**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

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| In the Matter of the Petition ofPuget Sound Energyfor (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 | Docket UG-151663Affidavit of Steve R. Secrist in Compliance with the Conditions of Order 10 Final Order Approving and Adopting Settlement Stipulation; Reopening Record and Amending Order 08 in Docket U-072375 |

STATE OF WASHINGTON )
 ) ss.
COUNTY OF KING )

STEVE R. SECRIST, being first duly sworn on oath, deposes and says:

 I am Senior Vice President, General Counsel, and Chief Ethics & Compliance Officer for each of Puget Energy and Puget Sound Energy (“PSE”). I make this Affidavit on behalf of Puget Energy and PSE in compliance with the conditions of Order 10 Final Order Approving and Adopting Settlement Stipulation; Reopening Record and Amending Order 08 in Docket U-072375 (the “Final Order”) in Docket UG-151663 in a manner provided by law. I am over the age of eighteen (18) years and make this Affidavit based on personal knowledge, and am competent to do so.

**A. Condition 64 in the Final Order**

 Condition 64 in the Final Order in Docket UG-151663 provides as follows:

Within thirty (30) days of issuance of an order by the Commission approving the Settlement Stipulation consistent with its terms and its conditions, Puget Energy will form or will cause to be formed a wholly-owned subsidiary of Puget Energy named Puget LNG, LLC (“Puget LNG”). Puget LNG will be a special purpose limited liability company formed by Puget Energy solely for the purposes of owning, developing, and financing the Tacoma LNG Facility as a tenant-in-common with PSE.

Final Order at ¶ 74.

 This Affidavit affirms that Puget Energy formed a wholly-owned subsidiary of Puget Energy named Puget LNG, LLC (“Puget LNG”) within thirty (30) days of issuance of the Final Order by the Commission. On November 30, 2016, PSE filed with the Commission in Docket UG-151663 a compliance filing that provided confirmation that Puget Energy had filed a Certificate of Formation for the formation of Puget LNG with the Washington Secretary of State. On January 3, 2017, the Commission issued a notice stating that the Commission has examined PSE’s compliance filing and that it appears to comply with the terms of the Final Order, Paragraph 74, Commitment 64.

 This Affidavit further affirms that (i) Puget Energy formed Puget LNG as a special purpose limited liability company solely for the purposes of owning, developing, and financing the Tacoma LNG Facility as a tenant-in-common with PSE and (ii) Puget LNG will remain a special purpose limited liability company formed solely for the purposes of owning, developing, and financing the Tacoma LNG Facility as a tenant-in-common with PSE for so long as Puget Energy, or any affiliate or subsidiary of Puget Energy, is a member of Puget LNG.

**B. Condition 65 in the Final Order**

 Condition 65 in the Final Order in Docket UG-151663 provides as follows:

Within sixty (60) days of the formation of Puget LNG, PSE will file a non-consolidation opinion with the Commission which concludes, subject to customary assumptions and exceptions, that the ring-fencing provisions are sufficient that a bankruptcy court would not order the substantive consolidation of the assets and liabilities of PSE with those of Puget Energy or its affiliates or subsidiaries, including Puget LNG. If the ring-fencing provisions are insufficient to obtain a non-consolidation opinion, PSE will promptly undertake the following actions:

(i) Notify the Commission of this inability to obtain a non-consolidation opinion;

(ii) Propose and implement, upon Commission approval, such additional ring-fencing provisions around PSE as are sufficient to obtain a non-consolidation opinion subject to customary assumptions and exceptions;

(iii) Obtain a non-consolidation opinion based on the additional ring-fencing provisions and customary assumptions and exceptions; and

(iv) If PSE cannot obtain a non-consolidation agreement based on the proposed additional ring-fencing provisions, PSE will seek guidance from the Commission.

Final Order at ¶ 76.

 This Affidavit affirms that, concurrent with the filing of this Affidavit and within sixty (60) days of the formation of Puget LNG, PSE is filing a non-consolidation opinion with the Commission which concludes, subject to customary assumptions and exceptions, that the ring-fencing provisions are sufficient that a bankruptcy court would not order the substantive consolidation of the assets and liabilities of PSE with those of Puget Energy or its affiliates or subsidiaries, including Puget LNG.

**C. Condition 66 in the Final Order**

 Condition 66 in the Final Order in Docket UG-151663 provides as follows:

PSE’s customers will be held harmless from the liabilities and financial losses of any non-regulated activity of the Tacoma LNG Facility, including any non-regulated activity of Puget LNG. Puget Energy guarantees and will hold PSE’s customers harmless from all liabilities and financial losses of Puget LNG resulting from:

(i) any non-regulated activity of the Tacoma LNG Facility, including the sale or assignment of the assets of Puget LNG to a third party; and

(ii) circumstances in which Puget LNG or any successor to Puget LNG (a) becomes insolvent or is unable to pay its debts when due, (b) files a petition in bankruptcy, reorganization or similar proceedings (and if filed against, such petition is not removed within 90 days), (c) discontinues its business, or (d) a receiver is appointed or there is an assignment for the benefit of creditors of Puget LNG.

Final Order at ¶ 79.

 This Affidavit affirms that Puget Energy will hold PSE’s customers harmless from the liabilities and financial losses of any non-regulated activity of the Tacoma LNG Facility, including any non-regulated activity of Puget LNG, for so long as Puget Energy, or any affiliate or subsidiary of Puget Energy, is a member of Puget LNG.

 This Affidavit further affirms that Puget Energy will guarantee and hold PSE’s customers harmless from all liabilities and financial losses of Puget LNG resulting from any of the following for so long as Puget Energy, or any affiliate or subsidiary of Puget Energy, is a member of Puget LNG:

(i) any non-regulated activity of the Tacoma LNG Facility, including the sale or assignment of the assets of Puget LNG to a third party; and

(ii) circumstances in which Puget LNG or any successor to Puget LNG (a) becomes insolvent or is unable to pay its debts when due, (b) files a petition in bankruptcy, reorganization or similar proceedings (and if filed against, such petition is not removed within 90 days), (c) discontinues its business, or (d) a receiver is appointed or there is an assignment for the benefit of creditors of Puget LNG.

**D. Condition 67 in the Final Order**

 Condition 67 in the Final Order in Docket UG-151663 provides, in part, as follows:

Within sixty (60) days of the formation of Puget LNG, PSE will file a Joint Ownership Agreement between Puget LNG and PSE for approval by the Commission pursuant to RCW 80.16.020.

Final Order at ¶ 86.

 This Affidavit affirms that, concurrent with the filing of this Affidavit and within sixty (60) days of the formation of Puget LNG, PSE is filing a Joint Ownership Agreement between Puget LNG and PSE for approval by the Commission pursuant to RCW 80.16.020.

**E. Condition 68 in the Final Order**

 Condition 68 in the Final Order in Docket UG-151663 provides as follows:

PSE will notify the Commission of any potential sale or transfer of all or substantially all of the assets of the Tacoma LNG Facility or the potential sale or transfer of Puget LNG’s non-regulated operations. PSE must give this notice as soon as practicable.

Final Order at ¶ 95.

 This Affidavit affirms that (i) PSE will notify the Commission of any potential sale or transfer of all or substantially all of the assets of the Tacoma LNG Facility or the potential sale or transfer of Puget LNG’s non-regulated operations and (ii) PSE will give this notice as soon as practicable.

**F. Paragraph 141 of the Final Order**

 Paragraph 141 of the Final Order in Docket UG-151663 requires that (i) two managers on the Board of Managers of Puget LNG should be independent and, therefore, not a member, stockholder, director, officer, or employee of Puget Holdings, LLC (“Puget Holdings”), Puget Energy, PSE, or any other affiliated businesses and (ii) ideally, these independent managers on the Board of Managers, or at least one of them, will have knowledge and experience with liquefied natural gas infrastructure, operations, marketing, or regulation. Final Order at ¶ 141.

 This Affidavit affirms that, as of the date of commercial operations of the Tacoma LNG Facility and continuing thereafter for so long as Puget Energy, or any affiliate or subsidiary of Puget Energy, is a member of Puget LNG, (i) two managers on the Board of Managers of Puget LNG will be independent and, therefore, not a member, stockholder, director, officer, or employee of Puget Holdings, Puget Energy, PSE, or any other affiliated businesses and (ii) at least one of the independent managers of the Board of Managers will have knowledge and experience with liquefied natural gas infrastructure, operations, marketing, or regulation. As of the date of this Affidavit, the initial Board of Managers of Puget LNG does not include an independent manager and consists of Daniel A. Doyle, David E. Mills, and Roger Garratt. The process of identifying at least two individuals who will serve as independent managers on the Board of Managers of Puget LNG consistent with the terms and qualifications expressed by the Commission in paragraph 141 of the Final Order is ongoing, at least two managers will be serving on the Board of Managers of Puget LNG as of the date of commercial operations of the Tacoma LNG Facility and continuing thereafter.

 I have carefully read this Affidavit, and the contents of the foregoing are true and correct to the best of my knowledge and belief.

DATED this 27th day of January, 2017.

STEVE R. SECRIST

SUBSCRIBED and SWORN to me this 27th day of January, 2017, by Steve R. Secrist.

(Signature of Notary)

(Print Name of Notary)

NOTARY PUBLIC in and for
the State of Washington.
My Appointment Expires: