

Exhibit K. Modified WSPP Agreement

Master Confirmation Agreement to WSPP Agreement

By this Master Confirmation Agreement, dated as of _____, ____ (“Effective Date”), _____ and Puget Sound Energy, Inc. agree to amend specified sections of the WSPP Agreement, including the Service Schedules and Exhibits attached thereto, effective [March 16, 2007], and as amended from time to time in accordance with the guidelines and procedures of WSPP Inc. (“WSPP Agreement”) Capitalized terms used but not otherwise defined herein have the meanings set forth in the WSPP Agreement, except that references in the WSPP Agreement and herein to “this Agreement” shall be deemed to mean the WSPP Agreement as modified by this Master Confirmation Agreement.

The terms and conditions set forth in this Master Confirmation Agreement are incorporated by reference into each oral or electronic agreement and Confirmation between the Parties that is subject to the WSPP Agreement, whether or not these terms and conditions are referenced therein, and each transaction between the Parties pursuant to the WSPP Agreement, shall be subject to the terms set forth in this Master Confirmation Agreement, whether entered into before, on or after the date hereof.

A. Set-off

The following is added as a new section 22.4 immediately after the provisions in Section 22.3:

"22.4 SET-OFF.

After calculation of a Termination Payment, the Non-Defaulting Party ("NDP") may, at its option and in its discretion, set off, against any sum or obligation (whether matured or unmatured or whether or not contingent) (collectively, "Obligation") owed to the Defaulting Party ("DP") by NDP under this Agreement or under any other agreement(s), instrument(s) or undertaking(s), any Obligation owed by DP or any of its affiliates to NDP or any of its affiliates (irrespective of place of payment or booking office of the Obligation) under this Agreement or under any other agreement(s), instrument(s) or undertaking(s). The obligations of DP and NDP under this Agreement in respect of such amounts shall be deemed satisfied and discharged to the extent of any such setoff exercised by NDP and/or NDP's affiliates. NDP will give DP notice of any setoff effected under this Section as soon as practicable after the setoff is effected provided that failure to give such notice shall not affect the validity of the setoff.

If an obligation is unascertained, NDP may in good faith estimate that obligation and setoff in respect of the estimate, subject to the relevant Party accounting to the other when the obligation is ascertained. To the extent that any transactions are not yet liquidated, the NDP shall be entitled, at its option and in its discretion, to withhold payment of a commercially reasonable portion of the aggregate amount, if any, determined under the first paragraph above to be payable by NDP to DP after any pertinent setoff(s), until such transactions are liquidated. Nothing in this Section 22.4 shall be effective to create a charge or other security interest except as may be provided under applicable law. This setoff provision shall be in addition to any right of setoff, netting, off-set, combination of accounts, counterclaim, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise)."

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B. Governing Law

Section 24 is amended by deleting the word “Utah” and replacing it with the words “New York” and inserting “other than those applicable to contracts executed and performed therein” after “thereof.”

C. No Fiduciary Relationship

Section 37 is amended by inserting the following new language at the end thereof:

“Each Party further represents and warrants to the other Party, as of the date of each Confirmation, and of each delivery of capacity and/or energy in connection with the transaction related to such Confirmation, that the other Party is not acting as a fiduciary for or an adviser to it in respect of such transaction and it is not relying upon any representations of the other Party other than those expressly set forth in the WSPP Agreement, any Confirmation or any written guarantee of the obligations of such other Party.”

D. Recordings

Section 32.5 is amended by adding the following to the end of that section before the period:

“, provided that each party will provide the other party with copies of any such recordings introduced into evidence.”

E. Guarantee Grace Period

Section 22.1(e)(ii) is amended by deleting the phrase, “, and such failure shall not be remedied within three (3) Business Days after written notice.”

F. Forward Contracts

Section 35 is amended by inserting the phrase “, the Master Confirmation Agreement” between “this Agreement” and “and the related Confirmation(s)” in the fourth line thereof.

G. Deletion of Alternative Dispute Resolution

Section 21.3(d) is amended by deleting the second sentence thereof.

Section 22.3 is amended by:

- 1) Deleting the last sentence in Section 22.3(e)(i); and
- 2) deleting the first sentence in Section 22.3(f).

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Section 34 is hereby deleted in its entirety.

Exhibit D is hereby deleted in its entirety.

H. Insecurity

Notwithstanding any provision of law (including, without limitation, the Uniform Commercial Code as adopted in the state of New York, if applicable) to the contrary, unless otherwise agreed by the Parties in a separate written agreement, neither Party (for purposes of this section, "First Party") shall have any obligation pursuant to the Agreement or otherwise to provide to the other Party any adequate assurance of performance, any letter of credit, any cash prepayment or any other kind of collateral, security or credit support to secure First Party's performance of its obligations under the transaction described in any Confirmation, even if the other Party has any grounds for insecurity regarding the performance by First Party of its obligations under any Confirmation.

I. Payment of Undisputed Amounts

Section 9.4 is revised in its entirety as follows:

"In order to dispute a bill in whole or in part, a Party must (i) have a good faith belief that the bill is incorrect and (ii) provide written notice of the dispute to the other Party to the transaction. Such written notice shall specify the amount in dispute and state the basis for the dispute. In case any portion of any bill is in dispute, the undisputed amount shall be paid when due. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued from and including the due date to but excluding the date paid with interest calculated in the manner set forth in Section 9.3. A Party shall have the right to dispute the accuracy of any bill or payment only for a period of two (2) years from the date on which the bill was initially delivered."

J. Non-Payment

Notwithstanding any provision of the WSPP Agreement to the contrary (including, without limitation, Section 22 thereof), the non-payment of any amount disputed in good faith shall not constitute an "Event of Default" under the WSPP Agreement or any Confirmation thereunder with respect to either Party.

K. Payment Netting

Section 28.1 is deleted in its entirety and replaced with the following: "The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date pursuant to all transactions through netting, in which case all amounts owed by each Party to the other Party for the purchase and sale of electric energy during the monthly billing period under this Agreement, interest, and payments or credits,

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shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it.”

Section 28.2 is deleted in its entirety. Furthermore, the Parties agree that Exhibit A shall not be applicable to any transaction under this Agreement.

L. Amendment

No amendment or modification to this Master Confirmation Agreement shall be enforceable unless reduced to writing and executed by both Parties.

IN WITNESS WHEREOF, the Parties have caused this Master Confirmation Agreement to be duly executed as of the date first written above.

[_____]

PUGET SOUND ENERGY, INC.

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____