

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKET UG-230393

**CROSS-EXAMINATION EXHIBIT OF WILLIAM F. DONAHUE
ON BEHALF OF
THE PUYALLUP TRIBE OF INDIANS**

EXHIBIT WFD-__X

Puget Sound Energy's Response to Public Counsel Discovery Request No. 39

October 31, 2023

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-230393
Puget Sound Energy
Tacoma LNG Tracker**

PUBLIC COUNSEL DATA REQUEST NO. 039:

Re: PSE Response to WUTC Staff Data Request 011.

- a. Please answer yes or no. Does all the gas flowing into the Tacoma LNG Facility come exclusively from British Columbia? Please provide documentation for your answer.
- b. If the answer to subpart a is yes, is the gas sourced for Puget LNG sourced and priced separately from that for the PSE portion of the Tacoma LNG Facility?
- c. If the answer to subpart a. is no, please explain how the Tacoma LNG Facility is in compliance with the PSCAA permit.
- d. Please explain how PSE and Puget LNG schedule transmission over the four mile pipeline segment upgrade including prioritization.
- e. For the gas that is delivered to the Tacoma LNG Facility on behalf of PSE customers, please give the routing of that gas from British Columbia to the Tacoma LNG Facility.
- f. For the gas that is delivered to the Tacoma LNG Facility on behalf of PSE customers, please explain how the gas from British Columbia does not flow through pipelines containing gas from sources outside British Columbia.
- g. Please provide the time and dates of the internal discussions held via telephone or Zoom calls including a list of the participants.
- h. Please answer yes or no. Is it correct to understand from PSE's response that nothing was written in an email, presentation, memorandum, or other means of written communication concerning these internal discussions?
- i. If the answer to subpart h. is yes, please explain the standards PSE employs for the documentation of internal communications.
- j. If the answer to subpart h. is no, please provide copies of written communication concerning these internal discussions including but not limited to emails, presentations, and memoranda.

Response:

Puget Sound Energy (“PSE”) objects to Public Counsel Data Request No. 39 to the extent it requests information not relevant to or outside the scope of the issues in this proceeding and is not reasonably calculated to lead to the discovery of admissible evidence. PSE also objects to Public Counsel Data Request No. 39 to the extent it mischaracterizes testimony or prior PSE responses to data requests in this proceeding.

Subject to and without waiving its objections, PSE states as follows:

- a. Yes. PSE purchases British Columbia (“BC”) sourced gas specifically to serve both PSE’s and Puget LNG’s liquefaction demand. In addition, PSE is in compliance with the PSCAA permit Condition 41 E, which requires PSE to demonstrate, daily, that gas delivered to the Tacoma LNG plant flowed on the pipeline from BC. See also the responses to subparts d, e, and f below, for additional information concerning how PSE confirms the gas flowing to the Tacoma LNG Facility is sourced from.
- b. Yes, the gas sourced for Puget LNG is sourced only from Sumas, whereas gas for PSE customers may be sourced from Station 2 or Sumas. Pricing is generally a function of location and term, thus the price could be different.
- c. Not applicable.
- d. The 4 mile segment is an integrated part of the PSE gas distribution system, it is not a transmission pipeline, it is not directly connected to Northwest Pipeline, and it is not scheduled as if it were a transmission pipeline.

Both PSE and Puget LNG notify the Tacoma LNG facility of their plans for the following day, on a day-ahead basis (after having previously provided forecasts on a monthly and weekly basis). Puget LNG also notifies PSE of its request to purchase and transport gas to the Tacoma LNG facility on a day-ahead basis. PSE then confirms whether it can accommodate the request, by determining that Tacoma LNG will not be reserved for peak-shaving mode for the following day and that expected activity on Northwest Pipeline would result in flow from BC, south to PSE’s Frederickson gate station (in compliance with PSCAA requirements). If conditions are acceptable, PSE purchases the necessary gas at Sumas for resale to Puget LNG at Frederickson and nominates the gas to Frederickson on Northwest Pipeline. Puget LNG’s gas is received into the PSE gas system at Frederickson and is transported under the Puget LNG Transportation Service Agreement to the Tacoma LNG plant meter. The distribution system is sufficiently sized for both Puget LNG and PSE to flow gas to the Tacoma LNG Facility. However, in the event of a situation preventing the flow of full volumes to the Tacoma LNG Facility, Puget LNG would be curtailed before PSE.

- e. Natural gas destined for the Tacoma LNG plant for PSE sales customers is purchased at Sumas or Station 2 in BC, flows south on NW Pipeline, is received into the PSE gas distribution system at PSE's Frederickson gate station, and is transported on the PSE distribution system to the Tacoma LNG plant meter using the same route as Puget LNG's gas, as described in section d., above.
- f. Gas flowing to the Tacoma LNG facility for liquefaction does not flow in pipeline segments containing gas from other sources outside BC on the day of flow. While contractually, PSE and others north of PSE's system acquire natural gas from non-BC sources on a daily basis, the actual physical gas molecules in the pipeline from Sumas to Frederickson on most days are exclusively from BC.

PSE monitors Northwest Pipeline operations on a daily basis in order to comply with PSCAA requirements. Pursuant to a methodology acceptable to PSCAA, PSE receives consolidated nomination information regarding service to all Northwest Pipeline customers which allows PSE to determine the physical flow of gas in the corridor from Sumas to Frederickson gate station for the next gas day. Sumas is the only receipt point on the Northwest Pipeline system north of Frederickson that has a direct impact on the mainline flows. If the volume scheduled to be received into the pipeline at Sumas is greater than the total scheduled deliveries between Sumas and Frederickson, the gas remaining in the pipeline after deliveries to Frederickson (to flow further south) and all of the gas received at Frederickson and any points north of Frederickson could only have originated in BC. There are no receipt points on the PSE system south of Frederickson that can flow gas to the Tacoma LNG plant.

- g. The discussions were held over several weeks or months (primarily during the Covid-19 lockdown period) amongst several departments within PSE that would have included regulatory, market services, gas traders, and gas schedulers.
- h. No, however, those discussions were held several years ago and PSE has not been able to locate emails or other correspondence about the discussions. PSE located two presentations that were given to the Energy Management Committee concerning the PSE natural gas sales to Puget LNG and providing transportation-only service to Puget LNG. Those presentations are attached as Attachment A to Puget Sound Energy's Response to Public Counsel data request No. 039. The results of the internal discussion are the natural gas sales and supply contracts between PSE and Puget LNG which have been filed with the WUTC and Puget LNG's Schedule 87T service agreement.
- i. No applicable.
- j. Please refer to the response to subpart h., above.