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4 **BEFORE THE**
5 **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**
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8 In the Matter of the Petition of
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10 **PUGET SOUND ENERGY, INC.**
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12 for (i) Approval of a Special Contract for
13 Liquefied Natural Gas Fuel Service with
14 Totem Ocean Trailer Express, Inc. and
15 (ii) a Declaratory Order Approving the
16 Methodology for Allocating Costs Between
17 Regulated and Non-regulated Liquefied
18 Natural Gas Services
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Docket No. UG-15_____

Declaration of Roger Garratt in Support 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

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23 1. I, ROGER GARRATT, hereby declare under penalty of perjury under the
24 laws of the State of Washington that the following are true and correct:
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27 2. I am the Director of Strategic Initiatives for Puget Sound Energy, Inc.
28 (“PSE”). My responsibilities include overseeing the acquisition of electric resources for
29 PSE, commencing with the request for proposal process and culminating in the execution
30 and closing of all of the definitive agreements necessary to acquire a resource. In addition, I
31 am responsible for contracts for long-term electric supply and the emerging technology
32 program. I have personal knowledge of the matters set forth in this Declaration and, as to
33 matters that call for an opinion, state such opinion on information and belief based on my
34 experience in the industry and with PSE.
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Declaration of Roger Garratt in Support of the
Petition of Puget Sound Energy, Inc.

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1 3. PSE is requesting a declaratory order from the Washington Utilities and
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3 Transportation Commission (“Commission”) approving the current cost allocation
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5 methodology approved by the Commission in Docket Nos. UE-960195 and U-072375 for
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7 allocating costs between regulated and non-regulated liquefied natural gas (“LNG”) services
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9 to be provided by PSE’s proposed Tacoma LNG Facility. PSE believes this existing,
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11 Commission-approved cost allocation methodology is appropriate for use in allocating costs
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13 between the regulated and non-regulated portions of the Tacoma LNG Facility. There is
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15 uncertainty, however, regarding whether the existing, Commission-approved cost allocation
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17 methodology will be deemed by the Commission as appropriate for allocating both the
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19 regulated and non-regulated costs of the Tacoma LNG Facility between its regulated and
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21 non-regulated operations.
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25 4. Parties have argued that PSE should offer natural gas sales for vehicular fuel
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27 and industrial end uses as non-regulated services. As discussed in the Petition, PSE is
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29 proposing to offer both regulated and non-regulated fuel sales from the Tacoma LNG
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31 Facility. Under its regulated and non-regulated fuel sales proposal, PSE will:
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- 35 (i) offer the already subscribed capacity of the Tacoma LNG
36 Facility (i.e., the capacity associated with peak shaving and
37 sales to Totem Ocean Trailer Express, Inc. (“TOTE”) of
38 LNG as marine fuel) as regulated services; and
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 - 40 (ii) offer the unsubscribed capacity of the Tacoma LNG
41 Facility (i.e., the capacity not associated with either peak
42 shaving or sales to TOTE of LNG as marine fuel) as non-
43 regulated services.
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1 5. PSE acknowledges the unique nature of its request in the proceeding (i.e.,
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3 offering the subscribed portion of the Tacoma LNG Facility capacity as regulated fuel sales
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5 service and the unsubscribed portion of the Tacoma LNG Facility capacity as non-regulated
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7 fuel sales service). PSE's proposal provides benefits to core gas customers and TOTE by
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9 virtue of reducing the allocated capital and fixed operational costs of the Tacoma LNG
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11 Facility to those customers and shields its core gas customers from the risks inherent in the
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13 unsubscribed capacity of the Tacoma LNG Facility. Before embarking on this unique
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15 structure, PSE needs to resolve the controversy and uncertainty to ensure that it can project
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17 how the costs and revenues associated with the regulated and non-regulated operations of
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19 the Tacoma LNG Facility can be allocated.
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23 6. The uncertainty regarding whether PSE's existing, Commission-approved
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25 cost allocation methodology will be deemed by the Commission as appropriate for
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27 allocating costs of the Tacoma LNG Facility between its regulated and non-regulated fuel
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29 sales adversely affects PSE.
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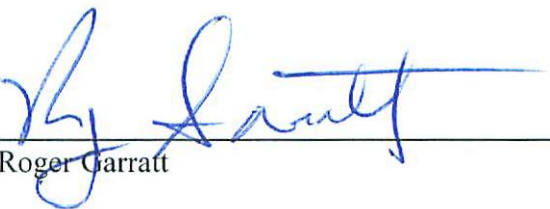
33 7. PSE is unaware of any potential or actual adverse effects on others or on the
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35 general public that might arise from the requested declaratory order. Indeed, the declaratory
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37 order would allow PSE's core gas customers to receive some benefits of the economies of
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39 scale associated with constructing a larger facility and the offering of diverse services and
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41 result in decreased costs to core gas customers. In addition, by combining the
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43 complementary load profiles of its peak shaving needs and the needs of the marine, heavy-
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45 duty trucking and other fuel markets, PSE can optimize the Tacoma LNG Facility and
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1 minimize peaking-resource costs for PSE's retail natural gas customers. Rather than
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3 creating adverse effects on others, resolving the uncertainty faced by PSE paves the way for
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5 PSE to achieve these benefits for its core gas customers and provides opportunities for
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7 increased use of LNG in the developing LNG fuel markets in the region.
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10 8. The PSE Board of Directors ("Board") is scheduled to meet on November 4,
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12 2015, to make a decision regarding whether to move forward with the Tacoma LNG Project.
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14 In order to make an informed decision regarding the Tacoma LNG Project, the Board needs
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16 to know whether the existing, Commission-approved cost allocation methodology is an
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18 appropriate methodology for allocating costs between regulated and non-regulated LNG
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20 services and approves of its use by PSE to allocate costs between its regulated and non-
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22 regulated LNG services.
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26 9. For these reasons, PSE requests that the Commission issue, on or before
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28 November 3, 2015, (i) an order approving a special contract by and between TOTE and
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30 PSE; and (ii) a declaratory order approving the methodology for allocating costs between
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32 regulated and non-regulated LNG services, and related approvals under the terms and
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34 conditions set forth in more detail herein.
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37 Executed this 11th day of August, 2015, at Bellevue, Washington.
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Roger Garratt