



Puget Sound Energy
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PSE.com

November 12, 2015

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

RE: Advice No. 2015-30 – Natural Gas Tariff Filing – Filed Electronically

Dear Mr. King:

Pursuant to RCW 80.28.060, WAC 480-80-101 and -105, please find enclosed for filing the following proposed revisions to the WN U-2, tariff for natural gas service of Puget Sound Energy, Inc. ("PSE"):

- Original Sheet No. 188R Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service
Original Sheet No. 188R-A Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-B Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-C Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-D Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-E Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-F Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-G Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-H Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-I Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-J Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-K Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-L Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-M Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-N Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-O Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-P Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-Q Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-R Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-S Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Original Sheet No. 188R-T Schedule No. 88R: Interruptible Distribution System Biomethane Receipt Service (Continued)
Attachment A to Schedule 88R – Service Agreement
Attachment B to Schedule 88R – Gas Quality Agreement

The purpose of this filing is to provide an option for suppliers to inject biomethane onto PSE's distribution system and sell biomethane to an end-use customer. PSE wants to encourage the production of renewable sources of natural gas such as biomethane. This proposed tariff schedule gives suppliers the opportunity to maximize the value of the biomethane.

Description of Service

The service provides eligible biomethane suppliers with the opportunity to inject in excess of 100,000 therms of biomethane annually onto PSE's natural gas distribution system. This service provides for the receipt of biomethane into PSE's distribution system directly and not through the interstate pipeline. Once injected into PSE's system the biomethane must be transported under one of PSE's existing transportation schedules to an end-use customer. The proposed schedule subjects suppliers to curtailment and balancing rules comparable with PSE transportation schedules. The Service Agreement provides for a minimum term of 10 years. The Gas Quality Agreement establishes concentration standards for various gas constituents as well as monitoring, testing, reporting, and recordkeeping requirements.

Established California Public Utility Commission Biomethane Standards

The California Public Utilities Commission ("CPUC") adopted standards for the injection of biomethane into utility pipelines on January 22, 2014.¹ The transport of biomethane is a regulated service currently offered by various California utilities and this filing is consistent with those CPUC standards. The proposed Gas Quality Agreement which outlines specific constituents of concern found in biomethane, concentration standards, and monitoring, testing, reporting and recordkeeping requirements, was generally modeled after the CPUC standards as implemented by various California utilities.²

Pricing Structure

The pricing for this service covers all costs to provide this service and will also contribute to and cover associated fixed costs. There are three price components, 1) a Basic Charge aligned with Schedule 41T, Distribution System Transportation Service (Firm-Large Volume High Load), 2) a Monthly Gas Quality Monitoring Charge, and 3) payment of any costs related to the purchase, installation, operation, maintenance and repair of PSE equipment dedicated to the biomethane customer. In addition, the end-use customer of the biomethane will take service under a current PSE transportation schedule.

¹ As stated in Ordering Paragraph 2 of Decision 14-01-034, the California Public Utilities Commission clarified and adopted, "...the monitoring, testing, reporting, and recordkeeping protocols that were recommended for adoption in the May 15, 2013 'Recommendations to the California Public Utilities Commission Regarding Health Protective Standards for the Injection of Biomethane into the Common Carrier Pipeline.'"

² <http://www.arb.ca.gov/energy/biogas/biogas.htm>


Customer Support for Service

The initial development of this service was at the request of a customer who has been selling biomethane to PSE for decades. This new service will allow that customer and other similarly situated customers to sell biomethane to end-users who may value the product more³. PSE worked closely with this customer and their letter of support is included in the filing as Exhibit A. Another supplier has requested this service as well.

The tariff sheets described herein reflect an issue date of November 4, 2015, and an effective date of January 15, 2016. Posting of proposed tariff changes, as required by law and the Commission's rules and regulations, is being completed immediately prior to or coincident with the date of this transmittal letter through web, telephone and mail access in accordance with WAC 480-90-193.

Please contact Julie Waltari at (425) 456-2945 for additional information about this filing. If you have any other questions please contact me at (425) 456-2110.

Sincerely,



Ken Johnson
Director, State Regulatory Affairs

Enclosures

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

³ Biomethane, when delivered to an end-user for use as a transportation fuel may qualify the supplier to certain compliance market credits under the EPA Renewable Fuels Program.