

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-230393
Puget Sound Energy
2023 Tacoma LNG Tracker**

BENCH REQUEST NO. 002:

William F. Donahue testifies that the Company has exclusive rights to send natural gas and “boil-off gas” into the four-mile distribution pipeline when liquefaction is not occurring.

Donahue, Exh. WFD-5T at 6:18-7:1.

1. Does the Company agree that its Affiliated Interest Filing in Docket UG-210111, on February 18, 2021 (Affiliated Interest Filing), establishes the exclusive rights discussed by Donahue immediately above?
2. Please identify the specific provisions in the Affiliated Interest Filing, which establish these contractual rights.
3. Please provide any agreements or incorporating documents, in addition to the Affiliated Interest Filing, which establish these contractual rights.

Response:

1. Yes, the exclusive rights discussed by Mr. Donahue are established in the Gas Supply Service Agreement (“GSSA”) between Puget Sound Energy (“PSE”) and Puget LNG that was submitted with the filing in Docket UG-210111 (“Affiliated Interest Filing”), as well as in Schedule 87T and the Schedule 87T Transportation Service Agreement between PSE and Puget LNG. In addition, PSE believes that the exclusive rights to inject any gas into the PSE gas distribution system are inherent in PSE’s ownership and operation of the gas distribution system granted in its operation as a gas distribution company. Other parties are only granted permission to inject gas into a gas distribution company’s system by contract, such as a gas transportation agreement pursuant to a tariff or a special contract, with approval from the Commission. Therefore, PSE has exclusive rights for receipt of gas from the Tacoma LNG facility.
2. Sections 4.7 and 4.8 of the GSSA in the Affiliated Interest Filing generally set forth the terms of PSE’s pre-emptive use of the four-mile distribution pipeline.

The expectation of a separate Rate Schedule 87T agreement is noted in Section 4.9 of the GSSA in the Affiliated Interest Filing. Pursuant to section 2 of the Rate Schedule 87T Transportation Service Agreement between PSE and Puget LNG, the Transportation Service provided thereunder “is interruptible and not firm, except as provided in Exhibit ‘A’”. Exhibit A to the Puget LNG Rate Schedule 87T Transportation Service Agreement provides only for interruptible service; therefore, PSE can interrupt gas for delivery to the Tacoma LNG Facility at any time, including when it vaporizes gas for delivery from the Tacoma LNG Facility to the distribution system. PSE recognized that its reserved right to exclusively utilize the four-mile pipeline segment for vaporization would pre-empt PSE’s ability to provide the requested firm service to Tacoma LNG for Puget LNG.

With respect to boil-off gas, the Puget LNG Schedule 87T Transportation Service Agreement allows Puget LNG to inject gas it purchased from PSE in a wholesale gas sales transaction, as documented in the GSSA, at the city-gate connection with Northwest Pipeline for delivery to the Tacoma LNG facility. Puget LNG’s applicable share of boil-off gas is specifically identified as an adjustment to Puget LNG’s imbalance account at the inlet of the Tacoma LNG facility in Sections 6.3 and 6.4 of the GSSA. Section 6.3 of the GSSA assumes that Puget LNG’s share of boil-off gas is absorbed into the PSE gas system (reducing the need for PSE to purchase additional gas on the day) and recorded as “owed to Puget LNG” by adjusting Puget LNG’s imbalance account. See the related discussion in PSE’s Response to Bench Request No. 1.¹

3. A copy of PSE’s tariff Rate Schedule 87T and the Puget LNG Transportation Service Agreement are attached as Attachments A and B to this Bench Request response.

¹ Puget LNG’s share is recorded into an imbalance account, but, because PSE is the only party authorized to put gas in the pipeline for delivery from Tacoma LNG, Puget LNG’s share of the BOG is used by PSE for its sales customers. And, because PLNG already bought and transported this gas, PSE credits this volume back in the imbalance account to PLNG. This arrangement is similar to PSE’s contracts with its other Transport customers who own their own gas.

**ATTACHMENTS A and B to PSE's
Response to
Bench Request No. 002**