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Jeff Killip, Executive Director & Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

**Re: Puget Sound Energy's Biannual Report for Tacoma LNG Facility
Docket UG-230393**

Dear Executive Director Killip:

Puget Sound Energy, Inc. (PSE) submits the following Tacoma LNG Facility Biannual Report (Report) to the Washington Utilities and Transportation Commission (UTC) pursuant to the requirements of Final Order 07, Docket UG-2300393 *Rejecting Tariff Sheets; Authorizing and Requiring Compliance Filing*, issued on April 24, 2024 (the Order). As required in Paragraphs 124 and 308 of the Order, this Report addresses (1) Notices of Violations (NOVs) issued by the Puget Sound Clean Air Agency (PSCAA), (2) PSE's response to any NOVs, (3) any Incentive Payments made to or liquidated damages received from the Operator pursuant to the Operation and Maintenance (O&M) Agreement for Tacoma LNG (O&M Services Agreement), and (4) any repairs, modifications, or improvements made to the flare or flare bypass. This report covers the period of January 1, 2025, through June 30, 2025. Our next report will be submitted in January 2026.

I. PSCAA NOVs

Tacoma LNG operates pursuant to an air permit issued by PSCAA. PSE takes compliance with its permit seriously and endeavors to operate in a manner consistent with permit requirements.

On February 10, 2025, PSCAA issued five NOVs to Tacoma LNG relating to flare diversion events. On March 27, 2025, PSCAA issued three NOVs to Tacoma LNG relating to flare diversion events. On April 8, 2025, PSCAA issued a NOV to Tacoma LNG relating to production activities. Copies of the NOVs are attached in Appendix I.

II. PSE Responses to NOVs

The NOVs issued on February 10, 2025, relate to five flare diversion events that occurred when the flare experienced a loss of flame on its gas burners in February 2024. On February 24, 2025, PSE provided a response to these NOVs. The NOVs issued on March 27, 2025, relate to three flare diversion events in 2023 and 2024. PSE provided a response to these NOVs on April 8, 2025. The NOV issued on April 8, 2025, relates to the total amount of LNG transferred to the storage tank and related reporting in May 2023. PSE provided a response to this NOV on April 21, 2025. A copy of each of PSE's responses is attached in Appendix II.

As described in its responses, PSE worked diligently to identify and address the root causes of the incidents identified in the NOV and take appropriate action to reduce the likelihood of recurrence. PSE takes these events very seriously and took immediate action to minimize any uncontrolled emissions. In all diversion instances, the flare controls implemented real-time safety protocols to protect personnel and the facility. Corrective actions were identified and implemented within a timely manner. At no time did these diversions or the emissions associated with them threaten Tacoma LNG's compliance with its permit emission limits or cause or contribute to air pollution in such a quantity as to create a threat to the public health or welfare. Beyond the operational steps described in PSE's NOV response, PSE is also carefully considering whether other changes can be made to prevent flare diversion events in the future. Since the events noted in the NOV issued on March 27, 2025, no diversion events have occurred. With respect to the transfer of LNG to the storage tank, PSE has implemented additional tracking and reporting procedures to prevent future issues related to the amount of LNG transferred into the storage tank and submittal of related reports. As of this report, PSE has not received any notice of civil penalties from PSCAA for activities covered by the NOV's described above.

III. Operator O&M Services Agreement Payments

During this reporting period, PSE made an Incentive Payment to the Operator, pursuant to the O&M Services Agreement. Incentive Payments are made when the Operator achieves a positive "score" from a performance-based formula that takes into account safety, environmental compliance, truck-loading performance, vaporization performance, and ship bunkering performance. In the 2024 Incentive Payment (covering the period from January-December 2024 and paid in February 2025), the Operator received a -1.0 environmental metric factor due to the number of NOV's received. This reduced the Operator's 2024 Incentive Payment by approximately \$45,980.88.

During this reporting period, the Operator did not pay any liquidated damages pursuant to the O&M Services Agreement. Liquidated damages are owed when the outcome of the formula described above is net negative. In the 2025 contract period, the Operator did not pay liquidated damages, because non-environmental factors, which were positively scored, were also considered in the Incentive Payment calculation.

IV. Flare and Flare Bypass Work

During this reporting period, PSE undertook the following measures designed to reduce the likelihood of future flare diversion events. Specifically, in April 2025, the facility revised the re-start process that applies after complete loss of flame in the flare. The revised procedures shorten the required cool-down period to allow for faster relighting of the flare pilots. In May 2025, PSE installed an automated flow control valve in the warm flare header to enable real-time control of gas flow to the flare burners, and which will automatically shut off if both warm burners go out, temporarily holding gas upstream to provide time for the burners to re-light and potentially prevent a diversion event.

PSE continues to assess potential repair, modifications, and/or improvements to the flare or flare bypass to reduce the likelihood of future flare diversion events.

Jeff Killip, Executive Director and Secretary
July 31, 2025

If you have questions about this report, please contact me at your earliest convenience.

Sincerely,

Ron Roberts

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cc: Service List

Attachments:
UG-230393-PSE-App-I-(07-30-2025)
UG-230393-PSE-App-II-(07-30-2025)
Certificate of Service