



**CABLE HUSTON** LLP

TOMMY A. BROOKS  
ADMITTED IN OREGON AND WASHINGTON

tbrooks@cablehuston.com  
www.cablehuston.com

June 25, 2014

**VIA FEDERAL EXPRESS  
AND ELECTRONIC FILING**

Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive, S.W.  
P.O. Box 47250  
Olympia, WA 98504-7250

**Re: *Docket No. UG-140721*  
Puget Sound Energy – Optional Gas Compression Service  
Comments of Northwest Industrial Gas Users**

Dear Commissioners:

Northwest Industrial Gas Users (“NWIGU”) submits this letter in response to Puget Sound Energy’s (“PSE”) proposed tariff in the above-captioned matter. NWIGU supports Staff’s recommendation that the Commission suspend this filing for further investigation.

The key to NWIGU’s support of a local distribution company offering compression or liquefaction services is that the service must be designed to stand alone, not relying on subsidies from other natural gas customers to get consumers to purchase the compression equipment service. A better alternative to the tariffed service for ratepayers would be for PSE to offer its proposed compression service through an unregulated subsidiary. Whether the Commission allows PSE to provide the proposed service through tariffed rates or through an unregulated subsidiary, the goal of either approach should be to have the services available without existing ratepayers subsidizing the service. Given natural gas’s price advantage over oil, heavy users of gasoline and diesel do not need to be subsidized by ratepayers to switch to natural gas and take advantage of the service PSE is offering.

Even if PSE has not designed its tariff with subsidies in mind, such a result could nevertheless occur if the company does not fully insulate non-compression customers from its proposed compression service activities. The compression service PSE seeks to provide is a new service and, at this early stage, the company cannot accurately predict what its actual costs for providing the service will be. As Staff has noted, the proposed tariff language simply fails to include language ensuring that PSE bears the risk of a failed investment.

June 25, 2014

Page 2

---

NWIGU recommends that the Commission suspend this matter and investigate further whether PSE can adequately keep track of all expenses, including employee time, devoted to offering the service, and whether the company can show that all expenses, as well as investments, are being carried by the revenue from compression customers. If a revenue deficiency is possible, then the Commission should also consider mechanisms for ensuring that rates for the compression service can be adjusted upward to cover the shortfall.

NWIGU appreciates the opportunity to submit written comments and will appear before the Commission when this matter is taken up at the Open Meeting on June 26th.

Very truly yours,



Tommy A. Brooks