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September 30, 2020

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

**Re: Status of O&M Services Agreement
Docket UG-151663**

Dear Mr. Johnson:

On October 31, 2016, the Commission issued Order 10 (Final Order Approving and Adopting Settlement Stipulation; Reopening Record and Amending Order 08 in Docket U-072375) in Docket UG-151663 (“Order 10”).

Paragraph 94 in Order 10 provides, in part, that Puget Sound Energy (“PSE”) would need to file an O&M Services Agreement for Commission approval under RCW 80.16.020 as an affiliated transaction based on the assumption, at that time, that there would be such an agreement between PSE and Puget LNG, LLC (“Puget LNG”) pursuant to which PSE would be providing those services:

There will be an Operations and Maintenance (O&M) Services Agreement between Puget LNG and PSE, as distinct from the JOA. Mr. Kuzma confirmed that the O&M Services Agreement also falls within the definitions in RCW 80.16.020, and so, it would also have to be brought to the Commission for approval. It is also PSE’s understanding that any amendments to such agreement also would have to be brought to the Commission for approval.

Order 10 at ¶ 94 (footnote omitted).

At the time of the issuance of Order 10 in 2016, PSE anticipated that PSE employees would operate the Tacoma LNG Facility under an O&M Services Agreement between PSE and Puget LNG that would be considered an affiliated transaction subject to Commission approval under RCW 80.16.020. This is no longer the case, and PSE has instead entered into an O&M Services Agreement with a third party, North American Energy Services (“NAES”). Therefore, this letter

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serves to inform the Commission that there is no affiliated transaction for the Commission to review and approve.

PSE and Puget LNG are in the process of amending and restating the Joint Ownership Agreement that PSE filed as a compliance filing in this docket on March 23, 2017. The Amended and Restated Joint Ownership Agreement would reflect the change in the plant operator from an affiliate transaction to an agreement with a third party. The Amended and Restated Joint Ownership and Operating Agreement is scheduled to be approved by Puget LNG in early November. Once executed, PSE plans to file the Amended and Restated Joint Ownership and Operating Agreement in November, 2020.

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) 456-2105.

Sincerely,

/s/ Susan Free

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Director, Revenue Requirements & Regulatory Compliance
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cc: Service List