



Puget Sound Energy
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PSE.com

Filed via Web Portal

February 18, 2021

Mr. Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

**Re: Affiliated Interest Filing Pursuant to WAC 480-90-245 and RCW 80.16
Gas Supply Services Agreement**

Dear Mr. Johnson:

Pursuant to WAC 480-90-245 and RCW 80.16.020, Puget Sound Energy (“PSE”) hereby tenders for filing executed copies of the:

- Gas Supply Services Agreement between Puget Sound Energy, Inc. and Puget LNG, LLC;
- NAESB Base Contract for Sale and Purchase of Natural Gas; and
- Amending Agreement to Base Contract for Sale and Purchase of Natural Gas.

The Gas Supply Services Agreement (“Agreement”), between PSE and Puget LNG, LLC (“PLNG”), governs both the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas (“NAESB Base Contract”) and the Amending Agreement to the NAESB Base Contract (“Amending Agreement”). As standard agreements, transactions or sales of natural gas under the NAESB Base Contract and the Amending Agreement cannot occur until the parties enter into a confirmation. Here, the Agreement is the confirmation. Therefore, the NAESB Base Contract and the Amending Agreement have the same effective date as the Agreement.

Pursuant to paragraph 3.1 of the Agreement, the effective date of the Agreement “shall be the first day of the month during which actual LNG production commences at the Tacoma LNG facility; provided however that start-up testing does not constitute actual LNG production.” Testing is currently underway at the Tacoma LNG facility and PSE anticipates commercial operation will begin on or around May 1, 2021.

This agreement is consistent with the public interest cited in Order 10 of Docket UG-151663. In that Order the Commission stated, in paragraph 21, that “the Tacoma LNG Facility will promote the public interest as recognized by the legislature in RCW 80.28.280”. Furthermore, in

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paragraph 115, the Commission recognized “that the potential benefits of an LNG project that could serve PSE’s core customers’ peaking needs and promote the Legislature’s stated finding in RCW 80.28.280 that the development of liquefied natural gas vessel refueling facilities is in the public interest”. The Commission also made a finding of fact that “the record supports a finding that the Settlement Stipulation is in the public interest. The Agreement allows the Tacoma LNG Facility to commence production and begin commercial operation and thus carry out the public interest that the Commission has recognized, determined and approved.

The Agreement provides a reasonable construct to govern the gas supply arrangement with an affiliated interest. Pursuant to RCW 80.16.020, the agreement provides the compensation to PSE for the rendering of service to PLNG. The standard pricing option is based on an index and several pass-through charges that are easily measured as arm’s-length transactions. PSE believes the Agreement provides benefits to PSE and its PGA customers, through recovery of pipeline costs from PLNG, while PSE maintains control of the pipeline capacity and by allowing PSE to manage compliance with certain air permit requirements of the Tacoma LNG plant. PSE requests confidential treatment for portions of the Agreement under RCW 80.04.095 and in accordance with WAC 480-07-160(2)(b). The information labeled as confidential in the Agreement includes commercially sensitive data and confidential information related to charges and certain elements of pricing, which could expose PSE to competitive injury if disclosure is unrestricted.

If you have any questions about the information contained in this filing, please contact Chris Schaefer at 425-456-2932 or chris.schaefer@pse.com. If you have any other questions, please contact me at (425) 456-2142.

Sincerely,

/s/ Susan Free

Susan E. Free

Director, Revenue Requirements & Regulatory Compliance

Puget Sound Energy

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cc: Public Counsel

Attachments:

Gas Supply Services Agreement

NAESB Base Contract

Amending Agreement to NAESB Base Contract