



PUGET SOUND ENERGY

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July 10, 2015

Peter Moulton
Washington Department of Commerce
PO Box 42525
Olympia, WA 98504

Mr. Moulton,

Thank you for the opportunity for Puget Sound Energy (PSE) to provide comment on rulemaking related to Chapter 194-29. These rules will affect purchasing decisions for tens of thousands of vehicles and tens of millions of gallons of fuel in the coming years and have the potential to create significant reduction in emissions and transportation costs in Washington. PSE appreciates Commerce's significant work and stakeholder outreach during the development of these rules. Those efforts have resulted in significant improvements to the rules.

At the present time, PSE customers displace approximately 1 million gallons of gasoline a year by using electricity to fuel their vehicles and 6.4 million gallons of diesel a year by using natural gas to fuel their vehicles. Public fleets affected by these rules are significant users in both of these categories.

This correspondence offers PSE's general comments and specific suggestions for improvements to the draft rules.

General Comments

The original legislation requiring these rules was passed in 2007. Since that time, technologies have evolved, market prices for all fuels have changed, and our understanding of the externalities associated with various transportation fuels have changed. A durable, fuel neutral system that allows for change is important to allow fleets to make the most practicable choice over time to maximize gasoline and diesel displacement and associated emissions reductions.

PSE supports the broad definition of practicable as has been outlined in WAC 194-29-020 as well as a flexible application of practicability standards over time. This allows compliance with the legislative language in RCW 43.19.648 "*to the extent determined practicable by the rules adopted by the department of commerce ... are required to satisfy one hundred percent of their fuel usage for operating publicly owned vessels, vehicles, and construction equipment from electricity or biofuel.*"

(emphasis added) while also recognizing that the determination that fleets must make of practicability for their needs must meet the many factors outlined in WAC 194-29-020, and that these factors may vary over time.

PSE appreciates the work that has gone into producing a guidance document to accompany the rules. Consistency between the guidance document and the rules has been challenging through rule development process. We understand that the guidance document is not part of the formal rule, but its consistency with the rule will be important moving forward.

Specific Comments

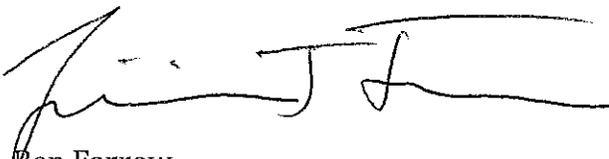
WAC 194-29-020 (1)(a) and (b). Puget Sound Energy recognizes that hybrid vehicles are a form of electrification, but find the proposed rule's order of comparing electric and hybrid electric vehicles first to hybrid vehicles, then to vehicles the government would otherwise procure to be confusing and unnecessary. "Vehicle the government would otherwise procure" is sufficiently broad to encompass hybrid vehicles.

WAC 194-29-070(2)(c). Renewable natural gas is increasingly available as a blend of renewable natural gas and conventional natural gas, much as the biofuels in WAC 194-29-070(2)(a) and (b). This section should be revised to incorporate this flexibility by revising the wording to:

"...It is considered practicable for local governments with natural gas fueled vehicles to purchase blends of at least 5 percent renewable natural gas when the fuel is available at a price equal to or less than fossil natural gas. Local governments are encouraged to purchase blends of at least 20 percent renewable natural gas."

Thank you for the opportunity to submit these comments. If you have any questions or if I can provide further information please do not hesitate to contact me at 425-456-2541.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Farrow", written in a cursive style.

Ben Farrow
Manager, Electric and Natural Gas Development