

EXHIBIT NO. ___(JAP-3)
DOCKET NO. UE-12___/UG-12___
JOINT DECOUPLING ACCOUNTING
PETITION
WITNESS: JON A. PILIARIS

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.
and NW ENERGY COALITION

For an Order Authorizing PSE To
Implement Electric and Natural Gas
Decoupling Mechanisms and To
Record Accounting Entries Associated
With the Mechanisms

Docket No. UE-12___
Docket No. UG-12___

SECOND EXHIBIT (NONCONFIDENTIAL) TO THE

PREFILED DIRECT TESTIMONY OF

JON A. PILIARIS

ON BEHALF OF PUGET SOUND ENERGY, INC.

OCTOBER 25, 2012

PUGET SOUND ENERGY, INC.
Electric Tariff G

SCHEDULE 139
REVENUE DECOUPLING ADJUSTMENT MECHANISM

(N)

1. APPLICABILITY:

This rate is applicable to all Customers of the Company that receive service under Schedules 7, 7A, 8, 10, 11, 12, 24, 25, 26, 29, 31, 35, 40, 43, 46, and 49 and will be applied to all bills to Customers with Energy usage during a month when this schedule is effective.

2. PURPOSE:

The purpose of this schedule is to establish balancing accounts and implement a rate adjustment mechanism that decouples the Company's revenues to recover delivery costs from sales of electricity and restores a portion of the revenue lost by the Company as a result of its conservation investments.

3. MECHANISM:

a. Definitions:

- i. Residential Customers: Customers served under Schedules 7 and 7A.
- ii. Non-Residential Customers: Customers served under Schedules 8, 10, 11, 12, 24, 25, 26, 29, 31, 35, 40, 43, 46, and 49.

b. Calculation:

- i. The Revenue Decoupling Adjustment (RDA) reconciles on a monthly basis, separately for Residential Customers and Non-Residential Customers, differences between (i) the monthly Actual Delivery Revenue resulting from applying a Delivery Cost Energy Rate of 2.789 cents per kWh for Residential Customers and 2.2193 cents per kWh for Non-Residential Customers to their Energy sales, and (ii) the Allowed Delivery Revenue that would be collected by applying the Monthly Allowed Delivery Revenue Per Customer by the active number of Customers in each group for each month.
- ii. The difference resulting when the Actual Delivery Revenue is subtracted from the Allowed Delivery Revenue is accrued monthly in the RDA Balancing Account and will accrue interest at the Company's currently authorized net of tax rate of return grossed up for income taxes. The monthly amount accrued will be divided into sub-accounts so that net accruals for Residential Customers and Non-Residential Customers can be tracked separately.

(N)

Issued: MONTH XX, 2012

Effective: Month XX, 2012

Advice No.: 2012-XX

Issued By Puget Sound Energy, Inc.

By: _____

Tom DeBoer

Title: Director, Federal & State Regulatory Affairs

PUGET SOUND ENERGY, INC.
Electric Tariff G

SCHEDULE 139
REVENUE DECOUPLING ADJUSTMENT MECHANISM (Continued)

(N)

- iii. Monthly Allowed Delivery Revenue Per Customer: For each group of Customers (Residential Customers and Non-Residential Customers), the Monthly Allowed Delivery Revenue Per Customer will be as follows:

Month	Residential	Non-Residential
January	\$36.03	\$171.52
February	\$29.98	\$152.59
March	\$31.98	\$167.13
April	\$25.78	\$153.24
May	\$23.13	\$154.05
June	\$20.09	\$148.26
July	\$20.01	\$156.97
August	\$19.95	\$159.85
September	\$19.94	\$153.13
October	\$25.14	\$158.49
November	\$31.07	\$160.52
December	\$36.48	\$169.56

c. Process:

- i. The amounts accrued in the RDA Balancing Account, including interest, for Residential Customers and Non-Residential Customers through the end of the calendar year will be collected or refunded to the same group of Customers (Residential Customers and Non-Residential Customers) during the subsequent May 1 through April 30 rate year.
- ii. No later than April 1 of each year the Company will make a filing to set the Monthly Allowed Delivery Revenue Per Customer and proposed rates under this Schedule 139 to be effective May 1 of the same year.

4.

ERM:

This mechanism shall remain in effect for no less than five (5) years after its initial effective date, but may be continued, subject to approval by the Commission of a filing by the Company requesting that the term be extended.

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REVENUE DECOUPLING ADJUSTMENT MECHANISM (Continued)

(N)

5. **MONTHLY RATE:** The rate shown below and on the following sheet for each schedule shall be added to the monthly rate(s) for each schedule identified thereby changing the rate charged for electric service. Customer bills shall reflect the sum of this Schedule 139 rate and the rate(s) otherwise charged for electric service.

SCHEDULE 7

Energy Charge: \$0.000000 per kWh

SCHEDULE 7A

Energy Charge: \$0.000000 per kWh

SCHEDULE 24*

Energy Charge: \$0.000000 per kWh

SCHEDULE 25*

Energy Charge: \$0.000000 per kWh

SCHEDULE 26*

Energy Charge: \$0.000000 per kWh

SCHEDULE 29

Energy Charge: \$0.000000 per kWh

SCHEDULE 31*

Energy Charge: \$0.000000 per kWh

SCHEDULE 35

Energy Charge: \$0.000000 per kWh

SCHEDULE 40

Energy Charge: \$0.000000 per kWh

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*Rate applies to the schedule(s) as well as equivalent schedules such as Residential and Farm Schedules.

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SCHEDULE 139
REVENUE DECOUPLING ADJUSTMENT MECHANISM (Continued)

MONTHLY RATE (Continued):

(N)

SCHEDULE 43

Energy Charge: \$0.000000 per kWh

SCHEDULE 46

Energy Charge: \$0.000000 per kWh

SCHEDULE 49

Energy Charge: \$0.000000 per kWh

- 6. **ADJUSTMENTS:** Rates in this schedule and those rates reflected in the schedules for electric service to which this mechanism applies, as listed in the Applicability section above, are subject to adjustment by such other schedules in this tariff as may apply.
- 7. **GENERAL RULES AND PROVISIONS:** Service under this schedule is subject to the General Rules and Provisions in this tariff (Schedule 80) as they may be modified from time to time and other schedules of such tariff that may from time to time apply as they may be modified from time to time.

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