

Attachment B



February 3, 2009

Mr. David Danner, Secretary and Executive Director
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

**RE: Docket No. U-072375
Compliance Filing
Advice No. 2009-05
Natural Tariff Filing – Filed Electronically**

Dear Mr. Danner:

Pursuant to RCW 80.28.060 and Chapter 480-80 WAC, please find enclosed for filing the following proposed revisions to the WN U-2 for natural gas service of Puget Sound Energy (the “Company” or “PSE”).

- 30th Revision of Sheet No. 4 - Natural Gas Tariff Index (Continued)
- 13th Revision of Sheet No. 5 - Natural Gas Tariff Index (Continued)
- Original Sheet No. 1132 - Schedule 132 – Merger Rate Credit
- Original Sheet No. 1132-A - Schedule 132 – Merger Rate Credit (Continued)

The purpose of this filing and the electric tariff filing being filed coincident with this filing is to comply with Transaction Commitment number 34 in the Multiparty Settlement Stipulation that is Attachment A to Order No. 8 in Docket No. U-072375 (the “Order”). Transaction Commitment number 34 is a commitment to provide rate credits of \$100 million over a 10-year period (\$10 million per year for ten years).

As provided for in the Order the rate credits of \$10 million per year for a ten year period are to commence at the closing and are comprised of \$8.8 million that is not offsettable and \$1.2 million that is fully offsettable to the extent that the Company can demonstrate that the savings are associated with the merger. This filing reflects a total of \$113,416 in offsets to the \$1.2 million. \$73,891 of the \$113,416 offset is shown as an adjustment in Exhibit ____ JHS-15 and \$39,525 is shown as an adjustment in Exhibit ____ KRK-09 in Docket Nos. UE-072300 and UG-072301 respectively. These adjustments result in a total of \$9,886,584 to be credited to customers (\$10,339,246 after gross-up) or \$6,441,106 to electric customers and \$3,445,475 to natural gas customers.

Work papers supporting the total amount to be passed through for the year ending December 31, 2009, and the spread of this amount to rates are also enclosed.

The Company is proposing that the credit for the first year start immediately following the closing of the “Proposed Transaction” (as defined in the Order) and be passed through during the remainder of 2009. The subsequent periods for the rate credits would be for the calendar year.

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On or before December 1 of each year that Schedule 132 is in effect the Company will file a revision to true-up the rate credits due to differences in actual usage from what was used to calculate the rate credits however the rates are expected to be credits on all annual filings. Provided that the rates filed each year in Schedule 132 are credits, the Company will publish the change in the manner it posts tariffs under WAC 480-100-193 which is typically through posting the change on its web site and making information available by telephone and mail. The Company believes that is in accordance with WAC 480-100-195(3) which provides that when a utility files a tariff change that decreases rates it must publish the change as provided in WAC 480-100-193. Noticing in this way is also described in the attached tariff sheets. If noticing in this manner requires that a waiver of WAC 480-100-195 be requested, the Company hereby requests such a waiver.

The tariff sheets described herein reflect an issue date of February 3, 2009, and an effective date that is the day following closing of the merger approved in the Order, by authority of Order No. 08 in Docket U-072375. The actual effective date will be inserted upon closing of the merger. Posting of proposed tariff change, as required by WAC 480-90-193, is being made by posting the proposed tariff sheet on the PSE web site immediately prior to, or coincident with, the date of this transmittal letter.

This tariff change does not increase recurring charges or restrict access to services. Therefore, notice of proposed tariff change, as required by law and the Commission's rules and regulations (including WAC 480-90-195(3)), is being given to the public immediately prior to, or coincident with, the date of this transmittal letter through web, telephone and mail access in accordance with WAC 480-100-193.

As required by WAC 480-07-883(2) a copy of this filing has been served on each party to this proceeding.

Please contact Lynn Logen at (425) 462-3872 or Eric Englert at (425) 456-2312 for additional information about this filing. If you have any other questions please contact me at (425) 462-3495.

Very truly yours,



Tom DeBoer
Director, Federal & State Regulatory Affairs

Enclosures

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

WN U-2

Thirtieth Revision of Sheet No. 4
Canceling
Twenty-Ninth Revision of Sheet No. 4

PUGET SOUND ENERGY
NATURAL GAS TARIFF INDEX (Continued)

<u>Supplemental Schedule No.</u>		<u>Sheet No.</u>	
101	Gas Cost Rates	1101	
106	Deferred Account Adjustment	1106	(D)
107	New Customer Rate for Facilities Extensions	1107	
112	Deferred Account Adjustment for Transporters	1112	
120	Gas Conservation Service Tracker	1120	
129	Low Income Program	1129	(D)
130	Customer Service Guarantee	1130	(M)
132	Merger Rate Credit	1132	(D)(N)
			(D)
			(D)
			(D)
			(D)
			(D)
			(D)
			(D)
			(D)

(Continued on Sheet No. 5)

(M) Transferred From Sheet No. 5

Issued: February 3, 2009

Effective: The day following closing

Advice No.: 2009-05

the merger approved in Docket No. U-072375

By Authority of the Washington Utilities and Transportation Commission in Docket No. U-072375 Order No. 8

Issued By Puget Sound Energy

By: Tom DeBoer Tom DeBoer

Title: Federal & State Regulatory Affairs

WN U-2

Thirteenth Revision of Sheet No. 5
Canceling
Twelfth Revision of Sheet No. 5,

PUGET SOUND ENERGY
NATURAL GAS TARIFF INDEX (Continued)

Schedule No.

Sheet No.

<u>Natural Gas Energy Efficiency Programs</u>		(K)
183	Natural Gas Conservation Service	1183
203	Residential Low-Income	1203
205	Commercial/Industrial Retrofit Program	1205
206	Residential Information Services.....	1206
207	Energy Education	1207
208	Resource Conservation Manager (RCM) Program	1208
214	Existing Residential Single Family	1214
215	Residential Single Family New Construction	1215
217	Multi-Family Existing Structures	1217
218	Multi-Family New Construction.....	1218
249	Natural Gas Pilot Programs	1249
251	Commercial/Industrial New Construction Efficiency.....	1251
260	Commercial Information Services	1260
261	Energy Efficiency Technology Evaluation	1261
262	Commercial and Industrial Incentive Program	1262
270	Local Infrastructure and Market Transformation and Research Support	1270
 <u>Line Extension Pilot</u>		
307	Extension of Distribution Facilities - Pilots	1307

(K) Transferred to Sheet No. 4

Issued: February 3, 2009

Advice No.: 2009-05

By Authority of the Washington Utilities and Transportation Commission in Docket No. U-072375 Order No. 8

Issued By Puget Sound Energy

Effective: The day following closing
the merger approved in Docket No. U-072375

By:



Tom DeBoer

Title: Federal & State Regulatory Affairs

PUGET SOUND ENERGY
NATURAL GAS SUPPLEMENTAL SCHEDULE NO. 132
Merger Rate Credit

(N)

Section 1: Availability/Eligibility

This rate credit is available to all Customers of the Company and will be applied to all bills to Customers with natural gas usage during a month when this schedule is effective.

Section 2: Purpose

The purpose of this rate credit is to pass through the rate credits as described in the Order (see definition below). The rate credits will be applied on a per therm basis as described in the Adjustment paragraph below and the per therm rate will be adjusted annually to reflect the difference between the actual amounts of credits passed through in the prior year and the amount to be funded in accordance with the Order plus the credit per therm for the upcoming year based on projected loads in the upcoming year.

Section 3: Definitions

Order: Refers to Transaction Commitment number 34 in the Multiparty Settlement Stipulation attached as Attachment A to the Washington Utilities and Transportation Commission's Order No. 8 in Docket No. U-072375.

Section 4: Funding

Rate credits of up to a total of \$10 million per year for ten years are provided by Puget Sound Energy and Puget Holdings to all eligible electric and gas Customers of the Company. Rate credits totaling \$8.8 million per year will be available under this schedule and the corresponding electric tariff rate schedule. Additional rate credits that are fully offsettable as provided in the Order of up to \$1.2 million per year for ten years will also be available under this schedule and the corresponding electric tariff rate schedule. If the amount of funding changes (as provided in the Order) as a result of a general rate case, the rate credit per therm may be adjusted by submitting a rate change to the Commission following the conclusion of the general rate case.

Section 5: Adjustment

In addition to the rate specified in the otherwise applicable rate schedules the following rate credits will apply from the initial effective date of this tariff sheet until December 31, 2009. On or before each December 1 starting in 2009 through 2017 the Company will submit revised rates to the Commission that are proposed to be effective the following calendar year.

(N)

(Continued on Sheet 1132-A)

Issued: February 3, 2009

Advice No.: 2009-05

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Issued By Puget Sound Energy

By: Tom DeBoer Tom DeBoer

Title: Federal & State Regulatory Affairs

PUGET SOUND ENERGY
NATURAL GAS SUPPLEMENTAL SCHEDULE NO. 132
Merger Rate Credit
(Continued)

(N)

Section 6: Rate

MONTHLY RATE EFFECTIVE THROUGH DECEMBER 31, 2009:

Schedule 16	\$(0.10) per mantle
Schedules 23 and 53	(0.552) ¢ per therm
Schedules 31, 31T and 61	(0.456) ¢ per therm
Schedules 41 and 41T	(0.179) ¢ per therm
Schedules 85 and 85T	(0.087) ¢ per therm
Schedules 86 and 86T	(0.221) ¢ per therm
Schedules 87 and 87T	(0.068) ¢ per therm
Special Contracts	(0.052) ¢ per therm
Schedules 71, 72 and 74	\$(0.16) per unit

Section 7: Termination

The rate credits under this schedule will terminate at such time as the rate credits described in the Order have been fully credited to Customers or December 31, 2018, whichever is sooner. Any balance remaining on December 31, 2021, will be included in the revenue requirement of the next following general rate case. Once this remaining balance is included in rates for service the rate credits will not be available on adjusted bills.

Section 8: True-Up And Notice Of Rate Changes

The rate credits in this schedule will be adjusted annually and may be adjusted following conclusion of a general rate case. Annual adjustment of the rate credits will take into account actual usage and the projected usage used to develop the rate credits and true-up for differences. The total usage of all Customers is generally expected to increase over time which will result in a reduction in the credit rates in this schedule, however, the total of the rate credits to all electric and gas Customers over the ten years will be in accordance with the Order. Since the rate credits in this schedule are credits, notice to the public of changes in the rate credits will be provided on the Company's web site, by telephone and by mail in accordance with WAC 480-90-195(3).

Section 9: General Rules And Regulations

Service under this schedule is subject to the general Rules and Regulations contained in this tariff.

(N)

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