



February 21, 2023

Filed Via Web Portal

Ms. Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**Re: Advice No. 2023-06
PSE’s Natural Gas Tariff Filing – Filed Electronically**

Dear Ms. Maxwell:

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 revisions to the WN U-2, tariff for natural gas service of Puget Sound Energy (“PSE”):

115 th Revision	Sheet No. 101	Schedule 81	Tax Adjustment
152 nd Revision	Sheet No. 101-A	Schedule 81	Tax Adjustment (Continued)
30 th Revision	Sheet No. 101-B	Schedule 81	Tax Adjustment (Continued)
14 th Revision	Sheet No. 101-C	Schedule 81	Tax Adjustment (Continued)

The purpose of this filing is to revise natural gas Schedule 1 Tax Adjustment to incorporate the increased Utility and Transportation Commission (“UTC”) regulatory fee for certain utilities that became effective on June 9, 2022, in RCW 80.24.010; and certain outcomes of Order 24/10 of the consolidated Dockets UE-220066, UG-220067, and UG-210918 on December 22, 2022 (“2022 GRC”). Revised tariff sheets regarding electric Schedule 81, Tax Adjustment, are being filed concurrently under Advice No. 2023-05.

Per Schedule 1, Section 2, Tax Adjustment, the UTC allows PSE to increase the amount PSE charges its customers to recover the cost of a municipal utility tax levy and the additional expenses associated with collection of the municipal utility tax. The effect of a municipal utility tax rate as shown in Schedule 1 reflects both the municipal utility tax levy rate and the associated adjustments.

PSE does not profit from passing through a municipal utility tax and these grossed up adjustments. PSE incurs additional taxes and expenses as a result of the collection of a

municipal utility tax levy. With each increase in gross revenue, additional tax and fee amounts become payable. Therefore, the effect of the tax rate in a municipal utility tax ordinance needs to be grossed up to reflect Washington State Public Utility Tax per RCW 82.16, and Washington UTC regulatory fee per RCW 80.24.010, and additional bad debt expenses associated with the collection of the municipal utility tax for the city. The following table summarizes these gross-up adjustments:

Natural Gas			
	Input Used in The Calculation of Proposed Schedule 1 Rates	Input Used in The Calculation of Current Schedule 1 Rates	Change
Bad Debts	0.420%	0.512%	-0.092%
UTC Regulatory Fee	0.400%	0.200%	0.200%
State Utility Tax	3.852%	3.852%	0.000%
Sum	4.672%	4.564%	0.108%

The updated natural gas bad debt expense ratio is 0.420%, which is a decrease of 0.092% from the 0.512% that was incorporated into the current rates. Washington State Senate Bill 5634 revised the UTC regulatory fee under RCW 80.24.010 from 0.200% to 0.400%. Depending on the treatment of UTC regulatory fee, bad debt expenses, and tax expenses in each municipality's utility tax ordinance and the result of rounding the calculation to six decimal places, the effects of these adjustments changes varied among the 71 affected cities.

The impact of the proposed change on a residential bill (at 68 Therm/month) for 70 of the 71 cities is \$0.01/month. City of Federal Way residence would experience an increase of \$0.02/month. There is no estimated residential impact for customers use 68 Therms/month in the City of Woodinville due to rounding. Exhibit A to this letter summarizes, for the 71 affected cities, the rate changes, and the estimated changes on annual revenue and monthly residential customer impact.

Bill assistance programs are available to qualified customers who need help with their energy bills. Customers can go to pse.com or call 1-888-333-9882 to learn if they are eligible. Payment plans are also available to all PSE customers.

PSE respectfully requests an exemption from WAC 480-90-194(4)(d) which requires the publication of proposed tariff changes to include a comparison of current and proposed rates. The effective tax rates for 71¹ out of the 72 cities in Schedule 1 are subject to change in this filing, and the presentation of such a large amount of data may create confusion for customers. To provide the target information for the customers in each of the 71 cities, in conjunction to the newspaper notices, PSE has set up a website where customers can look up the specific change associated with their city at <https://www.pse.com/pages/rates/news-and-filings>. This request has been discussed with Commission Staff prior to this filing.

¹ The effective tax rate for the City of Puyallup was just updated in Docket UG-220887.

PROPOSED

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The tariff sheets described herein reflect an issue date of February 21, 2023, and an effective date of March 24, 2023. Posting of the proposed tariff change for public inspection and review, as required by law and the Commission's rules and regulations, is being completed in accordance with WAC 480-90-193(1). With the exception of WAC 480-90-194(4)(d), notice to the public under the provisions of WAC 480-90-194 will be provided on February 21, 2023, within 30 days of the March 24, 2023 effective date.

Please contact 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
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Bellevue, WA 98009-9734
(425) 456-2142
Jon.Piliaris@pse.com

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

Attachments:

Natural Gas Tariff Sheets, listed above
Exhibit A: Summary of Effective Tax Rate and Estimated Annual Revenue Changes and
Monthly Residential Customer Impacts

**PUGET SOUND ENERGY
 Natural Gas Tariff**

**SCHEDULE 1
 Tax Adjustment**

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1. **Application:** The adjustments contained in this schedule apply to: all charges pursuant to this tariff; to any other rate or charge upon which a tax is applicable within the jurisdiction imposing a tax; or by contract for service to which a tax is applicable within the jurisdiction imposing a tax.

The rates named in this tariff shall be increased by the amount of any tax, assessment, or other charge related thereto, or any increase in the amount thereof, heretofore or hereafter levied by any federal, state, municipal or other governmental authority listed below upon or in respect to: the distribution or sale of natural gas; any other charges made by the Company reflected in this tariff; any other rate or charge upon which a tax is assessed; the right of the Company to operate or do business within the jurisdiction of the taxing body.

2. **Tax Adjustment:** The rates and charges in this tariff, or any other rate or charge upon which a tax is assessed, shall be proportionately increased or decreased by an adjustment equivalent to the amount of the tax, tax refund, assessment or other charge imposed by the jurisdiction and effective as listed below plus, where applicable, the effect of state utility tax, annual filing fee, credit losses, and local taxes plus assessments and interest. In no event shall the Company be entitled to recover any amounts assessed by the taxing jurisdiction that are punitive in nature.

(i) Rates:

Where Applied	City Ord. No.	Rate Eff. Date	City Ord. Rate	Effect of Tax Rate	Limitations
Algona	811	5/8/00	6 %	6.686 %	(a)
Auburn	6170	7/1/08	6 %	6.686 %	
Bellevue	5578	2/4/05	5 %	5.510 %	
Black Diamond	277	5/1/90	6 %	6.686 %	
Bonney Lake	305N	1/6/94	6 %	6.686 %	
Bothell	1289	3/1/88	6 %	6.686 %	
Brier	182.A	1/1/00	6 %	6.055 %	
Buckley	31-89	4/10/09	6 %	6.716 %	
Burien	343	2/9/02	6 %	6.686 %	
Carnation	265	10/4/99	6 %	6.686 %	

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(Continued on Sheet No. 101-A)

Issued: February 21, 2023
Advice No.: 2023-06

Effective: March 24, 2023

By: 

Issued By Puget Sound Energy

Jon Piliaris

Title: Director, Regulatory Affairs

