



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • www.utc.wa.gov

October 7, 2016

NOTICE OF HEARING
(Set for 9:30 a.m., Monday, October 17, 2016)

AND

NOTICE OF PUBLIC COMMENT HEARING
(Set for 6:00 p.m., Wednesday, October 19, 2016)

RE: *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

TO ALL PARTIES AND INTERESTED PERSONS:

On August 11, 2015, Puget Sound Energy, Inc. (PSE) 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.

The Commission entered Order 04 on December 18, 2015, determining among other things that “PSE’s service to TOTE as [initially] proposed is not within the Commission’s jurisdiction to regulate.” The Commission also concluded, however, “that the legislative finding in RCW 80.28.280 that the development of liquefied natural gas vessel refueling facilities is in the public interest requires that we take our inquiry further.” The Commission gave notice of additional public process to consider the matter.

The Commission entered Order 05 on January 11, 2016, extending the date for filing supplemental briefs from January 15, 2016, to January 29, 2015, allowing an opportunity for parties to file reply briefs on February 15, 2016, and rescheduling oral argument. On January 25,

2016, in Order 06, the Commission granted an unopposed motion from its regulatory staff (Commission Staff or Staff) to suspend the procedural schedule to allow parties additional time to engage in settlement discussions.

On March 4, 2016, PSE filed a motion requesting that the Commission establish a bifurcated proceeding in Docket UG-151663 to allow for review of an alternative business model PSE is proposing as contemplated by Commission Order 04. PSE's alternative business model would treat all sales of LNG for transportation fuel as non-jurisdictional. The Company proposes to establish a newly formed, unregulated subsidiary of Puget Energy (PSE's parent corporation) as the business entity that would make such sales to TOTE and others.

The Commission entered Order 07 establishing a bifurcated process for considering certain "threshold" issues in phase one, with other issues to be determined in a subsequent phase two, if necessary. Order 07 established dates for initial and response briefs to be filed, and for oral argument, in phase one. On May 9, 2016, Public Counsel filed a motion requesting a brief extension of time for parties to file their phase one response briefs to Puget Sound Energy's (PSE) brief filed in phase one on April 15, 2016. The Commission granted Public Counsel's motion in Order 08 on May 9, 2016.

On May 26, 2016, the Commission convened a hearing before the Commissioners and the presiding Administrative Law Judge. The Commission considered preliminarily a request by PSE that the oral argument scheduled for the hearing be continued in favor of providing an opportunity for the parties to engage in mediated settlement negotiations. Following discussion on the merits of PSE's proposal the Commissioners expressed their willingness to provide the opportunity PSE requested. As summarized briefly by the presiding Administrative Law Judge, it seemed to the Commission that the parties:

are willing to engage in good faith in a mediated process with open minds, creative thinking, out-of-the-box thinking, whatever may be required to try to accommodate the various interests that were expressed at high levels today.¹

The Commission set September 9, 2016, as the date by which the parties would complete the mediation process. The Commission granted the parties joint request for a continuance until September 30, 2016, in Order 09. On September 30, 2016, the parties filed their proposed Settlement Stipulation for the Commission's approval. On October 7, 2016, PSE filed evidence in support of the settlement stipulation.

¹ TR. 120:5-11.

The Commission, given the press of other pending business, finds good cause to hold an evidentiary hearing on shortened notice to examine the evidence and provide opportunity for oral statements concerning the merits of the parties' proposed settlement on Monday, October 17, 2016, at 9:30 a.m. The Commission, for the same reason, also finds good cause to provide on shortened notice an opportunity for the public to comment on the Petition and the proposed settlement on October 19, 2016, at 6:00 p.m.

THE COMMISSION GIVES NOTICE that it will hold an evidentiary hearing in this matter at 9:30 a.m., on Monday, October 17, 2016, in Room 206, Second Floor, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.

THE COMMISSION GIVES FURTHER NOTICE that it will hold a public comment hearing at 6 p.m., on Wednesday, October 19, 2016, in Room 206, Second Floor, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.

DENNIS J. MOSS
Senior Review Judge