

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of
PUGET SOUND ENERGY, INC.
for (i) Approval of a Special Contract for
Liquefied Natural Gas Fuel Service with
Totem Ocean Trailer Express, Inc. and
(ii) a Declaratory Order Approving the
Methodology for Allocating Costs
Between Regulated and Non-regulated
Liquefied Natural Gas Services

DOCKET UG-151663

ORDER 09

GRANTING AGREED REQUEST
FOR CONTINUANCE

MEMORANDUM

- 1 On August 11, 2015, Puget Sound Energy, Inc. (PSE or the Company) filed with the Washington Utilities and Transportation Commission (Commission) a Petition for Approval of a Special Contract for Liquefied Natural Gas Fuel Service with Totem Ocean Trailer Express, Inc., and a Declaratory Order Approving the Methodology for Allocating Costs between Regulated and Non-regulated Liquefied Natural Gas Services.
- 2 This docket concerns a proposal by PSE to develop at the Port of Tacoma a liquefied natural gas (LNG) facility capable of receiving nearly 21,000 Decatherms per day (Dth/day) of natural gas from which it can produce approximately 250,000 gallons of LNG when liquefying at nameplate capacity.¹ The facility will be capable of storing approximately 8 million gallons of LNG.² PSE identifies three functions the facility is planned to perform:
 - The Tacoma LNG Facility would supply fuel to Totem Ocean Trailer Express, Inc. (TOTE), under a contract PSE entered with TOTE on October 27, 2014.
 - The Tacoma LNG Facility would provide fuel for sales to other marine vessels or other purchasers.

¹PSE Petition ¶ 13. According to PSE witness Riding, “PSE’s largest gas supply resource is transported on firm pipeline capacity on Williams-Northwest Pipeline with a total of 532.9 MDth/day of capacity to PSE’s service territory. About half of the gas supply moved on NWP capacity is from British Columbia and about half of the gas supply is from Alberta and the Rockies.” Riding, Exh. No. CR-1HCT at 4:8-12.

² PSE Petition ¶ 13.

- The Tacoma LNG Facility would serve as a peaking resource for PSE's core natural gas customers.³

3 PSE initially proposed that the first and third functions should be treated as part of the Company's regulated business, the first meeting the needs of a single customer, TOTE, under a "special contract" and the third providing capacity to meet core retail natural gas customers' peak requirements at tariffed rates.⁴ PSE proposed that the second function would be a separate, unregulated business.

4 The Commission established a briefing schedule and, considering the parties' arguments, entered Order 04 in this proceeding on December 18, 2015. In Order 04, the Commission determined that it has "general jurisdiction under Title 80 RCW to regulate sales of liquefied natural gas by gas companies for use as transportation fuel." However, the Commission also determined that it lacked authority to exercise its jurisdiction over sales of liquefied natural gas by PSE to TOTE as originally proposed by PSE.

5 Subsequently, the parties entered into negotiations to explore options to the Company's original proposal. Most recently, these negotiations have been mediated by a third party neutral acceptable to all parties.

6 The Commission held a status conference on Wednesday, August 3, 2016, and established a deadline of Friday, September 9, 2016, by which the parties must conclude their mediated discussions in the proceeding. Following the status conference, the parties have continued to meet and have determined that additional time for continued discussion is necessary. On September 1, 2016, the parties filed jointly their Agreed Request for a Continuance Pursuant to WAC 480-07-385. Specifically, the parties request the deadline for mediated discussions be extended from September 9, 2016, to September 30, 2016.

7 Based on discussion during the status conference on August 3, 2016, and prior statements by PSE from time to time during the course of this proceeding, the Commission is aware that timely resolution of this matter is important. Indeed, PSE has suggested more than once that time is of the essence vis-à-vis initiation of construction, if the project is to go forward without financial consequences for the Company under its contract with TOTE and perhaps other contractual relationships. On the other hand, the pending request for a

³ See PSE Petition ¶¶ 11, 30, 32-33.

⁴ According to PSE: "This peaking resource would allow PSE to avoid purchasing 365-day pipeline capacity to meet a few days of peak demand that may only occur once every few winters." Garratt, Exh. No. RG-1CT at 9:19 – 10:23.

brief continuance is a joint request by all parties, including PSE. We are mindful, too, that the parties reported favorably on their progress toward resolving the issues that separate them during the status conference on August 3, 2016. It seems therefore in the best interest of the parties and the Commission, and in the public interest, that the parties' joint request for continuance be granted. We so order and give notice below.

ORDER

8 THE COMMISSION ORDERS THAT the parties jointly filed Agreed Request for a Continuance, as described in the body of this order, is GRANTED.

NOTICE

9 **THE COMMISSION GIVES NOTICE THAT the deadline by which the parties' mediated discussions must conclude in the above-captioned matter is continued from September 9, 2016, to September 30, 2016.**

10 **THE COMMISSION GIVES FURTHER NOTICE THAT it will conduct a status conference on Friday, September 30, 2016, in the Commission's Hearing Room 206, beginning at 1:30 p.m.**

Dated at Olympia, Washington, and effective September 2, 2016.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DENNIS J. MOSS
Senior Review Judge