



City of Tacoma
Environmental Services Department

April 15, 2014

Mr. Steven King, Executive Director
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

RE: Docket UG-140425

Dear Mr. King:

I am writing in response to the questions posed in your letter dated November 4, 2013. Thank you for your interest in my opinion on this matter. I have addressed your questions in the table below.

| Issue | City of Tacoma Response |
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| 1. What are the benefits to Washington State of widespread availability of Compressed Natural Gas (CNG) services for transportation? | Typical benefits of Compressed Natural Gas (CNG) include reduced emissions (greenhouse and others), lower cost vs. petroleum (roughly 50%-60% lower), and improving energy security. The displacement (reduction) of demand on petrol fueling will also tend to also reduce the upward price pressure on petrol fuels as well. |
| 2. What are the benefits to utility ratepayers if the Washington Utilities and Transportation Commission (Commission) approves a utility tariff for gas compression service, and if so, what are those ratepayer benefits? | Increased adoption and availability of CNG fuel. Responses to item 1 above are valid here as well. |
| 3. What are the risks to ratepayers, if any? | If a project in which PSE invests fails, PSE would need to re-allocate whatever resources may have been expended to an alternate use. However, as CNG adoption is projected to continue to grow for the foreseeable future, such re-allocation should be feasible with minimal costs / charges resulting. |
| 4. Is the existing gas compression market potentially competitive? If so, how is the market benefited or harmed if a regulated utility provides service through its tariff? | The gas-compression market is growing but could still be qualified as small, and is in flux. Providing the option to choose PSE as a competitive provider of compression services will add a known, stable vendor to the marketplace. PSE will have to be price- and |

| Issue | City of Tacoma Response |
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| | service-competitive with other providers to be successful in this market. |
| 5. What would be the advantages or disadvantages to the market if a utility provides gas compression service as an unregulated subsidiary buying its gas from its regulated operation via an affiliate transaction? | We believe the added transparency in pricing of a regulated utility participating the market would be a clear benefit to consumers. |
| 6. What constraints exist in developing NGV infrastructure — both nationwide and in Washington? | The key constraint we face is available capital to build the facility under the current delivery methods available to us. |
| 7. What are the appropriate private sector, utility and Commission roles in fostering the economic development and the expansion of the necessary infrastructure? | From a public consumer's perspective it seems that the private sector and utility function should focus on providing CNG as a service. Our organization has no desire to build and operate a gas compression facility. This is not an activity we are familiar with. Engaging in these activities is not part of our core mission and would at minimum be a distraction from our business of collecting solid waste. Having to own and maintain these facilities would slow our adoption of the process as we have to hire staff and train them in these activities. We simply want to be able to purchase gas at the appropriate pressure to use in our vehicles, similar to how we buy gas to heat our buildings. I believe the commission's role is to ensure transparency and equity within this activity. There is tremendous economic and environmental advantage to adopting CNG as vehicle fuel. I believe access to financing and an established and reliable utility as a participant in this market will increase competition in this market will accelerate the development of infrastructure and speed the transition of this important fuel source. |

The City of Tacoma, Solid Waste Management Utility believes that transitioning our collection and transfer fleet to CNG is in the best interest of our rate payers and the environment. We are focused on managing Tacoma's solid waste in the most effective manner possible. It is in our ratepayer's interest that we maintain this focus. Having the ability to purchase CNG in the same manner that we purchase natural gas to heat our facilities will also avoid the distraction of developing and learning a new operational process to add to our already demanding core functions.

Mr. Steven King
Washington Utilities and Transportation Commission
December 10, 2013
Page 3

Again, thank you for inviting me to share my thoughts on this important decision regarding fuel options for our fleet.

Sincerely,

A handwritten signature in blue ink, appearing to read "James Parvey", with a long horizontal flourish extending to the right.

James Parvey, P.E., LEED AP
Senior Principal Engineer

