57 Customers. Seattle Steam believes that the attached reply will assist the Commission in understanding and ruling on its motion.

DATED this 26th day of March, 2008.

GRAHAM & DUNN PC

By



Elaine L. Spencer

WSBA# 6963

Email: espencer@grahamdunn.com

Attorneys for Seattle Steam Company

REQUEST FOR PERMISSION TO REPLY
DOCKET NO. UE-072300 & UG-072301

- 1 -

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) Docket No. UE-072300

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) REPLY OF SEATTLE STEAM
) REGARDING ITS MOTION FOR LEAVE
) TO PROVIDE NOTICE TO SCHEDULE 57
) CUSTOMERS

1. Puget Sound Energy (“Puget”) cannot dispute that on average it is asking that its current Schedule 57 interruptible transportation customers receive a 23.89% rate increase in this proceeding, which on average is the largest increase of any rate class. That is plain from the fine print on the back page of the flyer Puget says it has inserted in its March and April bills. Exhibit 1, attached. It also admits that some of its Schedule 57 customers will get rate decreases, because they will be migrated to a new Schedule 85T. Puget’s response p. 5, ¶ 10. The obvious implication if the average increase is 23.89% is that some current Schedule 57 customers will have less impact and others will experience a rate increase greater than 23.89%.
2. Nonetheless Puget claims that its Schedule 57 customers have received all the notice of this proceeding they are entitled to receive, as a result of Puget filing its proposed rates on the Commission web site and Puget’s insertion of the proposed flyer in the March and April bills.¹ With all due respect to the Commission’s remarkably informative web site, Seattle

¹ Puget also claims that it provided notice to Schedule 57 customers of its gas schedule review. Puget response p. 4, ¶ 7. Attached as Exhibit 2 is a copy of the email notice sent by Puget and the subsequent email exchange between Puget and counsel for Seattle Steam. We trust the Commission will agree that provided no notice of the nature and extent of the rate increase that is proposed for Schedule 57.

REPLY OF SEATTLE STEAM REGARDING ITS MOTION FOR LEAVE
Docket No. UE-072300 & UG-072301

Steam submits that it provides no notice at all to Schedule 57 customers who don't realize the magnitude of the rate increase they are facing and thus do not search the web for information about it. Seattle Steam further submits that the envelope stuffers in the company's March and April bills are unlikely to provide effective notice to Schedule 57 customers.

3. When you send a bill to a company, particularly a major company, it ends up with an accounts payable clerk in the accounting department. When it is being sent to a homeowner, there is a reasonable likelihood of the homeowner reading it and responding if they want to. But an accounts payable clerk is unlikely to read a bill stuffer. If he/she does read it, they are unlikely to know that their employer gets its gas transportation service under Schedule 57. And if they do know that, they may not read past the average rate increase of 5.1% or know who within the company to tell about what they have received. And they certainly are not going to know more than that. So the effectiveness of the envelope stuffer to provide actual notice to Schedule 57 customers is close to zero.

4. Puget argues that Seattle Steam has gotten its facts wrong: some customers using more than a million therms a year will be migrated to its new Schedule 85T and some using less than a million therms a year will stay on Schedule 57. Seattle Steam's proposed letter does not purport to tell customers what the impact on them would be; it simply proposed to send some of the largest Schedule 57 customers the legislative-format version of the revised tariff sheets Puget has filed for Schedule 57 and Schedule 87, so that the Schedule 57 customers could determine that for themselves.

5. As an alternative, Puget's work papers show that it has calculated the best future rate schedule for each of its Schedule 57 customers. It could also undoubtedly calculate the expected increase for each of its Schedule 57 customers. Each of Puget's Schedule 57 customers has an account representative at Puget. The Commission could order Puget,

through the account representatives, to notify each Schedule 57 customer of the increase or decrease Puget expects the customer to receive as a result of this proceeding.

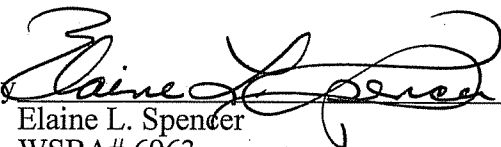
6. Several parties claim Seattle Steam's proposed letter is a misuse of confidential information. Under the Confidentiality Order, customer names are confidential information. Order, p. 2, ¶ 3. Seattle Steam's counsel cannot provide those names – and has not provided those names – to Seattle Steam. It does not propose to provide a list of who receives the letter to anyone. Each Schedule 57 customer would be able to decide whether to respond or not. Seattle Steam fails to see where confidential information would be disclosed.
7. The information would be “used” for purposes of this case. None of the seventeen large Schedule 57 customers are located anywhere near Seattle Steam's steam distribution network, so this is not an effort by Seattle Steam to “market” those customers. It is, potentially, an effort to find similarly situated parties to join forces with, to be better able to respond in this proceeding. The Company has multiple attorneys and experts engaged in this proceeding, as does Commission Staff. Residential customers' interests are protected by public counsel. Although Seattle Steam is one of Puget's largest individual customers, annual Puget's proposal will raise its bill by less than \$70,000 annually, meaning that it cannot possibly bring the resources to this proceeding as a single company that are needed to fully respond to what the Company is proposing. Puget understandably may prefer that the customer group for which it is proposing the largest increase is not able to respond effectively, but there is nothing about that disparity of resources that increases the likelihood that the rates this Commission ultimately establishes will be fair, just, reasonable and sufficient.
8. NWIGU says that it doesn't know which customers Seattle Steam is proposing to notify, and some of them might be NWIGU members. NWIGU's statement is a bit

disingenuous. On March 19 counsel for Seattle Steam discussed exactly which seventeen customers it had in mind with Don Schoenbeck, NWIGU's expert. Neither he nor counsel for NWIGU have claimed that any of those customers are NWIGU members. Seattle Steam's concern about NWIGU is that because it may have Schedule 57 members that Puget is proposing to migrate to Schedule 85 and get a rate cut, NWIGU potentially has a conflict of interest that may limit its advocacy for the largest Schedule 57 customers. Nonetheless, Seattle Steam will be happy to modify its letter as shown on Exhibit 3 and let Schedule 57 customers determine whether to join forces with any of the parties, and if so, with whom.

9. While nominally recognizing that "rate shock" is to be avoided in rate proceedings, Puget has proposed rate increases for its largest transportation customers that are shocking by any measure. Those customers deserve to know what is being proposed. Seattle Steam cannot notify them without the Commission's permission, because their identity is confidential. They unquestionably are entitled to more effective notice than they have received thus far, however, and Seattle Steam asks this Commission to either require Puget to specifically notify Schedule 57 customers of the individualized impact of this proceeding on each customer, or to allow Seattle Steam to provide notice to at least the largest customers.

DATED this 26th day of March, 2008.

GRAHAM & DUNN PC

By 
Elaine L. Spencer
WSBA# 6963
Email: espencer@grahamdunn.com
Attorneys for Seattle Steam Company

REPLY OF SEATTLE STEAM REGARDING ITS MOTION FOR LEAVE
Docket No. UE-072300 & UG-072301

Exhibit 1

**Reply of Seattle Steam Regarding its Motion for Leave to Provide Notice to
Schedule 57 Customers**

NOTICE OF REQUESTED RATE INCREASE

You have an opportunity to comment on PSE's requested rate increase. The Washington Utilities and Transportation Commission will hold three public hearings on this rate request as well as PSE's merger application.

(Please see separate notice for additional merger information)

In December 2007, Puget Sound Energy (PSE) asked the Washington Utilities and Transportation Commission (UTC) for approval to increase its rates by \$174.5 million (9.5 percent overall) for electric customers and \$56.7 million (5.31 percent overall) for gas customers. The primary purpose of these increases would be to recover PSE's costs, including:

- New plant to provide service to customers—increases of \$25.8 million for electric and \$15.5 million for natural gas.
- Depreciation costs—increases of \$12.8 million for electric and \$18.9 million for natural gas.
- \$55.1 million for increases in electric power cost.
- Return on shareholder investment—increases of \$12.2 million for electric and \$5.0 million for natural gas.
- \$16.6 million increase in costs related to storm damage restoration. This amount is a portion of the

6:30 p.m. Public hearing dates and locations

May 15 Bellevue	May 20 Bellingham	June 4 Olympia
Bellevue Community College Room 130 B 3000 Landerholm Circle S.E.	Bellingham Senior Activity Center 315 Halleck Street	Washington Utilities and Transportation Commission 1300 S. Evergreen Park Dr. S.W.

\$83.6 million total cost of the 2006 Hanukkah Eve storm, as well as a portion of the \$28.5 million from other 2003 through 2007 storms. PSE's request would collect the total storm costs in rates over a period of years.

The UTC has the authority to approve rates that are higher or lower than PSE's request depending on the results of its investigation. The UTC will conduct an investigation to determine if the proposed rates are fair. The UTC staff, PSE, Public Counsel Section of the Attorney General's Office, and other parties will participate. The new rates will become effective upon completion of the UTC's investigation, which may take up to 11 months.

The UTC will hold three public hearings so that customers have an opportunity to tell the UTC commissioners their opinions about the rate increase request.



PUGET SOUND ENERGY
The Energy To Do Great Things

You are invited to comment to the UTC:

- in person at one of three public hearings (outlined in this notice)
- in writing (see card at right):
UTC
P.O. Box 47250
Olympia, WA 98504-7250
- by telephone at: **1-800-562-6150**
- via UTC web form:
<http://www.utc.wa.gov/comment>
- by email at:
comments@utc.wa.gov
- by fax at: **360-664-4291**

Please reference docket numbers **UE-072300 (electric) and/or UG-072301 (natural gas)** in your correspondence.

Please use this card or send a letter.

Customer Name: _____

Address: _____

Phone: _____ Email: _____

Docket Number: UE-072300 (electric) UG-072301 (natural gas)

Comments: _____

more room on back

Effects on residential customers

Based on the overall or average Increase ⁽¹⁾ shown below, the request will result in increases for the typical residential electric and for the typical natural gas customer as follows:

Electric Service at 1000 kWh per month ⁽²⁾ :		
	Current Bill	Proposed
Average rate ⁽³⁾ per kwh	8.53¢	9.29¢
Basic charge per month	\$6.02	\$9.00
Total	\$91.27	\$101.91

Natural Gas Service at 68 therms per month ⁽²⁾ :		
	Current Bill	Proposed
Average rate ⁽⁴⁾ per therm	31.248¢	23.719¢
Basic charge per month	\$8.25	\$18.00
Total	\$82.08	\$86.68

Note: The figures shown here are ranges and averages. It is not possible to set out every service or every variation in this brief notice.

⁽¹⁾ Individual rate schedules will see a greater or lesser increase than the overall or average increase shown depending on the amount of usage.

⁽²⁾ Most electric and all gas customers are billed monthly. Some electric customers are billed every other month.

⁽³⁾ Current and proposed electric rates shown above represent the average cost of energy and other per kwh charges.

⁽⁴⁾ Current and proposed natural gas rates shown above represent per therm charges except for the cost of the gas commodity.

Summary of requested rate increases

Electric	Overall	Overall
	\$ Increase	% Increase
	\$174,482,512	9.5%
Type of Service	Electric Schedule(s)	Average Increase ⁽¹⁾
Residential	7	11.8%
Non-Residential	24, 25,	6.4%
Secondary Voltage	26, 29	
Non-Residential Primary	31, 35, 43	9.4%
Campus	40	5.0%
Non-Residential High Voltage	46, 49	9.4%
Non-Residential		
Primary/High Voltage	449, 459	9.4%
Lighting	50-59	7.1%

PSE has proposed to increase the monthly residential electric basic charge from \$6.02 to \$9.00.

Natural Gas	Overall	Overall
	\$ Increase	% Increase
	\$56,770,922	5.31%
Type of Service	Natural Gas Schedule(s)	Average Increase ⁽¹⁾
Residential	23	5.73%
Commercial & Industrial	31	6.86%
Non-Residential		
High Load Factor	41	0.00%
Non-Residential Interruptible	85	0.00%
Non-Residential Interruptible	86	-1.76%
Non-Residential Interruptible	87	3.64%
Non-Residential Transportation	57	23.89%
Compressed for Vehicles	50	4.05%
Rental Water Heaters/Burners	71-74	5.20%

PSE has proposed to increase the monthly residential natural gas basic charge from \$8.25 to \$18.00, to cancel Schedules 36 and 51 and revise and expand schedules for transportation service and cancel Schedule 57 in 2012.

⁽¹⁾ Individual rate schedules will see a greater or lesser increase than the overall or average increase shown depending on the amount of usage.

Comments: (continued) _____

The public is represented by the Public Counsel Section of the Washington Attorney General's Office. You can contact the office at:

Public Counsel
Assistant Attorney General
800 5th Avenue, Suite 2000
Seattle, WA 98104-3188

or by email: utility@atg.wa.gov

To contact Puget Sound Energy, you may reach us in writing at:

Puget Sound Energy
Attn.: Customer Service
P.O. Box 90868
Bellevue, WA 98009-0868

or by e-mail: generalratecase@pse.com

For more information visit PSE.com or call 1-888-225-5773, press option 4.



Exhibit 2

**Reply of Seattle Steam Regarding its Motion for Leave to Provide Notice to
Schedule 57 Customers**

Spencer, Elaine L.

From: Karzmar, Karl [karl.karzmar@pse.com]
Sent: Monday, October 01, 2007 5:02 PM
To: Spencer, Elaine L.
Cc: Hoff, David; Phelps, Janet K
Subject: RE: Gas Schedule Review

Elaine,

This does not affect 87 fundamentally, but we are proposing to make transportation available as a rider, on similar terms but separately, to 31, 41, 85, 86 and 87 followed by the eventual closure (sunset) of 57. We would be happy to meet with you and explain.

...Karl

From: ESpencer@GrahamDunn.com [mailto:ESpencer@GrahamDunn.com]
Sent: Monday, October 01, 2007 4:38 PM
To: Karzmar, Karl
Cc: sgent@seattlesteam.com
Subject: RE: Gas Schedule Review

Does this affect Schedule 57 or 87? If so, can you give me the nickel version of how? I have a conflict this Friday, but Seattle Steam may want to meet separately if this affects their interests.

From: Karzmar, Karl [mailto:karl.karzmar@pse.com]
Sent: Monday, October 01, 2007 4:29 PM
To: jkuzma@perkinscoie.com; simomf@atg.wa.gov; mail@dvclaw.com; efinklea@chbh.com; cstokes@chbh.com; Norman.furuta@navy.mil; Spencer, Elaine L.; mpa@a-klaw.com; deb@a-klaw.com; nancy@nwenergy.org; Danielle@nwenergy.org; mkurtzlaw@bklawfirm.com; Kboehmlaw@aol.com; ronaldroseman@comcast.net; bcedarba@wutc.wa.; scarson@perkinscoie.com
Cc: Hoff, David; Phelps, Janet K; Englert, Eric
Subject: Gas Schedule Review

Invitation to Interested Parties in Docket Nos. UE-060266 and UG-060267:

In the Company's last general rate case, the Company agreed that its current gas rate schedules should be reviewed before the next general rate case filing, to consider how schedules could be combined or separated to better reflect similar types of usage and cost causation. The Commission encouraged that undertaking. The Company is in the final stages of such a review and would like to share and discuss the preliminary results with you. Please join us this Friday afternoon, if you can, for an explanation and discussion of these results. We realize that this is short Notice. Accordingly, if you or a representative are not able to join us for this meeting and would like to meet separately or make other arrangements please let us know.

Place:

The Forum

355 110th Avenue NE, Bellevue, WA 98004

PSE EAST BUILDING

The EAST Building is located at the corner of NE 4th and 110th AVE.

Date:

Friday, October 5

3/25/2008

Exhibit 2

Time:

2:00 PM - 5:00 PM.

We look forward to seeing you in Bellevue on the 5th.

Karl R. Karzmar
Director, Regulatory Relations
Puget Sound Energy
P.O. Box 97034, PSE-08N, Bellevue, Washington, 98009-9734

Phone (425) 456-2797

CONFIDENTIALITY NOTICE

This email message may be protected by the attorney/client privilege, work product doctrine or o
If you believe that it has been sent to you in error, do not read it. Please reply to the sender
Thank you.

Exhibit 3

**Reply of Seattle Steam Regarding its Motion for Leave to Provide Notice to
Schedule 57 Customers**

February 26, 2008

ELAINE L. SPENCER
(206) 340-9638
espencer@grahamdunn.com

customer name
address

Re: Proposed Puget Sound Energy rate increase to Schedule 57 customers

Dear Puget Sound Energy Schedule 57 gas customer:

We understand you may be a gas customer of Puget Sound Energy, receiving interruptible transportation service under Schedule 57. We are currently representing Seattle Steam Company, which also receives interruptible gas transportation service from Puget.

You may not be aware that Puget has filed a general rate proceeding with the Washington Utilities and Transportation Commission in which it has proposed to increase the rates to its largest Schedule 57 customers by 16% or more, is proposing to terminate Schedule 57 by 2012, and assumes that many large Schedule 57 customers will migrate to Schedule 87T in the meantime.

Attached are Puget's proposed revisions to its Schedule 57 and Schedule 87T tariffs. Seattle Steam is interested in having Schedule 57 customers concerned about this rate increase join with it in addressing this issue with the Utilities and Transportation Commission. If you would be interested in participating in this effort, please contact me at this address. In the alternative, you may wish to contact the Northwest Industrial Gas Users, whose counsel is Edward A. Finklea of Cable Huston Benedict Haagensen & Lloyd, LLP at 1001 SW 5th Avenue, Suite 2000, Portland, Oregon, 97204-1136, telephone no. (503) 224-3092 and facsimile no. (503) 224-3176.

Sincerely,

GRAHAM & DUNN PC

Elaine L. Spencer

ELS/els
m38141-1005373.doc

Pier 70
2801 Alaskan Way ~ Suite 300
Seattle WA 98121-1128
Tel 206.624.8300
Fax 206.340.9599
www.grahamdunn.com

Exhibit 3

WN U-2

Thirteenth Revision of Sheet No. 157
Cancelling
Twelfth Revision of Sheet No. 157

PUGET SOUND ENERGY
NATURAL GAS SCHEDULE NO. 57
Distribution System Transportation Service (Firm and Interruptible)

Section 1: Availability: Closed (N)

Deleted: to New Accounts

This distribution system transportation service is available throughout the territory served by the Company to customers who have executed a service agreement for transportation service and are taking service under this schedule as of the effective date of the revision closing this schedule and continuously take service under this schedule until the termination date below. (N)
Transportation service through the Company's facilities is available from the point of receipt into the Company's distribution system to the customer's premise, provided that, in the sole judgment of the Company, there are adequate facilities in place to provide such service. In Kittitas County, the interruptible service option under this schedule shall be available to customers that do not take any gas service during the months of October through March. (N)
Service under this schedule will terminate on December 31, 2012. (N)

Section 2: General Rules and Regulations

Service under this schedule is subject to the rules and regulations contained in the Company's tariff and to those prescribed by the Washington Utilities and Transportation Commission and as they may from time to time be legally amended or superseded.

Section 3: Nature of Service

1. Service under this schedule shall include:
 - a. Receipt of gas and transportation through the Company's distribution facilities to a single delivery point specified in the service agreement.
 - b. Measurement and delivery of customer's gas at the delivery point specified in the service agreement.
 - c. Balancing confirmed nominations and deliveries.
2. Service under this schedule, unless otherwise contracted for, is on an interruptible basis only. A customer contracting for firm transportation service under this schedule must specify in the service agreement the daily firm demand quantity, expressed in therms. Requests for firm transportation service may require a contribution to capital improvement costs if determined necessary by the Company.
3. Transportation service supplied on this schedule shall not be interchangeable with any other gas service supplied by the Company.

(Continued on Sheet No. 157-A)

Issued: December 3, 2007
Advice No.: 2007-35

Effective: January 3, 2008

Issued By Puget Sound Energy

By: _____ Tom DeBoer

Title: Director, Rates & Regulatory Affairs

WN U-2

Tenth Revision of Sheet No. 157-B
Canceling
Ninth Revision of Sheet No. 157-B

PUGET SOUND ENERGY
NATURAL GAS SCHEDULE NO. 57 (Continued)
Distribution System Transportation Service (Firm and Interruptible)

Section 5: Priority of Service

Sales gas volumes shall be measured as first through the meter. Following measurement of sales gas service, transportation services will be provided in the following sequence:

- a. Firm transportation service.
- b. Interruptible transportation service.
- c. Balancing service.
- d. Unauthorized use of gas.

Section 6: Telemetering Requirement

1. Service under this schedule requires Company-specified metering/telemetering equipment or data transmission equipment as specified in the distribution system transportation service agreement.
2. The cost of the initial installation of metering/telemetering equipment or data transmission equipment at the Customer's facility, including associated labor costs, will be borne by the Company. The Customer shall pay for the initial installation cost and ongoing charges for telephone service required by the telemetering or data transmission equipment. The cost of any subsequent change in the metering/telemetering equipment or data transmission equipment, including associated labor costs, necessitated by a change in the Customer's requirements, will be charged to the Customer. After the above-described initial installation, any Company-ordered changes or additions in metering/telemetering equipment, data transmission equipment, and any associated facilities required for the installation, will be acquired and installed at the Company's expense.

Section 7: Rates and Charges

1. For purposes of this rate, the measurement of service shall be expressed in therms; each equivalent to 100,000 British thermal units.
2. Basic charge per month: \$1,050.00. (C)(I)
3. Transportation firm contract delivery demand charge: \$1.50 per therm of daily contract demand per billing period. (I)

Deleted: Customer
Deleted: 800.00
Deleted: 1.02

(Continued on Sheet No. 157-C)

Issued: December 3, 2007
Advice No.: 2007-35

Effective: January 3, 2008

Issued By Puget Sound Energy

By: _____ Tom DeBoer

Title: Director, Rates & Regulatory Affairs

WN U-2

Twelfth Revision of Sheet No. 157-C
 Canceling
 Eleventh Revision of Sheet No. 157-C

PUGET SOUND ENERGY
 NATURAL GAS SCHEDULE NO. 57 (Continued)
 Distribution System Transportation Service (Firm and Interruptible)

4. Transportation service commodity charge (for all therms delivered):

Transportation Service
 Commodity Charge

14.883¢	Per month per therm for first 25,000 therms	(I)	Deleted: 12.483
9.087¢	Per month per therm for next 25,000 therms		Deleted: 7.621
5.867¢	Per month per therm for next 50,000 therms		Deleted: 4.921
3.846¢	Per month per therm for next 100,000 therms		Deleted: 3.226
2.833¢	Per month per therm for next 300,000 therms		Deleted: 2.376
2.237¢	Per month per therm for all over 500,000 therms	(I)	

5. Balancing service charge of 0.070¢ per therm for all therms delivered, for the allocated cost of storage facilities included in the sales portfolio (which shall be credited to FERC Account 191 monthly.) (B)
 (C) Deleted: 1.876
 Deleted: 140
 Deleted: of

6. Transportation costs as set forth in the service agreement will be billed to the Customer's account. Deleted: 0.070¢ per therm

7. The minimum monthly charge hereunder shall be the sum of the basic charge, the firm contract demand charge, and amounts otherwise due under this schedule. The minimum monthly charge shall not be subject to cancellation or reduction for seasonal or temporary periods. (C) Deleted: customer

8. The rates named herein are subject to conditions and adjustments as set forth in Schedule No. 1 and other supplemental schedules, when applicable.

Section 8: Unauthorized Use of Gas

If the Customer fails to comply with the Company's request to partially or totally curtail its use of gas in accordance with the provisions set forth in Section 15 of this rate schedule, all gas used in excess of such curtailment will be billed at the applicable Rate Schedule No. 41 delivery and gas cost commodity rates; and, in addition, the Customer shall pay any applicable penalties as described in Rule 23 of this tariff. The provisions of this paragraph are exclusive of, and in addition to, the Company's right to enforce compliance with its curtailment or interruption request by immediate suspension of all gas service to the Customer.

(Continued on Sheet No. 157-D)

Issued: December 3, 2007
 Advice No.: 2007-35

Effective: January 3, 2008

Issued By Puget Sound Energy

By: _____ Tom DeBoer Title: Director, Rates & Regulatory Affairs

WN U-2

Fifteenth Revision of Sheet No. 187-D
 Cancelling
 Fourteenth Revision of Sheet No. 187-D

PUGET SOUND ENERGY
 NATURAL GAS SCHEDULE NO. 87 (Continued)
 Non-Exclusive Interruptible Gas Service with Firm Option (Optional)

Section 7: Rates

1. For purposes of this rate, the measurement of service shall be expressed in therms, one therm being the equivalent of 100,000 British thermal units.

2. ~~Basic charge per month, \$750.00~~

(C)(I)

Deleted: Customer
 Deleted: 500.00

3. The monthly contract volume charge shall be the sum of the tailblock of the interruptible delivery charge effective rate per therm identified in item 4.a.i. below plus the gas procurement charge per therm rate identified in item 4.a.ii. below multiplied by the deficiency volume, if any, defined as (a) the monthly contract volume, minus (b) the total interruptible gas delivered.

4. The total interruptible gas rate shall be the sum of the contract volume charge and the total interruptible delivery charges and the gas cost charge.

a. Total Interruptible Delivery Charge, the sum of i. and ii. below:

i. Interruptible

Delivery Charge

~~14.883¢~~ Per month per therm for first 25,000 therms

~~9.087¢~~ Per month per therm for next 25,000 therms

~~5.867¢~~ Per month per therm for next 50,000 therms

~~3.846¢~~ Per month per therm for next 100,000 therms

~~2.833¢~~ Per month per therm for next 300,000 therms

~~2.237¢~~ Per month per therm for all over 500,000 therms

(I)

Deleted: 12.483
 Deleted: 7.621
 Deleted: 4.921
 Deleted: 3.228
 Deleted: 2.376
 Deleted: 1.876

ii. Gas Procurement Charge: 0.50¢ per therm for all therms delivered per month.

b. Gas Cost Charge – Interruptible gas cost is: All therms per month multiplied by the sum of the rates in ¢ per therm as shown on Supplemental Schedule No. 101 (Sheet No. 1101) and Supplemental Schedule No. 106.

5. The total firm use gas rate shall be the sum of the demand charges and commodity charge as defined below:

a. ~~Delivery demand charge: \$1.50 per therm per month multiplied by the maximum daily delivery of firm use gas as set forth in the service agreement.~~

(I)

Deleted: 1.02

b. Gas supply demand charge: a rate per therm per month as shown on Supplemental Schedule No. 101 (Sheet No. 1101-B) multiplied by the maximum daily delivery of firm use gas as set forth in the service agreement.

c. Commodity charge: All firm use gas shall be combined with Customer's interruptible gas and billed at the interruptible gas rates in part 4. herein.

(Continued on Sheet No. 187-E)

Issued: December 3, 2007
 Advice No.: 2007-35

Effective: January 3, 2008

Issued By Puget Sound Energy

By: _____ Tom DeBoer

Title: Director, Rates & Regulatory Affairs

WN U-2

Original Sheet No. 187T

PUGET SOUND ENERGY
 NATURAL GAS SCHEDULE NO. 87T
 Distribution System Transportation Service (Non-Exclusive Interruptible with Firm Option)

(N)

Section 1: Availability

This distribution system transportation service is available throughout the territory served by the Company to Customers who otherwise meet all the requirements for service under sales service Rate Schedule 87, Non-Exclusive Interruptible Gas Service with Firm Option, Rule 29, Terms of Distribution System Transportation Service, and have executed a service agreement for transportation service. However, no alternate fuel capability is required for Customers who were taking service under Schedule 57 on the initial effective date of this tariff sheet and migrate from Schedule 57 to this schedule.

Section 2: Terms of Service

Service under this schedule is subject to Rule 29, Terms of Distribution System Transportation Service and Schedule 87, Non-Exclusive Interruptible Gas Service with Firm Option. All provisions of Schedule 87 apply to service under this schedule except those provisions of Schedule 87 replaced by Sections 3 and 4 below and the provisions of Schedule 87 in the section titled Unauthorized Use of Gas which is replaced by the provisions in Rule 29 with the same section title.

Section 3: Rates and Charges

1. For purposes of this rate, the measurement of service shall be expressed in therms, each equivalent to 100,000 British thermal units.
2. Basic charge per month: \$1,050.00
3. Transportation firm contract delivery demand charge: \$1.50 per therm of daily contract demand per billing period.
4. Transportation service commodity charge (for all therms delivered):

Transportation Service	
Commodity Charge	
14.883¢	Per month per therm for first 25,000 therms
9.087¢	Per month per therm for next 25,000 therms
5.867¢	Per month per therm for next 50,000 therms
3.846¢	Per month per therm for next 100,000 therms
2.833¢	Per month per therm for next 300,000 therms
2.237¢	Per month per therm for all over 500,000 therms

(N)

Issued: December 3, 2007
 Advice No.: 2007-35

Effective: January 3, 2008

Issued By Puget Sound Energy

By: _____ Tom DeBoer Title: Director, Rates & Regulatory Affairs

WN U-2

Original Sheet No. 187T-A

PUGET SOUND ENERGY
NATURAL GAS SCHEDULE NO. 87T
Distribution System Transportation Service (Non-Exclusive Interruptible with Firm Option)
(Continued)

(N)

5. Balancing service charge of 0.070¢ per therm for all therms delivered, for the allocated cost of storage facilities included in the sales portfolio (which shall be credited to FERC Account 191 monthly).
6. Transportation costs as set forth in the service agreement will be billed to the Customer's account.
7. The minimum monthly charge hereunder shall be the sum of the basic charge, the firm contract demand charge, and amounts otherwise due under this schedule. The minimum monthly charge shall not be subject to cancellation or reduction for seasonal or temporary periods.
8. The rates named herein are subject to conditions and adjustments as set forth in Schedule No. 1 and other supplemental schedules, when applicable.

Section 4: Adjustments

Rates in this schedule are subject to adjustments as set forth in Schedule No. 1 and to adjustment by Supplemental Schedule Nos. 112, 119 and 129 in this tariff. The adjustment rates are the same as those applicable to Schedule 87.

(N)

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