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Received
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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-230393 *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 July 1, 2025, through December 31, 2025. Our next report will be submitted in July 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. As of this report, PSE has not received any NOVs from PSCAA for this reporting period.

II. PSE Responses to NOVs

PSE has not received any NOVs from PSCAA for this reporting period.

III. Operator O&M Services Agreement Payments

During this reporting period, PSE did not make any Incentive Payments 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. Incentive payments for 2025 have not yet been calculated, but will be reported in PSE's July 2026 Biannual Report.

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

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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 October 2025, PSE completed installation of the warm header buffer piping project. This project will capture and hold waste gases in the event of flame loss at the vapor destruction unit (VDU), which will provide our operators crucial time to relight the burners before needing to trigger any bypasses of the VDU. The additional storage capacity will also stabilize gas flow throughout the system, improving burner reliability and reducing the likelihood of flame loss.

PSE continues to assess potential changes to the flare or flare bypass to reduce the likelihood of future flare diversion events.

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

Sincerely,



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cc: Service List

Attachments:
Certificate of Service