

PUGET SOUND ENERGY, INC.
Electric Tariff G

SCHEDULE NO. 62
Substation and Related Equipment Capacity

Section 1 – AVAILABILITY: The Company shall, subject to the provisions of this Schedule, the Company’s applicable standards and specifications and legal or regulatory requirements applicable to the Company, permit Customers that are eligible to receive Electric Service at high voltage (i.e., greater than 50,000 volts) from the Company to use certain of the Company’s substation and feeder equipment and related equipment capacity when the following conditions are met:

- a. Sufficient specified substation and feeder equipment and equipment capacity are, in the sole judgement of the Company, available or will, at Customers expense, be available, for use requested by Customer. The Company is under no obligation, but may agree in the Company’s discretion, to construct facilities that will be owned by the Company for use as requested by an existing or new Customer that is eligible for service under this Schedule.
- b. Customer and the Company have entered into a Facilities Agreement in the form set forth in Attachment A to this Schedule (with respect to each Customer for which this Schedule is available, “Facilities Agreement”) and such Facilities Agreement will be continuing.
- c. At the Company’s request, Customer will have provided assurance, the adequacy of which will be reasonably determined solely by the Company, of Customer’s performance of its obligations pursuant to this Schedule.

Section 2 – PURPOSE: The purpose of this Schedule is to provide substation distribution services, as part of the Company’s bundled retail services to Customers and as part of the Company’s retail service to Customers eligible for service under Schedule No. 449 or 459 (subject to the provisions of such schedule), using the electrical equipment and equipment nameplate capacity specified in the Facilities Agreement, all pursuant and subject to the terms and provisions hereof and thereof. The purpose of this Schedule is also to provide substation and feeder capacity to Customers eligible for service under Schedules 46 or 49 where the Customer is obligated to provide all facilities beyond the high voltage Point of Delivery but contracts with the Company in order to provide those facilities. Where the entire substation capacity is used or reserved to provide such substation distribution services to the Customer, nameplate capacity shall be specified in Exhibit A to the Facilities Agreement; where a portion of the substation capacity is used or reserved to provide such substation distribution services to the Customer, the percentage share of the substation’s (with respect to each Customer that takes service under this Schedule “Substation” as defined in the Facilities Agreement) nameplate capacity so used or reserved shall be based on the percentage of Customer’s current and projected loads on the Substation in proportion to the total nameplate capacity of the Substation, unless otherwise agreed to by the Company. The Facilities Agreement will describe the equipment that is subject to the provisions of this Schedule.

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Effective: July 1, 2015

Issued By Puget Sound Energy, Inc.

By: 

Ken Johnson

Title: Director, State Regulatory Affairs

PUGET SOUND ENERGY, INC.
Electric Tariff G

SCHEDULE NO. 62

(T)

Substation and Related Equipment Capacity (Continued)

Section 2 (Continued):

(M) (K) (T)

iv. Distribution Feeder Charges (see Section 4 of Attachment C):

| | (T)

(A) Feeder Capital Charges: The fixed charge rate for feeders shown in Attachment B to this Schedule for the appropriate vintage year(s) per dollar of investment amount(s) (as set forth in Exhibit A to the Facilities Agreement), divided by 12

| | (T)

(B) Distribution O&M and A&G Charge: 3.95% per dollar of Distribution Base Cost, divided by 12

| | (T)

(C) Real Property O&M, A&G and Capital Charges (see Section 5 of Attachment C): 10.6464% of the capital investment amount or 100% of the percentage share of Company's annual lease costs, divided by 12

| | (T)

| | (R)

b. Charges other than Monthly Rates: Other charges are reflected in Sections 5, 6, 7 and elsewhere in this Schedule 62 and in Attachments A and C to this Schedule 62.

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Section 3 – ATTACHMENT C: Attachment C to this Schedule sets forth the methodology used to calculate the rates set forth in Section 2 above. Terms defined in Attachment C have the same meaning when used in Schedule 62.

| | (T)

(M) |

Section 4 – INVESTMENT AMOUNT, COSTS: The investment amount (as set forth in Exhibit A to the Facilities Agreement) used as the basis for the Company's determination of the capital charge shall be based upon the Company's records of amounts for the leased substation included in FERC accounts for distribution plant including FERC accounts 360, 361, 362 and 363 as more specifically described in Attachment C to this Schedule.

(N) |

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| |

| (K)

| (K)

When the Company constructs facilities for use by the Customer under this Schedule, the capitalized costs shall be used to determine the monthly charges under this Schedule and the non-capitalized costs (i.e. costs charged to expense) associated with such construction shall be paid by the Customer promptly following issuance of a bill for such costs by the Company. When the Company constructs facilities at the request of the Customer and for use by the Customer, the full capacity of such equipment used by the Customer shall be specified in the Facilities Agreement unless the Company has a need for a portion of such capacity.

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(N) |

(M) Transferred from Sheet No. 62-A

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(K) Transferred to Sheet Nos. 62-C and 62-D respectively

(K)

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**PUGET SOUND ENERGY, INC.
Electric Tariff G**

SCHEDULE NO. 62

(T)

Substation and Related Equipment Capacity (Continued)

Section 5 – UPGRADES, CONVERSION: If during the term of the Facilities Agreement any governmental entity requires any change to the equipment or the Company determines (which determination shall be in the Company’s sole discretion) that any of the equipment will be upgraded, such as to a higher voltage or capacity, or any part of the equipment will be converted from overhead to underground, or if such change in the equipment necessitates a change in the Real Property of Real Property Rights, the Company shall so notify Customer in writing of such requirement or determination as soon as practicable and shall reasonably inform Customer of progress in completing such change, upgrade or conversion. For sixty (60) days following such notice, Customer shall have the option to terminate the Facilities Agreement, by providing not less than thirty (30) days’ advance written notice of such termination to the Company, if in Customer’s sole judgment any such change, upgrade or conversion will make continuing receipt of service pursuant to this Schedule uneconomic. Notwithstanding any provision of this Schedule or the Facilities Agreement to the contrary, the capitalized cost of any such change, upgrade or conversion shall, upon installation, be used by the Company in its determination of any Annual Substation O&M Charge, Annual Substation A&G Charge, Real Property Charges, Substation Equipment Capital Charge and Feeder Charges payable by Customer pursuant to this Schedule and the Facilities Agreement. The non-capitalized costs (i.e. costs charged to expense) associated with such change, upgrade or conversion shall be paid by the Customer promptly following issuance of a bill for such costs by the Company. Customer may submit to the Company, and the Company will use reasonable efforts to take into consideration, comments Customer may have regarding the implementation of any such change, upgrade or conversion of the equipment.

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(K) (N)

(M) Transferred from Sheet No. 62-B (K) Transferred to Sheet Nos. 62-D, E and E respectively

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By: 

Ken Johnson

Title: Director, State Regulatory Affairs

PUGET SOUND ENERGY, INC.
Electric Tariff G

SCHEDULE NO. 62 (T)
Substation and Related Equipment Capacity (Continued)

Section 6 – TERMINATION CHARGE: Subject to Schedule Nos. 449 and 459 of the Company's (M) (K) (T)
Electric Tariff G, if Customer receives electric service from the Company under such schedule or | | (T)
if Customer receives electric service under any other schedule and Company builds a substation | |
and/or related equipment to provide service to Customer after July 1, 2015, upon expiration, | |
termination or cancellation of the Facilities Agreement for any reason other than a breach or | |
default by the Company, Customer shall be liable to the Company for the payment (in addition to | |
any amounts owing under the Company's tariffs or any other agreement with Customer) of the | |
following amounts ("Termination Charges"): (i) the entire amount of the unrecovered capital costs | | (T)
and capitalized expenses incurred by the Company in connection with any of the equipment that, | |
in the Company's determination, will not be used or usable by the Company in the Company's | |
electric system following such expiration, termination or cancellation for providing electric service | |
to Customers of the Company (including, without limitation, the Customer who entered into a (M) | |
Facilities Agreement with respect to the equipment), less any salvage value of such equipment, | |
and (ii) the amount of all costs and expenses incurred by the Company in connection with any | |
decommissioning, removal and refurbishment (but only to the extent refurbishment is necessary | |
for use of the equipment on the Company's electric system) of such equipment by or for the | | (T)
Company. Within sixty (60) days following such expiration, termination or cancellation, the | | |
Company shall perform such evaluations and assessments as it may deem necessary or | | (T)
desirable to determine the feasibility of re-using or continuing to use such equipment for electric | |
service to its retail Customers and the Company shall provide to Customer a statement | |
containing the amounts referred to in clauses (i) and (ii) above, together with such supporting | | (K)
detail developed by the Company for its determination as Customer may reasonable request. | |
Payment by Customer of the amounts set forth in the statement referred to above in this Section 6 (M) (K)
shall be as specified in Schedule No. 80. | |
| |
(K)

(M) Transferred From Sheet Nos. 62-B and 62-C, respectively
(K) Transferred To Sheet Nos. 62-F and 62-F, respectively

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By: 

Ken Johnson

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PUGET SOUND ENERGY, INC.
Electric Tariff G

SCHEDULE NO. 62

(T)

Substation and Related Equipment Capacity (Continued)

Section 7 – PERFORMANCE ASSURANCE: If at any time Customer is or becomes liable to the Company for the payment of any Termination Charges, the Company has reasonable grounds for insecurity regarding Customer’s performance of its obligation to pay the Termination Charges (including, without limitation, the occurrence of any material adverse change in the creditworthiness of Customer or the rating of any credit or debt of Customer by S&P or Moody’s below investment grade), the Company may demand, and Customer shall within ten (10) business days following such demand provide to the Company, sufficient security in the form, amount and for the term reasonably acceptable to the Company, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a performance bond or a guaranty. Customer shall continue to provide such security for so long as the grounds for the Company’s insecurity continue to exist. The amount of any security provided by Customer pursuant this Section 7 shall not be required to exceed the lesser of (a) the present value (as determined by the Company) of the Termination Charges and (b) the amount provided for in WAC 480-100-118(2). For purposes of this Schedule, “S&P” means Standard and Poor’s, a division of the McGraw-Hill Companies, Inc., or any successor thereto, and “Moody’s” means Moody’s Investor Services, Inc. or any successor thereto.

(M) (T)

(T)

(D)

(T)

(M)

Section 8 – PREPAYMENT: Following determination by the Company of the cost or value of the Substation or of upgrades or conversion as described in Sections 4 and 5, the Customer shall have the option to prepay a maximum of 49% of such cost or value, except that prepayments due to equipment failure described in Attachment C, sections 3 and 4, shall be as described in Attachment C, sections 3 and 4. Such prepayment is subject to Schedule No. 87 of the Company’s Electric Tariff G and any other applicable schedule or tax. Alternatively, the Customer may make a prepayment of monthly charges under the provisions in Attachment C, section 3.b and the following conditions shall apply: such prepayment of monthly charges will not be subject to Schedule No. 87 of the Company’s Electric Tariff G but will be subject to any other applicable schedule or tax; except for a No Replacement Coverage lease which has required payments for failed equipment, at no time will the overall effect of prepayments be greater than 49% of the original cost or value of the Substation or 49% of the Substation Equipment Capital Charges for the term of the Facilities Agreement, and the Customer may not prepay both a portion of the original cost or value of the Substation and a portion of the Substation Equipment Capital Charges.

(N)

(N)

Section 9 – OWNERSHIP: The substation and feeder equipment referred to in this Schedule, together with any replacements, upgrades and other modifications thereof, shall remain the personal property of the Company at all times.

(M) (T)

(M)

(M) Transferred from Sheet No. 62-C

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By: 

Ken Johnson

Title: Director, State Regulatory Affairs

PUGET SOUND ENERGY, INC.
Electric Tariff G

SCHEDULE NO. 62 (T)
Substation and Related Equipment Capacity (Continued)

Section 10 – STANDARD PRACTICES: The Company exclusively shall determine the appropriate design, phase, voltage and capacity of any substation, and the equipment installed in such substation, used by the Company to provide service under this Schedule. The manner and type of construction, repair, replacement, operation and maintenance of any substation, and of the equipment installed in such substation, used by the Company to provide service under this Schedule shall be determined by the Company in its sole judgment consistent with its standard practices. (M) (T)

Section 11 – ADJUSTMENTS: Rates in this Schedule are subject to adjustment by such other schedules of the Company’s Electric Tariff G as may apply. (T) (T)

Section 12 – FIXED CHARGE RATE MODEL: For purposes of this Schedule, a fixed charge rate model is used to determine the FCR. The fixed charge rate model uses a revenue requirements algorithm and is designed to calculate the revenue requirements for the remaining life of the plant in the specific distribution facilities, the capacity of which is used by the Customer pursuant to this Schedule. (A copy of the fixed charge rate model is on file with the Washington Utilities and Transportation Commission.) (M) (T)

Section 13 – OPERATING RIGHTS: The Customer shall provide the Company, all legal rights necessary, in the Company’s sole judgment, for the installation, operation, maintenance, repair or replacement of the Substation and feeders provided for use under this Schedule, including, without limitation, rights of access over, under, across, or through real property, including real property not owned by the Customer (collectively “Operating Rights”). Operating Rights shall be obtained by the Customer for the Company prior to the commencement of construction of the Substation or feeders. Customer shall grant to the Company all necessary licenses, rights-of-way and easements for the access and facilities referred to in this Section 13, and Customer shall execute, acknowledge and deliver to the Company such additional documents as the Company may reasonably request to effectuate, evidence, vest, record or give notice of such licenses, rights-of-way and easements, all in a form or forms acceptable to the Company. The Company shall not be required to provide service, and may interrupt or discontinue service, if all or any portion of its facilities or Operating Rights are taken through the exercise of the power of eminent domain or are taken under threat thereof or are otherwise lost, terminated, or canceled. Where Operating Rights are subject to a fee, the Customer shall be responsible for payment of such fee. (N) (N)

Section 14 – GENERAL RULES AND PROVISIONS: Service under this Schedule is subject to the General Rules and Provisions contained in Schedule No. 80 of the Company’s Electric Tariff G. (M) (T) (M)

(M) Transferred from Sheet No. 62-D

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By: 

Ken Johnson

Title: Director, State Regulatory Affairs

PUGET SOUND ENERGY, INC.

**SCHEDULE 62
SUBSTATION AND RELATED EQUIPMENT CAPACITY (Continued)**

**Attachment "A" – Facilities Agreement
[Substation Name]
[Replacement Coverage Agreement or No Replacement Coverage Agreement or No Replacement
Coverage Adjustable Agreement]**

This FACILITIES AGREEMENT ("Agreement") is made and entered into as of [_____, 20[___], by and between Puget Sound Energy, Inc. ("PSE"), and [_____] ("Customer"). PSE and Customer are sometimes referred to in this Agreement individually as "Party" and together as "Parties."

Recitals

A. The Substation (as defined below) is, or upon installation will be, owned and operated by PSE for purposes of delivering electric energy (i) to Customer and retail customers other than Customer or (ii) to Customer only, if the Substation is located within secured premises wholly owned or controlled by Customer or is located on property adjacent to or contiguous with such premises of Customer.

B. Customer desires to acquire, as part of PSE's [bundled retail] services to Customer [under Schedule 449], substation distribution services from PSE, and PSE desires to provide to Customer substation distribution services using the electrical equipment and equipment capacity specified in this Agreement, all pursuant and subject to the terms and provisions hereof.

C. This Agreement forms part of Schedule 62 of PSE's Electric Tariff G (the "Schedule").

Agreement

The Parties therefore agree as follows:

1. Term; Modification

Unless earlier terminated as provided for herein, this Agreement shall have a term of ten (10) years, commencing as of [_____, and ending on [_____].

2. Equipment and Equipment Capacity

The Substation equipment, Substation equipment capacity and feeders (if any) covered by this Agreement, consist of the equipment and feeders listed, and the equipment capacity identified, in Exhibit A to this Agreement, which exhibit is by this reference incorporated into this Agreement, within PSE's substation identified in Exhibit A to this Agreement (the "Substation"). Where the entire amount of Substation capacity is used or reserved to provide such substation distribution services to Customer, nameplate capacity shall be specified in Exhibit A to this Agreement; where a portion of Substation capacity is used or reserved to provide such substation distribution services to Customer, the percentage share of the Substation's nameplate capacity so used or reserved shall be based on the percentage of Customer's current and projected loads on the Substation in proportion to the total nameplate capacity of the Substation as provided for in Attachment "C" to the Schedule, unless otherwise agreed to by PSE.

PUGET SOUND ENERGY, INC.

The Substation equipment and feeders (if any) shall remain, throughout the term of this Agreement, electrically connected (subject to planned and unplanned outages) to Customer's facilities located at the address specified in Exhibit A to this Agreement ("Premises"). As a result of this Agreement and the Substation equipment and equipment capacity subject hereto, Customer shall be entitled to receive electric power (only under the applicable rate schedule(s) of PSE's retail tariffs accepted or approved by the Washington Utilities and Transportation Commission ("WUTC" or the "Commission")) from PSE at the maximum rate of delivery (in kVA) specified in Exhibit A to this Agreement.

The equipment and the amount of equipment capacity are depicted in the one-line diagram set forth in Exhibit B to this Agreement, which exhibit is by this reference incorporated into this Agreement.

3. Ownership; Taxes; Limited Scope

The equipment described in Exhibit A to this Agreement, together with any replacements, upgrades and other modifications thereof, shall remain the personal property of PSE at all times. Customer shall be responsible for payment, on a pro rata basis, of any personal property taxes on the Substation equipment and the feeders (if any) and other taxes on the such equipment and feeders to the extent such taxes are not otherwise included in the payments pursuant to this Agreement or recovered under the applicable rate schedule(s) of PSE's retail tariffs accepted or approved by the WUTC. This Agreement does not grant or confer to Customer any rights of occupancy. Except as specifically set forth herein, no rights or entitlements shall be granted to Customer under this Agreement.

4. Charges

As between PSE and Customer, PSE shall (subject to the provisions of this Agreement) be responsible to operate, maintain, replace and upgrade the equipment described in Exhibit A to this Agreement and PSE's electrical facilities that connect such equipment to the Premises, and Customer shall pay or reimburse to PSE the operation and maintenance charges, the administrative and general charges, the equipment capital charges, the distribution feeder charges (including operation and maintenance, administrative and general and capital charges), and the real property charges, all as specified in the Schedule, to reimburse PSE for the costs and expenses incurred by PSE in connection with the Substation and/or distribution feeders specified in Exhibit A to this Agreement and any upgrades or conversions thereof.

5. Maintenance; Notice for Planned Outages

PSE shall be responsible for the operation and maintenance of the Substation equipment; provided, that PSE shall not be responsible for maintaining or repairing any failure or impairment of such equipment's efficient operating condition caused by Customer's negligence, willful misconduct, or breach of any of Customer's obligations under this Agreement and Schedule 80 of PSE's Electric Tariff G. The full costs and expenses (including, but not limited to, reasonable attorneys' fees) in connection with the repair of or value lost by any such failure or impairment shall be paid by Customer. Prior to any planned outage for maintenance, repair, replacement or upgrade activities contemplated by this provision, PSE shall provide notice of such outage in accordance with WAC 480-100-148(2)(d); provided, however, that if such notice is impracticable, in case of any planned outage due to equipment failure, PSE shall provide as much advance notice as is practicable under the circumstances.

PUGET SOUND ENERGY, INC.

6. Equipment Failure

(a) Repair and Restoration

Should any of the equipment described in Exhibit A to this Agreement cease to function properly, or should there be any fault or failure of PSE's electrical facilities that connect such equipment to the Premises, PSE shall, subject to the provisions of Sections 4 and 6(b), repair and restore such equipment or facilities as soon as practicable, in accordance with the applicable regulations of the WUTC.

(b) Non-Standard Equipment

Any equipment installed at the request of Customer that is not commonly inventoried by PSE ("Non-Standard Equipment") shall be as identified in Exhibit A to this Agreement. Without limiting any other provision of this Agreement, PSE shall have no responsibility or liability for any limitation or interruption in providing electric service to Customer in the event any Non-Standard Equipment ceases to function properly or otherwise experiences any fault or failure. Customer shall be responsible to ensure that a replacement for such Non-Standard Equipment is available upon the occurrence of any such event.

7. Limitation of Damages and Liability

THE OBLIGATIONS EXPRESSLY ASSUMED BY PSE IN SECTIONS FIVE AND SIX OF THIS AGREEMENT ARE IN LIEU OF ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, SUITABILITY, DURABILITY, CONDITION, QUALITY OF THE EQUIPMENT OR FEEDERS AND FITNESS FOR A PARTICULAR PURPOSE. CUSTOMER SPECIFICALLY WAIVES ALL RIGHT TO MAKE A CLAIM AGAINST PSE FOR BREACH OF ANY WARRANTY OF THE EQUIPMENT OR FEEDERS. CUSTOMER SHALL ACCEPT THE EQUIPMENT AND FEEDERS IN AN "AS IS" CONDITION, BASED ON PSE'S ASSUMPTION OF THE CONTINUING OBLIGATIONS SPECIFIED IN SECTIONS FIVE AND SIX OF THIS AGREEMENT. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, NEITHER PSE NOR CUSTOMER SHALL IN ANY EVENT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES ARISING IN CONNECTION WITH THE EQUIPMENT, THE FEEDERS OR THIS AGREEMENT. PSE SHALL NOT BE LIABLE FOR ANY FAULT OR FAILURE OF THE EQUIPMENT OR FEEDERS OR OF ANY OTHER ELECTRICAL FACILITIES OF PSE OR FOR ANY LOSS OR DAMAGE TO THE EXTENT SUCH LOSS OR DAMAGE RESULTS FROM ANY CIRCUMSTANCES SPECIFIED IN THE CONTINUITY OF SERVICE PROVISIONS OF SCHEDULE 80 OF PSE'S ELECTRIC TARIFF G.

Nothing in this Section 7 is intended to limit or otherwise affect any of the provisions of Schedule 80 of PSE's Electric Tariff G ("Schedule 80") or the rules and regulations of the WUTC applicable to PSE.

8. Billing and Payment

All amounts payable by Customer under the Schedule and this Agreement shall be paid by Customer as specified in Schedule 80.

PUGET SOUND ENERGY, INC.

9. Termination

(a) Breach or Default

Upon any breach or default by the other Party that remains uncured after thirty (30) days from written notice of the default to such other Party, the non-defaulting Party may cancel this Agreement by providing written notice of such cancellation to the other Party.

(b) Rate Schedule Eligibility

If during the term of this Agreement Customer is no longer eligible to purchase electric power from PSE under a rate schedule requiring customers to take delivery at or above 50 kV, Customer shall have the right to terminate this Agreement by providing written notice of such termination to PSE not less than thirty (30) days prior to such termination; provided, that Customer shall remain obligated for any costs and expenses incurred by PSE related to such termination and for any liabilities to PSE (including, without limitation, liabilities for payment) incurred by Customer pursuant to this Agreement prior to such termination. The Company shall not be obligated to provide electric service to the Customer through the Substation or feeders (if any) following termination.

10. Access

To the extent the Substation is situated on premises owned or controlled by Customer, Customer shall provide PSE, and PSE shall have the right of, such access to the Substation as PSE may reasonably require, by personnel and for equipment. Customer may make such access subject to the observance by PSE of such reasonable security and safety protocols and procedures of Customer that (a) Customer shall have provided to PSE in writing prior to access and (b) do not cause PSE to incur any unreasonable costs or expenses. Customer shall and hereby does grant to PSE all necessary licenses, right-of-way and easements for the access described in this Section 10, and Customer shall execute, acknowledge and deliver to PSE such additional documents as PSE may reasonably request to effectuate, evidence, vest, record or give notice of such licenses, rights-of-way and easements.

11. Jurisdiction

This Agreement shall at all times be subject to changes or modifications as the WUTC may from time to time authorize or direct. Service under this Agreement is subject to the General Rules and Provisions contained in PSE's Schedule 80 and, upon its issuance, the Schedule, as such schedules may be revised from time to time with the acceptance by or approval of the WUTC. Any conflict between terms of this Agreement, on the one hand, and PSE's Schedule 80 or the Schedule, on the other hand, shall be resolved in favor of such schedule.

12. Successors and Assigns

Subject to the provisions of Section 15, this Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns. Any assignee or transferee shall be deemed to have assumed the rights, obligations and liabilities of this Agreement; provided, however, that any transfer of interest by PSE shall not relieve it from any obligations contained in PSE's Schedule 80 and WAC 480-100 applicable to the delivery of electric energy, unless such assignee or transferee is subject to WAC 480-100.

PUGET SOUND ENERGY, INC.

13. Notices

Except as otherwise specifically provided in this Agreement, all notices under this Agreement shall be in writing and shall be deemed given upon (a) personal delivery to the addressee, (b) two days after deposit into the United States mail, postage prepaid, certified mail return receipt requested, (c) fax with electronic confirmation of receipt or (d) one day after delivery to United States Postal Service Express Mail or similar overnight delivery service. Until notified of a different address, as provided herein, all notices shall be addressed to the parties as follows:

Puget Sound Energy, Inc.
For deliveries by overnight delivery:
10885 N.E. 4th Street
Bellevue, WA 98004
For deliveries by mail:
P.O. Box 97034
Bellevue, WA 98009
Fax: [_____]
Attn: [_____]

[Name of Customer]
[Address]
Fax: [_____]
Attn: [_____]

14. Survival

Sections 3, 4, 7, 14 and 15, and all other provisions of this Agreement that may reasonably be expected to survive the termination, cancellation or expiration of this Agreement, shall survive the termination, cancellation or expiration of this Agreement.

15. Miscellaneous

This Agreement shall be governed by the laws of the state of Washington without reference to its choice of law principles to the contrary. Neither Party shall assign this Agreement, by operation of law or otherwise, without the prior written consent of the other Party, except that (a) either Party may, without such prior written consent, assign this Agreement or any of its interests hereunder to any successor to such Party by means of merger, combination, amalgamation, transfer of all or substantially all of such Party's assets, or, with respect to Customer, the sale of all facilities receiving substation distribution services pursuant to this Agreement, or any similar transaction (provided that, as to any assignee of Customer, such assignee is otherwise eligible pursuant to PSE's applicable tariff provisions to receive electric service at high voltage) and (b) PSE may, without such prior written consent, assign this Agreement or any of its interests hereunder as security for PSE's long-term secured debt, present or future. This Agreement may be modified or amended only by a written agreement hereafter signed by both PSE and Customer. Section headings used in this Agreement are for convenience of reference only and shall not affect the interpretation or construction of any provision of this Agreement. This Agreement sets forth the entire agreement, and supersedes any and all prior agreements, of the Parties regarding the subject matter thereof. Any failure or delay in the exercise of any right or remedy available to a Party hereunder shall not be construed as a waiver or relinquishment of such right or remedy.

WN U-60

Issued: May 28, 2015
Effective: July 1, 2015
Attachment "A" to Schedule 62, Page 6

PUGET SOUND ENERGY, INC.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement as of the date first written above.

PUGET SOUND ENERGY, INC.

By _____

Its _____

CUSTOMER

[_____]

By _____

Its _____

PUGET SOUND ENERGY, INC.

**Exhibit A
To
Facilities Agreement**

1. PSE's Substation:
[_____] Substation.
2. Customer's Premises: [Address _____]
3. Substation Equipment List:
See Attachment 1 to this Exhibit A.
4. Total Substation Equipment Capacity (based on equipment's nameplate rating): [_____] kVA
5. Maximum Rate of Delivery: [_____] kVA [If there are multiple banks, specify separately for each bank]
6. Total Investment In Feeders: [\$ _____] as of [_____, 20__]
7. Feeder Line Footage: [_____]
8. Value of Real Property or Real Property Rights: [\$ _____] as of [_____, 20__]
9. Description of Real Property or Real Property Rights: [_____]
10. Total Substation Investment Amount: [\$ _____] as of [_____, 20__]

[For Replacement Coverage the Handy-Whitman replacement cost new less depreciation calculation is shown in Attachment 2 to this Exhibit A.]

[For No Replacement Coverage and No Replacement Coverage Adjustable the detail of the investment amount(s) is shown in Attachment 2 to this Exhibit A.]
11. Total Monthly Charge: [_____] effective [_____, 20__].
The Components of the total monthly charge are shown in Attachment 2 to this Exhibit A.
12. Non-Standard Equipment: [_____]

WN U-60

Issued: May 28, 2015
Effective: July 1, 2015
Attachment "A" to Schedule 62, Page 8

PUGET SOUND ENERGY, INC.

**Attachment 1
to
Exhibit A**

Substation Equipment List

WN U-60

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Attachment "A" to Schedule 62, Page 9

PUGET SOUND ENERGY, INC.

**Attachment 2
to
Exhibit A**

Handy-Whitman Replacement Cost New Less Depreciation Calculation

151128

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Attachment "A" to Schedule 62, Page 10

PUGET SOUND ENERGY, INC.

**Exhibit B
to
Facilities Agreement**

[One-line diagram attached.]

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**SCHEDULE 62
SUBSTATION AND RELATED EQUIPMENT CAPACITY (Continued)**

Attachment "B" – Fixed Charge Rates

Book Life	Real Property O&M, A&G and Capital Charge	Replacement Coverage FCR	FCR on Net Plant Value of Feeders	FCR on Net Plant Value of Substations
0	10.6464%	9.2478%	9.7799%	11.3738%
1			9.7398%	11.2579%
2			9.7113%	11.1542%
3			9.6913%	11.0556%
4			9.6795%	10.9601%
5			9.6759%	10.8655%
6			9.6804%	10.7700%
7			9.6930%	10.6713%
8			9.7135%	10.5666%
9			9.7438%	10.4561%
10			9.7859%	10.3392%
11			9.8419%	10.2278%
12			9.9148%	10.1283%
13			10.0081%	10.0416%
14			10.1262%	9.9704%
15			10.2748%	9.9179%
16			10.4611%	9.8881%
17			10.6945%	9.8853%
18			10.9877%	9.9150%
19			11.3575%	9.9836%
20			11.8270%	10.0987%
21			12.3851%	10.2324%
22			13.0371%	10.3729%
23			13.8150%	10.5262%
24			14.7566%	10.6940%
25			15.9167%	10.8787%
26			17.3772%	11.0828%
27			19.2670%	11.3096%
28			21.8009%	11.5630%
29			25.3655%	11.8482%
30			30.7340%	12.1713%
31			39.7102%	12.5407%
32			57.7061%	12.9668%
33			111.7810%	13.4640%
34				14.0515%
35				14.7566%

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Book Life	Real Property O&M, A&G and Capital Charge	Replacement Coverage FCR	FCR on Net Plant Value of Feeders	FCR on Net Plant Value of Substations
36				14.8059%
37				14.8575%
38				14.9117%
39				14.9685%
40				15.0281%
41				15.0906%
42				15.1563%
43				15.2252%
44				15.2976%
45				

SCHEDULE 62
SUBSTATION AND RELATED EQUIPMENT CAPACITY (Continued)

Attachment "C" – Rate Methodology

This Attachment "C" sets forth the methodology for the calculation of rates in Schedule 62. The provisions in this Attachment "C" have the same effect as if they were included in Schedule 62. Capitalized terms in this Attachment "C" shall have the same meaning as in Schedules 62 and 80 of the Company's Tariff.

1. Substation Operation And Maintenance Charges

- a. Customer shall pay the charges specified below ("Substation Monthly O&M Charge") to reimburse the Company for the costs and expenses incurred by the Company to operate and maintain the Substation, in connection with providing substation distribution services to Customer pursuant to Schedule 62 ("Schedule") and the facilities agreement attached to Schedule 62 ("Facilities Agreement"). The Substation Monthly O&M Charge is based on the following formula, which allocates to Customer, for each month during the term of the Facilities Agreement and in proportion to the amount of Substation equipment nameplate capacity (expressed in kVA) set forth in Exhibit A to the Facilities Agreement, an amount of the total annual system substation operation and maintenance costs and expenses incurred by the Company:

Substation Monthly O&M Charge = the quotient of

- (i) the Annual Substation O&M Charge
divided by
(ii) twelve (12)

where

Annual Substation O&M Charge = the product of

- (iii) the Company's total system substation O&M costs and expenses, based on the total of the test year balances for FERC accounts 582, 591, and 592 and amounts from other accounts allocated to distribution Substation O&M reported in the Company's Federal Energy Regulatory Commission (FERC) Form 1 of the Company, including, without limitation, costs and expenses incurred for inspection, testing, consumable items and routine equipment replacements.

multiplied by

- (iv) a fraction, the numerator of which is the specific amount of equipment nameplate capacity of the Substation (in kVA) set forth in Exhibit A to the Facilities Agreement, and the denominator of which is the Company's then-current total system distribution substation nameplate capacity (in kVA).

The Substation Monthly O&M Charge (expressed in dollars) payable by Customer pursuant to this Schedule and the Facilities Agreement is as set forth in Exhibit A to the Facilities Agreement. The Substation Monthly O&M Rate (in dollars/kVA) under this Schedule is equal to the Company's total system distribution substation O&M costs and expenses (as provided in Section 1.a(iii) above), divided by the Company's then-current total system distribution substation nameplate capacity (in kVA), or \$0.5057/kVA divided by 12. The Substation Monthly O&M Rate shall be subject to change pursuant to a revision to this Schedule approved by the Commission in rate proceedings following the commencement of the term of the Facilities Agreement.

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- b. The Company shall be responsible for performance of the operation and maintenance of the Substation equipment; provided, that the Company shall not be responsible for the cost of maintaining or repairing any failure or impairment of such equipment's efficient operating condition caused by Customer's negligence, willful misconduct, or breach of any of Customer's obligations under this Schedule, the Facilities Agreement and Schedule 80 of the Company's Electric Tariff G. The full costs and expenses (including, but not limited to, reasonable attorneys' fees) in connection with the repair of or value lost by any such failure or impairment shall be paid by the Customer.

2. Substation Administrative And General Charges

Customer shall pay the charges specified below ("Substation Monthly A&G Charge") to reimburse to the Company the administrative and general costs and expenses incurred by the Company in connection with the Substation. The Substation Monthly A&G Charge is based on the following formula, which allocates to Customer, for each month during the term of the Facilities Agreement, an amount of the total annual administrative and general costs and expenses incurred by the Company:

Substation Monthly A&G Charge = the quotient of

(i) the Annual Substation A&G Charge
divided by

(ii) twelve (12);

where

Annual Substation A&G Charge = the product of

(iii) the Annual Substation O&M Charge
multiplied by

(iv) 28%.

The Substation Monthly A&G Rate under Schedule 62 is equal to \$0.1416/kVA divided by 12.

The Substation Annual A&G Charge shall be subject to change pursuant to a revision to Schedule 62 approved by the Commission in rate proceedings following the commencement of the term of the Facilities Agreement.

3. Substation Equipment Capital Charges

The intent of the Substation Equipment Capital Charge is to recover the net present value of the investment along with a return on the investment over the life of the investment and associated expenses and taxes. This is accomplished through the use of a fixed charge rate described in Section 3.d below.

- a. **Source of and Changes to Investment Amount:** Customer shall pay or reimburse to the Company, throughout the term of the Facilities Agreement, in proportion to the amount of Substation equipment nameplate capacity (expressed in kVA) set forth in Exhibit A to the Facilities Agreement, the capital costs and capitalized expenses incurred by the Company in connection with the Substation equipment pursuant to any one of the options set forth in the subsections below, as Customer may elect by written notice provided to the Company on or prior to the date on which the Facilities Agreement is or becomes effective:

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- (i) Replacement Coverage. Except as otherwise provided herein, the investment amount (as set forth in Exhibit A to the Facilities Agreement) used as the basis for the Company's determination of the capital charge to Customer shall be determined by the Company based on replacement cost new less the actual accumulated depreciation on the Substation equipment as recorded on the Company's books, and such investment amount shall not be adjusted during the term of the Facilities Agreement whenever the Substation equipment or any part of the Substation equipment is replaced due to damage or failure caused by other than Customer's intentional or negligent conduct.

or

- (ii) No Replacement Coverage. This option is available only for renewal of Facilities Agreements previously utilizing the No Replacement Coverage option. The investment amount(s) (as set forth in Exhibit A to the Facilities Agreement) of each vintage year (as set forth in Attachment B to Schedule 62) used as the basis for the Company's determination of the capital charge to Customer shall be determined by the Company based on the net book value(s) for substations of each vintage year of the Substation equipment at the commencement of the term of the Facilities Agreement, and such investment amount(s) shall not be adjusted (to the extent Customer prepays the amount of the added investment as provided in this Section 3.a(ii) and except as otherwise provided in Section 3.c(ii)) whenever equipment or any part of the equipment is replaced (including, but not limited to, temporary facilities replacements) (See Section 3.a.(v) below regarding temporary facilities replacements) due to damage or failure. Customer shall prepay the actual cost (as determined by the Company) of any such replacement(s) to the Company within twenty (20) days following receipt of the Company's notice of such prepayment amount. The monthly payment for the remainder of the term of the Facilities Agreement shall not be adjusted to include the amount of the added investment(s) resulting from such replacement that is so prepaid or to reflect added depreciation attributable to the replaced equipment, except as otherwise provided in Section 3.c(ii).

or

- (iii) No Replacement Coverage Adjustable. The investment amount(s) (as set forth in Exhibit A to the Facilities Agreement) used as the basis for the Company's determination of the capital charge to Customer shall be determined by the Company based on the net book value(s) for substations of each vintage year (as set forth in Attachment B to Schedule 62) of the Substation equipment at the commencement of the term of the Facilities Agreement, and such investment amount(s) shall, be adjusted whenever equipment or any part of the equipment is replaced (including, but not limited to, temporary facilities replacements) (See Section 3.a.(v) below regarding temporary facilities replacements) due to damage or failure. The monthly payment for the remainder of the term of the Facilities Agreement shall be adjusted, based on the added investment resulting from each such replacement and as otherwise provided in Section 3.c(iii), and will be effective from the beginning of the second billing month after the replacement equipment is first in service. The Company shall promptly notify Customer of any adjustment to the capital charge pursuant to this Section 3.a(iii).

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- (iv) Notwithstanding the foregoing clauses (i), (ii) and (iii), the investment amount determined at the commencement of the first term of the Facilities Agreement (as set forth in Exhibit A to the Facilities Agreement) for a new substation constructed to provide service to a Customer under this Schedule 62 and used as the basis for the Company's determination of the capital charge to Customer for any Substation equipment will not be less than the recorded gross book costs and expenses for such Substation equipment; provided, that prior to such time as the Company has determined the recorded gross book costs and expenses for such Substation equipment, the investment amount for such Substation equipment may be based on the Company's estimated costs and expenses for such Substation equipment, which estimate will be adjusted retroactively to the date when service was first provided using such Substation equipment upon Company's determination of the actual recorded gross book costs and expenses for such Substation equipment;
- (v) For temporary facilities replacements, costs that are not capitalized, including charges for the time the temporary facilities are in use by the Customer, shall be paid by the Customer promptly following receipt of a billing for such costs from the Company.
- b. **Investment Amount Upon Change of Facilities Agreement Option:** If, upon the expiration or termination of a Facilities Agreement with respect to which Customer has elected the "Replacement Coverage" option, Customer enters into a new Facilities Agreement with respect to which it elects the "No Replacement Coverage Adjustable" option, then the investment amount(s) (as set forth in Exhibit A to the Facilities Agreement) used as the basis for the Company's determination of the capital charge to Customer under such new Facilities Agreement shall be determined by the Company based on the gross book value of the Substation equipment, and such investment amount(s) shall be adjusted whenever Substation equipment or any part of the Substation equipment is replaced (including, but not limited to, temporary facilities replacements) (See Section 3.b.(i) below regarding temporary facilities replacements) due to damage or failure. Thereafter, upon the Company's recovery of the entire amount that Customer would have paid for capital costs and capitalized expenses if Customer had not elected to enter into a new Facilities Agreement with respect to which it elects the "No Replacement Coverage Adjustable" option, the investment amount(s) (as set forth in Exhibit A to the Facilities Agreement) used as the basis for the Company's determination of the capital charge to Customer under the Facilities Agreement shall be determined by the Company based on the net book value of each vintage year of the Substation equipment, and such investment amount(s) shall be adjusted whenever Substation equipment or any part of the Substation equipment is replaced (including, but not limited to, temporary facilities replacements) (See Section 3.b.(i) below regarding temporary facilities replacements) due to damage or failure. The monthly payment for the remainder of the term of the Facilities Agreement shall be adjusted, based on the revised added investment(s) resulting from such replacement and will be effective from the month in which the replacement Substation equipment is first available. The Company shall promptly notify Customer of any adjustment to the capital charge pursuant to this Section 3.b, and Customer shall have the option to prepay the present value (as determined by the Company) of the amount of any such adjustment by paying the amount of such adjustment to the Company within twenty (20) days following such notice. If Customer exercises its prepayment option pursuant to this Section 3.b, the monthly payment for the remainder of the term of the Facilities Agreement shall not be adjusted to include the amount of the added investment resulting from such replacement that is so prepaid.
- (i) For temporary facilities replacements, costs that are not capitalized, including charges for the time the temporary facilities are in use by the Customer shall be paid by the Customer promptly following receipt of a billing for such costs from the Company.

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c. **Calculation of Investment Amount for Exhibit A:** The Company shall determine the investment amount(s) to be used in the calculation of the capital costs and capitalized expenses for Substation equipment to be paid by Customer pursuant to this Schedule and the Facilities Agreement as follows:

(i) If the "Replacement Coverage" method is elected by Customer, the investment amount (as set forth in Exhibit A of the Facilities Agreement) shall be:

(A) the replacement cost new of the Substation equipment as determined using the Handy-Whitman Index of Public Utility Construction Costs (or its generally recognized replacement index)
minus

(B) actual accumulated depreciation on the Substation equipment as recorded on the Company's books (except the result shall not be less than the recorded gross book costs of the Substation equipment)
multiplied by

(C) a fraction, the numerator of which is the specific amount of equipment nameplate capacity of the Substation (in kVA) set forth in Exhibit A of the Facilities Agreement, and the denominator of which is the total amount of nameplate capacity of the Substation (in kVA);

If a "Replacement Coverage" Facilities Agreement expires or is terminated and Customer enters into a new "No Replacement Coverage Adjustable" Facilities Agreement, the provisions of Section 3.b. apply and the investment amount(s) (as set forth in Attachment B of the Facilities Agreement) of each vintage year for substations (as set forth in Attachment B to Schedule 62) shall be the gross book value of each vintage year of the Substation equipment, multiplied by a fraction, the numerator of which is the specific amount of equipment nameplate capacity of the Substation (in kVA) set forth in Exhibit A of the Facilities Agreement, and the denominator of which is the total amount of nameplate capacity of the Substation (in kVA);

(ii) If the "No Replacement Coverage" method is elected by Customer: the investment amount (as set forth in Exhibit A of the Facilities Agreement) of each vintage year of substations (as set forth in Attachment B to Schedule 62) shall be the net book value of each vintage year of the Substation equipment, multiplied by a fraction, the numerator of which is the specific amount of equipment nameplate capacity of the Substation (in kVA) set forth in Exhibit A, and the denominator of which is the total amount of nameplate capacity of the Substation (in kVA). Such investment amount shall be adjusted as follows:

the net book value of any plant in the Substation that has been retired shall be subtracted from such investment amount(s) (the cost for new plant investment used to provide service to Customer are paid in full by the Customer at the time of installation of new plant investment), and the fraction multiplier set forth in this Section 3.c(ii) will then be applied to the updated investment amount(s). The Company shall promptly notify Customer of any adjustment to the capital charge pursuant to this Section 3.c(ii);

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- (iii) If the "No Replacement Coverage Adjustable" method is elected by Customer: the investment amount (as set forth in Exhibit A of the Facilities Agreement) of each vintage year for substations (as set forth in Attachment B to Schedule 62) shall be the net book value of each vintage year of the Substation equipment, multiplied by a fraction, the numerator of which is the specific amount of equipment nameplate capacity of the Substation (in kVA) set forth in Exhibit A, and the denominator of which is the total amount of nameplate capacity of the Substation (in kVA). Such investment amount shall be adjusted as follows:

the net book value of any plant in the Substation that has been retired shall be subtracted from such investment amount(s), and the cost for new plant investment used to provide service to Customer will be added to such investment amount(s) (or a new vintage year amount added), and the fraction multiplier set forth in this Section 3.c(iii) will then be applied to the updated investment amount(s). The Company shall promptly notify Customer of any adjustment to the capital charge pursuant to this Section 3.c(iii).

d. Calculation of Monthly Substation Equipment Capital Charge:

- (i) If the "Replacement Coverage" method is elected by Customer, the monthly payment of the capital charge for any Substation equipment payable by Customer pursuant to this Section 3 "Monthly Substation Equipment Capital Charge" shall be equal to (1) one-twelfth (1/12) of the product of the capital investment amount (determined by the Company pursuant to Section 3.c) multiplied by (2) the Fixed Charge Rate ("FCR") of 9.2478%. For purposes of this Schedule, FCR means the fixed charge rate determined by the Company in accordance with the then-current methodology or model for determining such rate accepted or approved by the Commission from time to time for use in calculating charges under this Schedule.
- (ii) If the "No Replacement Coverage" (available only for renewal of existing "No Replacement Coverage" Facilities Agreements) method is elected by Customer, the "Monthly Substation Equipment Capital Charge" shall be equal to the sums of the following: (1) one-twelfth (1/12) of the product of each of the capital investment amount(s) (determined by the Company pursuant to Section 3.c) multiplied by (2) the FCR for substations for the appropriate vintage year (as set forth in Attachment B to Schedule 62);
- (iii) If the "No Replacement Coverage Adjustable" method is elected by Customer, the "Monthly Substation Equipment Capital Charge" shall be equal to the sums of the following: (1) one-twelfth (1/12) of the product of each of the capital investment amount(s) (determined by the Company pursuant to Section 3.c) multiplied by (2) the FCR for substations for the appropriate vintage year (as set forth in Attachment B to Schedule 62).

If, upon the expiration of a Facilities Agreement with respect to which Customer has elected the "Replacement Coverage" option, Customer enters into a new Facilities Agreement with respect to which it elects the "No Replacement Coverage Adjustable" option, then the "Monthly Substation Equipment Capital Charge" shall be equal to the sums of the following: (1) one-twelfth (1/12) of the product of each of the capital investment amount(s) (determined by the Company pursuant to Section 3.c) multiplied by (2) the Fixed Charge Rate ("FCR") of 9.2478%.

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- e. **Use of Handy-Whitman Index and Changes to Substation Equipment Capital Charge:** The capital investment amount(s) for any Substation equipment may be determined by the Company based on the Handy-Whitman Index of Public Utility Construction Costs (or its generally recognized replacement index). The Substation Equipment Capital Charge payable by Customer pursuant to this Section 3 shall be as set forth in Exhibit A to the Facilities Agreement and, in addition to any adjustment thereto otherwise provided for in Schedule 62, shall be subject to change pursuant to a revision to Schedule 62 approved by the Commission in rate proceedings following the commencement of the term of the Facilities Agreement.
- f. **Amount of Capacity Used or Reserved for a Customer:**
- (i) Dedicated Substations – where a single Customer receives service under Schedule 62 from a substation or a substation bank and the Company has determined that it has no need for capacity from the substation or substation bank for the term (or the remainder of the term) of the Facilities Agreement, the entire capacity of the substation or substation bank (as appropriate) shall be used or reserved for the Customer being served from the Substation and shall be set forth in Exhibit A to the Facilities Agreement.
 - (ii) Substations Shared Between Customers – Where two or more Customers receive service under Schedule 62 from a single substation or substation bank and the Company has determined that it has no need for capacity from the substation or substation bank for the term (or the remainder of the term) of the Facilities Agreements, the entire capacity of the substation or substation bank (as appropriate) shall be used or reserved for the Customers being served from the Substation and the proportion used or reserved for each Customer shall be set forth in Exhibit A to the Facilities Agreements.
 - (iii) Substations Shared Between Schedule 62 Customers and Other Customers – Where there are non-Schedule 62 Customers served from the same substation bank that is used to provide service under Schedule 62 to a Customer, the Company shall determine the capacity planned to be used for switching or to serve non-Schedule 62 Customers, then, if excess capacity remains on the substation or substation bank the Schedule 62 Customer may reserve the excess capacity. The sum of the capacity used and reserved shall be set forth in Exhibit A to the Facilities Agreement.
 - (iv) Shared Substations Where Customer Can Switch Load Between Banks – Where the substation is shared between two or more Customers taking service under Schedule 62 and one or all Customers have the ability to switch some or all of their load from one bank to the other, the Substation capacity set forth in Exhibit A to the Facilities Agreement will include the capacity reserved for this load switching and will be equal to the sum of the total load possible on each substation bank plus any additional capacity reserved by the Customer(s) for future loads and future redundancy requirements for future loads.
 - (v) Where the substation is shared with non-Schedule 62 Customers and has two or more banks and the Customer has the ability to switch some or all of its load from one bank to the other, the Substation capacity set forth in Exhibit A to the Facilities Agreement will include the capacity reserved for this load switching and will be equal to the sum of the total load possible on each substation bank plus any additional capacity reserved by the Customer for future loads and future redundancy requirements for future loads.

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4. Distribution Feeder Charges

Customer shall pay the charges specified below ("Feeder Charges") to reimburse the Company, throughout the term of the Facilities Agreement, for the costs and expenses incurred by the Company in connection with any feeder described in the Facilities Agreement. For each vintage year for feeders (as set forth in Attachment B to Schedule 62):

- a. The actual net book value per mile of such feeder, or in the absence of actual net book value, the estimated net book value per mile of such feeder,

multiplied by

- b. The number of miles on such feeder between the point of connection with the Customer's equipment and the substation for such feeder.
(the product of items 4.a and 4.b being the "Distribution Base Cost")

multiplied by

- c. The sum of the Distribution Fixed Charge Rate for the appropriate vintage year plus the Distribution O&M and A&G Charge rate, where
- (i) the Distribution Fixed Charge Rate, determined by the Company in accordance with the then-current methodology or model for determining such rate accepted or approved by the Commission from time to time for use in calculating charges under Schedule 62, is based on the average remaining life of the feeder(s) used in the calculation of the Distribution Base Cost, and
 - (ii) the Distribution O&M and A&G Charge Rate is equal to 3.95% of the Distribution Base Cost.
- d. The Distribution Fixed Charge Rate and the Distribution O&M and A&G Charge Rate shall be subject to change pursuant to a revision to the Schedule approved by the Commission in rate proceedings following the commencement of the term of the Facilities Agreement as follows:
- (i) the Distribution Fixed Charge Rate will be adjusted based on Commission-approved changes in the cost of capital and capital structure, taxes and insurance, and
 - (ii) the Distribution O&M and A&G Charge Rate will be adjusted based on the ratio of distribution O&M and A&G costs to distribution plant cost as reported by the Company in its FERC Form 1.
- e. The Distribution Base Cost shall be subject to change following the commencement of the term of the Facilities Agreement as follows:
- (i) Distribution Base Cost will be adjusted for estimates of any plant on the feeder(s) used to provide service to Customer that has been retired, and the cost for new investment to the feeder(s) used to provide service to Customer will be added (in a new vintage year as necessary), and the formula set forth in Section 4(c) above will then be applied to the updated Distribution Base Cost, and the monthly payment for the remainder of the term of the Facilities Agreement shall be adjusted, based on the added investment(s), and will be effective from the month in which the replacement equipment is first available,

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5. Real Property O&M, A&G and Capital Charges

Customer shall pay or reimburse to the Company, throughout the term of the Facilities Agreement, the annual operation and maintenance costs and expenses, the annual administrative and general costs and expenses and the annual capital costs and capitalized expenses incurred by the Company in connection with any Company-owned real property or real property rights of the Company referred to in the Facilities Agreement, the amount of such operation and maintenance costs and expenses, the administrative and general costs and capital costs and capitalized expenses to be calculated as equal to the following:

Where the entire Substation capacity is used or reserved to provide such substation distribution services to the Customer, the capital investment amount (as set forth in Exhibit A to the Facilities Agreement), which will be equal to the Company's original acquisition cost (or an estimate of the Company's original acquisition cost) for the Company-owned real property or real property rights of the Company referred to in the Facilities Agreement, multiplied by 10.6464%;

If the Company leases the Substation site, Customer shall pay or reimburse to the Company, throughout the term of the Facilities Agreement, the full cost of the Company's lease payment and other obligations in connection with such lease.

Or

where a portion of the Substation capacity is used or reserved to provide such substation distribution services to the Customer, the capital investment amount (as set forth in Exhibit A to the Facilities Agreement), which will be equal to the percentage share of the Substation's nameplate capacity so used or reserved shall be based on the percentage of Customer's current and projected loads on the Substation to the total nameplate capacity of the Substation multiplied by the Company's original acquisition cost (or an estimate of the Company's original acquisition cost) for the Company-owned real property or real property rights of the Company referred to in the Facilities Agreement, multiplied by 10.6464%.

If the Company leases the Substation site, Customer shall pay or reimburse to the Company, throughout the term of the Facilities Agreement, the percentage amount described above of the Company's lease payment and other obligations in connection with such lease.