

Exhibit B

AMENDED AND RESTATED
JOINT OWNERSHIP AGREEMENT

between

PUGET LNG, LLC

and

PUGET SOUND ENERGY, INC.

TACOMA LNG PROJECT

Made effective ~~January 27~~[____], ~~2017~~2020

TABLE OF CONTENTS

ARTICLE <u>Article</u> 1 Definitions and Interpretation	26
1.1 Definitions.....	26
1.2 Rules of Interpretation	32
1.3 Exhibits	33
1.4 Negotiation of Agreement.....	34
ARTICLE <u>Article</u> 2 Term; Representations and Warranties	34
2.1 Term 34	
2.2 Representations and Warranties.....	34
ARTICLE <u>Article</u> 3 Ownership and Purpose	35
3.1 Terms and Conditions of Ownership; Purpose	35
3.2 Ownership Interests	35
3.3 Development, Construction and Operation of the Tacoma LNG Facility	35
3.4 Undivided Ownership Interests in the Tacoma LNG Facility as Tenants in Common.....	36
3.5 No Partition.....	37
3.6 Several Liability.....	37
3.7 No Partnership	37
3.8 No Joint Income, Revenue or Receipts.....	38
3.9 Good Faith	38
3.10 Obligations In Relation to Other Opportunities.....	38
ARTICLE <u>Article</u> 4 Joint Operating Committee	38
4.1 Formation of Joint Operating Committee.....	38
4.2 Powers and Responsibilities of Joint Operating Committee.....	38
4.3 Matters Excluded from Joint Operating Committee and Reserved for the Parties	39
4.4 Deadlock	40
4.5 Voting	40
4.6 Quorum and Other Meeting Requirements.....	40
4.7 Sub-Committees.....	41
4.8 Annual Budget	41
ARTICLE <u>Article</u> 5 O&M Services	41
5.1 O&M Contract	41
5.2 Operator to Provide Information to Parties.....	43
ARTICLE	
<u>5.3 Inventory Management</u>	Error! Bookmark not defined.
<u>5.4 Joint Operating Model</u>	Error! Bookmark not defined.

5.5 Gas Supply Services	Error! Bookmark not defined.
Article 6 Accounting Procedure and Credit Support	44
6.1 Expenditures	44
6.2 Keeping of Records and Accounts.....	44
6.3 Puget LNG Guaranty	44
ARTICLE Article 7 Confidentiality	44
7.1 Confidentiality	44
7.2 Public Announcements.	45
ARTICLE Article 8 Insurance	45
8.1 Insurance Policies	45
ARTICLE Article 9 Claims and Indemnities.....	45
9.1 Liability Several.....	45
9.2 Risk of Loss of the Joint Facilities.....	45
9.3 Indemnity by Party of Other Party.....	46
9.4 Conduct of Indemnity Claims.....	46
9.5 Survival of Indemnities.....	47
9.6 Exclusion of Consequential Loss.....	47
9.7 Insurance Proceeds.....	47
ARTICLE Article 10 Dispositions and Encumbrances of Ownership Interests.....	48
10.1 General Restriction on Disposition and Encumbrances of Ownership Interest.....	48
ARTICLE Article 11 Default and Remedies	48
11.1 Events of Default	48
11.2 Default Notice	49
11.3 Remedies.....	49
ARTICLE Article 12 Dispute Resolution.....	49
12.1 Dispute Resolution Process.....	49
12.2 Continued Performance	50
ARTICLE Article 13 Procedures on Termination	50
13.1 Agreed Termination	50
13.2 Disposition of Ownership Interest Upon Expiration of the Term.....	50
13.3 Final Accounting and Settlement.....	50
ARTICLE Article 14 Force Majeure	50
14.1 Effect of Force Majeure Event.....	50
14.2 Obligations Following Occurrence of Force Majeure Event.....	51

ARTICLE <u>Article</u> 15 Notices and Other Communications	51
15.1 Requirements for Notices and Other Communications	51
ARTICLE <u>Article</u> 16 General	52
16.1 Exercise of Rights	52
16.2 No Waiver	52
16.3 No Third Party Beneficiary	52
16.4 Rights and Remedies Cumulative	52
16.5 No Merger	52
16.6 Binding Effect	52
16.7 Further Assurances	53
16.8 Entire Agreement	53
16.9 No Other Representations or Warranties	53
16.10 Counterparts; Electronic Delivery	53
16.11 Governing Law	53
16.12 Service of Process	53
16.13 Fees and Commissions	53
16.14 Amendments	54
16.15 Survival of Rights and Obligations	54
16.16 Decision Making by Parties	54
16.17 Severability	54
16.18 No Recourse to Affiliates	54

Exhibits

- Exhibit A Ownership Interests
- Exhibit B Development Costs
- Exhibit C Operations and Maintenance Costs
- Exhibit D O&M Contract

AMENDED AND RESTATED JOINT OWNERSHIP AGREEMENT

THIS AMENDED AND RESTATED JOINT OWNERSHIP AGREEMENT (this “**Agreement**”) is made and entered into effective as of the 27th[] day of January[], 20172020 (the “**Effective Date**”) by and between Puget LNG, LLC, a Washington limited liability company having a business address at 10885 NE 4th Street, Bellevue, WA 98004-5591 (“**Puget LNG**”), and Puget Sound Energy, Inc., a Washington corporation having a business address at 10885 NE 4th Street, Bellevue, WA 98004-5591 (“**PSE**”). Puget LNG and PSE shall be referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS

WHEREAS, PSE intends to undertake the development and construction of the Tacoma LNG Facility (as defined below);

WHEREAS, concurrently with the execution hereof, PSE has assigned to Puget LNG (i) all of PSE's right, title and interest in, to and under the TOTE FSA and the TOTE Letter Agreement and (ii) Puget LNG's Ownership Interest in the Tacoma LNG Facility;

WHEREAS, Puget LNG and PSE each desire to own as tenants in common the Tacoma LNG Facility, as further described in this Agreement; and

WHEREAS, Puget LNG and PSE each desire to set forth the terms and conditions governing the ownership of their respective undivided ownership interests in the Tacoma LNG Facility and, among other things, the operation and maintenance of the Tacoma LNG Facility.

NOW THEREFORE, in consideration of the above matters, the mutual covenants and agreements set forth herein and for other valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Parties hereby agree to the following:

ARTICLE 1 **Definitions and Interpretation**

1.1 Definitions

Except as otherwise expressly provided herein, capitalized terms used in this Agreement (including the recitals and the Exhibits) shall have the following meanings:

"Affected Party" means the Party affected by a Force Majeure Event.

"Affiliate" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly through one or more intermediaries, of the power to either (a) elect a majority of the directors (or Persons with equivalent management power) of such Person, or (b) direct or cause the direction of the management or policies of such Person, whether through the ownership of securities or partnership, membership or other ownership interests, by contract, by operation of law or otherwise

"Agreement" has the meaning given in the preamble to this Agreement.

"Annual Budget" has the meaning given in Section 4.8.

"Applicable Law" means with respect to any Party or the Tacoma LNG Facility, all laws, statutes, codes, acts, treaties, ordinances, orders, judgments, writs, decrees, injunctions, rules, tariffs, regulations, governmental approvals, licenses and permits, directives and requirements of all

regulatory and other governmental authorities as may be amended, in each case applicable to or binding upon such Party or the Tacoma LNG Facility (as the case may be).

“**Authority**” means any federal, provincial, state, county, municipal or local government and any political subdivision thereof, or any other governmental, quasi-governmental, executive, legislative, administrative, regulatory, judicial, public or statutory department, body, instrumentality, agency, ministry, court, commission, bureau, board, or other governmental authority having jurisdiction over the Tacoma LNG Facility or any of the Parties.

“**Bankruptcy Law**” means Title 11, United State Code and any other state or federal insolvency, reorganization, moratorium or similar law for the relief of debtors.

“**Business Day**” means: (a) in relation to any notice or other communication, a day on which commercial banks are open for business in the location specified in the notices address provided by the intended recipient; and (b) in relation to any payment or funds transfer, a day on which commercial banks are not required or permitted to be closed in the place where the relevant payor, payor account, payee account, and payee is located; and (c) for purposes of calculating a period of time during which an obligation is to be performed, any day other than a Saturday, Sunday or day on which banks, in the place where a party is required to render performance, are not permitted or required to be closed.

“**Claims**” means all claims, demands, actions, causes of action, and Proceedings, including any of the foregoing which relate to a Third Party Liability.

“**Commercial Operation Date**” means the date on which the following conditions have been fulfilled: (a) the Tacoma LNG Facility has been satisfactorily tested and commissioned, and (b) all related assets have been completed or obtained, so as to allow continuous operation of the Tacoma LNG Facility.

“**Commission**” means the Washington Utilities and Transportation Commission.

“**Continuing Party**” has the meaning given in Section 13.2.

“**Damages**” means costs, claims, awards (including arbitral awards), judgments, damages, losses, deficiencies, liabilities, fines, penalties or expenses (including reasonable attorneys’ fees and expenses) of any kind or nature (including any of the foregoing which relate to a Third Party Liability), including: (a) any of the foregoing related or attributable to property damage or personal injuries (including death); (b) any amounts paid in settlement of any of the foregoing; and (c) the amount of any deductible payable under a policy of insurance by a party suffering or incurring a damage or loss.

“**Default Notice**” has the meaning given in Section 11.2.

“**Defaulting Party**” has the meaning given in Section 11.1.

“**Development Costs**” has the meaning given in Section 3.3(d).

“**Dispose**” or “**Disposition**” means to assign, transfer or otherwise dispose of an Ownership Interest, either in whole or part, whether by sale, lease, declaration or creation of a trust or otherwise

“**Dispute**” has the meaning given in Section 12.1.

“**Effective Date**” has the meaning given in the preamble to this Agreement.

“**Encumber**” means to create or allow the existence of an Encumbrance.

“**Encumbrance**” means (a) any mortgage, charge, lien, pledge, hypothecation, title retention arrangement or other security interest, as or in effect as security for the payment of a monetary obligation or the observance of any other obligation; (b) any easement, servitude, restrictive covenant, equity or interest in the nature of an encumbrance, garnishee order, writ of execution, right of set-off, lease, license to use or occupy, assignment of income or monetary claim; and (c) any agreement to create any of the foregoing or allow any of the foregoing to exist.

“**Event of Default**” has the meaning given in Section 11.1.

“**Exiting Party**” has the meaning given in Section 13.2.

“**First and Refunding Mortgage**” means the First Mortgage by and between PSE and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of April 1, 1957, as supplemented and modified by all indentures supplemental thereto.

“**Force Majeure Event**” means any event or circumstance (or combination thereof) and the continuing effects of any such event or circumstance (whether or not such event or circumstance was foreseeable or foreseen by the Parties) that delays or prevents performance by the Affected Party of any obligation under this Agreement, but only to the extent that and for so long as: (a) the event or circumstance is beyond the reasonable control of the Affected Party; (b) despite the exercise of reasonable diligence, the event or circumstance cannot be prevented, avoided or stopped by the Affected Party; and (c) the Affected Party has taken all reasonable measures to avoid the effect of the event or circumstance on the Affected Party’s ability to perform its obligations hereunder and to mitigate the consequences of the event or circumstance. Force Majeure Events may include the following: (i) acts of nature, including volcanic eruption, landslide, earthquake, flood, lightning, tornado or other unusually severe storm or environmental conditions, perils of the sea, wildfire or any other natural disaster; (ii) acts of public enemies, armed conflicts, act of foreign enemy, acts of terrorism (whether domestic or foreign, state-sponsored or otherwise), war (whether declared or undeclared), blockade, insurrection, riot, civil disturbance, revolution or sabotage; (iii) acts or omissions of any Authority, including any form of compulsory government acquisition or condemnation of all or part of the Tacoma LNG Facility, export or import restrictions, customs delays, rationing or allocations that affect the Tacoma LNG Facility; (iv) environmental or hazardous waste contamination at the Tacoma LNG Facility; (v) accidents, damage or loss during transportation, explosions, epidemics, quarantine or criminal acts affecting the Tacoma LNG Facility; and (vi) labor disturbances, stoppages, strikes, lock-outs or

other industrial action affecting the Parties, or any of their Subcontractors, employees or agents, including any of the foregoing caused by any of the events listed herein.

“**GAAP**” means United States generally accepted accounting principles for financial reporting as in effect on the date of the preparation of any such report.

“**Guaranty**” has the meaning given in Section 6.3.

“**Indemnity Claim**” has the meaning given in Section 9.4.

“**Indemnified Party**” has the meaning given in Section 9.3.

“**Indemnifying Party**” has the meaning given in Section 9.3.

“**Initial Annual Budget**” has the meaning given in Section 4.8.

“**Insolvency Event**” means, with respect to any Person: (a) such Person institutes a voluntary case, files a petition or consents or otherwise institutes any similar proceedings seeking liquidation, reorganization, dissolution, winding-up, to be adjudicated a bankrupt or for any other relief under the Bankruptcy Law, or consents to the institution of an involuntary case thereunder against it; (b) such Person makes a general assignment for the benefit of creditors; (c) such Person applies under Bankruptcy Law for, or by its consent or acquiescence there shall be an appointment of, a receiver, liquidator, sequestrator, trustee or other officer with similar powers with regard to such Person or to any material part of such Person’s property; (d) such Person admits in writing its inability to pay its debts generally as they become due; (e) an involuntary case or any similar proceeding shall be commenced under the Bankruptcy Law against such Person and (A) the petition commencing the involuntary case or similar proceeding is not timely challenged, (B) the petition commencing the involuntary case or similar proceeding is not dismissed within sixty (60) days of its filing, (C) an interim trustee is appointed to take possession of all or a portion of the property, and/or to operate all or any part of the business of such Person and such appointment is not vacated within sixty (60) days of such appointment or (D) an order for relief shall have been issued or entered therein; or (f) a court adjudges such Person to be bankrupt or makes an order requiring the liquidation, dissolution or winding up of such Person.

“**Joint Operating Committee**” has the meaning given in Section 4.1.

“**Joint Operating Model**” has the meaning given in Section Error! Reference source not found..

“**LNG**” means liquefied natural gas.

“**LNG Sale Purposes**” has the meaning given in Section 3.3(b).

“**Moratorium Period**” has the meaning given in Section 11.1.

“**Non-Defaulting Party**” has the meaning given in Section 11.1.

“O&M Contract” ~~means the Operations and Maintenance Contract between the Parties for the management, operation and maintenance of the Tacoma LNG Facility.~~
has the meaning given in Section **Error! Reference source not found.**

“O&M Provider” ~~has the meaning given in Section **Error! Reference source not found.**~~

“Operations and Maintenance Costs” has the meaning given in Section 3.3(e).

“Operator” means the operator appointed by the Parties pursuant to Section 5.1 of this Agreement and any successor thereof appointed by the Parties ~~in accordance with the O&M Contract.~~

“Ownership Interests” means, at any given point in time, the undivided ownership interest of a Party in all rights and obligations with respect to the Tacoma LNG Facility arising under or in connection with this Agreement, including the right, title and interest of such Party in and to all property, whether real, personal or mixed, which is at any time subsequent to the Effective Date owned, leased, held, developed, discovered, constructed or acquired solely for or in connection with the ownership, operation, maintenance and decommissioning of the Tacoma LNG Facility (including the design, development, construction and commissioning of the Tacoma LNG Facility), and the undertaking of those matters included in the Project Purposes in accordance with the principles given in this Agreement.

“Party” or **“Parties”** has the meaning given in the preamble to this Agreement.

“Permitted Transfer” has the meaning given in Section 10.1.

“Person” means and includes any natural person, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, limited liability company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any Authority.

“Proceeding” means any action, arbitration, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Authority or arbitrator instituted by a Third Party.

“Project Operations” means all operations and activities carried out in accordance with this Agreement by the Parties.

“Project Purposes” has the meaning given in Section 3.1.

“Proposed Annual Budget” has the meaning given in Section 4.8.

“Prudent Utility Practice” means the practices, methods and standards of professional care, skill and diligence engaged in or approved by a significant portion of the LNG industry for LNG facilities of similar size, type, and design, that, in the exercise of reasonable judgment, in light of the facts known at the time, would have been expected to accomplish results consistent with Applicable Law, reliability, safety, environmental protection and standards of economy and expedition.

“PSE” has the meaning given in the preamble to this Agreement.

“PSE-Owned Development Assets” means those assets and rights associated with the Tacoma LNG Facility that the Parties have or may from time to time agree shall be held in PSE’s name during the Term, including the site lease and various permits for the Tacoma LNG Facility, all as further described in and contemplated by Section 3.4 hereof.

“Puget LNG” has the meaning given in the preamble to this Agreement.

“Regulated Purposes” has the meaning given in Section 3.3(b).

“Replacement O&M Contract” has the meaning given in Section Error! Reference source not found.

“Representative” has the meaning given in Section 4.1.

“Special Meeting” means a meeting of the Joint Operating Committee (other than a Scheduled Meeting) convened in accordance with Section 4.6(d) of this Agreement.

“Tacoma LNG Facility” means the LNG liquefaction and fueling terminal under development by PSE at the Port of Tacoma, Washington, capable of receiving approximately 21,000 Decatherms per day of natural gas from which it will produce approximately 250,000 gallons of LNG when liquefying at nameplate capacity and which will be capable of storing approximately 8,000,000 gallons of LNG, together with any additions, expansions, improvements and variations thereto from time to time as provided for in this Agreement and including all property, whether real, personal or mixed, which is at any time subsequent to the Effective Date owned, leased, held, developed, discovered, constructed or acquired solely for or in connection with the ownership, operation, maintenance and decommissioning of the Tacoma LNG Facility (including the design, development, construction and commissioning of the Tacoma LNG Facility), and the undertaking of those matters included in the Project Purposes in accordance with the principles given in this Agreement, including the PSE-Owned Development Assets.

“Tax” means each federal, state, provincial, county, local and other (a) net income, gross income, gross receipts, sales, use, ad valorem, business or occupation, transfer, franchise, profits, withholding, payroll, employment, excise, property or leasehold excise, tax, (b) customs, duty or other fee, assessment or charge of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amount with respect thereto.

“Term” has the meaning given in Section 2.1.

“Third Party” means any Person other than a Party or an Affiliate of a Party.

“Third Party Liability” has the meaning given in Section 9.4(b).

“TOTE” means Totem Ocean Trailer Express, Inc.

“**TOTE FSA**” means that certain LNG Fuel Supply Agreement, dated October 27, 2014, between TOTE and PSE (as may be amended or modified from time to time).

“**TOTE Letter Agreement**” means that certain letter agreement, dated July 9, 2015, between TOTE and PSE pertaining to the interim supply of LNG to TOTE pending commencement of commercial operations of the Tacoma LNG Facility (as may be amended or modified from time to time).

1.2 Rules of Interpretation

In this Agreement, unless expressly provided otherwise:

- (a) the words “herein,” “hereunder” and “hereof” refer to the provisions of this Agreement and a reference to a recital, Article, Section, subsection or paragraph of this Agreement or any other agreement is a reference to a recital, Article, Section, subsection or paragraph of this Agreement or other agreement in which it is used unless otherwise stated;
- (b) references to this Agreement, or any other agreement or instrument, includes any schedule, exhibit, annex or other attachment hereto or thereto;
- (c) a reference to a paragraph also refers to the subsection in which it is contained, and a reference to a subsection refers to the Section in which it is contained;
- (d) a reference to this Agreement, any other agreement or an instrument or any provision of any of them includes any amendment, variation, restatement or replacement of this Agreement or such other agreement, instrument or provision, as the case may be;
- (e) a reference to a statute or other law (including any Applicable Law) or a provision of any of them includes all regulations, rules, subordinate legislation and other instruments issued or promulgated thereunder as in effect from time to time and all consolidations, amendments, re-enactments, extensions or replacements of such statute, law or provision;
- (f) the singular includes the plural and vice versa;
- (g) a reference to a Person includes a reference to the Person’s executors and administrators (in the case of a natural person) and successors, substitutes (including Persons taking by novation) and permitted assigns;
- (h) words of any gender shall include the corresponding words of the other gender;
- (i) “including” means “including, but not limited to,” and other forms of the verb “to include” are to be interpreted similarly;

- (j) references to “or” shall be deemed to be disjunctive but not necessarily exclusive, (i.e., unless the context dictates otherwise, “or” shall be interpreted to mean “and/or” rather than “either/or”);
- (k) where a period of time is specified to run from or after a given day or the day of an act or event, it is to be calculated exclusive of such day; and where a period of time is specified as commencing on a given day or the day of an act or event, it is to be calculated inclusive of such day;
- (l) a reference to a day is a reference to a period of time commencing at midnight and ending the following midnight;
- (m) a reference to a Business Day is a reference to a period of time commencing at 9:00 a.m. local time on a Business Day and ending at 5:00 p.m. local time on the same Business Day;
- (n) if the time for performing an obligation under this Agreement expires on a day that is not a Business Day, the time shall be extended until that time on the next Business Day;
- (o) a reference to (i) a day (other than a Business Day) is a reference to a calendar day, (ii) a month is a reference to a calendar month and (iii) a year is a reference to a calendar year;
- (p) where a word or phrase is specifically defined, other grammatical forms of such word or phrase have corresponding meanings;
- (q) a reference to time is a reference to the time in effect in Seattle, Washington on the relevant date;
- (r) if a payment prescribed under this Agreement to be made by a Party on or by a given Business Day is made after 2:00 pm on such Business Day, it is taken to be made on the next Business Day;
- (s) all accounting terms used but not defined in this Agreement have the meanings given to them under GAAP (U.S.) as consistently applied by the Person to which they relate, except to the extent such Person is organized under the laws of a province of Canada, in which case such accounting terms shall have the meanings given to them under GAAP (Canada) as consistently applied to such Person; and
- (t) headings and the table of contents are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Exhibits

The following exhibits (the “**Exhibits**”) are attached hereto and form a part of this Agreement:

Exhibit A – Ownership Interests

- Exhibit B – Development Costs
- Exhibit C – Operations and Maintenance Costs
- Exhibit D – O&M Contract

If any term or condition, express or implied, of any Exhibit conflicts or is at variance with any term or condition in the body of this Agreement, the term or condition in the body of this Agreement shall control and prevail.

1.4 Negotiation of Agreement

This Agreement is the result of negotiations between, and has been reviewed by, the Parties and their respective legal counsel. Accordingly, this Agreement shall be deemed to be the product of each Party, and there shall be no presumption that an ambiguity, if any, should be construed in favor of or against a Party solely as a result of such Party's actual or alleged role in the drafting of this Agreement.

ARTICLE 2

Term; Representations and Warranties

2.1 Term

The term of this Agreement (the “**Term**”) shall commence on the Effective Date and shall continue until the earliest of: (a) the cessation of operations of the Tacoma LNG Facility and the completion of the decommissioning of the Tacoma LNG Facility by the Parties; (b) the date of termination of this Agreement by agreement, in writing, between the Parties, or (c) the ownership by one Party of one hundred percent (100%) of the Ownership Interests.

2.2 Representations and Warranties

As of the Effective Date, each Party represents and warrants to the other Party that, as to itself, each of the following statements is true and accurate as it applies to the Party making such representation and warranty: (a) such Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (b) such Party has full power and authority to enter into, perform and observe its obligations and duties under this Agreement; (c) such Party's execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary corporate, limited partnership, limited liability company or other requisite action; (d) this Agreement is a legal, valid and binding agreement of such Party and is enforceable against it in accordance with its terms, except as such enforcement may be limited by any Bankruptcy Law or by general equitable principles (regardless of whether enforcement is sought in a proceeding in equity or at law); and (e) the entering into of this Agreement by such Party does not, and the performance by it of its obligations hereunder and the transactions contemplated hereby will not result in a violation or breach of any Applicable Law or any provision of the organizational or governance documents of such Party or any agreement to which it is a party or by which it is bound.

ARTICLE 3
Ownership and Purpose

3.1 Terms and Conditions of Ownership; Purpose

The Parties hereby establish terms and conditions upon which they shall jointly own and operate the Tacoma LNG Facility, including with respect to the ownership, operation and maintenance, on a tenant-in-common basis, of the Tacoma LNG Facility and any other purposes the Parties may from time to time, in accordance with the terms of this Agreement, determine to incorporate within the purposes of the Tacoma LNG Facility, all of which are collectively referred to in this Agreement as the “**Project Purposes**.”

3.2 Ownership Interests

Except as provided below, the respective Ownership Interests of the Parties as of the Effective Date are as set forth on Exhibit A. Such Ownership Interests are based upon the expected costs associated with the development and construction of the Tacoma LNG Facility as set forth in Exhibit B. Promptly after the Commercial Operation Date, in accordance with Exhibit A and Exhibit B, there shall be a true-up of the component ownership share for PSE and Puget LNG that is allocated to common costs based upon the Development Costs (as defined below) actually incurred, whereby the Parties shall mutually agree on revised versions of Exhibit A and Exhibit B.

3.3 Development, Construction and Operation of the Tacoma LNG Facility

- (a) PSE intends to undertake the development and construction of the Tacoma LNG Facility. Each Party hereby appoints PSE as the manager with respect to the development and construction of the Tacoma LNG Facility.
- (b) Subject to the other provisions of this Agreement, the Parties agree to jointly undertake the ownership, operation and maintenance of the Tacoma LNG Facility, on a tenant-in-common basis.
- (c) PSE intends to utilize its allocable share of the Tacoma LNG Facility in order to provide peak-day supply for PSE’s retail natural gas customers (the “**Regulated Purposes**”). Puget LNG intends to utilize its allocable share of the Tacoma LNG Facility for unregulated sales of LNG fuel, including sales to TOTE pursuant to the TOTE FSA (“**LNG Sale Purposes**”).
- (d) Each Party will be obligated to pay its share of all costs and expenses incurred in connection with the engineering, design, development and construction of the Tacoma LNG Facility (the “**Development Costs**”). An estimate of such Development Costs is attached hereto as Exhibit B. Such Development Costs will be allocable generally on the basis of each Party’s respective Ownership Interest, provided that if any such Development Costs relate solely to Regulated Purposes, PSE shall bear one hundred percent (100%) of such Development Costs, and provided, further that if any such Development Costs relate solely to LNG Sale Purposes, Puget LNG shall bear one hundred percent (100%) of such Development

Costs. By way of example, Puget LNG will be obligated to pay all Development Costs associated with the marine bunkering capabilities of the Tacoma LNG Facility and PSE will be obligated to pay all Development Costs associated with the vaporization facilities. Concurrently with the execution of this Agreement, Puget LNG shall reimburse PSE for Puget LNG's share of any such Development Costs already incurred by PSE.

- (e) Each Party will be obligated to pay its share of all costs and expenses incurred in connection with the ownership, operation and maintenance of the Tacoma LNG Facility which shall be allocated in accordance with Exhibit C (the "**Operations and Maintenance Costs**"). ~~An estimate of such Operations and Maintenance Costs is attached hereto as Exhibit C. Such Operations and Maintenance Costs will be allocable generally on the basis of each Party's respective Ownership Interest, provided that if any such Operations and Maintenance Costs relate solely to Regulated Purposes, PSE shall bear one hundred percent (100%) of such Operations and Maintenance Costs, and provided, further that if any such Operations and Maintenance Costs relate solely to LNG Sale Purposes, Puget LNG shall bear one hundred percent (100%) of such Operations and Maintenance Costs.~~
- (f) If a Party has incurred and paid any Development Costs and/or Operations and Maintenance Costs that are subject to cost-sharing pursuant to this Agreement, it may submit an invoice on or before the fifth (5th) Business Day of any month setting forth the amount of such Development Costs and/or Operations and Maintenance Costs, together with reasonable supporting documentation for such Development Costs and/or Operations and Maintenance Costs and payment thereof by the claiming Party. The other Party shall remit payment for its share of such Development Costs within ten (10) Business Days after receipt of such invoice.

3.4 Undivided Ownership Interests in the Tacoma LNG Facility as Tenants in Common

- (a) During the Term, PSE shall hold all right title to and interest in the PSE-Owned Development Assets. To the greatest extent permitted by Applicable Law, and otherwise in equity, PSE will hold such portion of the PSE-Owned Development Assets that are allocable to Puget LNG, as bare trustee for Puget LNG in proportion to Puget LNG's respective Ownership Interest. Upon the reasonable request of Puget LNG, PSE will reasonably cooperate with Puget LNG to transfer into Puget LNG's name such portion of the PSE-Owned Development Assets that are allocable to Puget LNG.
- (b) To the greatest extent permitted by Applicable Law, and otherwise in equity, the Tacoma LNG Facility (excluding PSE-Owned Development Assets, TOTE FSA and TOTE Letter Agreement) shall be owned and held by the Parties as tenants in common in proportion to their respective Ownership Interests. Where any portion of the Tacoma LNG Facility cannot be held directly by both of the Parties due to pre-existing legal or contractual restrictions that cannot be altered or satisfied or where effectuating such ownership structure would result in unreasonable additional expense to the Parties, such portion of the Tacoma LNG Facility shall be

held by PSE in bare trust for itself and Puget LNG in proportion to their respective Ownership Interests. If the ownership of any portion of the Tacoma LNG Facility is registered or recorded in the name of one of the Parties, and notwithstanding the Parties' efforts such portion of the Tacoma LNG Facility cannot be held directly by both Parties or by PSE as contemplated above, then such Party in whose name ownership is registered or recorded shall hold such portion of the Tacoma LNG Facility in bare trust for itself and the other Party in proportion to their respective Ownership Interests.

- (c) Unless otherwise agreed by the other Party, each Party shall execute all documents and do all things necessary or appropriate to register or record the Tacoma LNG Facility in the names of the Parties in proportion to their respective Ownership Interests.

3.5 No Partition

Each Party waives any rights it may have under Applicable Law to bring an action for partition or division of the Tacoma LNG Facility and agrees that it shall not (a) seek partition or division of the Tacoma LNG Facility or (b) take any action, whether by way of any court order or otherwise, for physical partition or judicial sale in lieu of partition of the Tacoma LNG Facility.

3.6 Several Liability

The rights, duties, obligations and liabilities of each Party under this Agreement or arising out of or in connection with the Project Operations are, in each case, intended to be several and not joint or collective. Except as otherwise provided, all risk, loss and damage arising out of the Project Operations shall be borne by the Parties in proportion to their respective Ownership Interests.

3.7 No Partnership

No Party shall hold itself out to any Person as a partner of, or principal or agent or trustee for, the other Party, except to the extent expressly authorized in Section 3.4, or in a writing by such other Party. The Parties do not intend to create, and this Agreement shall not be construed to create, a partnership or joint venture between the Parties. No Party shall have the right to share, in whole or in part, the income and profits from, or be responsible for the losses and expenses with respect to, the other Party's undivided Ownership Interest in the Tacoma LNG Facility. The income and profits produced by each Party's undivided Ownership Interest in the Tacoma LNG Facility shall belong solely to such Party. Each Party shall elect, pursuant to Section 761(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder, to be excluded from all of the provisions of Subchapter K, Chapter 1, Subtitle A of the Code. The Parties shall take all steps necessary and appropriate to evidence this election, including filing the statement described in Treas. Reg. Section 1.761-2(b)(2)(i). In making such election, each Party agrees and shall state that the income derived by it from the operations under this Agreement can be adequately determined without the computation of partnership taxable income.

3.8 No Joint Income, Revenue or Receipts

The Parties shall not be considered to derive income, revenue or receipts jointly as a result of the activities undertaken pursuant to this Agreement and a Party shall not have any right or interest in any income, revenue or receipts derived from the Ownership Interest of the other Party.

3.9 Good Faith

Each Party shall act in good faith towards the other Party, including: (a) acting in good faith in all activities and dealings with the other Party in relation to the Tacoma LNG Facility; (b) attending diligently to the conduct of all activities in relation to the Tacoma LNG Facility in which the Parties are involved; and (c) accounting promptly for all funds, including negotiable instruments, received by it on behalf of the Parties in connection with the Tacoma LNG Facility.

3.10 Obligations In Relation to Other Opportunities

Neither Party, by reason of such Party's interest in the Tacoma LNG Facility or appointment of a representative of such Party as a Representative of the Joint Operating Committee, shall be precluded from engaging in any activities similar to those to be conducted by the Parties in respect of the Tacoma LNG Facility or any activities incidental or related thereto, or any other activities whatsoever, nor shall either Party have any obligation, by reason of such Party's interest in the Tacoma LNG Facility or appointment of a representative of such Party as a Representative of the Joint Operating Committee, to make available to any other Person any other opportunity that such Party may have to develop, construct, own, operate, maintain or finance any other project of any kind or nature, including any facility similar to the Tacoma LNG Facility.

ARTICLE 4

Joint Operating Committee

4.1 Formation of Joint Operating Committee

The Parties hereby form a Joint Operating Committee (the "**Joint Operating Committee**"), which shall have the powers and functions provided in this Agreement. Each Party shall appoint two (2) representatives to the Joint Operating Committee (each such representative, a "**Representative**"). At least one (1) Representative appointed by each Party shall have prior experience with LNG projects similar to the Tacoma LNG Facility. Subject to the restrictions set forth in this Section 4.1, each Party may, by notice to the other Party, at any time, remove a Representative appointed by it and appoint a replacement.

4.2 Powers and Responsibilities of Joint Operating Committee

Except as expressly provided in Section 4.3, all matters concerning the carrying out of ~~the~~ this Agreement in accordance with the Project Purposes shall be deemed to be delegated to the Joint Operating Committee and the Joint Operating Committee shall have the power to make all decisions regarding the day-to-day operations of the Tacoma LNG Facility. All decisions of the Joint Operating Committee shall be taken by resolution. All resolutions within the Joint Operating

Committee's power are binding on both Parties as from the effective date of such resolution and each Party is obligated to carry each resolution into effect in accordance with its terms.

4.3 Matters Excluded from Joint Operating Committee and Reserved for the Parties

Notwithstanding Sections 4.2, for so long as a Party holds, directly or indirectly, twenty percent (20%) or more of the Ownership Interest, the Joint Operating Committee does not have the power to make any decisions regarding, and may not make any resolutions with respect to, any of the following matters, the specified matters being reserved for determination by the written agreement of the Parties:

- (a) approval of the Annual Budget and any changes thereto;
- (b) any decision to acquire or dispose of any portion of the Tacoma LNG Facility in excess of one hundred thousand dollars (\$100,000) in any single transaction, except as included in the Annual Budget;
- (c) any incurrence of indebtedness for which the Parties shall be jointly liable, other than as contemplated by the Annual Budget or in the ordinary course of business;
- (d) placing of any Encumbrance on the Tacoma LNG Facility, other than as contemplated in the Annual Budget or other than a lien of PSE's First and Refunding Mortgage indenture, which shall automatically attach;
- (e) the making of a guarantee by the Parties on a joint and several basis of payment obligations or performance of other obligations of Third Parties, other than as contemplated by the Annual Budget or in the ordinary course of business;
- (f) entering into any contract pertaining to the Tacoma LNG Facility having either a current market value or a total remaining cost of greater than two hundred fifty thousand dollars (\$250,000), or amending or modifying in any material respect or terminating such a contract, except as consistent with the Annual Budget;
- (g) any decision to initiate or settle any litigation pertaining to the Tacoma LNG Facility having a value in excess of one hundred thousand dollars (\$100,000);
- (h) other than routine filings and notifications, the making of any filing with or notification to any Authority have jurisdiction over the Tacoma LNG Facility or the Parties' activities with respect thereto;
- (i) the appointment of any agents or intermediaries with authority to act in the name of or otherwise bind the Parties with respect to the Tacoma LNG Facility;
- (j) entry into, or amendment or modification in any material respect of, any transaction pertaining to the Tacoma LNG Facility with any Party or with an affiliate of any Party, other than on fair and reasonable terms substantially as favorable to the Parties or the Tacoma LNG Facility as would be obtainable at the time in a comparable arm's length transaction; and

- (k) Any decision to grant to any Person rights to use real property rights acquired for the Tacoma LNG Facility.

4.4 Deadlock

Any Disputes between the Parties, regarding any matter referred to in Section 4.2 where the vote of the Joint Operating Committee results in a deadlock, shall be referred to the Dispute Resolution procedures set forth in Article 12; provided, that the Parties acknowledge and agree that the matters described in Section 4.3 shall not be subject to dispute resolution (whether hereunder or otherwise).

4.5 Voting

All matters decided by the Joint Operating Committee shall require the unanimous approval of all of the Representatives present at a duly convened meeting of the Joint Operating Committee in which a quorum is present. Each Representative shall each be entitled to cast one vote.

4.6 Quorum and Other Meeting Requirements

- (a) Quorum. The presence of one (1) Representative appointed by PSE and one (1) Representative appointed by Puget LNG shall constitute a quorum for the transaction of business at any meeting of the Joint Operating Committee.
- (b) Location. All meetings of the Joint Operating Committee shall be held at such places, dates and times as may be fixed by mutual agreement of PSE and Puget LNG.
- (c) Scheduled Meetings. Scheduled Meetings of the Joint Operating Committee shall be held at least once every quarter. A notice convening a Scheduled Meeting must be in writing and given to the Parties at least fourteen (14) days before the date of the Scheduled Meeting, which notice may be given by electronic communication.
- (d) Special Meetings. In addition to Scheduled Meetings, Special Meetings of the Joint Operating Committee may be called by any Representative upon seven (7) days' prior written notice to each Representative, which notice may be given by electronic communication and shall identify the purpose of the special meeting or the business to be transacted.
- (e) Telephone Meetings and Written Resolutions. Unless an in-person meeting is requested by a Representative, meetings of the Joint Operating Committee may, in addition to taking place in-person, take place by or include one or more Representatives present through conference telephone, videoconference, or similar communications equipment. A resolution in writing or by electronic transmission approved by the signature (which shall include an electronic signature, in the case of an electronic transmission) of each Representative who would be eligible to vote on the subject matter of the resolution if it were put to vote at a meeting of the Joint Operating Committee is as valid and effectual as if the resolution had been passed by the required vote at a duly convened meeting of the Joint Operating Committee on the date when the resolution is last signed. A written resolution may consist of

one or more documents in like terms. Each reference in this Agreement to a vote includes a reference to the execution of, or the failure to execute, a written or electronic resolution.

- (f) Costs. Each Party shall bear the costs associated with the attendance of its Representatives at meetings of the Joint Operating Committee.

4.7 Sub-Committees

The Parties may create such other committees as they may deem necessary or appropriate, each of which is to be comprised of one Representative appointed by each Party, provided that the Joint Operating Committee shall retain decisional power over any subject matter delegated to the said created committees for study or consultation. Each Party shall bear the costs associated with its sub-committee members.

4.8 Annual Budget

At least sixty (60) days prior to the anticipated Commercial Operation Date, the Joint Operating Committee shall prepare the initial budget detailing the expected capital and operating costs required for the Tacoma LNG Facility for the then-current calendar year and the first full calendar year thereafter (the “**Initial Annual Budget**”). At least sixty (60) days prior to (i) December 31st of calendar year in which the Initial Annual Budget expires and (ii) each calendar year thereafter, the Joint Operating Committee shall review and provide an updated budget (the “**Proposed Annual Budget**”). The Parties, in accordance with Section 4.3(a), shall have the right to approve, revise and approve, or reject each such Proposed Annual Budget. If such Proposed Annual Budget is approved by the Parties, or is revised and approved by the Parties, such Proposed Annual Budget, as so approved, shall become the “**Annual Budget**” hereunder (thereby superseding any the Initial Annual Budget or any prior Annual Budget, as applicable). If such Proposed Annual Budget is rejected by the Parties or is otherwise not approved by the Parties, the Parties shall direct the Joint Operating Committee to prepare and, within fifteen (15) Business Days, submit to the Parties a revised Proposed Annual Budget. This process shall continue until an Annual Budget for such period is approved or revised and approved by the Parties. In the event that no Annual Budget is approved prior to the first day of each year of the Term, the Annual Budget for the immediately preceding year shall continue in effect until the approval of a new Annual Budget in accordance herewith.

ARTICLE 5 O&M Services

5.1 O&M Contract

- (a) Each Party hereby appoints PSE, as ~~the~~ Operator, to operate, manage, supervise and conduct the business of the Tacoma LNG Facility on behalf of such Party in accordance with the terms and conditions of this Agreement, and PSE hereby ~~accepts such appointment and~~ agrees to assume the obligations and liabilities of the Operator in accordance with the terms and conditions of this Agreement. ~~The Operator shall serve in such capacity~~

- ~~(a)~~ Each Party agrees that PSE shall have the right to perform any of responsibilities itself, or to cause such performance through another Person, including operating any portion of the Tacoma LNG Facility through one or more Persons; provided that (i) such Person has sufficient experience operating and maintaining facilities in the hydrocarbon transportation, processing or terminalling industries and the financial and operational capability to perform the responsibilities delegated by Operator consistent with Prudent Utility Practice and (ii) PSE remains responsible and liable for all obligations of the Term, subject only to replacement pursuant to the terms and conditions of the O&M Contract Operator under this Agreement notwithstanding any such delegation.
- (b) Each Party agrees to enter into the O&M Contract as soon as reasonably practicable and in any event prior to the Commercial Operation Date, in the form approved by the Joint Operating Committee. The O&M Contract shall include terms and conditions substantially similar to the terms and conditions set forth in Section 5.1(c). Each Party agrees that it shall not take any action with respect to the operation of the Tacoma LNG Facility unless such action is authorized or permitted by the O&M Contract or this Agreement or is agreed to by the other Party.
- ~~(c)~~ Each Party further acknowledges that PSE has delegated certain of its responsibilities as Operator to NAES Corporation (“**O&M Provider**”) pursuant to that certain Operations and Maintenance Contract between the PSE and NAES Corporation, dated as of [] (“**O&M Contract**”), which is attached hereto as Exhibit D. Notwithstanding the foregoing sentence, each Party also acknowledges that it remains subject to the Settlement Stipulation approved by the Washington Utilities and Transportation Commission in its Order dated November 1, 2016, including but not limited to all provisions therein requiring that PSE customers be held harmless from all operating costs or other liabilities of Puget LNG.
- ~~(e)~~(d) The Parties anticipate that the O&M Contract will continue for the life of the Tacoma LNG Facility ~~and shall~~. However, if the O&M Contract terminates earlier, then PSE shall be responsible for performing any obligations previously performed by the O&M Provider pursuant to the O&M Contract, or shall enter into a replacement O&M Contract (“**Replacement O&M Contract**”) with a Third Party as soon as reasonably practicable after learning of the early termination of the O&M Contract, in the form approved by the Joint Operating Committee and in accordance with Section 4.3(f), above. The Replacement O&M Contract may provide for a cost of service based pricing structure pursuant to which ~~PSE~~**O&M Provider** shall allocate costs incurred in providing services under the O&M Contract and shall bill Puget LNG for its allocable share of such costs. The scope of services under the Replacement O&M Contract will contemplate the implementation by ~~PSE~~**O&M Provider** of capital improvements funded by the Parties in accordance with the Annual Budget. All work under the Replacement O&M Contract shall be in accordance with Prudent Utility Practice. Costs of service shall be reasonable and prudent. If Third Party services are utilized, the cost of such services shall be consistent with market pricing for such services. If market pricing is not available then the prices must be demonstrably reasonable.

(e) Each Party agrees that it shall not take any action with respect to the operation of the Tacoma LNG Facility unless such action is authorized or permitted by the O&M Contract or this Agreement or is agreed to by the other Party.

5.2 Operator to Provide Information to Parties

PSE, in its capacity as Operator, shall keep the Parties informed as to the exercise of the Operator's powers and the performance of its functions under this Agreement. Operator shall provide the Parties with reports in a form agreed between the Operator and the Joint Operating Committee and shall otherwise reasonably cooperate with the Parties to provide to the Parties such information as may be reasonably necessary for the Parties to account for their respective Ownership Interests in the Tacoma LNG Facility.

5.3 Inventory Management

PSE shall manage each Party's inventory held at the Tacoma LNG Facility to enable the Tacoma LNG Facility to perform both the Regulated Purposes and the LNG Sale Purposes. Puget LNG agrees to cooperate with PSE to prevent inventory conflicts, imbalances, and to mitigate operational issues that threaten the safety, integrity or intended operation of the Tacoma LNG Facility.

5.4 Joint Operating Model

Operator shall, no later than [ninety (90)] Days prior to the Commercial Operation Date, prepare and submit to the Joint Operating Committee a draft of Operator's internal operating model and procedures for the management of the Parties' inventories and the dispatch of the Tacoma LNG Facility. The Joint Operating Committee shall respond within sixty (60) days of receipt with any proposed modifications to such draft, which modifications Operator shall incorporate prior to issuing the final operating model and procedures. Operator shall issue the final operating model and procedures to the Parties by no later than the Commercial Operation Date (the "Joint Operating Model"). Subject to approval by the Joint Operating Committee, Operator may update or otherwise amend such Joint Operating Model from time to time to reflect historical experience at the Tacoma LNG Facility. The adoption or modification of the Joint Operating Model shall not be deemed to modify either Party's rights or obligations under this Agreement.

5.5 Gas Supply Services

PSE and Puget LNG intend to enter into a gas supply services agreement pursuant to which PSE will acquire feed gas for Puget LNG to be treated and liquefied at the Tacoma LNG Facility. The pricing, terms, and conditions of any such gas supply services shall be subject

to negotiation by the Parties. The Parties anticipate that PSE shall be the sole source of feed gas for use at the Tacoma LNG Facility.

ARTICLE 6

Accounting Procedure and Credit Support

6.1 Expenditures

Costs, charges and expenditures shall generally be attributable to the Parties in accordance with their respective Ownership Interests, as further outlined in Exhibit C.

6.2 Keeping of Records and Accounts

~~Each Party~~PSE shall keep comprehensive, true and accurate records and accounts of the Project Operations, all in accordance with GAAP consistently applied, including accounting records required by any Authority, to enable the separate accounting by each Party of such Party's allocable share of all receipts, expenditures and other transactions undertaken on behalf of each Party. PSE will report charges PSE incurs in excess of the amount of its ownership interest or charges to Puget LNG in excess of the amount of its ownership interests, if any, under this Agreement as part of its annual affiliated transactions report to the Commission.

6.3 Puget LNG Guaranty

Concurrent with the execution of this Agreement, and in support of its obligations hereunder, Puget LNG has delivered to PSE a parental guaranty of Puget Energy, Inc. to secure all of Puget LNG's obligations under this Agreement (as executed and delivered, the "**Guaranty**").

ARTICLE 7

Confidentiality

7.1 Confidentiality

Except as hereinafter provided, each Party shall treat as confidential, and not disclose to any Third Party not authorized by the other Party to receive such confidential information, any information obtained either directly or indirectly from the other Party unless such information (a) was already in the possession of the receiving Party at the time it obtained such confidential information hereunder, (b) was or is published or otherwise is or becomes generally available to the public through no fault of such receiving Party, (c) is developed independently by the receiving Party, (d) is required by Applicable Law to be disclosed, including information required to be disclosed to the Commission, (e) is provided to such Party's employees, officers, agents, attorneys, accountants and professional advisors on a need-to-know basis and such Person has been advised of the confidential nature of such information, or (f) in the case of PSE, if PSE reasonably determines, based upon its status as a regulated public utility, that disclosure to an Authority is necessary or appropriate in connection with any submission or application to, or response from, any authorities regarding the obligations of PSE under this Agreement, the effect thereof on PSE's rates, investment return, proprietary business information or similar matters. Notwithstanding the

foregoing, in no event shall customer-specific information of Puget LNG be disclosed to any Third Party not authorized by Puget LNG to receive such confidential information. The obligations of the Parties pursuant to this Section 7.1 shall survive the term of this Agreement for a period of two (2) years, irrespective of the manner in which this Agreement is terminated. The Parties agree that no adequate remedy at law exists for a material breach or threatened material breach of any of the provisions of this Section 7.1, the continuation of which unremedied will cause the injured Party to suffer irreparable harm. Accordingly, the Parties agree that the injured Party shall be entitled, in addition to other remedies which may be available to it, to immediate injunctive relief from any material breach of any of the provisions of this Section 7.1 and to specific performance of its rights hereunder, as well as to any other remedies available at law or in equity.

7.2 Public Announcements.

No press releases or other public announcements concerning this Agreement or the Tacoma LNG Facility shall be made by either Party without prior consultation with and consent of the other Party, except for any communication by either Party required by Applicable Law or stock exchange regulations and then, to the extent practicable, only with prior consultation with the other Party.

ARTICLE 8 **Insurance**

8.1 Insurance Policies

Each Party shall, with the approval of the Joint Operating Committee, obtain as of the Effective Date and thereafter maintain continuously until otherwise instructed by the Joint Operating Committee, adequate insurance as the Joint Operating Committee may require. Adequate insurance means insurance the nominal value of which reflects the size, value, and scope of the Tacoma LNG Facility and its operations.

ARTICLE 9 **Claims and Indemnities**

9.1 Liability Several

The liability of each Party hereunder or with respect to the Tacoma LNG Facility shall be several, not joint or collective, and except as otherwise provided herein, in proportion to each Party's Ownership Interest. For sake of clarity, if for any reason whatsoever the Parties are or become jointly or jointly and severally liable to any Third Party for any obligation related to this Agreement or the Tacoma LNG Facility, notwithstanding the provisions of Sections 3.5, 3.6 and 3.7 hereof, the respective liability of each of the Parties, as between themselves, shall be limited severally to their respective Ownership Interest, provided that, notwithstanding anything to the contrary in this Agreement, in no event will a Party be liable for the Taxes of the other Party.

9.2 Risk of Loss of the Joint Facilities.

~~Except for occurrences for which the Operator is liable under the O&M Contract, at~~At all times during the development and operation of the Tacoma LNG Facility, each Party shall be responsible

for the risk of loss of the Tacoma LNG Facility or any portion thereof, to the extent not covered by insurance, in proportion to the Parties' respective Ownership Interests and in accordance with the respective percentages set forth on Exhibit A, regardless of the name or names in which legal title to all or any part of the Tacoma LNG Facility may be held. By way of example, if any such loss arises out of or is related to liquefaction facilities, PSE shall bear ten percent (10%) of such loss and Puget LNG shall bear ninety (90%) of such loss. Notwithstanding the foregoing, if any loss, Claim or Damages are caused by actions performed exclusively for Puget LNG or actions performed exclusively for PSE, then Puget LNG or PSE, as applicable, will be fully responsible for such loss, Claim or Damages.

9.3 Indemnity by Party of Other Party

Subject to the limitations on Damages provided for in this Agreement, each Party (the "**Indemnifying Party**") hereby agrees to indemnify, defend and hold harmless the other Party and the Representatives of such other Party (each, an "**Indemnified Party**") from and against any and all Damages and Claims arising from or attributable to: (a) any joint or joint and several liability described in Section 9.1 in excess of the Indemnified Party's respective allocation thereof; (b) any breach or non-fulfillment in the performance of any of the covenants or agreements of the Indemnifying Party under this Agreement; (c) any breach of any of the representations and warranties given by such Indemnifying Party under this Agreement; (d) the gross negligence or willful misconduct of the Indemnifying Party; and (e) all Party Taxes incurred by the Indemnifying Party or to which the Indemnifying Party is subject. In addition to the foregoing, Puget LNG (in such capacity, an Indemnifying Party) hereby agrees to indemnify, defend and hold harmless PSE and its Representatives (in such capacity, an Indemnified Party) from and against any and all Damages and Claims arising from or attributable to the TOTE FSA or the TOTE Letter Agreement.

9.4 Conduct of Indemnity Claims

The following provisions shall apply to any claim for indemnification pursuant to this Agreement, including pursuant to this Article 9 (each, an "**Indemnity Claim**"):

- (a) Promptly after becoming aware of any matter that may give rise to an Indemnity Claim, the Indemnified Party shall provide to the Indemnifying Party notice of the Indemnity Claim specifying (to the extent such information is available) a reasonably detailed description of the basis for its potential claim for indemnification with respect to such Indemnity Claim; provided that failure to give such notice shall not relieve the Indemnifying Party of any indemnification obligation it may have under this Article 9 unless and only to the extent that such failure shall materially diminish the ability of the Indemnifying Party to respond to the Indemnity Claim or to defend the Indemnified Party.
- (b) If an Indemnity Claim relates to an alleged liability to a Third Party (a "**Third Party Liability**"), including any Authority, the Indemnifying Party shall have the right to assume the conduct and control of the defense of or any negotiations in connection with the compromise or settlement of any Proceeding in respect of the Third Party Liability; provided that the Indemnified Party shall have the right and shall be given the opportunity to: (i) participate in the defense of such Proceeding, subject to the

Indemnifying Party's control; (ii) consult with the Indemnifying Party in the settlement of the Third Party Liability and the conduct of the Proceeding (including consultation with the Indemnifying Party's counsel); (iii) disagree on reasonable grounds with the selection and retention of the Indemnifying Party's counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party shall be retained by the Indemnifying Party; and (iv) retain, at the Indemnified Party's sole cost and expense, its own counsel to monitor the progress and status of the Indemnity Claim; provided further, however, that if the Indemnified Party reasonably concludes that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and participate in the defense, at the Indemnifying Party's sole cost and expense.

- (c) No compromise or settlement of such Third Party Claim may be effected by the Indemnifying Party without the Indemnified Party's consent unless (i) there is no finding or admission of any violation of Applicable Law, (ii) such compromise or settlement does not involve the entry by the Indemnified Party of a consent order or similar agreement with any Authority, (iii) there is no effect on or precedent established with respect to any other Third Party Claims that may be made against the Indemnified Party, and (iv) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party; and

9.5 Survival of Indemnities

The Parties agree that the indemnities, waivers and disclaimers of liability, releases from liability and limitations on liability set forth in this Agreement shall survive the termination or expiration of this Agreement and shall apply (whether in contract, equity, tort, statute or otherwise) even in the event of the fault, negligence, strict liability or breach of warranty of the Party indemnified, released or whose liabilities are limited.

9.6 Exclusion of Consequential Loss

Notwithstanding any other provision of this Agreement (except to the extent indemnification payments are made pursuant to Section 9.4(b) as a result of an Indemnified Party's obligation to pay special, indirect, incidental, punitive or consequential damages to a Third Party as a result of actions included in the protection afforded by the indemnification set forth in Section 9.4), neither Party nor its Representatives shall be liable for special, indirect, incidental, punitive, exemplary, or indirect damages, lost profits or other business interruption damages or consequential damages under, arising out of, due to, or in connection with its performance or non-performance of this Agreement or any of its obligations herein, whether based on contract, tort (including, without limitation, negligence), strict liability, warranty, indemnity or otherwise.

9.7 Insurance Proceeds

Any amount payable to an Indemnified Party for an Indemnity Claim hereunder shall be net of any insurance proceeds paid to such Indemnified Party under insurance policies maintained by the

Indemnified Party, the Indemnifying Party or its or their respective Affiliates. The provisions of this Article 9 shall not be construed so as to relieve any insurer of its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid and collectible insurance policies.

ARTICLE 10

Dispositions and Encumbrances of Ownership Interests

10.1 General Restriction on Disposition and Encumbrances of Ownership Interest

Except for the lien of the First and Refunding Mortgage, which shall automatically attach to PSE's Ownership Interest hereunder, neither Party may Dispose to any Person, nor Encumber in favor or for the benefit of any Person, such Party's Ownership Interest, without the prior written consent of the other Party, which approval shall not be unreasonably withheld, conditioned or delayed by such other Party (a "**Permitted Transfer**"). It shall be considered reasonable for a Party to withhold consent to a proposed Disposition until such time as the proposed transferee demonstrates its financial or operational capabilities, as appropriate, to the reasonable satisfaction of such Party. Further, in connection with any proposed Disposition after which the Parties will no longer be Affiliates, the Parties will consider such changes to this Agreement as may be reasonably necessary in light of the proposed disaffiliation. Any Disposition or Encumbrance or attempted Disposition or Encumbrance that is not a Permitted Transfer shall be void *ab initio*. Prior to any such transfer, PSE must give notice to the Commission. Puget LNG agrees to cooperate with PSE in connection with such notice. In the case of any Disposition or Encumbrance made that is not a Permitted Transfer and that cannot be treated as void under applicable Law, the transferee shall have only such rights as it is required to have under Applicable Law.

ARTICLE 11

Default and Remedies

11.1 Events of Default

A Party shall be deemed to be in default hereunder if any of the following events occur (each of the following events to be referred to as an "**Event of Default**," the Party in default to be referred to as the "**Defaulting Party**" and the Party not in default to be referred to as the "**Non-Defaulting Party**"):

- (a) a Party fails to advance funds or make any payment (including any indemnity amount) as and when due and payable in accordance with the terms of this Agreement and such failure is not remedied within thirty (30) days after receipt of notice thereof by such Party from the other Party;
- (b) a Party fails to perform any material obligation imposed upon such Party under this Agreement and such failure is not remedied within sixty (60) days after such Party receives notice thereof from the other Party; provided that, if such sixty (60) day period is not sufficient to enable the remedy or cure of such failure in performance, and such Party shall have upon receipt of the initial notice promptly commenced

and diligently continues thereafter to remedy such failure, then such Party shall have a reasonable additional period of time; or

- (c) a Party or any Person providing a Guaranty on behalf of such Party in accordance with Section 6.3 experiences an Insolvency Event.

Each of the cure periods set forth in Section 11.1(a) and 11.1(b) above are referred to herein as the “**Moratorium Period.**” Notwithstanding the foregoing a Party shall not be in default of its obligations hereunder to the extent such failure is (A) caused by or is otherwise attributable to a breach by the other Party of its obligations under this Agreement, or (B) occurs as a result of a Force Majeure Event declared by a Party in accordance with Article 14.

11.2 Default Notice

If either Party reasonably believes that an event has occurred which, if not remedied within the applicable Moratorium Period, would result in an Event of Default by or affecting the other Party, the Non-Defaulting Party shall give the Defaulting Party a notice (a “**Default Notice**”), which shall specify and provide particulars of the alleged Event of Default. If the Defaulting Party cures the alleged Event of Default before the expiration of the later of the Moratorium Period or the cure period specified in the Default Notice, then the Default Notice shall be inoperative with respect to the alleged Event of Default that has been so cured or remedied.

11.3 Remedies

If an Event of Default occurs and continues uncured following the applicable Moratorium Period, the Non-Defaulting Party shall have such remedies as may be available to it at law or in equity.

ARTICLE 12

Dispute Resolution

12.1 Dispute Resolution Process

The Parties shall inform one another promptly following the occurrence or discovery of any item or event that would reasonably be expected to result in any claim, controversy or dispute arising out of or relating to or in connection with this Agreement (a “**Dispute**”). The initial mechanism to resolve a Dispute will involve negotiations at the Joint Operating Committee level. In the event a Dispute is not resolved within sixty (60) days following the initial notice to the Joint Operating Committee, then such Dispute may be submitted for resolution in any state or federal courts located in the State of Washington. Each Party submits itself and its property to the personal jurisdiction of the federal and state courts located in the state of Washington, in any such action. In this connection, each Party waives any objection that it now or in the future may have to the venue of any such action and any right to assert that the court is inconvenient, and agrees not to raise any such objection or assertion. Each Party shall be responsible for its own costs incurred in connection with any Dispute resolution proceedings.

12.2 Continued Performance

Subject to the rights of the Non-Defaulting Party to exercise any remedies available to such Non-Defaulting Party under Section 11.3, during the continuation of any Dispute arising under this Agreement, the Parties shall continue to perform their obligations under this Agreement.

ARTICLE 13 **Procedures on Termination**

13.1 Agreed Termination

This Agreement shall terminate at the end of the Term.

13.2 Disposition of Ownership Interest Upon Expiration of the Term

If one Party desires to continue operating the Tacoma LNG Facility beyond the expiration of the Term (the “**Continuing Party**”) and the other Party (the “**Exiting Party**”) desires to cease operations and decommission the Tacoma LNG Facility at the end of the Term, the Parties shall negotiate in good faith towards a mutually acceptable transfer of the Ownership Interests of the Exiting Party to the Continuing Party. Prior to any such transfer, PSE must give notice to the Commission. Puget LNG agrees to cooperate with PSE in connection with such notice. If the Parties fail to agree on such transfer then the provisions of Section 13.3 shall apply.

13.3 Final Accounting and Settlement

Upon termination of this Agreement, a final accounting of the operations of the Tacoma LNG Facility, including a balance sheet and a listing of the assets and liabilities of the Tacoma LNG Facility, shall be prepared and submitted to each Party. After paying or providing for payment of all liabilities, including liabilities to the Parties, after establishing reserves for contingent liabilities in the amounts that the Joint Operating Committee shall determine, after disposing or arranging for the disposition of all non-cash assets and property of the Tacoma LNG Facility, any funds remaining to the credit of the Tacoma LNG Facility shall be distributed to the Parties in accordance with their respective Ownership Interest. Whenever the Joint Operating Committee determines that all or any part of any reserve for contingent liabilities established by the Tacoma LNG Facility is no longer required for such purpose, the reserve or part thereof shall be distributed to the Parties in accordance with their respective Ownership Interests.

ARTICLE 14 **Force Majeure**

14.1 Effect of Force Majeure Event

An Affected Party is excused from performance and shall not be deemed in breach of this Agreement for so long as, and to the extent that, any failure to perform its obligations under this Agreement is due to a Force Majeure Event; provided, however, that under no circumstances will a Force Majeure Event excuse the Affected Party from any obligation to make payment of any amounts due hereunder (whether accruing prior to or after the occurrence of the Force Majeure Event). Suspension of any obligation as a result of a Force Majeure Event shall not affect any

rights or obligations which may have accrued prior to such suspension or, if the Force Majeure Event affects only some rights and obligations, any other rights or obligations of the Affected Party. To the extent that the non-Affected Party is prevented, hindered or delayed from performing its obligations under this Agreement as a result of the Affected Party's failure to perform its obligations as the result of the Force Majeure Event, such non-Affected Party shall be relieved of its obligations to the extent such non-Affected Party has been prevented, hindered or delayed by the Affected Party's failure in performance. No Party shall be obliged to settle any strike or other labor actions, labor disputes or labor disturbances of any kind, except on terms wholly satisfactory to it.

14.2 Obligations Following Occurrence of Force Majeure Event

The Affected Party shall (a) provide prompt notice to the other Party of the Force Majeure Event, giving an estimate of its expected duration and the probable impact on the performance by the Affected Party of its obligations hereunder; (b) exercise all reasonable efforts to continue to perform its obligations hereunder; (c) expeditiously act to correct or cure the Force Majeure Event to the extent such action is within the power of the Affected Party; (d) exercise all reasonable efforts to mitigate or limit Damages to the other Party to the extent such action will not adversely affect its own interests; and (e) provide prompt notice to the other Party of the cessation of the Force Majeure Event.

ARTICLE 15 Notices and Other Communications

15.1 Requirements for Notices and Other Communications

Each notice, request, demand, statement or routine communication required or permitted under this Agreement, or any notice or communication that either Party may desire to deliver to the other, shall be in writing and shall be considered delivered effective: (a) if sent by personal courier, overnight courier, or mail, two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party; or (b) if sent by facsimile or email, when verified by automated receipt or electronic logs if sent by facsimile or email. Each such notice must be addressed to the other Party at its address indicated below or at such other address and by means as either Party may designate for itself in a written notice to the other Party in accordance with this Section 15.1.

If to PSE: Puget Sound Energy, Inc.
10885 NE 4th Street
Bellevue, WA 98004-5591
Attn: Steve R. Secrist
Email:
steve.secris@pse.com
Telephone: 425-462-3178

If to Puget LNG: Puget Sound Energy, Inc.
10885 NE 4th Street
Bellevue, WA 98004-5591
Attn: ~~Roger Garratt~~[Blake](#)
[Littauer](#)
Email:
roger.garratt@pse.comblake.littauer@pse.com
Telephone: ~~425-462-3470~~[425-462-3618](#)

ARTICLE 16
General

~~16.1~~ ARTICLE 17 **Exercise of Rights**

Subject to the express provisions of this Agreement, a Party may exercise a right or remedy at its discretion, and separately or concurrently with any other right or remedy. A single or partial exercise of a right or remedy by a Party does not prevent a further exercise of that or of any other right or remedy.

16.217.1 **No Waiver**

No delay or forbearance by a Party in exercising any right or remedy accruing to such Party upon the occurrence of any breach or default (including an Event of Default) by the other Party under this Agreement shall impair any such right or remedy of such Party, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver on the part of either Party hereto of any provision or condition of this Agreement, must be in writing signed by the Party to be bound by such waiver and shall be effective only to the extent specifically set forth in such writing and shall not limit or affect any rights with respect to any other or future circumstance.

16.317.2 **No Third Party Beneficiary**

This Agreement is for the sole and exclusive benefit of the Parties and shall not create a third party beneficiary relationship with, or cause of action in favor of, any Third Party, except a Person entitled to indemnification by a Party under this Agreement.

16.417.3 **Rights and Remedies Cumulative**

Except where inconsistent with the express provisions set forth in this Agreement, the rights and remedies provided in this Agreement are cumulative with and not exclusive of the rights or remedies provided by law independently of this Agreement.

16.517.4 **No Merger**

The warranties, undertakings and indemnities in this Agreement do not merge on the execution of this Agreement.

16.617.5 **Binding Effect**

This Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

16.717.6 Further Assurances

Each of the Parties shall from time to time execute and deliver all further documents and instruments and do all things and acts as the other Party may reasonably require to effectively carry out, clarify or more completely evidence or perfect the full intent and meaning of this Agreement.

16.817.7 Entire Agreement

This Agreement constitutes the entire agreement of the Parties in connection with the matters included in the Project Purposes and all previous agreements, understandings and negotiations (whether written or oral) on those subject matters are hereby superseded and shall have no further effect after the Effective Date; provided that in the event of any conflict between (a) this Agreement in connection with the Project Purposes and the Project Operations, this Agreement shall control and prevail.

16.917.8 No Other Representations or Warranties

Each Party acknowledges that in entering into this Agreement it has not relied on any representations or warranties about its subject matter except for the representations and warranties as expressly provided in this Agreement.

16.1017.9 Counterparts; Electronic Delivery

This Agreement may be executed in one or more counterparts and the counterparts taken together shall constitute one and the same agreement. The delivery of an executed counterpart of this Agreement by electronic exchange of .pdf documents or facsimile shall be deemed to be a valid delivery thereof.

16.1117.10 Governing Law

This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Washington without regard to its conflicts of law principles; provided that, with respect to matters of law concerning the internal affairs of any corporation, limited partnership, limited liability company or similar entity which is a party to this Agreement, the law of the jurisdiction under which the respective entity derives its powers shall govern such matters.

16.1217.11 Service of Process

Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on either Party by being delivered to or left for such Party (by hand) at its address for service of notices set forth in Section 15.1.

16.1317.12 Fees and Commissions

Each of the Parties shall pay its own legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant hereto and any other costs and expenses whatsoever and howsoever

incurred and hereby agree to indemnify and hold harmless the other Party from and against any claim for any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions hereunder.

16.1417.13 Amendments

Except as provided herein, no amendment or variation of the provisions of this Agreement shall be binding upon the Parties hereto unless evidenced in a writing which indicates that such writing is intended to amend the terms of this Agreement and is signed by duly authorized officers of each Party. The Parties agree that this Agreement shall not be amended in any manner by any course of dealing among the Parties.

16.1517.14 Survival of Rights and Obligations

Upon the expiration or termination of this Agreement, this Agreement shall have no further force and effect, except that any rights and remedies that have arisen or accrued to either Party prior to such expiration or termination, or any obligations or liabilities that have arisen or accrued before such expiration or termination and that expressly survive such expiration or termination pursuant to this Agreement, shall in each case survive expiration or termination. The rights, remedies and obligations set out in (a) Articles 7 (Confidentiality), 9 (Claims and Indemnities), 11 (Default and Remedies), 12 (Dispute Resolution), 15 (Notices) and 16 (Miscellaneous), shall survive in full force and effect the expiration or termination of this Agreement to the extent necessary to enable a Party to exercise any of such accrued rights and remedies.

16.1617.15 Decision Making by Parties

Except where this Agreement expressly provides for a different standard, whenever this Agreement provides for a determination, decision, permission, consent or approval of a Party, the Party shall make such determination, decision, grant or withholding of permission, consent or approval in a commercially reasonable manner and without unreasonable delay. Any denial of an approval, permission, decision, determination or consent required to be made in a commercially reasonable manner shall include in reasonable detail the reason for such denial or aspect of the request that was not acceptable.

16.1717.16 Severability

Any provision of this Agreement that shall be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. In the event any such provision of this Agreement is so held invalid, the Parties shall, within seven (7) days of such holding, commence to renegotiate in good faith new provisions to restore this Agreement as nearly as possible to its original intent and effect. To the extent permitted by Applicable Law, the Parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

16.1817.17 No Recourse to Affiliates This Agreement is solely and exclusively between the Parties, and any obligations created herein on the part of a Party shall be the obligations

solely of such Party. Neither Party shall have recourse to any parent, subsidiary, partner, Affiliate, director or officer of the other Party for performance of such obligations unless such obligations were assumed in writing by the Person against whom recourse is sought (which shall include the Guaranty provided in accordance with the terms of Section 6.3).

[SIGNATURE PAGE FOLLOWS THIS PAGE]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

PUGET SOUND ENERGY, INC.

PUGET LNG, LLC

By: _____
Name: Steve R. Secrist
Title: Senior Vice President
General Counsel, and
Chief Ethics & Compliance Officer

By: _____
Name: ~~Roger Garratt~~ Blake Littauer
Title: President

EXHIBIT A

OWNERSHIP INTERESTS

Component Ownership Share	PSE	Puget LNG
Liquefaction	10%	90%
Storage	79%	21%
Bunkering	0%	100%
Truck Loading	5%	95%
Vaporization	100%	0%
Common	43%	57%

* The component ownership shares for PSE and Puget LNG for liquefaction, storage, bunkering, truck loading and vaporization are fixed at the percentage ownership interests set forth above.

* The component ownership shares for PSE and Puget LNG for common facilities is initially set at the percentage ownership set forth above, but shall be adjusted following the Commercial Operation Date in accordance with Section 3.2 and Exhibit B.

EXHIBIT B

DEVELOPMENT COSTS¹

Component Ownership Share	PSE	Puget LNG	Projected Capital Expenditures (No AFUDC)	Projected Capital Expenditures Allocated to PSE	Projected Capital Expenditures Allocated to Puget LNG
Liquefaction	10%	90%	\$88,546,234	\$8,854,623	\$79,691,611
Storage	79%	21%	\$96,237,245	\$76,027,424	\$20,209,821
Bunkering	0%	100%	\$29,671,922	\$0	\$29,671,922
Truck Loading	5%	95%	\$6,229,252	\$311,463	\$5,917,789
Vaporization	100%	0%	\$17,135,822	\$17,135,822	\$0
Common	43%	57%	\$72,884,330	\$31,340,262	\$41,544,068
TOTAL	N/A	N/A	\$310,704,805	\$133,669,593	\$177,035,212

* The component ownership share for “Common” for PSE shall equal the quotient of (i) the sum of the values for liquefaction, storage, bunkering, truck loading, and vaporization in the column “Projected Capital Expenditures Allocated to PSE,” divided by (ii) the sum of the values for liquefaction, storage, bunkering, truck loading, and vaporization in the column “Projected Capital Expenditures (No AFUDC)” rounded to the nearest whole number.

** The component ownership share for “Common” for Puget LNG shall equal the quotient of (i) the sum of the values for liquefaction, storage, bunkering, truck loading, and vaporization in the column “Projected Capital Expenditures Allocated to Puget LNG,” divided by (ii) the sum of the values for liquefaction, storage, bunkering, truck loading, and vaporization in the column “Projected Capital Expenditures (No AFUDC)” rounded to the nearest whole number.

*** Following the Commercial Operation Date this Exhibit B shall be updated to reflect the actual capital expenditures for the Tacoma LNG Facility and the component ownership shares for “Common” for PSE and Puget LNG shall be recalculated to reflect such actual capital expenditures and to allocate responsibility for the actual capital expenditures for common facilities to PSE and to Puget LNG.

¹ Note to Draft: These costs are the original estimated project costs and were used to determine the allocation of Ownership Interests as set forth in Exhibit A.

EXHIBIT C

OPERATIONS AND MAINTENANCE COSTS

~~The following fixed operating costs represent the projected annual fixed operating costs for all operations for calendar year 2020 other than bunkering station costs and are not allocated between regulated and non-regulated operations of the Tacoma LNG Facility:~~

<u>Fixed Operating Costs</u>	<u>2020</u>
Maintenance	\$751,249
Staff	\$3,157,852
Incremental Insurance	\$864,769
Allocated Corporate Overheads	\$1,812,388
Lease	\$2,613,074
TOTAL	\$9,199,332

1. Pursuant to Section **Error! Reference source not found.** of this Agreement, Operations and Maintenance Costs for the Tacoma LNG Facility will be allocable generally on the basis of each Party's respective Ownership Interest, provided that:
 - a. if any such Operations and Maintenance Costs relate solely to Regulated Purposes, PSE shall bear one hundred percent (100%) of such Operations and Maintenance Costs;
 - b. if any such Operations and Maintenance Costs relate solely to LNG Sale Purposes, Puget LNG shall bear one hundred percent (100%) of such Operations and Maintenance Costs;
 - c. for those Operations and Maintenance Costs related to both Regulated Purposes and LNG Sale Purposes, cost sharing will generally be determined based on the nature of the cost that is to be allocated. If the cost is influenced by a specific causal allocator (as an example liquefaction or truck loading), then an allocation factor based on current causal information should be calculated and used to allocate the costs; and
 - d. if a determination is made that a specific influence for the cost does not exist, then the Common factor from Exhibit A to this Agreement (including any revisions as noted in the second footnote on Exhibit A) should be used.
2. The following costs, expenses, and fees shall be included in the Operations and Maintenance Costs:
 - a. Utility costs (power costs, garbage, water and sewer).
 - b. Housekeeping costs (landscaping maintenance and janitorial).
 - c. Internal Tacoma LNG Facility-related (salaries, wages, benefits, bonuses, personnel and related expenditures).
 - d. Lease costs (including lease-related Wharfage fees).
 - e. Contractual service agreements.
 - f. Outside services and equipment rentals.
 - g. Motor vehicles.
 - h. Material, consumables and supplies.

- i.** Safety program and related equipment.
- j.** Facility maintenance and repair.
- k.** Licenses and permits.
- l.** Insurance.
- m.** Litigation, dispute resolution, and associated legal expenses.
- n.** Duties and taxes.
- o.** Property tax.
- p.** IT System Hardware and Licensing.
- q.** Allocated corporate overheads.
- r.** Other expenditures, excluding costs for decommissioning.

EXHIBIT D
O&M CONTRACT

O&M SERVICES AGREEMENT

between

Puget Sound Energy, Inc.

and

NAES CORPORATION

Dated as of

January 27, 2020

Table of Contents

ARTICLE I - AGREEMENT1
ARTICLE II - DEFINITIONS1
ARTICLE III - RESPONSIBILITIES OF NAES8
ARTICLE IV - ITEMS TO BE PROVIDED BY OWNER11
ARTICLE V - REPRESENTATIVES, BUDGETS AND REPORTS12
ARTICLE VI - LIMITATIONS ON AUTHORITY14
ARTICLE VII - COMPENSATION AND PAYMENT14
ARTICLE VIII – TERM17
ARTICLE IX – INSURANCE18
ARTICLE X- INDEMNIFICATION21
ARTICLE XI - LIABILITIES OF THE PARTIES23
ARTICLE XII - CONFIDENTIALITY25
ARTICLE XIII - TITLE, DOCUMENTS AND DATA26
ARTICLE XIV - MISCELLANEOUS PROVISIONS26

Appendix A - Scope of Services

Appendix B - Incentive and Liquidated Damages Provisions

Appendix C - Facility Description and Specifications

Appendix D - Home Office Personnel Rates

Appendix E - Fee Escalation Methodology

Appendix F - Business Network Requirements

O&M SERVICES AGREEMENT

This O&M SERVICES AGREEMENT, dated as of January 27, 2020, is made and entered by and between Puget Sound Energy, Inc., a Washington corporation with offices located at 355 110th Avenue NE , Bellevue, Washington 98004 (as more particularly defined in Article II below, "Owner"), and NAES Corporation, a Washington corporation, with offices located at 1180 NW Maple St., Suite 200, Issaquah, WA 98027 (as more particularly defined in Article II below, "NAES").

RECITALS

- A. Owner is constructing the Facility (as defined in Article II below).
- B. Owner desires to retain NAES for the provision of certain services at the Facility, and NAES is willing to perform such services, all subject and pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, and of the mutual covenants, undertakings and conditions set forth below, the Parties agree as follows:

ARTICLE I - AGREEMENT

1.1 Entire Agreement. This Agreement consists of the recitals, and the terms and conditions set forth in this Agreement, as well as the appendices that are referenced in the table of contents and attached to this Agreement. This Agreement contains the entire agreement between the Parties with respect to NAES provision of Services (defined below) at the Facility and supersedes all prior negotiations, undertakings, agreements, limited notice to proceed terms and business term sheets regarding the Services. Neither Party will be bound by or deemed to have made any representations, warranties, commitments or undertakings, except as expressly stated in this Agreement.

1.2 Relationship of the Parties. Owner is retaining NAES as an independent contractor to provide the Services at the Facility in support of Owner's operation of the Facility. Owner retains the ultimate authority and obligation to determine whether and to what extent the Facility operates, and NAES will never cause the Facility to operate except as expressly directed by Owner or any control authority specified by Owner. NAES has no obligation to upgrade or replace Facility systems except as expressly directed by Owner, nor will it be obligated to spend non-reimbursable funds outside the Project Account to support the Facility except as expressly provided in Appendix A.

ARTICLE II - DEFINITIONS

For all purposes of this Agreement (including the preceding sections and recitals), unless otherwise required by the context in which any defined term appears, capitalized terms have the meanings specified in this Article II. The singular includes the plural, as the context requires. The terms "includes" and "including" mean "including, but not limited to." The terms "ensure" and "reasonable efforts" will not be construed as a guarantee, but will imply only a duty to use reasonable effort and care, consistent with Prudent Operation and Maintenance Practices, and will include reasonable expenditures of money and at least such efforts as NAES would undertake for its own assets, services or maintenance, or for services provided to an Affiliate. "Day" (regardless of capitalization) will mean a calendar day, unless specifically designated as a Business Day. References to articles, sections and appendices mean the articles and sections of, and appendices to, this Agreement, except where expressly stated otherwise.

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person. The term “control” (including related terms such as “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” means this O&M Services Agreement, as the same may be modified or amended from time to time in accordance with its provisions.

“Applicable Law” means any United States federal, state or local laws, regulations, rules, codes, judgments, orders, Permits or other Government Approvals as may be applicable to the Facility, Owner or NAES.

“Asset Manager” has the meaning set forth in Section 5.2.

“Bankruptcy” means, with respect to any Person, a situation in which (i) such Person files a voluntary petition in bankruptcy or is adjudicated as bankrupt or insolvent, or files any petition or answer or consent seeking any reorganization, arrangement, moratorium, composition, readjustment, liquidation, dissolution or similar relief for itself under the present or future applicable United States federal, state or other statute or law relative to bankruptcy, insolvency or other relief for debtors, or seeks or consents to or acquiesces in the appointment of any trustee, receiver, conservator or liquidator of such Person or of all or any substantial part of its properties (the term “acquiesce,” as used in this definition, includes the failure to file a petition or motion to vacate or discharge any order, judgment or decree within thirty (30) days after entry of such order, judgment or decree); (ii) a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against such Person seeking a reorganization, arrangement, moratorium, composition, readjustment, liquidation, dissolution or similar relief under the present or any future United States federal bankruptcy act, or any other present or future Applicable Law relating to bankruptcy, insolvency or other relief for debtors and such decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or a trustee, receiver, conservator or liquidator of such Person is appointed and such appointment remains unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive; (iii) such Person admits in writing its inability to pay its debts as they mature; (iv) such Person gives notice, to any Governmental Authority of insolvency or pending insolvency, or suspension or pending suspension of operations; or (v) such Person makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors (other than in the ordinary course of such party’s business).

“Budget” means a budget adopted or amended pursuant to Section 5.3.

“Business Day” means any day other than a Saturday, Sunday or other day on which banks, in the place where a Party is required to render performance, are not permitted or required to be closed.

“Business Network” has the meaning set forth in Section 3.9.

“Claims” means any and all claims, assertions, demands, suits, investigations, inquiries, and proceedings, including those that are judicial, administrative or third-party.

“Commercial Operations Date” or “COD” means the date on which Owner receives the “Final Completion Certificate” from the EPC Contractor.

“Commissioning and Start-up Services” means those Services to be performed by NAES as described in Section 3.1 and listed in Section II of Appendix A.

“Commissioning and Start-up Fee” means [REDACTED].

“Confidential Information” has the meaning set forth in Section 12.1.

“Draw Request” means a written request delivered by NAES to Owner, consistent with the Budget, that requests Owner to deposit a specified sum in the Project Account to be used to pay Site Costs.

“Due Date” means, with respect to any NAES invoice, the date that is thirty (30) days following the date on which Owner receives such invoice submitted by NAES.

“Effective Date” means the date first above written.

“Emergency” has the meaning set forth in Section 3.7.

“Employee Bonus” has the meaning set forth in Section 5.3.1.2

“Environmental Law” means any United States federal, state or local statute, rule, regulation, order, code, Permit, directive or ordinance and any binding judicial or administrative interpretation or requirement pertaining to (i) the regulation or protection of employee health or safety, public health or safety, or the indoor or outdoor environment; (ii) the conservation, management, development, control or use of land, natural resources, or wildlife; (iii) the protection or use of surface water or ground water; (iv) the management, manufacture, possession, presence, use, generation, treatment, storage, disposal, transportation, or handling of, or exposure to any Hazardous Materials; or (v) pollution (including release of any hazardous substance to air, land, surface water and ground water}, including the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Material Transportation Act, the Resource Conservation and Recovery Act of 1976, the Toxic Substances Control Act, the Federal Water Pollution Control Act, the Clean Water Act, the Clean Air Act, the Occupational Safety and Health Act, any so-called “Superlien” law, all as now or hereafter amended or supplemented, and any regulations promulgated thereunder, and any other similar federal, state, or local statutes, rules and regulations.

“EPC Contract” means that Engineering, Procurement, and Construction Contract, dated as of October 31, 2016, between Owner and EPC Contractor for the engineering, procurement, and construction of the Facility, as may be amended.

“EPC Contractor” means CBI Services LLC, a limited liability company established under the laws of Delaware or the Person that is its successor or assign of its interest in the EPC Contract.

“Environmental Liabilities” has the meaning set forth in Section 10.4.1.

“Escalation Factor” has the meaning set forth in Appendix E.

“Executive Settlement” has the meaning set forth in Section 14.7.3.

“Extraordinary Item” means any purchase order issued by NAES in an amount greater than [REDACTED] or, if an annual blanket purchase order, that NAES reasonably anticipates will exceed [REDACTED] during a Year.



“Extra Work” means certain Services that may be requested by Owner and, upon agreement, performed by NAES, as more particularly set forth in Section III.4 of Appendix A.

“Facility” means the LNG facility located within the Port of Tacoma, Washington, and includes all structural, mechanical, electrical, controls and safety infrastructure, including the LNG pipeline and bunkering facilities, within the fence line located at the Site and for the benefit of Owner and its Affiliate, all as more fully described in Appendix C.

“Facility Agreements” means this Agreement, the EPC Contract, the LNG Fuel Supply Agreement between Puget Sound Energy, Inc. and Totem Ocean Trailers Express, Inc. dated October 27, 2014; the LNG Fuel Supply Agreement between Owner and Potelco Inc. dated January 22, 2019; the Lease Agreement between Puget Sound Energy, Inc. and the Port of Tacoma dated as of September 4, 2014; applicable Facility Equipment maintenance agreements in effect or entered into from time to time by Owner; Facility Equipment contracts with regard to warranties and equipment design and specifications and portions of the Financing Agreements relevant to this Agreement; and any amendments or modifications to such agreements or new or replacement Facility related agreements in each case copies of which Owner provides to NAES pursuant to Section 4.2.

“Facility Equipment” has the meaning set forth in Section 13.1.

“Facility Manuals” means Facility equipment manuals, system descriptions, system operating instructions, equipment maintenance instructions and pertinent design documentation created by or for the EPC Contractor or Persons manufactured he Facility Equipment, to the extent provided to NAES by Owner pursuant to Section 4.4.1.

“Financing Agreements” means any and all loan agreements, notes, bonds, indentures, security agreements, registration or disclosure statements, subordination agreements, mortgages, deeds of trust, participation agreements and other documents relating to the construction, interim and long-term financing for the construction, operation and maintenance of the Facility and any refinancing thereof (including a lease pursuant to which Owner is the lessee of the Facility) provided by the Lenders, including any and all modifications, supplements, extensions, renewals and replacements of any such financing or refinancing.

“Force Majeure Event” has the meaning set forth in Section 14.6.1.

“Governmental Approval” means any consent, license, approval, exemption, Permit, “no objection certificate” or other authorization of whatever nature that is required to be granted or granted by any Governmental Authority with respect to the siting, construction, operation, service, and maintenance of the Facility in accordance with this Agreement, or otherwise necessary to enable Owner or NAES to exercise its rights, or observe or perform its obligations, under this Agreement.

“Governmental Authority” means any United States federal, state, local or foreign governmental department, commission, board, bureau, authority, agency, court, instrumentality or judicial or regulatory body.

“Hazardous Materials” means (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, and transformers or other equipment that contain dielectric fluid containing polychlorinated biphenyl’s (“PCBs”); (b) any chemicals, materials or substances that are now or hereafter become defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,”

“extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “pollution,” “pollutants,” “regulated substances,” or words of similar import under Applicable Law; or (c) any other chemical, material, substance or waste declared to be hazardous, toxic or polluting material by any Governmental Authority, exposure to which is now or hereafter prohibited, limited or regulated by any Governmental Authority.

“Home Office Costs” has the meaning set forth in Section 7.2.

“Home Office Personnel” mean the employees of NAES or its subcontractors who are engaged in the provision of the Services, except for Site Personnel.

“Incentive” means a payment from Owner to NAES pursuant to Appendix B.

“Initial Negotiation Period” has the meaning set forth in Section 14.7.2.

“IT Vendor” has the meaning set forth in Section 3.9.

“Late Payment Rate” means a rate of interest per annum equal to the lesser of (i) two percent (2.0%) above the “prime” reference rate of interest quoted to substantial commercial borrowers on ninety (90) day loans by Wells Fargo Bank or (ii) the maximum rate of interest permitted by Applicable Law.

“Labor Costs” means for Site Personnel: (i) wages and salaries (including short term disability, vacation, holidays, or other paid time off in accordance with NAES’s policies and procedures); (ii) overtime pay; (iii) Employee Bonus; (iv) severance payments in accordance with NAES’s policies and procedures; (v) worker’s compensation premiums; (vi) unemployment insurance premiums, (vii) long term disability insurance, group medical, dental and life insurance, retirement plans and other employee benefits premiums; (viii) any other costs of compliance with a collective bargaining agreement; and (ix) employer payroll taxes imposed on any of the above.

“Labor Relations” shall mean negotiation of union labor contracts; development and implementation of special benefit plans or arrangements required by such contracts; management of union grievances, labor arbitration case defense, prosecution, or management; union election activities and campaigns; and other activities related to managing relationships with labor unions and represented members of the Site Personnel.

“Lender” means any entity or entities providing financing or refinancing under the Financing Agreements in connection with construction or permanent financing for the Facility, and their permitted successors and assigns.

“Liabilities” means, collectively, any and all Claims, damages, judgments, losses, obligations, liabilities, actions and causes of action, fees (including reasonable attorneys’ fees and disbursements), costs (including court costs), expenses, penalties, fines and sanctions.

“Liquidated Damages” means a payment from NAES to Owner pursuant to Section 7.6 and Appendix B.

“LNG” means liquefied natural gas.

“Maximum Incentive” means the sum of [REDACTED] per Year; provided, however, for any Year that is less than 365 or 366 days, as applicable, such amount shall be reduced pro rata for such partial calendar year period.



“Maximum Liquidated Damages” means the sum of [REDACTED] per Year; provided, however, for any Year that is less than 365 or 366 days, as applicable, such amount shall be reduced pro rata for such partial calendar year period.

“Mechanical Completion Date” means the date on which the Owner receives the “Mechanical Completion Certificate” from the EPC contractor.

“NAES” means NAES Corporation, the second Party named above, and includes its successors and permitted assigns hereunder.

“NAES Environmental Liabilities” has the meaning set forth in Section 10.4.2.

“NAES Indemnitees” has the meaning set forth in Section 10.2.

“NAES Proprietary Information” has the meaning set forth in Section 13.3.

“NAES’s Executive” has the meaning set forth in Section 14.7.2.

“O&M Manuals” means the Facility operation and maintenance procedures and Facility systems descriptions, training, safety, chemistry and environmental manuals, together with the documents and schedules described in such manuals.

“Operational Period” means that period during the Term starting on the Commercial Operations Date and ending with the termination of this Agreement.

“Operational Services” means those Services to be performed by NAES as described in Section 3.1 and listed in Section III of Appendix A.

“Operations Director” has the meaning set forth in Section 5.1.1.

“Operations Fee” means the sum of [REDACTED] per Year; provided, however, for any Year that is less than 365 or 366 days, as applicable, such amount shall be reduced pro rata for such partial calendar year period.

“Operator” means any Person who within the meaning of Applicable Law, operates, controls, or supervises the Facility or any Facility equipment, or any Person who is an officer, director, employee, agent, representative or Affiliate of any such Person. The Parties intend that NAES is not the Operator of the Facility.

“Owner” means Puget Sound Energy, Inc., the first Party named above, and includes its successors and permitted assigns hereunder.

“Owner Indemnitees” has the meaning set forth in Section 10.1.

“Owner’s Executive” has the meaning set forth in Section 14.7.2.

“Party” means a party to this Agreement and “Parties” means, collectively, both Parties to this Agreement, unless the context clearly requires a different construction.

“Permit” means any permit, license, consent, approval or certificate that is required for the operation or maintenance of the Facility or the performance of any Service and includes Permits required under Environmental Laws.

“Person” means any Party, individual, partnership, corporation, association, limited liability company, business trust, government or political subdivision thereof, governmental agency or other entity.

“Plan” means a plan adopted or amended pursuant to Section 5.3.

“Plant Manager” has the meaning set forth in Section 3.5.

“Pre-Commercial Period” means that period commencing on Owner’s delivery of notice to proceed to NAES on October 25, 2019 and ending on the Commercial Operations Date.

“Preliminary Settlement” has the meaning set forth in Section 14.7.2.

“Project Account” has the meaning set forth in Section 7.3.2.

“Prudent Operation and Maintenance Practices” means those practices, methods and acts generally employed in the LNG industry that at the particular time in question, in the exercise of reasonable judgment in light of the facts known at the time the decision in question was being made, would have been expected to accomplish the desired result of such decision consistent with the goals established in a Budget and Plan, and the requirements of Applicable Law. Prudent Operation and Maintenance Practices are not limited to the optimum practices, methods or acts to the exclusion of all others, but rather include a spectrum of possible practices, methods or acts commonly employed in the LNG industry in the United States, including with respect to NAES, taking reasonable actions to provide a sufficient number of Persons who are available and adequately trained to provide Services at the Facility, and timely perform preventive, routine, and non-routine maintenance and repairs, as exemplified and generally described in Appendix A, subject, in all cases, to practices, methods and acts of NAES that are within the scope of the Services provided under this Agreement.

“Renewal Date” means the December 31st next following the fifth (5th) anniversary of the Commercial Operations Date.

“Second Negotiation Period” has the meaning set forth in Section 14.7.3.

“Services” means all the work to be performed by Home Office Personnel or Site Personnel as described or referenced in Sections 3.1 and 3.2 and Appendix A, including the Stand-Up Services, the Commissioning and Start-Up Services and the Operational Services.

“Site” means the land on which the Facility is situated, as more fully described in Appendix C.

“Site Costs” has the meaning set forth in Section 7.3.1.

“Site Personnel” mean those individuals who are employed by NAES in the performance of its obligations under this Agreement and permanently assigned to the Facility Site.

“Standards of Performance” means the standards for NAES’s performance of the Services set forth in Section 3.4.

“Stand-Up Services” means those Services to be performed by NAES as described in Section 3.1 and listed in Section I of Appendix A.

“Term” means the initial term of this Agreement set forth in Section 7.1 together with any extensions made pursuant to Section 7.1.

“Termination Payment” has the meaning set forth in Section 8.4.

“Termination Transition Period” has the meaning set forth in Section 8.6.

“U.S. Dollars” or “Dollars” means United States Dollars, the lawful currency of the United States of America.

“Year” means the calendar year. With respect to the calendar year in which the Commercial Operations Date occurs, a Year will be deemed to begin on the Commercial Operations Date and end on December 31st of such Year. If the Agreement terminates, the final Year will be deemed to end on the date that termination occurs.

ARTICLE III - RESPONSIBILITIES OF NAES

3.1 General. NAES will perform the Services with its Home Office Personnel or Site Personnel, as applicable, to operate and maintain the Facility for Owner in accordance with this Agreement. This Article III sets forth the processes, limitations and standards applicable to NAES's performance of the Services. As further detailed in Appendix A, NAES shall provide certain Services to the Facility during the periods set forth below.

3.1.1 Pre-Commercial Period. NAES has initiated performance of the Stand-Up Services and shall continue such Stand-Up Services until the same are completed. In addition to continuing to perform the Stand-Up Services, NAES shall perform the Commissioning and Start-Up Services as set forth in Section II of Appendix A. On the Mechanical Completion Date, NAES shall assume care, custody, and control of the Facility on behalf of the Owner, as contemplated in the EPC Contract, and shall perform such Operational Services as necessary given its assumption of care, custody and control.

3.1.2 Operational Period. Upon the Commercial Operations Date and through the Term, NAES shall perform the Operational Services. The Parties contemplate that, upon the Commercial Operations Date, the Facility will be fully capable of meeting the requirements of the Facility Agreements, Permits and Applicable Law, and the Facility will have demonstrated through performance testing the achievement of the performance guarantees set forth in the EPC Contract. If and to the extent this is not the case, the Parties shall in good faith negotiate changes to this Agreement, including the incentive criteria in Appendix B, such that NAES is not penalized for the Facility's failure to achieve the EPC Contract performance guarantees. NAES will complete any Stand-Up Services and Commissioning and Start-Up Services that are not completed on the Commercial Operations Date as soon as practicable thereafter.

3.2 Procurement.

3.2.1 By Owner. Owner will procure in its own name the following goods and third party services: (i) those required for the disposal of Hazardous Materials from the Facility; or (ii) those services required for major Facility alteration or non-routine maintenance that are not part of the Operational Services or not included in the applicable Budget or agreed upon by the Parties to be performed by NAES as Extra Work. In its sole discretion, Owner may procure in its own name any other goods and third party services for the operation and maintenance of the Facility. Site Personnel will, upon Owner's request, support Owner's procurement function under this Section 3.2.1.

3.2.2 By NAES. NAES will procure in Owner's name goods and third party services required for performance of the Services and otherwise for the operation and maintenance of the Facility, to the extent included in an approved Budget and not procured by Owner under Section 3.2.1. NAES will ensure that such purchase orders are performed by the applicable vendor or contractor. NAES acknowledges that such purchase orders are for the exclusive benefit of Owner and the Facility. NAES will

negotiate with vendors from standard terms and conditions consented to in advance by Owner, including reasonable warranties. NAES will manage the inventory of spare parts and supplies at the Facility provided by Owner.

3.2.3 Non-Budgeted Items. Unless otherwise approved by Owner in writing, NAES will manage purchasing within the overall total spending approved in a Budget. NAES will not make non-budgeted purchases without first receiving Owner's approval.

3.2.4 Extraordinary Items. Notwithstanding that a purchase is contemplated by a Budget, NAES will obtain Owner's written approval prior to procurement of any Extraordinary Item. Owner may elect to directly procure Extraordinary Items.

3.2.5 Affiliate Contracts. If NAES intends to issue a purchase order to an Affiliate or specialty service division of NAES, NAES will first disclose such relationship to Owner. NAES may issue such purchase orders following NAES's receipt of written approval from Owner.

3.3 Operation. NAES will comply with any applicable operation instructions of Owner (or other Person identified by Owner in writing to NAES as being authorized to provide operating instructions). NAES will follow the operating instructions of Owner unless NAES determines, in its reasonable judgment, that so doing would be reasonably likely to be in violation of Applicable Law, in which case it will promptly inform Owner of the potential violation and await further instructions from Owner. NAES will give Owner prompt notice of any inability to make deliveries of LNG from the Facility or conduct vaporization operations required and of NAES's plan to restore operation of the Facility and of any plan by the counter-party (where a Facility Agreement is involved) for Facility operation restoration (if NAES has been notified thereof). In case of any interruption, curtailment or reduction in (i) supplies of natural gas or (ii) supplies of energy, or in case of any other operational constraint imposed on the Facility, NAES will promptly notify Owner and await further instructions from Owner. Upon removal of the constraint, NAES will use its reasonable efforts to restore the availability of the Facility for dispatch. For purposes of this Section, "Operate", "Operation" or "Operating" means any action taken by NAES to perform a specified Facility task or functional mode (e.g. liquefaction, vaporization, bunker, etc.) in accordance with Owner's directive.

3.4 Standards for Performance of the Services. NAES will perform the Services in accordance with (i) the O&M Manuals, (ii) the Facility Manuals, (iii) the applicable Budget and Plan, (iv) Applicable Laws or regulatory requirements, (v) Prudent Operation and Maintenance Practices, (vi) insurer requirements delivered to NAES by Owner in writing, (vii) the requirements in the Facility Agreements and (viii) this Agreement. Subject to the other provisions of this Agreement, NAES will perform the Services and other obligations under this Agreement in a manner consistent with Owner's directions. The Parties acknowledge and agree that actions taken (or not taken) by NAES in accordance with Owner's express direction will be deemed to comply with the Standards of Performance, and NAES will have no liability for acting or refraining to act in accordance with Owner's express directions. The Parties further acknowledge that reference to the Facility Agreements is not intended to and does not make NAES a party to the Facility Agreements or to impose any obligations on NAES under the Facility Agreements.

3.5 Personnel Matters. NAES will be solely responsible for determining the working hours, rates of compensation and all other matters relating to the employment of Site Personnel and Home Office Personnel. NAES will retain sole authority, control and responsibility with respect to its employment policy. NAES shall maintain and enforce a drug and alcohol policy providing for discipline of any Home Office Personnel or Site Personnel under the influence of any dangerous or controlled drug, alcohol or other such substance at any time during such individual's performance of any portion of the Services. NAES shall provide such policy for Owner for review and comment upon request. NAES will submit for

Owner's approval the staffing requirements for the Facility. NAES will submit its selection for the Facility plant manager ("Plant Manager") to Owner, who will have written approval over NAES's selection and retention of such person. NAES will inform Owner prior to replacement of its Plant Manager or Operations Director. NAES will obtain Owner's written approval prior to offering employment to a replacement Plant Manager.

3.6 No Liens or Encumbrances. Provided Owner is current in payments under Article VII, NAES will keep and maintain the Facility free and clear of all liens, Claims and encumbrances resulting from the debts and obligations of NAES or the failure by NAES to perform the Services. For clarity, if the Facility becomes subject to any such liens, Claims or encumbrances during a time at which Owner is not current in payments under Article VII, NAES will cause such liens, Claims and encumbrances to be removed and extinguished immediately upon Owner's becoming current in payments under Article VII.

3.7 Emergency Action. In the event of an emergency affecting the safety, health or protection of, or otherwise endangering, any persons or property located at or about the Facility (an "Emergency"), NAES will take immediate action to prevent or mitigate any damage, injury or loss threatened by such Emergency, and will notify Owner of such Emergency and NAES's response as soon as practicable under the circumstances. To the extent NAES deems reasonable in response to an Emergency, NAES may procure goods and services as necessary to respond to an Emergency, the costs of which will be Site Costs.

3.8 Relationship with EPC Contractor.

3.8.1 Activities in Support of EPC Contractor. During the Pre-Commercial Period, the Services may include the provision of Site Personnel to work under the direction and supervision of the EPC Contractor, in fulfillment of certain Owner obligations under the EPC Contract. Notwithstanding any other provision of this Agreement to the contrary, but provided NAES provides appropriately qualified personnel for this purpose, NAES shall have no liability for acts and omissions of Site Personnel acting under the direction and supervision of the EPC Contractor. Notwithstanding any provisions of Section 10.1 or Section 10.2 to the contrary, Owner shall defend, indemnify and hold harmless the NAES Indemnitees from and against all Liabilities resulting from the acts or omissions of Site Personnel acting pursuant to the direction and supervision of EPC Contractor pursuant to this Section 3.8.1.

3.8.2 Turnover of Facility Systems prior to Mechanical Completion Date. If NAES is requested by Owner to assume responsibility for Facility systems following turnover by the EPC Contractor and in advance of the Mechanical Completion Date, NAES's liability resulting from acts or omissions of Site Personnel operating and maintaining such systems shall be no greater than it would be following the Mechanical Completion Date. Notwithstanding any provision of Section 10.1 or Section 10.2 to the contrary, Owner shall defend, indemnify and hold harmless the NAES Indemnitees from and against all liabilities, damages, claims, demands, judgments, losses, costs, expenses, suits, actions or proceedings (including reasonable fees and disbursements of counsel) resulting from acts or omissions of Site Personnel operating and maintaining such Facility systems prior to the Mechanical Completion Date, except to the extent NAES would be liable to Owner for such acts or omissions following the Mechanical Completion Date.

3.8.3 EPC Contract-related Insurance. Owner shall cause EPC Contractor to name NAES and its Subcontractors as an additional insured to the extent and on such policies as Owner is named an additional insured by EPC Contractor. Owner shall cause EPC Contractor to grant NAES and its Subcontractors a waiver of subrogation to the extent and with respect to such policies as Owner is granted a waiver of subrogation by EPC Contractor.

3.9 Business Computer Network and Cyber-Security. As further provided in Section I of Appendix A, NAES shall develop and procure, consistent with Section 3.2 above, a Facility information technology infrastructure framework (the "Business Network") capable of fulfilling all operational requirements of this Agreement. NAES shall consult with Owner prior to issuing a purchase order to a vendor (the "IT Vendor") for purposes of this Section and shall include in any such order such terms and conditions as Owner may request. NAES shall promptly report to Owner any known security breaches of the Business Network. NAES shall cause the IT Vendor to provide and maintain the Business Network subject to the standards set forth in Appendix F hereof. As provided in Article XIII hereof, Owner shall have title to the Business Network.

ARTICLE IV - ITEMS TO BE PROVIDED BY OWNER

4.1 General. Owner expressly reserves the exclusive authority to make such business and strategic decisions as it deems appropriate from time to time in reference to the operation and maintenance of the Facility. Upon request from NAES, Owner will promptly provide to NAES, at Owner's expense, the information, access, materials, instructions and other items described in this Article IV. All such items will be made available at such times and in such manner as may be reasonably required for the expeditious and orderly performance of the Services by NAES.

4.2 Information. Owner will provide to NAES copies of all Facility Agreements, and any modifications or additional Facility Agreements promptly after execution thereof, as well as all Permits and technical, operational and other Facility information in Owner's possession that supports NAES's performance of the Services. Subject to the Standards of Performance, NAES will be entitled to rely upon any information provided by Owner or any other party in or pursuant to the Facility Agreements in the performance of the Services.

4.3 Access to Facility. Owner will provide NAES access to the Site, and to persons and data at the Facility.

4.4 Other Owner Supplied Items. Owner will make available to NAES the following items:

4.4.1 Facility Manuals. Owner will provide the master copies of the Facility Manuals to NAES for use in development by NAES of the Operations & Maintenance Manuals. Thereafter, Owner will provide NAES with any updates to the Facility Manuals received from equipment manufacturers.

4.4.2 Fuel; Water; Electricity. Owner will arrange to provide and deliver to the Facility fuel, feedstock, water and electricity.

4.4.3 Spare Parts and Supplies. Owner will arrange to provide and deliver to the Facility an inventory of spare parts and supplies.

4.5 Budgeting, Instructions, Approvals. Owner will provide or cause to be provided to NAES all instructions NAES is required to obtain from Owner in accordance with this Agreement. Owner will not unreasonably withhold or delay approvals of Owner required by this Agreement. Owner will make timely and commercially reasonable budgeting decisions to permit NAES to provide the Services and to operate the Facility safely and in accordance with Applicable Law. Owner will not direct NAES to take any action inconsistent with Applicable Law or otherwise adversely affecting the safety, health or protection of any persons or property located at or about the Facility.

4.6 Facility Agreements. Owner will administer and will be responsible for performance of the Facility Agreements; provided, however, that NAES will assist Owner in performing the Facility Agreements. Owner will provide NAES written notice of any changes to requirements under the Facility Agreements or a copy of any agreement modifying or replacing any Facility Agreement.

4.7 Permits. Owner will obtain from the appropriate Governmental Authorities, and will maintain, all Permits for the ownership, operation and maintenance of the Facility. All such Permits will be maintained in Owner's name.

4.8 Environmental Reporting. Owner will serve as the "Responsible Official" for purposes of Clean Air Act permitting and reporting, as "Designated Representative" for purposes of applicable environmental "Cap and Trade" programs requiring such, including the Acid Rain Program, Clean Air Interstate Rule or its replacement and Regional Greenhouse Gas Initiative, as applicable, and as corporate responsible official for other environmental programs, permitting and reporting.

ARTICLE V - REPRESENTATIVES, BUDGETS AND REPORTS

5.1 Representatives of NAES.

5.1.1 NAES Operations Director. Promptly after the Effective Date, NAES will appoint an individual, the "Operations Director" from its Home Office Personnel who will be authorized to represent NAES with Owner concerning NAES's performance of the Services. The Operations Director will also coordinate the Home Office Personnel in supporting the Site Personnel. Except as expressly provided below, NAES is and will be bound by the written communications, directions, requests and decisions made by its Operations Director on its behalf. NAES will notify Owner in writing of the identity of its Operations Director, and of any successors. The Operations Director has no authority to modify, amend or terminate this Agreement or, absent written notice to Owner by NAES to the contrary, to enter into any other agreement on behalf of NAES other than as provided herein.

5.1.2 NAES Plant Manager. The Plant Manager will direct and manage NAES's Site Personnel in the performance of the Services. For issues arising out of the day-to-day administration of the Operational Services, the Plant Manager or his designee may communicate directly with Owner. The Plant Manager has no authority to modify this Agreement.

5.2 Representatives of Owner. Owner will appoint an individual (the "Asset Manager") who will be authorized and empowered to act for and on behalf of Owner on any matters concerning the operation of the Facility, the day-to-day administration of this Agreement and the performance of Owner's obligations hereunder. Except as expressly provided below, Owner will be bound by the written communications, directions, requests and decisions made by the Asset Manager on its behalf regarding the Services. Owner will notify NAES in writing upon the appointment of the Asset Manager, and of any successors. The Asset Manager has no authority to modify, amend or terminate this Agreement or, absent written notice to NAES by Owner to the contrary, to enter into any other agreement on behalf of Owner other than as provided herein.

5.3 Plans and Budgets.

5.3.1 Adoption.

5.3.1.1 Pre-Commercial Period. As soon as practicable following the Effective Date, NAES will deliver to Owner a proposed budget for the accomplishment of the Stand-Up Services and the Commissioning and Start-Up Services. Owner and NAES will then meet to finalize this budget. NAES will not undertake Stand-Up Services or Commissioning and Start-Up Services unless it has received from Owner an approved Budget or other written authorization from Owner to incur Site Costs and Home Office Costs in performing the Stand-Up Services or Commissioning and Start-Up Services.

5.3.1.2 Operational Period. As soon as practicable following the Effective Date, with respect to the initial Year, and one hundred twenty (120) days prior to the beginning of each

subsequent Year, Owner and NAES will cause their respective representatives to meet, and will negotiate in good faith, to reach agreement on the key assumptions for such Year that NAES will use to construct the proposed Budget and Plan with respect to the Services. The key assumptions are LNG deliveries from the Facility, vaporization operations, an inflation factor for Site Costs and the Facility operating profile (Facility capacity factor and production schedule). NAES will structure each Budget on a monthly basis and will project, in detail reasonably acceptable to Owner, all Site Costs and Home Office Costs to be expended in the performance of the Services. Each Plan will state the key assumptions upon which the related Budget is based as well as the implementation plans for the Services, including: (i) anticipated maintenance and repairs, (ii) routine maintenance and overhaul schedules (including planned major maintenance), (iii) procurement, (iv) staffing, personnel and labor activities, including a pool for bonuses for Site Personnel (“Employee Bonus”) and the criteria by which such pool shall be funded by Owner, (v) anticipated administrative activities, (vi) planned capital improvements, and (vii) other work proposed to be undertaken by NAES. NAES will deliver to Owner the proposed next year Budget and Plan on or before June 1 each Year. Owner will review each proposed Budget and Plan within one hundred and fifty (150) days of submission by NAES (or as soon as practicable with respect to the Budget for the initial Year and may, by written request, require changes, additions, deletions and modifications thereto. Owner and NAES will then meet, and will negotiate in good faith, to reach agreement on a final Budget and Plan prior to the commencement of the applicable Year. Each final Budget and Plan will remain in effect throughout the applicable Year, subject to updating, revision and amendment proposed by either Party and consented to in writing by the other Party.

5.3.3 Circumstances Affecting Budget. If either Party becomes aware of facts or circumstances that it believes necessitate a change to a Budget or Plan, that Party will immediately notify the other Party, specifying the impact upon the Budget or Plan and the reasons for the change. The Operations Director or Plant Manager will then discuss appropriate amendments to the Budget with the Asset Manager.

5.3.4 Failure to Agree. The Parties acknowledge that it is necessary that Owner retain ultimate authority with respect to expenses incurred for the Facility. Accordingly, NAES will accept each Budget as finally determined by Owner. To the extent that NAES determines that Owner has unreasonably limited funds for Site Costs and Home Office Costs, NAES will provide written notice to Owner specifically detailing which performance obligations of NAES will be limited or eliminated as a result thereof (taking into account NAES’s obligation to mitigate the effects thereof) in which case NAES will be relieved from performance that would incur such costs; provided that the foregoing shall not limit Owner’s rights and remedies as regards any such action taken by NAES if it is ultimately determined in accordance with the dispute resolution process contemplated by Section 14.7 that Owner was reasonable in its determination as regards such expenditures. NAES will deliver a written report to Owner that describes NAES’s reasons for believing that each disputed expense is prudent.

5.3.5 Notification of Variance. If NAES becomes aware that the aggregate of all Site Costs or Home Office Costs exceeds or will exceed the amount provided in the applicable Budget or that the Facility is operating with any significant deviations or discrepancies from the projections contained in the applicable Plan, NAES will promptly so notify Owner.

5.4 Availability of Operating Data and Records. NAES will deliver Facility data recorded, prepared or maintained by NAES to Owner: (i) to assist Owner in complying with requirements of Governmental Authorities, Permits and Facility Agreements or (ii) upon any request by Owner.

5.5 Litigation and Permit Lapses. Upon obtaining actual knowledge thereof, whether by written, oral or any other form of communication, each Party will use reasonable efforts to provide oral notice to the other Party within the same day such knowledge is obtained and will submit expedited

written notice to the other Party of the following, to the extent relating to the Facility or the Services: (i) any litigation, Claims or actions filed by or with any Governmental Authority; (ii) any actual refusal to grant, renew or extend, or any action filed with respect to the granting, renewal or extension of, any Permit; (iii) all penalties or notices of violation issued by any Governmental Authority; (iv) any dispute with any Governmental Authority that may affect the Facility; and (v) with respect to the matters identified in items (i), (ii), (iii) or (iv), any indication, pendency or threat of such matters, which matters may affect the Facility.

ARTICLE VI - LIMITATIONS ON AUTHORITY

6.1 General Limitations. NAES has no authority to make policies or decisions with respect to the overall operation or maintenance of the Facility as a commercial enterprise. As between Owner and NAES, Owner will determine all such matters. Notwithstanding any provision in this Agreement to the contrary, unless previously approved in a Budget and Plan or otherwise approved in writing by Owner, in connection with NAES's provision of Services hereunder, NAES is prohibited from:

6.1.1 Dispose of Assets. Selling, leasing, pledging, mortgaging, encumbering, conveying, or making any license, exchange or other transfer or disposition of the Facility, the Site or any other property or assets of Owner, including any property or assets purchased by NAES, the cost of which is a Site Cost or a Home Office Cost;

6.1.2 Make Expenditures. Making any expenditure or acquiring on a Site Cost or a Home Office Cost basis any goods or services from third parties, except in conformity with a Budget or as authorized by Owner's Asset Manager; provided, however, that in the event of an Emergency, NAES, without approval from Owner, is authorized to take, and will take, all reasonable actions to prevent or mitigate such threatened damage, injury or loss in accordance with Section 3.7;

6.1.3 Take Other Actions. Taking or agreeing to take any other action or actions that, individually or in the aggregate, materially varies from the applicable Budget and Plan; provided, however, that in the event of an Emergency, NAES, without approval from Owner, is authorized to take, and will take, all reasonable actions to prevent or mitigate such threatened damage, injury or loss in accordance with Section 3.7;

6.1.4 Act Regarding Lawsuits and Settlements. Settling, compromising, assigning, pledging, transferring, releasing or consenting to the compromise, assignment, pledge, transfer or release of, any claim, suit, debt, demand or judgment against or due by Owner or NAES, the cost of which, in the case of NAES, would be a Site Cost or a Home Office Cost hereunder, or submitting any such claim, dispute or controversy to arbitration or judicial process, or stipulating in respect thereof to a judgment, or consent to the same; provided, however, that such prohibition will not apply to, nor will it be construed as a release or waiver of, any of NAES's rights or obligations pursuant to this Agreement or any other agreement between the parties; or

6.1.5 Pursue Transactions. Engaging in any other transaction not permitted under this Agreement.

ARTICLE VII - COMPENSATION AND PAYMENT

7.1 General. Owner will pay NAES, or fund, as applicable, as provided in this Article 7, all Home Office Costs, Site Costs, the Commissioning Start-up Fee and the Operations Fee plus, to the extent earned by NAES, the Incentive, all as further described below.

7.2 Home Office Costs. Owner will reimburse NAES for the following costs reasonably incurred by NAES in performing the Services (the "Home Office Costs"):

- (i) relocation and recruitment expenses for NAES's Site Personnel, subject to the applicable Budget;
- (ii) costs incurred in response to an Emergency;
- (iii) subject to the applicable Budget, time and travel costs for Home Office Personnel when providing the Stand-Up Services at the rates set forth in Appendix D;
- (iv) agreed compensation for the performance of Extra Work;
- (v) subject to the applicable Budget or otherwise approved by Owner, time, at the rates set forth in Appendix D, and expenses of Home Office Personnel performing Labor Relations activities;
- (vi) in lieu of having a plant engineer among the Site Personnel, a fixed amount of [REDACTED] per month for the Facility Engineering Services in Section III.2 of Appendix A, which amount shall be escalated in accordance with Appendix E;
- (vii) subject to the applicable Budget, premiums cost of the insurance maintained by NAES in accordance with Section 9.1;
- (viii) subject to the applicable Budget, third party advisors, consultants, attorneys, accountants and contractors retained and managed by Home Office Personnel in support of the Services, including such costs associated with Labor Relations;
- (ix) the amount of any gross receipts tax imposed on NAES in connection with payments received from Owner pursuant to clause (vi) of Section 7.3.1; and
- (x) any other cost designated by mutual agreement of the Parties as a Home Office Cost pursuant to the terms of this Agreement.

On or before the tenth (10th) Business Day of each calendar month following Owner's issuance of the notice to proceed described in Section 3.1, NAES will invoice Owner for Home Office Costs. The invoice will be supported by time record sheets, receipts and other appropriate documentation. Owner will make payment to NAES of the invoiced amount no later than the Due Date.

7.3 Site Costs.

7.3.1 Definition. "Site Costs" means costs for the following that are approved in a Budget, or are otherwise expressly authorized by the Asset Manager: (i) equipment, material, supplies, consumables, spare parts, replacement components, tools, office equipment and utilities procured by NAES pursuant to Section 3.2.2 for use at the Facility; (ii) special training of Site Personnel conducted on-Site or off-Site and associated travel and living expenses; (iii) third party advisors, consultants, attorneys, accountants and contractors providing work in support of the Services that cannot reasonably be performed by Site Personnel; (iv) Permit compliance; (v) Facility community relations and Labor Relations activities; (vi) Labor Costs; (vii) costs incurred in response to an Emergency; and (viii) any other activity exclusive of those described in Section 7.2 that NAES performs under this Agreement for the benefit of the Facility that are approved in a Budget pursuant to the terms of this Agreement or expressly authorized by the Asset Manager. Goods and services procured by Owner under Section 3.2.1 and Home Office Costs are not Site Costs.

7.3.2 Project Account. NAES will establish a bank account (the "Project Account") in NAES's name into which Owner will deposit amounts to be used to pay Site Costs. Any interest accruing on such Project Account is for the benefit of Owner.

7.3.3 Payment Process. No later than fifteen (15) days prior to the start of each calendar month, NAES will deliver to Owner a Draw Request for sufficient funds for Site Costs as

reasonably anticipated by NAES to become due and payable during the following month (the first Draw Request will be made as soon as practicable following issuance of notice to proceed by Owner). NAES will itemize each Draw Request in reasonable detail. NAES will base each Draw Request upon the applicable Budget and any modifications thereof, and adjust the Draw Request to: (i) credit Owner for amounts deposited in the Project Account in response to previous Draw Requests that have not been spent as of the time of the current Draw Request, except for amounts not yet spent but for which commitments have been incurred; (ii) credit Owner for all interest that has accrued in the Project Account since the most recent adjustment; and (iii) claim all bank charges relating to the Project Account that have accrued since the most recent adjustment. On or before the last day of each month during which a Draw Request is made, Owner will deposit the funds requested in accordance with this Agreement into the Project Account. NAES will pay third party providers of goods and services that are required to provide the Services only from funds provided by Owner via the Project Account, and, except for Home Office Costs which NAES pays and then invoices Owner, never from NAES's own funds.

7.4 Cost Audit. Owner is entitled to conduct an audit and review of NAES's records with respect to all Home Office Costs and Site Costs together with any supporting documentation for a period of seven (7) years from and after the date of the audited payment. If, pursuant to such audit and review, Owner reasonably determines that any amount previously paid by NAES was not properly incurred as a Home Office Cost or Site Cost, NAES will credit such amount (together with interest thereon at the Late Payment Rate from the date originally paid until the date such credit is applied or paid) to Owner in the next subsequent Draw Request or, if the Term has terminated, pay such amount to Owner.

7.5 Fees.

7.5.1 Commissioning and Start-Up Fee. Owner will pay to NAES the Commissioning and Start-Up Fee commencing on the Effective Date and ending on the Commercial Operations Date. On or before the tenth (10th) Business Day of each month following the Effective Date, NAES will submit monthly invoices to Owner for payment of the Commissioning and Start-Up Fee. Owner will pay the Commissioning and Start-Up Fee no later than the Due Date for the applicable invoice. If the Effective Date occurs on a day other than the first day of a calendar month or the Commercial Operations Date occurs on a day other than the last day of a calendar month, NAES will prorate the Commissioning and Start-Up Fee for such month(s).

7.5.2 Operations Fee. Owner will pay to NAES the Operations Fee commencing on the Mechanical Completion Date. The Operations Fee will be paid in monthly installments of one-twelfth (1/12) of such Operations Fee. On or before the tenth (10th) Business Day of each month following the Mechanical Completion Date, NAES will submit monthly invoices to Owner for payment of the Operations Fee. Owner will pay the Operations Fee no later than the Due Date for the applicable invoice. If the Mechanical Completion Date occurs on a day other than the first day of a calendar month or the termination of the Agreement occurs on a day other than the last day of a calendar month, NAES will prorate the Operations Fee installment for such month to reflect the actual number of days in such month that NAES provided Operational Services.

7.6 Incentive/Liquidated Damages. During each Year following the Commercial Operations Date, NAES may earn an Incentive or pay Liquidated Damages to Owner. NAES will calculate the payment by comparing actual Facility and NAES performance to the performance goals defined in Appendix B. NAES will submit its calculation to Owner no later than February 1 following the Year for which the payment is calculated together with an invoice for the Incentive, if any. For each performance criterion set forth in Appendix B, the Incentive allocable to such criterion shall not be reduced (or further reduced) to the extent the failure to achieve the relevant criterion directly results from any Force Majeure Event. Owner

will pay NAES the undisputed portion of the Incentive or NAES will pay Owner the undisputed portion of Liquidated Damages, if any, by the Due Date for the applicable invoice.

7.7 Limitation on Liquidated Damages. If NAES calculates that Liquidated Damages are payable with respect to a given criterion in Appendix B below, NAES will be excused from paying Liquidated Damages or increased Liquidated Damages with respect to such criterion to the extent that such liability for Liquidated Damages directly results from any Force Majeure Event.

7.8 Necessity for Liquidated Damages. The Parties acknowledge and agree that (i) Owner suffers damage due to the failure of NAES to achieve the performance goals of Appendix B, (ii) it is difficult or impossible to determine with precision the amount of damages incurred by Owner as a result of a failure by NAES to achieve the performance goals, (iii) any sums that become payable by NAES to Owner are in the nature of liquidated damages, and not a penalty, and are fair and reasonable, and (iv) such Liquidated Damages represent a reasonable endeavor by the Parties to estimate a fair compensation for the losses that are reasonably anticipated from such failure. Without limiting Owner's remedies for any other default by NAES in the performance of its obligations under this Agreement, liquidated Damages are the sole and exclusive remedy of Owner for the failure of NAES to meet the applicable performance criterion set forth in Appendix B.

7.9 Late Payment. To the extent Owner or NAES fails to pay any amount required to be paid under this Agreement by the Due Date therefore, the unpaid amount will accrue interest each day at the Late Payment Rate from the Due Date until such amount (plus accrued interest) is paid in full.

7.10 Escalation. The Commissioning and Start-up Fee, the Operations Fee, Maximum Incentive and Maximum Liquidated Damages will be escalated annually beginning on January 1 of the Year commencing January 1, 2021 by applying the Escalation Factor to each amount pursuant to the method set forth in Appendix E.

ARTICLE VIII – TERM

8.1 Term. The initial Term commences on the Effective Date to and including the Renewal Date. The Term will extend in increments of one (1) additional Year following the Renewal Date until a Party notifies the other Party of its intent not to extend the Term by written notice delivered at least one (1) Year prior to the Renewal Date or the end of any subsequent Year during the extended Term. Notwithstanding the foregoing, this Agreement and the Term are each subject to earlier termination pursuant to Sections 8.2 and 8.3.

8.2 Termination by Owner. Owner is permitted to terminate this Agreement if any of the following events occur: (i) Bankruptcy of NAES; (ii) payment default by NAES (other than a disputed payment) that NAES fails to cure within ten (10) days after NAES has received written notice of such default; (iii) material default by NAES in performance of its obligations under this Agreement that NAES has failed to cure within thirty (30) days of NAES's receipt of written notice of such failure, provided that, if, in the reasonable opinion of Owner, NAES has made reasonable progress towards curing such default within such thirty (30) day period, then NAES shall have an additional period of time (not to exceed an additional sixty (60) days) to cure such default; or (iv) NAES incurs the maximum liability for Liquidated Damages or the maximum liability under Section 11.2.2. In addition, subject to Section 8.4, Owner will have the right to terminate this Agreement for its convenience after the first anniversary of the Commercial Operations Date upon ninety (90) days' prior written notice to NAES.

8.3 Termination by NAES. NAES is permitted to terminate this Agreement if any of the following events occur: (i) payment default by Owner (other than a disputed payment) that Owner fails to cure within ten (10) days after Owner has received written notice of such default; (ii) Bankruptcy of

Owner; or (iii) default by Owner of any other obligation under this Agreement that has a material effect on NAES's ability to perform the Services and that Owner has failed to cure or make substantial progress in the reasonable opinion of NAES towards curing within thirty (30) days of Owner's receipt of written notice of such failure. In lieu of termination, upon the occurrence of any such event, NAES may suspend the Services or take such other action as it deems reasonable to mitigate its risks pending cure by Owner.

8.4 Termination Payment. As soon as practicable after all cost information is gathered following termination, NAES will invoice Owner for Services rendered by NAES through the termination date, including all Home Office Costs, Site Costs, Commissioning and Start-Up Fee, the Operations Fee and the Incentive, if any, earned through the date of termination but not paid, as such amounts are offset by any Liquidated Damages or other damages due to Owner under this Agreement through such date (collectively, the "Termination Payment"). Owner will pay the invoice for the Termination Payment no later than the Due Date. In the event that Owner exercises its right to terminate for convenience under Section 8.2 above, the Termination Payment will be increased as follows: (i) if such termination is effective during the period before the third (3rd) anniversary of the Commercial Operations Date, an amount equal to [REDACTED]; or (ii) if such termination is effective after such third (3rd) anniversary, but before the fourth (4th) anniversary of the Commercial Operations Date, an amount equal to [REDACTED].

8.5 Effect of Termination or Expiration. Upon expiration or termination of this Agreement, NAES will leave at the Facility all documents and records, tools, supplies, spare parts, safety equipment, O&M Manuals, Facility Manuals and any other items provided on a Site Cost or a Home Office Cost basis, all of which will remain the property of Owner without additional charge. If requested by Owner, NAES will execute all documents and take all other reasonable steps as may be necessary to assign to and vest in Owner all rights, benefits, warranties, interests and title in connection with any contracts NAES executed under Section 3.2.2 for the benefit of the Facility.

8.6 Services Upon Termination. Upon notice of termination of this Agreement by either NAES or Owner, unless Owner is then in default on any payment obligations under this Agreement, Owner has the right to specify a period of transition of not longer than one hundred twenty (120) days (the "Termination Transition Period") during which NAES will: (i) continue to provide Services at the Facility in accordance with this Agreement; (ii) cooperate with Owner in planning and implementing a transition to any replacement provider of Facility operation and maintenance services; and (iii) use its reasonable efforts to minimize disruption of Facility operations in connection with such activities. Owner will compensate NAES in accordance with this Agreement during the Termination Transition Period. NAES will permit the new service provider to hire or to contract with the Site Personnel that the new service provider's desires to retain at the Facility. To facilitate employee transfer, NAES will permit the new service provider to interview Site Personnel in a manner and at times that do not interfere with NAES's responsibility to perform the Services.

ARTICLE IX – INSURANCE

9.1 NAES Insurance. NAES shall obtain and maintain the insurance described below under individual or blanket insurance policies. The limits and coverage of the insurance obtained by NAES shall in no way limit the liabilities or obligations assumed by NAES nor shall failure of the Owner to check or fail to identify insurance waive or limit liability. Owner reserves the right to request for copies of policies or endorsements for review. Except with respect to Section 9.1.4, the coverages specified in this Section 9.1 shall be in place on the Effective Date.

9.1.1 Worker's Compensation. Worker's Compensation Insurance meeting Statutory Workers' Compensation, Employer's Liability Insurance, Jones Act Liability and Maritime

Employers Liability extended to include coverage for U. S. Longshore & Harbor Workers Act. Policy shall contain an Alternate Employers endorsement in favor of Owner and its partners, if insured outside of Washington Labor & Industries state fund. Such insurance shall provide statutory limits for compensation coverage and with minimum limits of \$1,000,000 for employers and maritime employer's liability.

9.1.2 Commercial General Liability (CGL). Commercial General Liability Insurance covering bodily injury and damage to property in connection with operations arising out of the Services provided, on an "occurrence" policy form, including coverage for premises/operations, products/completed operations, and personal injury. Such policy or combination of policies shall have a limit of no less than one million dollars (USD \$1,000,000) per each occurrence, two million dollars (\$2,000,000) general aggregate and two million dollars (\$2,000,000) products and completed operations aggregate.

9.1.3 Pollution Legal Liability. Pollution liability insurance in the amount of at least five million dollars (\$5,000,000) covering gradual, sudden and accidental hazardous material releases (including clean-up costs).

9.1.4 Marine General Liability. Marine General Liability covering bodily injury including wrongful death, third party property damage including loss of use thereof, premises/operations liability, products/completed operations, personal/advertising injury, contractual liability, fire damage legal liability, action over indemnity, sudden and accidental pollution, amended exclusions for care, custody and control and watercraft liability to cover work related to the Facility. Coverage also to extend to cover stevedores' legal liability, wharfinger's legal liability and terminal operators liability (as applicable). Coverage shall be on an occurrence basis and limits of liability shall not be less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate.

9.1.5 Auto Liability. Commercial Automobile Liability Insurance against claims for personal injury (including bodily injury and death) and property damage, including coverage for (i) owned, leased, non-owned and hired automobiles, (ii) loading and unloading, and (iii) the Home Office Personnel and Site Personnel as Insureds with limits not less than one million dollars (\$1,000,000) per accident for combined bodily injury and property damage and containing no-fault insurance provisions where required by state law, covering automobiles used by NAES arising out of Services;

9.1.6 Excess or Umbrella Liability Insurance. Excess or umbrella liability insurance in excess of the CGL, Marine General Liability and Auto Liability insurance described above, on a per occurrence and an aggregate amount of thirty-five million dollars (\$35,000,000); and

9.1.7 Professional Liability. Professional liability for engineering and other professional services with limits of five million dollars (\$5,000,000) per occurrence and in the annual aggregated.

9.2 Owner Insurance. Owner shall obtain and maintain at its expense with insurance carriers it deems reasonable and prudent, or provide confirmation of self-insurance, the insurance described below under individual or blanket policies effective as of the Commencement Date.

9.2.1 Property Insurance. Prior to the Commercial Operations Date, Builder's All Risk Insurance (either directly or through the EPC Contractor), and, following the Commercial Operations Date, property insurance for the Facility, with a deductible amount no greater than five million dollars (\$5,000,000), except no greater than 5% of total insured value for the peril of named windstorm, flood or earth movement, including boiler and machinery insurance, on an "Risks of direct physical loss" basis covering physical loss or damage to all real and personal property of Owner at replacement value of such property, per occurrence.

9.2.2 Commercial General Liability Insurance. Commercial general liability insurance covering third party personal injury and property damage and covering third party liability for damage to property in connection with ownership and operations of the Facility. The coverage referred to herein may be provided through self-insurance, in a single policy or through a combination of policies. Such policy or combination of policies shall have a limit of one million dollars (\$1,000,000) per each occurrence and two million dollars (\$2,000,000) general aggregate and two million dollars (\$2,000,000) products and completed operations aggregate.

9.2.3 Marine General Liability. Marine General Liability covering bodily injury including wrongful death, third party property damage including loss of use thereof, premises/operations liability, products/completed operations, personal/advertising injury, contractual liability, fire damage legal liability, action over indemnity, sudden and accidental pollution, amended exclusions for care, custody and control and watercraft liability to cover work related to the Facility. Coverage also to extend to cover stevedore's legal liability, wharfinger's legal liability and terminal operators' liability (as applicable). Coverage may be on a self-insured basis or via a policy of insurance with limits of liability not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate.

9.2.4 Excess or Umbrella Liability Insurance. Excess or umbrella liability insurance in excess of the liability insurance described above with a per occurrence and a limit amount of thirty-five million dollars (\$35,000,000).

9.2.5 Pollution Insurance. Pollution liability insurance for the Facility in the amount of at least five million dollars (\$5,000,000) covering sudden, accidental, and gradual releases of Hazardous Materials.

9.2.6 Workers' Compensation and Employers Liability. Worker's Compensation Insurance meeting required statutory limits and include coverage for U.S. Longshore & Harbor Workers Act, if applicable, and Employer's Liability insurance with limits per occurrence of one million dollars (\$1,000,000) or a greater amount if required by statute.

9.3 Forms and Content. NAES and Owner will cause all policies, binders or interim insurance contracts with respect to insurance required to be maintained by each Party pursuant to this Article IX to:

9.3.1 Be placed with insurance companies licensed to do business within the State of Washington, and have an A.M. Best rating of at least A- Class VII.

9.3.2 With respect to the liability insurance required to be maintained by each Party hereunder, include as an additional insured Owner Indemnitees and NAES Indemnitees, as the case may be. Additional insured status will apply past completion of the Services and for the period which each Party is legally liable for prior acts.

9.3.3 NAES shall have no obligation to insure the Facility or Owner's property. Owner shall have no obligation whatsoever to insure any of NAES's property.

9.3.4 With respect to the insurance(s) described hereunder, NAES shall cause its insurers to waive any right of subrogation against Owner Indemnitees, and Owner shall cause its insurers to waive any right of subrogation against NAES Indemnitees.

9.4 Additional requirements.

9.4.1 Each Party will be solely responsible for the payment of all deductibles or self-insured retentions on insurance policies obtained by such Party pursuant to this Agreement.

9.4.2 Should any policies be written on a claims-made form, the retroactive date will be prior to the effective date of this agreement and maintained for the period of legal liability or ten (10) years following the last year in which policy provides coverage under the terms of the agreement.

9.4.3 Any subcontractors used by NAES shall be required to carry the same level of insurance described herein, or NAES shall assume responsibility for subcontractors not meeting these limits and terms.

9.5 Failure of Insurance. In the event a Party fails to procure and/or maintain an insurance as required above, an insurance fails for any reason (including breach of policy condition or warranty), and/or an insurer otherwise refuses or is unable to pay, the Party required to procure that insurance shall be deemed an insurer or self-insurer, shall accept and pay claims which would have otherwise been submitted to the failed insurance and shall indemnify and hold harmless (including legal fees and costs) the other Party of and from any loss, damage, expense, claim, liability and/or suit resulting from such failure.

9.6 Certificates; Proof of Loss. On or before the required date for the insurance to be provided hereunder, each Party shall furnish to the other Party appropriate evidence of insurance or certificates of insurance evidencing the insurance required to be maintained hereunder, the additional insured status, and waiver of subrogation provided pursuant to this Agreement. The Party maintaining each insurance policy hereunder shall make all proofs of loss under each such policy and shall take all other actions reasonably required to ensure collection from insurers for any loss under any such policy, except that Owner may require NAES to assist in providing such proof of loss and take such other action on behalf of Owner in the case of the insurance maintained by Owner.

ARTICLE X- INDEMNIFICATION

10.1 NAES Indemnification. Subject to the limitations of liability in Sections 11.1 and 11.2, NAES will indemnify and hold harmless Owner and its Affiliates, and their respective officers, directors, employees, agents and representatives (collectively, the "Owner Indemnitees"), from and against, and no Owner Indemnitee will be responsible for, any and all Liabilities sustained or suffered by any Owner Indemnitee in connection with

[REDACTED]

Any Liabilities paid by NAES pursuant to its indemnity obligation under this Section 10.1 are not Home Office Costs or Site Costs. Notwithstanding anything to the contrary contained herein, and as further set forth in Section 10.3, NAES's indemnification obligations with respect to Environmental Liabilities will be as set forth in Section 10.4.2. For purposes of Section 10.1(a), NAES's inadvertent or non-willful violation of the rules and regulations promulgated by WUTC with respect to the Operator for the Facility are excluded.

10.2 Owner Indemnification. Subject to the limitations of liability in Sections 11.1 and 11.2, Owner will indemnify and hold harmless NAES and its Affiliates, and their respective officers, directors, employees, agents and representatives (collectively, the "NAES Indemnitees"), from and against, and no NAES Indemnitee will have responsibility for, any and all Liabilities sustained or suffered by any NAES Indemnitee in connection with

[REDACTED]

██████████ Notwithstanding anything to the contrary contained herein, Owner's indemnification obligations with respect to Environmental Liabilities will be as set forth in Section 10.4.1.

10.3 Owner Indemnity for Claims that NAES is Operator. Notwithstanding anything to the contrary contained herein, it is understood and agreed that: (i) in the course of performing Services hereunder, neither NAES nor any of its officers, directors, employees, agents, representatives or Affiliates is, has been or will be deemed to be, nor will any such Person have responsibility as, an Operator of the Facilities for purposes of any Applicable Law, including Environmental Law; and (ii) Owner is now and will at all times be deemed to be, and will be solely responsible as, and will take no position inconsistent with its status as, the sole Operator of the Facilities for purposes of any Applicable Law, including Environmental Law. Owner agrees to use its best reasonable efforts to take or cause to be taken all action, to do or cause to be done and to assist and cooperate with NAES in doing all things necessary, proper or advisable to establish that Owner is the sole Operator of the Facility for purposes of any Applicable Law, including Environmental Law, and to defend any Claim that NAES or any of its officers, directors, employees, agents, representatives or Affiliates is an Operator of the Facility for such purposes.

10.4 Environmental Indemnification.

10.4.1 Owner Indemnity for Environmental Liabilities. Subject to the limitations of liability in Sections 11.1 and 11.2, Owner will indemnify and hold harmless the NAES Indemnitees from and against, and no NAES Indemnitees will be responsible hereunder for, any Liabilities, including all civil and criminal fines or penalties and other costs and expenses incurred, assessed or sustained by or against any Person, as a result of or in connection with any matters governed by Environmental Laws directly or indirectly related to or arising out of (i) the design, permitting or construction of the Facility or the condition of the Site, and any adjacent parcels, (ii) the operation, maintenance, ownership, control or use of the Facility or otherwise related to the Facility, including any Claims that NAES is an Operator of the Facility, and (iii) the offsite transportation, treatment or disposal of all wastes generated at the Facility and any properties included within or adjacent to the Site, whether occurring before or after the Effective Date (collectively, "Environmental Liabilities"), including any Environmental Liabilities arising out of (x) any non-compliance by Owner with any condition, reporting requirement or other environmental requirement under any Permit or Environmental Law or other Applicable Law, whether related to air, opacity, water, solid waste or Hazardous Materials, or (y) the actual or alleged existence, generation, use, emission, collection, treatment, storage, transportation, disposal, recovery, removal, release, discharge or dispersal of Hazardous Materials; provided, however, that Owner's indemnification obligations in this Section 10.4.1 will exclude any NAES Environmental Liabilities for which NAES is liable under Section 10.4.2.

10.4.2 NAES Indemnity for Environmental Liabilities. Subject to the provisions of Sections 10.1 and 10.3 and the limitations of liability in Sections 11.1 and 11.2, NAES will indemnify and hold harmless Owner Indemnitees from and against, and no Owner Indemnitee will be responsible hereunder for any Liabilities, including all civil and criminal fines or penalties and other costs and expenses incurred, assessed or sustained by or against any person as a result of or in connection with any matters governed by Environmental Laws to the extent caused by NAES's (i) failure to perform the Services in accordance with the provisions of this Agreement, the other Facility Agreements or Applicable Law, including Environmental Law (including requirements thereunder to meet monitoring and reporting requirements), (ii) any Permit violation attributable to NAES's act or omission that is not consistent with Prudent Operation and Maintenance Practices, or (iii) negligence or willful misconduct (the "NAES Environmental Liabilities"). NAES understands and agrees that any NAES Environmental Liabilities paid by NAES pursuant to this Section 10.4.2 will not be Home Office Costs or Site Costs hereunder.

10.4.3 Governmental Actions. During the Term, NAES will fully cooperate and assist Owner with Owner's acquisition of data and information, and preparation and filing with appropriate Governmental Authorities of any notices, plans, submissions, or other materials and information necessary for compliance with applicable Environmental Laws and the requirements of any Permits related to the Facility. All such environmental reports will be submitted by, and in the name of, Owner and not NAES. All costs associated therewith, including the costs of any outside consultants, legal services, Governmental Authority charges, sampling and remedial work, will be paid by Owner as a Site Cost or reimbursed to NAES as a Home Office Cost, unless such costs are incurred arising out of or associated with NAES Environmental Liabilities that are subject to NAES's indemnity obligation pursuant to Section 10.4.2. Any action taken by NAES pursuant to any such applicable Environmental Law, including proceedings and filings made in connection therewith, will be undertaken, and any Home Office Costs associated with any such compliance action will only be incurred, by NAES with Owner's prior consent, unless a Governmental Authority or Applicable Law requires NAES, in the opinion of NAES's independent legal counsel provided for the benefit of Owner, to incur such costs and expenses prior to obtaining such consent. Nothing contained herein will be construed as requiring NAES to take any corrective action with respect to the operation, maintenance, use or condition of the Facility unless (x) affirmatively and expressly directed in writing to so do by Owner and appropriate funding is made available by Owner, or (y) affirmatively and expressly directed to do so by a Governmental Authority, in order to comply with any Environmental Law, in which case the cost of any corrective actions so undertaken will be deemed an Environmental Liability subject to Owner's indemnity obligation pursuant to Section 10.4.1 hereof (if not otherwise reimbursed as a Home Office Cost hereunder), unless such Environmental Liability arises out of or is associated with NAES Environmental Liabilities subject to NAES's indemnity obligation pursuant to Section 10.4.2.

10.5 Immunity Waiver. In connection with any action to enforce any indemnification obligations under this Article X, each Party hereby waives any immunity, defense, or protection under any workers' compensation, industrial insurance or similar laws (including the Washington Industrial Insurance Act, Title 51 of the Revised Code of Washington). This section will not be interpreted or construed as a waiver of either Party's right to assert any such immunity, defense or protection directly against any of its own employees or such employee's estate or other representatives. This Section 10.5 was mutually negotiated by the Parties:

10.6 Miscellaneous. Any indemnification payable under this Article 10 shall be net of any insurance proceeds actually paid under the insurance policies required under this Agreement with respect to the circumstances giving rise to the applicable indemnification obligation hereunder. Nothing herein shall be construed so as to relieve any insurer of its obligations to pay any Liabilities in accordance with the terms and provisions of a valid and collectible insurance policy insuring the subject matter or event that is a basis for such loss.

Initialed by:

OWNER

NAES

ARTICLE XI - LIABILITIES OF THE PARTIES

11.1 Limitations of Liability. NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT THAT MAY BE SUSCEPTIBLE TO CONTRARY INTERPRETATION, BUT EXCLUDING ANY THIRD PARTY INDEMNIFICATION OBLIGATIONS ARISING UNDER THE PROVISIONS OF SECTIONS 10.1, 10.2, 10.3 OR 10.4, NEITHER THE PARTIES NOR ANY OWNER INDEMNITEES OR

NAES INDEMNITEES WILL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSS OR DAMAGE, INCLUDING LOSS OF PROFIT, COST OF CAPITAL, LOSS OF GOODWILL, INCREASED OPERATING COSTS, OR ANY SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES. The Parties further agree that the indemnities, waivers and disclaimers of liability, releases from liability and limitations of liability specifically expressed in this Agreement will survive termination or expiration of this Agreement, and will apply in all circumstances, whether in contract, equity, tort or otherwise, regardless of the fault, negligence (in whole or in part), strict liability, breach of contract or breach of warranty of the Party indemnified, released or whose liabilities are limited, and will extend to the Owner Indemnitees and NAES Indemnitees.

11.2 Further Limitation of Liability. NAES's and Owner's liability hereunder will further be limited as follows:

11.2.1 Liquidated Damages. Without limiting Owner's remedies for any other default by NAES in the performance of its obligations under this Agreement, NAES's payment of Liquidated Damages is Owner's sole and exclusive remedy for losses incurred by Owner for any deficiency in NAES's performance of the Services under the applicable performance criteria and metrics set forth in Appendix B, and upon payment thereof by NAES, such remedy will have achieved its essential purpose. Nothing in this Section 11.2.1 will operate to limit Owner's right to terminate this Agreement pursuant to Section 8.2.

11.2.2 NAES's Total Aggregate Liability. The total aggregate liability of NAES to Owner for all Liabilities arising out of any events occurring or Claims made in connection with the performance of the Services under this Agreement in any Year, is [REDACTED], but only to the extent that such liability is not covered by insurance; provided, however, that the foregoing limitation shall not apply to, and no credit shall be issued against such liability limit for (i) any third party indemnity obligation of NAES arising under Section 10.1, (ii) Claims arising from the gross negligence and willful misconduct of NAES, and (iii) NAES's obligations under Section 3.6., each of which shall be unlimited. For the avoidance of doubt, NAES's obligation to pay Liquidated Damages pursuant to Section 7.6 is outside the above limitation.

11.2.3 Owner's Total Aggregate Liability. The total aggregate liability of Owner to NAES for all Liabilities arising out of any events occurring or Claims made in connection with the performance of this Agreement in any Year, is [REDACTED], but only to the extent that such liability is not covered by insurance; provided, however, that the foregoing limitation shall not apply to, and no credit shall be issued against such liability limit for (i) any third party indemnity obligation of Owner arising under Article 10, and (ii) Claims arising from the gross negligence and willful misconduct of Owner, each of which shall be unlimited and (iii) its obligation to pay Site Costs or Home Office Costs, the Commissioning and Start-Up Fee, Operations Fee and Incentive to NAES as provided in this Agreement.

11.2.3 Liability Threshold. Owner hereby releases NAES from Liability (including Liability for acts or omissions of NAES's contractors) to Owner under Section 10.1 or otherwise under this Agreement to the extent such Liability does not exceed [REDACTED] per occurrence. Excluded from this release are (i) any third party indemnity obligations of NAES under Section 10.1, (ii) Liability arising from the gross negligence and willful misconduct of NAES; and (iii) NAES's obligations under Section 3.6.

11.3 No Warranties or Guarantees. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTIES OR GUARANTEES TO THE OTHER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, AND BOTH PARTIES DISCLAIM AND WAIVE

ANY IMPLIED WARRANTIES OR WARRANTIES IMPOSED BY LAW, INCLUDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

11.4 Exclusive Remedies. The remedies available to a Party under this Agreement in respect of or in consequence of (i) any breach of contract, (ii) any negligent act or omission, (iii) death or personal injury, or (iv) loss of or damage to any property, are to the exclusion of any other remedy that such Party may have against the other Party under Applicable Law.

ARTICLE XII - CONFIDENTIALITY

12.1 General. During the Term, and for five (5) Years after the expiration or termination of this Agreement, each Party will hold in confidence any Confidential Information supplied by the other Party. "Confidential Information" means with respect to each Party, all written or oral information of a proprietary, intellectual or similar nature, relating to a Party's business, projects, operations, activities or affairs, whether of a technical or financial nature or otherwise (including environmental assessment reports, financial information, business plans and proposals, ideas, concepts, trade secrets, know-how, processes, pricing of services or products, and other technical or business information, whether concerning this Agreement, each Party's respective businesses or otherwise). Each receiving Party further agrees, to the extent requested by the disclosing Party, to require its contractors, vendors, suppliers and employees, agents or prospective purchasers to preserve the confidentiality of Confidential Information. The receiving Party may make necessary disclosures to third parties directly engaged in the operation, ownership or financing of the Facility if such third parties are under an obligation, at least as restrictive as the obligations set forth in this Article XII, to receive and hold such Confidential Information in confidence.

12.2 Exceptions. The provisions of this Article XII do not apply to information within one or more of the following categories:

12.2.1 Public Domain. Information that was in the public domain prior to the receiving Party's receipt or that subsequently becomes part of the public domain by publication or otherwise, except by the receiving Party's wrongful act, or

12.2.2 Prior Receipt. Information that the receiving Party can demonstrate was in its possession prior to receipt thereof from the disclosing Party, or

12.2.2 Third Party Delivery. Information received from a third party having no obligation of secrecy with respect thereto.

12.3 Permitted Disclosure. Notwithstanding the forgoing, any receiving Party required by law, rule, regulation, subpoena or order, or in the course of administrative or judicial proceedings, or in communications with its regulators to disclose Confidential Information that is otherwise required to be maintained in confidence pursuant to this Article XII, may make disclosure notwithstanding the provisions of this Article XII. Prior to doing so, the receiving Party, upon learning of a required disclosure, will notify the disclosing Party of the requirement and cooperate to the maximum extent practicable so as to minimize the disclosure of Confidential Information. Any receiving Party disclosing Confidential Information pursuant to this Section 12.3 will use reasonable efforts, at the disclosing Party's cost, to obtain proprietary or confidential treatment of Confidential Information by the third party to whom the information will be disclosed, and to the extent such remedies are available, will use reasonable efforts to seek protective orders limiting the dissemination and use of Confidential Information. Nothing in this Agreement is intended to prevent the disclosing Party from appearing in any proceedings and objecting to the disclosure.

ARTICLE XIII - TITLE, DOCUMENTS AND DATA

13.1 Materials and Equipment. NAES will ensure that title to all materials, equipment, supplies, consumables, spare parts and other items purchased or obtained by NAES on a Site Cost or Home Office Cost basis ("Facility Equipment") passes to, and vests in, Owner. NAES has no title or other claim to such items. Owner will retain title to all wastes (including Hazardous Materials) generated by NAES's performance of the Services.

13.2 Documents. All O&M Manuals, operational data, Facility drawings, NAES reports and records (both paper and electronic) created by NAES in connection with performance of the Services are the property of Owner. NAES may retain for its records copies of documents prepared by NAES.

13.3 Proprietary Information. Where materials or documents prepared or developed by NAES or its Affiliates, or their respective employees, representatives or contractors, contain proprietary or technical information, systems, techniques or know-how previously developed by them or acquired by them from third parties (the "NAES Proprietary Information"), NAES retains the unrestricted and irrevocable right to use or dispose of such NAES Proprietary Information as NAES deems fit. Notwithstanding the foregoing, Owner has an irrevocable right and license to use such NAES Proprietary Information, without additional charge, to the extent necessary for Owner's operation or maintenance of the Facility at no additional cost to Owner.

ARTICLE XIV - MISCELLANEOUS PROVISIONS

14.1 Assignment. This Agreement is not assignable by a Party without the prior written consent of the other Party, which consent will not be unreasonably withheld, except that this Agreement may be collaterally assigned by Owner without such consent to Lender in connection with Lender's financing of the Facility, may be assigned by any Party to such Party's Affiliates and may be assigned by Owner to the purchaser of the Facility or to its successor or the purchaser in a merger or the sale of all or substantially all of its assets, provided such successor or purchaser has comparable creditworthiness to the Owner. Assignment pursuant to this Section 14.1 will not relieve the assigning Party of any of its obligations under this Agreement. NAES will negotiate in good faith any consent to assignment and such other reasonable documents in connection with an assignment to Lender as Lender may request that does not result in a diminution of NAES's rights or obligations hereunder. All of NAES's costs in connection therewith will be Home Office Costs hereunder (including the fees and disbursements of NAES's attorneys). This Agreement will be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

14.2 Effect of Bankruptcy. In the event of a Bankruptcy, payments required under this Agreement will be deemed to be administrative expenses as defined in 11 USC §503.

14.3 Access and Monthly Meetings. Owner and Lenders and their agents and representatives will have access at all times to the Facility and all Facility operations and any documents, materials and records and accounts relating to the Facility operations. Upon the request of Owner, and its agents and representatives, NAES will provide such Persons with access to all data and logs NAES maintains regarding its provision of Services at the Facility. During any inspection or review of the Facility, Owner and Lenders and their agents and representatives will comply with NAES's safety and security procedures, and will conduct inspections and reviews in such a manner as to cause minimum interference with NAES's activities. NAES also will cooperate with Owner in allowing other visitors access to the Facility. Without limiting the foregoing, not less frequently than one time each month during the Term (or less frequently as the Parties may mutually agree), the Operations Director and the Asset Manager, together with such other representatives of their respective Parties as they deem desirable to attend, will meet in person or

by telephone to review current performance of the Services in accordance with this Agreement (including in respect of the Budget and adherence to the Standards of Performance) by NAES and related data and information. Quarterly during the Term, or more frequently as either of the Parties may request, NAES's Executive and Owner's Executive, or their respective delegates at a higher organizational level than the Operations Director and the Asset Manager, will meet in person or by telephone to review current performance of the Services in accordance with this Agreement (including in respect of the Budget and adherence to the Standards of Performance) by NAES and related data and information.

14.4 Subcontractors. Subcontracting of the Services will not relieve NAES of any of its duties, liabilities or obligations to Owner. Owner has the right, in its sole discretion, to approve the retention of any subcontractors by NAES at any time. Owner consents to NAES's use of The Lisbon Group, LLC as a subcontractor.

14.5 Not for Benefit of Third Parties. Except where a contrary intention is expressly stated herein, this Agreement and each and every provision hereof are for the exclusive benefit of the Parties that executed this Agreement and not for the benefit of any third party; provided, however, that Puget LNG, LLC is an intended third party beneficiary of this Agreement.

14.6 Force Majeure.

14.6.1 Events Constituting Force Majeure. Except as provided in Section 14.6.2, a "Force Majeure Event" is any event that (a) restricts or prevents performance under this Agreement, (b) is not reasonably within the control of the Party affected or caused by the default or negligence of the affected Party and (c) cannot be overcome or avoided by the exercise of reasonable diligence. Force Majeure Events may include failure of a Party to perform due to drought, flood, earthquake, storm, fire, lightning, epidemic, war, terrorism, acts of Governmental Authorities, civil disturbances, sabotage, work stoppages (i.e., strikes), accident or curtailment of supply, unavailability of construction materials or replacement equipment, inability to obtain and maintain Permits from any Governmental Authority for the Facility, restraint by court order, and changes in Applicable Law that affect performance under this Agreement. Except for the obligation of each Party to make payments of amounts owed to the other Party, each Party is excused from performance and will not be considered to be in default in respect to any obligation if performance cannot occur due to a Force Majeure Event. Neither Party will be relieved of its obligations under this Agreement solely because of increased costs or other adverse economic consequences that may be incurred through the performance of such obligations.

14.6.2 Events Not Constituting Force Majeure. Notwithstanding Section 14.6.1, a breakdown or failure of the Facility such that it is unable to meet LNG delivery or vaporization commitments caused primarily due to a NAES failure to properly remedy Facility equipment issues known or reasonably should be known by NAES in an expeditious or reasonable timeframe.

14.6.3 Notice. If a Party's ability to perform its obligations under this Agreement is affected by a Force Majeure Event, the Party claiming such inability will (i) promptly notify the other Party of the Force Majeure Event and its cause and confirm the same in writing within five (5) days of its discovery, (ii) promptly supply such available information about the Force Majeure Event and its cause as reasonably may be requested by the other Party and (iii) use its reasonable best efforts to remove the cause of the Force Majeure Event and to mitigate its effects.

14.6.4 Scope. The suspension of performance arising from a Force Majeure Event will be of no greater scope and no longer duration than necessary. The excused Party will use its reasonable best efforts to remedy its inability to perform.

14.7 Dispute Resolution.

14.7.1 Notice of Dispute. A Party asserting the existence of a dispute will deliver a written dispute notice to the other Party, describing the nature and substance of the dispute and proposing a resolution of the dispute. In the case of a dispute asserted by Owner, the dispute notice will be delivered to the Operations Director. In the case of a dispute asserted by NAES, the dispute notice will be delivered to the Asset Manager.

14.7.2 Initial Negotiation. The Parties will first attempt in good faith to resolve the dispute through negotiations between (i) the Operations Director and (ii) the Asset Manager during the ten (10) Business Days following delivery of the dispute notice (including any agreed extension, the "Initial Negotiation Period"). Upon the written agreement of Operations Director and the Asset Manager, the Initial Negotiation Period may be extended up to an additional ten (10) Business Days. If such negotiations result in an agreement in principle among the negotiators to settle the dispute, they will cause a written settlement agreement to be prepared (a "Preliminary Settlement"). Within the Initial Negotiation Period, such Preliminary Settlement will be signed, dated and submitted for review and approval by an authorized executive officer of NAES ("NAES's Executive") and an executive officer of Owner ("Owner's Executive"), who will, if in agreement with the Preliminary Settlement, endorse their signatures within ten (10) Business Days after the end of the Initial Negotiation Period, whereupon the dispute will be deemed settled, and not subject to further dispute resolution.

14.7.3 Executive Negotiation. If a Preliminary Settlement is not achieved at the conclusion of the Initial Negotiation Period, or the Preliminary Settlement is unacceptable to NAES's Executive or Owner's Executive, the Parties will then attempt in good faith to resolve the dispute through negotiations between NAES's Executive and Owner's Executive during the ten (10) Business Days (the "Second Negotiation Period") following the earlier of (x) the date of the Preliminary Settlement or (y) the end of the Initial Negotiation Period, as the case may be, before pursuing any further means of dispute resolution. Upon the written agreement of NAES's Executive and Owner's Executive, the Second Negotiation Period may be extended up to an additional ten (10) Business Days. If such negotiations result in an agreement in principle among the negotiators to settle the dispute, they will cause a written settlement agreement to be prepared, signed and dated within the Second Negotiation Period (the "Executive Settlement"), whereupon the dispute will be deemed settled, and not subject to further dispute resolution.

14.7.4 Forum, Fees and Costs. If an Executive Settlement is not achieved at the conclusion of the Second Negotiation Period, any dispute arising out of or relating to this contract, or the breach thereof, either Party may bring an action in a court of competent jurisdiction. In any judicial action brought by a Party to resolve a dispute under this Agreement, the predominantly prevailing Party will be entitled to an award of compensation from the other Party for all costs and expenses, including attorney fees and any costs incurred. The term "predominantly prevailing" will mean (i) in the case of the claimant, that it will have received an award of at least 75% of the amount claimed in the dispute notice; or (ii) in the case of a defendant, that the award to the claimant will have been no more than 25% of amount claimed in the dispute notice. If there is no predominantly prevailing Party, there will be no award of costs and expenses.

14.7.5 Confidential Settlement Context. All negotiations, discussions, offers, counteroffers, data exchanges, proposed agreements and other communications between the Parties in connection with negotiations or other dispute resolution procedures will be Confidential Information. Without limiting the preceding sentence, all such communications will be deemed to be in the context of attempting to settle a disputed claim and will not be construed as an admission or agreement as to the

liability of any Party, nor be admitted in evidence in any related arbitration, litigation or other adversary proceeding.

14.7.6 Limitations on Disputes. The delivery of a dispute notice suspends the running of any statute of limitations applicable to the dispute until fourteen (14) Business Days after the conclusion of the Second Negotiation Period. Except as suspended by the preceding sentence, the time period during which a Party may assert a dispute will run for 365 consecutive days following the termination of this Agreement, and the Parties will be barred from asserting a dispute thereafter.

14.7.7 Exception for Injunctive Relief. Notwithstanding the provisions set forth above in this Section 14.7, the requirement to submit disputes to negotiation will not apply if, and to the extent, that there exists an imminent threat of irreparable injury to a Party and that Party seeks and obtains a temporary restraining order or preliminary injunction in an expedited court proceeding in response to such threat. If the court rejects the application for injunctive relief, then the Party that initiated such action will reimburse the defending Party for its reasonable and documented attorneys' fees and related costs directly related to such court proceedings.

14.8 Amendments. No amendments or modifications of this Agreement are valid unless in writing and signed hereafter by duly authorized representatives of each of the Parties.

14.9 Survival. Notwithstanding any provisions of this Agreement to the contrary, the obligations set forth in Article VII and Article VIII (with respect to payments), Article X and Article XII, Section 14.7 and the limitations on liabilities set forth in Article XI will survive, in full force, the expiration or termination of this Agreement.

14.10 No Waiver. No delay, waiver or omission by Owner or NAES to exercise any right or power arising from any breach or default by Owner or NAES with respect to any of the terms, provisions or covenants of this Agreement will be construed to be a waiver by Owner or NAES of any subsequent breach or default of the same or other terms, provisions or covenants on the part of Owner or NAES.

14.11 Notices. Any written notice required or permitted under this Agreement will be deemed to have been duly given on the date of receipt or refusal of delivery, and will be either delivered personally to the Party to whom notice is given, or mailed to the Party to whom notice is to be given, by facsimile, email, courier service or first class registered or certified mail, return receipt requested, postage prepaid, and addressed to the addressee at the address indicated on the first page of this Agreement and to the attention of the Operations Director if notice to NAES and Asset Manager if notice to Owner, or at the most recent address specified by written notice given in the manner provided in this Section 14.11.

14.12 Representations and Warranties. Each Party represents and warrants to the other Party that, as of the date hereof:

14.12.1 Existence. It is duly organized and validly existing under the laws of the state of its organization and has all requisite power and authority to own its property and assets and conduct its business as presently conducted or proposed to be conducted under this Agreement.

14.12.2 Authority. It has the power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder.

14.12.3 Validity. It has taken all necessary action to authorize its execution, delivery and performance of this Agreement, and this Agreement constitutes the valid, legal and binding obligation of such Party enforceable against it in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or similar laws affecting the rights of creditors or by general equitable principles (whether considered in a proceeding in equity or at law).

14.12.4 No Conflict. Neither the execution or delivery of this Agreement, the performance by such Party of its obligations in connection with the transactions contemplated hereby, nor the fulfillment of the terms and conditions hereof, conflicts with or violates any provision of its constituting documents.

14.12.5 No Consent. No consent or approval (including any Permit that such warranting Party is required to obtain) is required from any third party (including any Governmental Authority) for either the valid execution and delivery of this Agreement, or the performance by such Party of its obligations under this Agreement, except such as have been duly obtained or will be obtained in the ordinary course of business.

14.12.6 No Breach. None of the execution or delivery of this Agreement, the performance by such Party of its obligations in connection with the transactions contemplated hereby, or the fulfillment of the terms and conditions hereof either conflicts with, violates or results in a breach of, any Applicable Law currently in effect, or conflicts with, violates or results in a breach of, or constitutes a default under or results in the imposition or creation of, any lien or encumbrance under any agreement or instrument to which it is a party or by which it or any of its properties or assets are bound.

14.12.7 No Material Claims. It is not a party to any legal, administrative, arbitral or other proceeding, investigation or controversy pending or threatened that would materially adversely affect such Party's ability to perform its obligations under this Agreement.

14.13 Additional Representation and Warranty by NAES. NAES further represents and warrants to Owner that it is fully qualified to provide the Services at the Facility in accordance with the terms of this Agreement.

14.14 Counterparts. The Parties may execute this Agreement in counterparts that, when signed by each of the Parties, constitute one and the same instrument. Thereafter, each counterpart will be deemed an original instrument as against any Party who has signed it.

14.15 Governing Law. This Agreement is governed by and will be construed in accordance with the laws of the State of Washington, exclusive of the conflicts of law provisions thereof.

14.16 Interpretation. Titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend, describe or otherwise affect the scope or meaning of this Agreement or the intent of any provision hereof. All exhibits and appendices attached hereto are considered a part hereof as though fully set forth herein. This Agreement was jointly drafted and negotiated by the Parties. In the event of a dispute, the Agreement will not be construed against either Party based upon its drafting.

14.17 Severability. If any provision of this Agreement, or the application of any such provision to any Person or circumstance, is held invalid by any court or other forum of competent jurisdiction, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it is held invalid, will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in a manner materially adverse to a Party. Upon any such determination of invalidity, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that this Agreement is consummated as originally contemplated to the greatest extent possible.

14.18 Media and Public Relations. Without obtaining the prior consent of Owner, NAES shall not make any press release or public announcement related to the Facility, this Agreement, the Services or the transactions contemplated herein. In addition, if NAES is contacted by members of the press or the

general public about any matters related to the Facility, this Agreement, the Services or the transactions contemplated herein, NAES shall notify Owner of such contact and consult with Owner prior to responding.

<Signature page follows.>

IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized officers as of the date set forth in the preamble to this Agreement.

PUGET SOUND ENERGY, INC.

By: _____

Name: _____

Title: _____

NAES CORPORATION

By: _____

Name: _____

Title: _____

APPENDIX A- SCOPE OF SERVICES

I. STAND-UP SERVICES

The Stand-Up Services shall be performed by a combination of Home Office Personnel and Site Personnel. To the extent performed by Home Office Personnel, the Stand-Up Services shall be compensated on a time and expenses basis as provided in Section 7.2 of the Agreement. To the extent performed by Site Personnel, the Stand-Up Services shall be compensated via the payment of Site Costs as provided in Section 7.3.1 of the Agreement.

I.1 Home Office Personnel Stand-Up Services

A. Mobilization of Stand-Up Team

1. Commence Stand-Up Services designed to enable NAES to initiate Facility Pre-Commissioning, Commissioning and transition to Commercial Operations
2. Stand-Up Team to meet with Owner to collaboratively create & review a proposed Master Stand-Up, Pre-Commissioning, Commissioning & Transition to Operation Plan (the "Plan"). The Plan will include the below listed topics.
 - i. HR Requirements
 - ii. Qualified Staff sourcing/hiring
 - iii. Pre-Commissioning & Commissioning Support
 - iv. Training & Qualification
 - v. Standard, Abnormal & Emergency Operation Procedures Creation
 - vi. Maintenance Program Creation
 - vii. Site Safety Program Creation
 - viii. Regulatory Compliance Program Creation
 - ix. Security Program Creation
 - x. Environmental Program Creation
 - xi. Administration Program Creation
 - xii. Accounting Plan
 - xiii. Initial Budget Plan
 - xiv. Payroll Plan
 - xv. Procurement Process
 - xvi. Insurance Requirements
 - xvii. Information Systems Plan
 - xviii. Management of Change Program Creation
 - xix. Heavies Disposal Plan
 - xx. Chemistry Monitoring Program Creation
 - xxi. Communications Plan
 - xxii. Warehousing & Spares Plan

B. HR Requirements Plan

1. A study of the requirements of the Facility and intended operation by reviewing the Facility's design in addition to the operations and maintenance documents provided to the Facility from the EPC Contractor.
2. An organizational chart including administrative support staff, supervision, management and shift employees
3. An intended shift schedule accommodating scheduled Paid Time Off (PTO) and oriented to accommodate TOTE's twice weekly bunkering schedule

4. Division of Responsibilities (DOR) Agreement Framework between NAES's crew and TOTE employees
- C. Qualified Staff Sourcing/Hiring Plan
 1. A clear written strategy to ensure that capable shift employees are hired and will be able to execute those tasks outlined via the operations and maintenance documents provided by the EPC Contractor.
 2. A timeline to ensure adequate staff are in-place at the agreed upon dates. This period will serve as pre-commissioning & commissioning support and learning period.
 - D. Training & Qualification Plan
 1. Outline of an initial training and qualification program to ensure safe and reliable operation of the Facility *prior to* Commercial Operations.
 2. Plan to incorporate system level learning modules, a qualification process to check level of knowledge and hands-on under-instruction operational check outs.
 - E. Standard, Abnormal & Emergency Operation Procedures Creation Plan
 1. Outline for creating standard & abnormal operations procedures utilizing industry best practices in combination with EPC Contractor's documentation. Outline will include breakdown of required procedures with associated persons responsible for creation.
 2. Emergency procedures will include controllable emergencies (e.g. localized event contained within a zone) and uncontrollable events (e.g., one not able to be controlled by localized means). Outline will include breakdown of required procedures with associated persons responsible for creation.
 3. NAES to designate a Procedures Lead who will serve as liaison between NAES & Owner's Engineering Representative
 4. Owner will designate an Owner's Engineering Representative during the creation & review of operations procedures who will serve as Owner's approval authority for such procedures.
 5. Plan to include collaboration with TOTE and the USCG stakeholders.
 - F. Maintenance Program Plan
 1. Work with Owner to establish a maintenance framework which incorporates preventive/condition-based maintenance; estimates of corrective maintenance; and, additional maintenance support activities.
 2. Framework to establish maintenance periodicities and ballpark cost estimating.
 3. Plan to incorporate milestone dates for standing up the program.
 4. Upon shift to Commercial Operation, establish a Maintenance Policy Manual containing NAES's maintenance policies incorporating Owner's maintenance philosophy.
 - G. Site Safety Program Creation Plan
 1. Outline with milestone dates for creating site specific safety plan
 2. NAES's existing Safety Program may be used as framework; however the plan will be site specific and incorporate industry best practices, Tacoma Fire, Port of Tacoma, OSHA/WISHA, PMSHA/WUTC, Coast Guard and Puget Sound Energy Safety requirements as they pertain to LNG operation.
 3. NAES to designate a Safety Program Lead who will serve as liaison between NAES & Owner's Engineering Representative

- H. Regulatory Compliance Program Creation Plan
 - 1. Work with Owner's Engineering Representative to achieve all necessary regulatory sign-offs prior to initial Facility commercial operation as they pertain to operations, maintenance & emergency procedures. NOTE: This is a critical path requirement. All required manuals and procedures must be in-place for the Facility to be certified by various regulatory stakeholders.
 - 2. Work with PSE Compliance to create framework for tracking and reporting compliance related matters (OSHA/WISHA, City of Tacoma, Tacoma Fire, WUTC/PMSHA, PSCAA, Coast Guard and all other applicable regulatory entities requirements).
 - 3. NAES to designate a Compliance Lead who will serve as liaison between NAES & Owner's Engineering Representative.
- I. Physical Security Program Creation Plan
 - 1. Review of as-built security infrastructure
 - 2. Create a framework for providing physical security from all probable threats.
 - 3. Outline with milestones dates for creating Security Program
 - 4. Security Program will incorporate MARSEC requirements where applicable
 - 5. NAES to designate a Security Lead who will serve as liaison between NAES & Owner's Engineering Representative
- J. Cyber Security Program Creation Plan
 - 1. Establish a framework to meet the requirements of Appendix F
- K. Environmental Program Creation Plan
 - 1. Work with PSE Environmental staff to review all Environmental Risks with Severity Matrix
 - 2. Create a mitigation, response & reporting plan for each identified risk
 - 3. Create a Spill Containment & Countermeasure (SPCC) Plan
 - 4. Outline with milestones dates for creation of Environmental Program
- L. Administrative Program Development
 - 1. Outline with milestone dates for creation of Administration Program
 - 2. Implement NAES's administrative programs in the areas of general administration, accounting, payroll, budget and procurement, incorporating Owner's requirements where necessary.
 - 3. Develop a Management and Compliance Checklist (MCC) to document key operational and reporting requirements, and the dates associated with each
- M. Accounting
 - 1. Install/implement accounting software.
 - 2. Train Site Personnel on NAES-implemented accounting program.
 - 3. Work with Owner's Engineering Representative to establish framework for cash flow between Owner & NAES to include prepayments of accounts, draw requests, month-end reconciliation & close-outs, periodic external auditing, cost pass-thrus, etc.
- N. Initial Budget Plan
 - 1. Work with Owner and EPC Contractor to evaluate projected fixed and variable costs.
 - 2. Synchronize and harmonize NAES's standard Home Office budgetary processes to ensure compatibility with Owner's.
 - 3. Establish Year 1 through Year 5 Capital and O&M budget estimates

4. Develop and issue a progress report format mutually acceptable to Owner and NAES.
 5. Develop and issue a plan for routine and extraordinary communications.
- O. Payroll Plan
1. Setup Site Personnel in payroll system.
 2. Prepare and distribute Facility time card approval and processing procedures.
 3. Train responsible site employee on payroll system.
 4. Computerized Maintenance Management System (CMMS)
 5. Procure NAES's preferred CMMS.
 6. Provide proposal for implementing approved CMMS changes; if approved, configure and install software, populate data, and train on usage, as applicable.
- P. Procurement Process
1. Collaboratively work with Owner to develop & document an official procurement process by which routine and non-routine purchases are justified, competitively bid, cost-estimated, purchased, invoiced and tracked for budget actuals.
- Q. Insurance Requirements
1. Outline with milestone dates for securing required insurance
 2. Obtain insurance policies specific to the Facility and required of NAES's internal polities
 3. Issue certificates of insurance
 4. Ensure Site Personnel are integrated into NAES's worker's compensation insurance program.
- R. Information Systems
1. Evaluate the Facility's as-is information technology infrastructure and source, install & implement the means to maintain a Facility information technology infrastructure framework capable of fulfilling all operational requirements of this Agreement.
- S. Management of Change Program Creation
1. Work with Owner to develop a management of change framework in which future modifications to Facility infrastructure are properly vetted, engineered and documented.
- T. Heavies Disposal Plan
1. Work with Owner and EPC Contractor to determine estimated Liquefaction Heavies production rate during commissioning & initial commercial operation.
 2. Work with Owner to establish process by which Heavies production is monitored and removal from site via truck are coordinated.
- U. Chemistry Program Plan
1. Work with Owner and EPC Contractor to determine chemical evaluation requirements (lubrication oils, amine, glycol, distilled water).
 2. Establish onsite staff-conducted sampling and off-site lab analysis regimes
 3. Plan to incorporate milestone dates for standing up the program.
- V. Communications Plan
1. Work with Owner to establish recurring meetings between NAES and Owner
 2. Create stakeholders communication tree outlining persons responsible for various aspects of Facility operation (i.e. budgeting, contracts, emergencies, etc.)

W. Warehousing & Spares Plan

1. Work with Owner & EPC Contractor to establish a recommended capital spares list
2. Establish an on-Site inventory & warehousing system
3. Plan to incorporate milestone dates for standing up the program.

I.2 Site Personnel Stand-Up Services

A. Initial On-Boarding

1. Facility staff will be hired and in-place by the dates mutually agreed upon in the HR Requirements Plan listed in Section I above.
2. Applicable Facility Staff will attend system level training courses presented by EPC Contractor. Please allot three (3) forty-hour work weeks for entire operations staff for such training.
3. It is the responsibility of the NAES to provide and track all NAES required employee initiation training. Site specific initial training will be addressed as stated in section 2 above.

B. Site Assistance for Programs & Procedures Creation

1. Site personnel to work with Home Office staff, Owner's Engineering Representative and EPC Contractor to establish the following programs and procedures as outlined in section I above.
 - i. Standard, Abnormal & Emergency Operations Procedures
 - ii. Maintenance Procedures.
 - iii. Site Safety Program
 - iv. Site Security Program
 - v. Site Compliance Program
2. Creation of such procedures will utilize & incorporate direct feedback from operations personnel to "fine-tune" the procedures for safe, accurate and efficient operation
3. Procedures will be jointly approved by both Owner and the NAES's Site supervisory staff.

C. Shift to Commercial Operations

1. NAES will have in-place all required personnel for Commercial Operations.
2. NAES will work with off-taker to ensure that all operational procedures are in-place and necessary trial-runs are conducted such that initial LNG bunkering operations are conducted in a manner so as to not delay off-taker's standard bunkering and underway scheduling timelines.

II. PRE-COMMERCIAL SERVICES (COMMISSIONING AND START-UP)

To the extent performed by Home Office Personnel, the Commissioning and Start-Up Services shall be compensated on a time and expenses basis as provided in Section 7.2 of the Agreement and by the Commissioning and Start-Up Fee. To the extent performed by Site Personnel, the Commissioning and Start-Up Services shall be compensated by the Commissioning and Start-Up Fee and the payment of Labor Costs as provided in Section 7.3.1 of the Agreement.

1. Construction Phase
 - a. Quality Assurance/Quality Control (QA/QC)
 - b. Construction Punch Listing
 - c. Document and handover package management
 - d. Facility wide start-up commissioning plan, scope and schedule, etc.
2. Pre-commission & Commissioning Period (estimated May through December 2020)
 - a. Commissioning & Startup (CSU) Lead – Scope, Schedule and Interface Management,
 - b. Assist with the services, including “sign-off” of system, subsystem, and Facility equipment.
 - c. Support interface and contractor management
 - d. Assist with the services, including “sign-off”
 - e. Develop the Ready for Start Up (RFSU) Plan and the Pre-Start Up Safety Review (PSSR)
 - f. Mechanical Lead – P&ID Walkdowns, Witness, Handover Package
 - g. Mechanical tests and support training of operators.
 - h. Electrical, Instrumentation & Controls (EIC) Lead – Witness loop checks, pre-commissioning handover package.
 - i. Document and handover package management
 - j. Perform other non-monetary Facility pre-commissioning and commissioning obligations of Owner under the EPC Contract
3. Start-up
 - a. CSU Lead – Scope, Schedule and Interface Management,
 - b. Assist staff in fine-tuning procedures.
 - c. Facility acceptance and hand-over to Operations (transition to Commercial Operations)
 - d. Assist with TOTE procedures and trial runs and USCG and Class witness.
 - e. Perform other non-monetary Facility start-up obligations of Owner under the EPC Contract
4. Performance Testing support

III. COMMERCIAL OPERATIONAL SERVICES

The Operational Services shall be performed by a combination of Home Office Personnel and Site Personnel. To the extent performed by Site Personnel, the Operational Services shall be compensated by the Operations Fee and the payment of Labor Costs as provided in Section 7.3.1 of the Agreement. During the Operational Period, the Operational Services under the “Routine Home Office Personnel Operational Services” heading below shall be compensated by the Operations Fee without additional charge for Home Office Personnel time. The Operational Services under the “Reimbursable Home Office Personnel Services” heading below shall only be performed with the prior written approval of Owner and NAES as to scope and compensation method or included in an Owner-approved Budget. The Operational Services under the “Facility Engineering Services” heading below shall be compensated as provided in Section 7.2(vi) of the Agreement.

III.1 Site Personnel Operational Services

A. Routine Services

3. Consistent with Owner-approved Budget and Plan, NAES will provide Services to optimize all Facility liquefaction, bunkering, truck-rack delivery and gas system peak-shaving operations.

4. Assign work to either Site Personnel or vendors as cost-effective and appropriate based on guidance from Owner. Normally, Site Personnel conduct preventive maintenance and actions requiring a high degree of Facility knowledge while vendors perform tasks needing equipment or expertise that are not cost effective to maintain at the Facility (e.g. code welding, safety valve testing, specialized calibrations). Vendors also perform tasks that aid in minimizing outage time and costs.
- B. Program Implementation
1. Implement NAES's programs, policies, and procedures developed and issued during the Stand-Up Services as part of the Plan.
 2. Implement and fine-tune Facility's operations and maintenance procedures, chemistry regimes, environmental compliance processes, and safety plans.
- C. Routine Checks at Operation
1. Conduct frequent visual equipment inspections and log significant parameters such as pressures, temperatures, and flow rates. Trend and analyze this information as appropriate to determine safe, effective and efficient operation of the Facility.
- D. Routine, Preventative, and Fixed Interval Maintenance
1. Perform routine and preventive maintenance actions on all Facility systems and equipment in accordance with vendor instructions and the Plan.
 2. Using the CMMS database, identify all preventive maintenance requirements.
 3. Schedule and assign routine maintenance during Facility operation, planned outages, and forced or unscheduled outages
 4. Perform predictive maintenance to identify potential equipment failures or oversee performance by third parties, as appropriate in light of Owner-approved Administration Program Creation Plan staffing levels and capabilities of Site Personnel.
- E. Major Maintenance, Corrective Maintenance and Repairs
1. In coordination with and support of the Facility Agreements and operations plan, arrange for scheduled inspections and overhauls on major equipment. Retain vendors for unscheduled repairs as required; manage and oversee all repairs and modifications.
 2. Develop, maintain and implement an on-going five-year outage schedule.
 3. Within the CMMS, identify all maintenance that requires a Facility outage or equipment to be taken out of service.
 4. To the extent consistent with Facility Agreements and Owner direction, manage all Facility outages (planned, unscheduled, forced) to minimize outage duration, impact on production and cost.
 5. Develop and implement a detailed schedule to track all outage work and testing, including corrective maintenance actions, vendor work and scheduled preventive maintenance
 6. Obtain Owner approval of the schedule. Conduct preparations to support this plan, including ordering and receiving all required spare parts.
- F. Facility Administration
1. Budgeting. Prepare annual Budgets and Plan and submit them for Owner approval. Prepare monthly Draw Request and submit to Owner for funding of Project Account. Manage operations to comply with each Budget and Plan. Generate budget variance reports, as required.
 2. Payroll. Collect and review timesheets for accuracy. Enter timesheets into payroll system and submit them to NAES's Home Office Personnel for processing.

3. Procurement. Implement the procurement procedure, which was created as part of the Plan, to maintain an effective and efficient purchasing system. Procure, as agent for Owner, all materials, equipment, chemicals, supplies, services, parts, and other miscellaneous items required for the provision of the Services. Contract using terms and conditions approved by Owner in advance. Utilize the CMMS in all stages of procurement.
4. Accounts Payable. Ensure all vendor invoices and Site Personnel expense reimbursement forms have supporting documents and enter them into accounting system. Make timely payments from the Project Account for all invoices. Ensure monthly reconciliations of Project Account, petty cash, as well as debt or credit card purchases are submitted to Owner.
5. Inventory Control. Implement a cost-effective inventory control system designed to ensure that spare parts, materials, and supplies are properly stored and accounted for and that adequate supplies are available at all times to support the provision of the Services.
6. Personnel Matters.
 - i. In coordination with Home Office Personnel and in compliance with NAES's human resources policies and procedures, execute required human resources processes and address employee matters as they arise.
 - ii. In coordination with the Home Office Personnel, acquire and qualified Site Personnel to maintain the staffing levels and skill mix required for successful long-term provision of the Services Agreement
7. Facilities Housekeeping. Arrange for janitorial, garbage pickup, landscape services, snow removal (if needed), extermination services, and maintain all access roads, office buildings, and other structures in good repair at all times.
8. Reports. Prepare and submit to Owner operation and maintenance service reports as requested relative to performance, maintenance and repair status, Facility operating data, and any other information reasonably requested by Owner.
9. Environmental Data and Reporting. Collect Facility environmental data, including required air and water/waste water monitoring data and permit compliance information, and prepare draft environmental reports for Owner review. Obtain professional environmental support for environmental reports that are new, complex, non-routine (such as state or federal requests or event-triggered reports), or beyond the capabilities of current Site Personnel, as necessary to satisfy permit and regulatory reporting requirements.
10. Environmental Plans. Implement permit or regulatory required environmental plans, such as spill prevention plans, Storm water Pollution Prevention Plans, CEMS QA/QC plans, Greenhouse Gas Monitoring Plans or Accidental Release Prevention/Risk Management Plans, as applicable. Obtain professional environmental support for environmental plan development, modification, renewal or implementation as necessary to satisfy permit and regulatory requirements.
11. Waste and Hazardous Materials. NAES will be responsible for the onsite management of all wastes (including Hazardous Materials) generated by or used transportation, disposal and treatment by Owner of Facility Wastes in accordance with applicable Environmental Law. NAES will assist and consult with Owner concerning the selection of off-site transporters of Facility Wastes and locations of disposal or treatment of Facility Wastes; provided, however, that Owner will be responsible, as "generator" of Facility Waste for selecting and contracting with counterparties

concerning such transportation, disposal or treatment services. All Facility Wastes will be disposed of in the name of the Owner as the “generator” and “arranger” of such waste. NAES hereby agrees to act as Owner’s agent for the purposes of such disposal and will sign or otherwise authorize all such disposal on Owner’s behalf.

12. Security. Implement or arrange for implementation of security measures in accordance with the Owner-approved Facility security plan.

13. Drawings/Manuals Maintenance. Maintain the Facility library and update Facility manuals and vendor service manuals. Update (or arrange for updating) Facility drawings to reflect changes to the as-built configuration. In addition to document management, maintain physical Facility configuration control.

14. Community Relations. In coordination with the Owner, conduct a community relations program to establish the Facility and its Site Personnel as “good citizens” in the local community.

15. Training. Implement a continuing program of training designed to orient new Site Personnel, refresh/cross-train existing Site Personnel, qualify/re-qualify Site Personnel, and keep all Site Personnel aware of Owner-approved Facility safety requirements and emergency procedures.

16. Assistance to Owner. Provide assistance to Owner, as reasonably requested and funded, with the execution of Owner’s duties relative to operation of the Facility. This task includes such activities as the preparation and coordination of warranty Claims and Permit renewals, interacting with Owner’s management and personnel, and interfacing with the local community and authorities.in the operation of the Facility (“Facility Wastes”) and will coordinate the off-Site.

III.2 Facility Engineering Services

- A. Monitor Regulatory Compliance
 - 1. Monitor law as it pertains to LNG for compliance purposes
 - 2. Review regulatory reports prepared by site personnel
- B. Monitor Facility Performance
 - 1. Model the Facility for production optimization purposes
 - 2. Remote monitoring (if allowable) (0800 to 1700 Pacific Time M-F)
 - 3. Track performance indicators and evaluate against benchmark facilities
 - 4. Monthly Production Benchmark reports
 - i. Comparison of actual production to Production Baseline Levels (PBL) and Production Target Levels (PTL)
 - ii. Identify targeted operational improvement opportunities
- C. Operator Training / Refresher Training
 - 1. On-site new operator and existing operator refresher training, 1 timely years (5 days)
 - 2. Inclusion of leading indicators, near-miss, and incident reporting programs to tailor periodic training
- D. LNG Engineering Core Team and Technical Authority
 - 1. Consultation on technical and operational issues
 - 2. Support routine Q&A from site personnel
 - 3. Management of Change engineering and safety review
 - 4. Review outage plans

5. Support managing Facility performance, mixed refrigerant composition, amine treating, etc.
 6. Routine trouble shooting and Facility outage support
 7. Promotion of industry Lessons Learned and Best Practices
 8. On-site assessment visits (6 times/year during first year of Operational Period; 4 times/year thereafter)
 9. "On call" industry leading LNG process expertise
- E. Exclusions. See Section III.4 of this Appendix A.

III.3 Routine Home Office Personnel Operational Services

A. Monitoring of Regulatory Compliance

1. Safety

- i. Monitoring regulatory developments in safety, and provision of periodic updates to Site Personnel.
- ii. Maintenance of safety statistics and communication of lessons learned.
- iii. At least one annual NAES-initiated visit to the Facility to perform safety audits
- iv. Develop and make available to the Site Personnel standard tools, templates and general safety guidance materials, such as training templates, guidance on implementing programs and updating safety procedures.

2. Environmental

- i. Develop and make available to the Site Personnel standard tools, templates and general O&M guidance materials, such as management checklists for federal programs, training templates for federal programs, and guidance on implementing federal programs
- ii. Monitor regulatory developments in federal environmental law as it pertains to LNG operations and compliance, and provide periodic updates to Site Personnel
- iii. Conduct one annual Owner-initiated Owner visit to the Facility to perform an environmental program assessment, the scope of which is established by Owner

3. Operational

- i. Monitoring regulatory developments in operational & reporting requirements, and provision for periodic updates regarding these compliance matters to Site Personnel.
- ii. Arranging periodic regulatory stakeholders (WUTC/PHMSA, Tacoma Fire Department, Coast Guard, etc.) meetings and inviting Site Personnel and Owner personnel to attend.

G. Monitoring of Site Personnel and Facility Performance

1. Oversee Site Personnel training and qualification activities, by updating training program as appropriate, overseeing its implementation, and coordinating for web-based and other training mechanisms
2. Quality assessment and management of Site Personnel performance and their implementation of Facility programs

3. Oversee program implementation by Site Personnel by implementing the Assessment Process in conjunction with the Plant Manager and by making NAES-initiated Site visits
 4. Review reports prepared by Site Personnel
 5. Conduct Outage plan review and guidance
 6. Tracking of performance indicators and evaluating Facility performance against the equivalent benchmark facilities
- H. Human Resource Functions in Support of Site Personnel
1. Assist Site Personnel in employee management activities, by performing the following activities:
 - i. Recruiting candidates for employment and arranging interviews Developing, maintaining, and communicating human resource policies and procedures
 - ii. Preparing and extending offers of employment
 - iii. Administering of the pre-employment screening and relocation process
 - iv. Conducting Site Personnel employee orientation and benefits enrollment
 - v. Administering of pay and benefits policies and programs
 - vi. Consulting regarding employee performance management, disciplinary action and termination
 - vii. Participating in the Site Personnel complaint and problem resolution process
 2. Developing, maintaining, and communicating human resource policies and procedures
 3. Monitoring changes to employment regulations
- I. Accounting, Procurement, and Insurance
1. Participate in annual Budget and Plan development process.
 2. Perform payroll processing services, other than that performed by Site Personnel; assistance to Site Personnel in usage of payroll software and responses to Site Personnel payroll questions.
 3. Site Personnel expense report processing
 4. Review of NAES invoices for accuracy and validity
 5. Facility participation in preferred vendor pricing initiative managed by Home Office Personnel.
 6. Provision of responses to Site Personnel questions regarding accounting (including MAS support, if applicable), CMMS, and procurement.
 7. Administer worker's compensation program; handle worker's compensation Claims.
 8. Maintain and renew blanket NAES insurance policies as required under Article IX
- J. NAES Fleet Integration (if applicable)
1. Coordinate transmission of know-how/lessons learned among NAES facilities, via email, webinars and regular conference calls among plant managers.
 2. Development and coordination of O&M conferences, conference calls, and webinars.
 3. Maintenance of web-based NAES portal and incident and injury reporting)(F)(6), by performing the following activities assessment.

III.4 Extra Work

The optional Services listed below are exclusions from the Routine Home Office Personnel Operational Services listed in Section III.3 of this Appendix A. Either Party may propose that NAES's Home Office Personnel perform one or more of the Services listed below. Upon the approval of Owner and NAES as to scope and compensation, NAES will make available its Home Office Personnel to perform such Extra Work. For clarity, this Section III.4 applies to work by Home Office Personnel only. To the extent performed by Site Personnel, the below Services shall be compensated by the Operations Fee and the payment of Labor Costs as provided in Section 7.3.1 of the Agreement.

- A. Updates or additions to Facility O&M Manuals, system descriptions, or drawings.
- B. Safety consulting or audits of safety practices.
- C. On-site assistance for regulatory visits
- D. Assistance with regulatory programs
- E. On-site project safety support, requested by Owner
- F. Input of Facility data into Facility information systems, including population and manipulation of CMMS data.
- G. CMMS training or consulting, including development of modification of processes and products outside of the CMMS features available before the Commercial Operations Date, including customization of the user interface or program functionality; development of customized reporting or customized integration solutions.
- H. Temporary fill-in for Site Personnel by Home Office Personnel
- I. On-site Outage support (including yearly turn-around support)
- J. Obtain, maintain and renew insurance policies specific to the Facility or Site and required of NAES under Article IX.
- K. On-site Project Management support, as requested by Owner (including yearly turn-around support)
- L. Site Physical Inventory Support
- M. Legal Support to Facility operations necessitated by occurrences outside NAES's control, including Owner Affiliate bankruptcy and Claims made against Owner in which NAES is not a party
- N. Environmental support for compiling and reviewing environmental reports and plans; customization and population of NAES standard tools and templates; state regulatory tracking, analysis and guidance; review, guidance and direct support on environmental projects and issues related to operations; and general day-to-day compliance support; Environmental consulting, auditing, permitting, developing customized training material or delivering training, environmental plan development or modification (such as Spill Prevention Control and Countermeasure Plans, Storm water Pollution Prevention Plans or Risk Management Plans), specialized Continuous Emissions Monitoring consulting, legacy or pre-existing issues support or Owner business support such as due diligence, asset sale, or strategic regulatory or permitting analysis
- O. Except to the extent included in the baseline services, consulting associated with compliance review and reporting beyond routine requests
- P. Nonroutine (outside 0800 to 1700 Pacific M-F) Engineering or other support for Facility emergencies, operational events,
- Q. Engineering or other support for capital projects or other Facility improvement initiatives
- R. Asset management functions
- S. Maintenance or direct placement services performed by NAES subsidiaries or services division

APPENDIX B – INCENTIVE AND LIQUIDATED DAMAGES PROVISIONS

A. INCENTIVE AND LIQUIDATED DAMAGES

1. Incentive. NAES may earn an Incentive in accordance with such criteria and metrics as are established in this Appendix B. The sum total of the Incentive in respect of any Year is limited to the Maximum Incentive (including escalation of the Maximum Incentive as provided for elsewhere in this Agreement).

2. Liquidated Damages. NAES may incur Liquidated Damages each Year in accordance with such criteria and metrics as are established in this Appendix B; provided, however, that the maximum amount of Liquidated Damages that may be incurred by NAES in any Year is limited to the Maximum Liquidated Damages (including escalation of the Maximum Liquidated Damages as provided for elsewhere in this Agreement).

3. Pro-ration. For any Year that is less than twelve calendar months, the Maximum Incentive (or Maximum Liquidated Damages) will be reduced by multiplying the then current Maximum Incentive (or Maximum Liquidated Damages) amount by the number of days in such partial Year as divided by the total number of days in that calendar year.

4. Criteria and metrics. The incentive payment earned by NAES as an Incentive, or payable by NAES as Liquidated Damages in a given Operating Year will be calculated using the following formula:

$$IP = \text{[REDACTED]}$$

where:

“IP” = the incentive payment for the Year.

“SF” = the Safety Factor for the Year, calculated in accordance with Section 4.1.

“EF” = the Environmental Factor for the Year, calculated in accordance with Section 4.2.

“T” = the Truck Loading Factor for the Year, calculated in accordance with Section 4.3.

“VAP” = the Vaporization Factor for the Year, calculated in accordance with Section 4.4.

“B” = the Ship Bunkering Factor for the Year, calculated in accordance with Section 4.5

“MB” = the Maximum Incentive for the Year, as escalated and pro-rated, if applicable.

If IP is a positive number, NAES will be entitled to receive this amount as an Incentive payment for the relevant Year, provided that in no event, will such Incentive exceed the Maximum Incentive attributable to such Year. If the IP is a negative number, NAES will pay Owner Liquidated Damages in this

amount for the relevant Year, provided that in no event, will such Liquidated Damages exceed the Maximum Liquidated Damages attributable to such Year.

4.1 Safety Factor.

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4.2 Environmental Factor.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4.3 Truck Loading Factor.

[REDACTED]

[REDACTED]

[REDACTED]

4.4 Vaporization Factor.

[REDACTED]

[REDACTED]

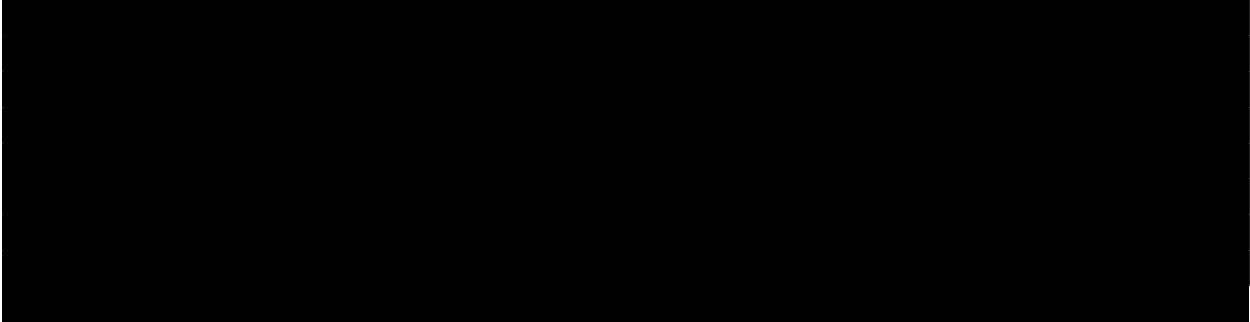
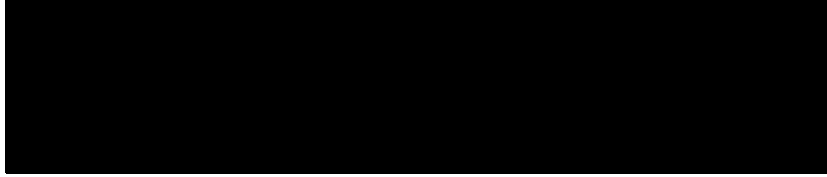
[REDACTED]

4.5 Ship Bunkering Factor.

[REDACTED]

[REDACTED]

REDACTED
VERSION



B. EMPLOYEE BONUS

NAES will pay its Site Personnel an Employee Bonus pursuant to Section 7.3.1 of the Agreement from a pool funded by Owner as determined in accordance with criteria to be agreed during the Budget and Plan process described in Section 5.3.1.2.



APPENDIX C - FACILITY DESCRIPTION AND SPECIFICATIONS

1. LOCATION

1001 E. Alexander Ave., Tacoma, WA 98421

2. OWNERS

Joint Ownership: Puget Sound Energy, Inc. & Puget LNG, LLC

3. INLET GAS SUPPLIER

Puget Sound Energy

4. WATER & ELECTRICITY SUPPLIER

Tacoma Public Utilities

5. INTRODUCTION

This storage Facility is designed to receive natural gas from a pipeline and liquefy the gas for bunkering of marine vessels, bulk transport via trucks, and regasification during peak demand periods. The gas is received, filtered, metered and compressed before removing carbon dioxide and water. The gas is then liquefied utilizing a Mixed Refrigerant Loop (MRL) process and stored in a refrigerated full containment storage tank. The liquefied gas is then pumped to a dock on the Blair waterway for ship bunkering, to a truck loading station for bulk transport or to a vaporization system to provide peaking demand to the supply pipeline.

For detailed description of the Facility and its intended operation please refer to CB&I Document "*FACILITY DESCRIPTION FOR LONG TERM FACILITY OPERATIONS AND MAINTENANCE INVITATION TO BID*".

6. PLANT CAPACITY

The Facility will receive natural gas from the pipeline and liquefy at a nominal rate of 250,000 gallons per day and store the product in an 8,000,000 gallon net full containment concrete storage tank. The LNG can then be pumped to over-the-road tankers, directly as liquid to adjacent customer Totem Ocean Trailer Express (TOTE), or re-gasified and sent back to the supply pipeline.

UNIT	CAPACITY
Liquefaction Rate	250,000 gallons/day net
Storage	8 million gallons
Truck Loading	Double Station, 300 gpm each
Ship Bunkering	2,640 gallons per minute
Vaporization	66,000 Dth/day
Backup Generation Power	Sufficient to support Facility operations <i>except</i> liquefaction

7. STORAGE TANK

DESCRIPTION	UNIT
Containment Type	Full Containment w/ Concrete Outer Wall and Roof
Net Capacity	8 MM Gallons
Boiloff / Temperature	0.08% of Gross Capacity per Day based on Pure Methane and 79.2 °F ambient.
Design Metal Temperature	-270° F
Tank Design Pressure	3.0 psi(g)

8. TOTE SHIP ARRIVAL FREQUENCY

Four hour load window every Wednesday and Friday based on bunkering a TOTE cargo carrier vessel with 436,000 gallons (total tank capacity is 581,000 gallon).

9. EQUIPMENT SPARING

Storage Tank	1 x 8 MM Gallon Net Full Concrete Containment
In-Tank Loading Pumps	3 x 50 %
Ex-Tank Vaporization Boost Pumps	1 x 100%
BOG Compressors	2 x 50 % (During Liquefaction & Loading) 2 x 100 % (Holding)
Liquefaction Refrigeration Compressor	1 x 100 %
Feed Gas Compressor	1 x 100 %
Heat Exchangers	1 X 100 %
Misc. Process Vessels	1 x 100 %
Pretreatment Pumps	2 x 100 %
Pretreatment Regen Compressor	1 x 100 %
Blair (TOTE) Loading Arm	1 x 100 %
Normal Operation Ground Flare	1 x 100 %
Water Bath LNG Vaporization	1 x 100 %
Cooling System: Air Coolers	1 X 100 %
Cooling System Pumps	2 X 100 %
Instrument Air Compressors	2 x 100 %
Diesel Essential Generator	1 x 100 %

10. VENTING AND FLARING

Vapor generated in the tank from heat leak, flash load and vapor displacement will be re-liquefied whenever liquefaction is occurring. Otherwise, it is returned to the supply pipeline whenever liquefaction is not occurring.

An enclosed ground flare is provided for disposal of the effluent stream from amine pretreatment and excess NGL (heavy ends) inventory. The enclosed ground flare also accommodates discretionary tank

venting. Emergency relief loads are vented to atmosphere for dispersion at a safe distance from personnel and equipment.

APPENDIX D - HOME OFFICE PERSONNEL RATES

The following hourly billing rates in Dollars apply to Home Office Personnel time reimbursable under Section 7.2 of the Agreement. These rates are valid through December 31, 2020. Rates for subsequent Years will be disclosed to Owner prior to becoming effective.

POWER SERVICES

Sr. Vice President	█
Vice President	█
General Manager	█
Asset Manager	█
Director	█
Manager	█
Process Analyst	█
Sr. Environmental Specialist	█
Environmental Specialist	█
Chief Engineer	█
Senior Engineer	█
Engineer	█
Project Engineer	█
I&C Project Technician	█
Sr. Operations Analyst	█
Operations Analyst	█

LNG ENGINEERING

Project Manager	█
Engineering Consultant	█
Health Safety and Environment	█
Regulatory and Compliance	█
Senior Engineer / Project Engineer	█
Designer & Piping	█
Project Services	█
Jr. Project Services / Graduate Engineer	█
Project Document Control / Admin	█
Commissioning Personnel	█

LEGAL & COMPLIANCE

General Counsel	█
Associate General Counsel	█
Senior Corporate Counsel	█
Corporate Counsel	█
Manager, Governance & Compliance	█



FINANCE

Director/Controller [REDACTED]
Sr. Manager, Finance [REDACTED]
Manager, Finance [REDACTED]
Sr. Accountant [REDACTED]
Sr. Payroll Analyst [REDACTED]
Accountant [REDACTED]

HUMAN RESOURCES

VP, HR [REDACTED]
Employee Relations Manager, HR [REDACTED]
Manager, HR [REDACTED]
Recruiter, HR [REDACTED]
Generalist, HR [REDACTED]

ADMIN

Manager [REDACTED]
Sr. IT Support [REDACTED]
Administrative Asst. [REDACTED]



APPENDIX E – FEE ESCALATION METHODOLOGY

Beginning January 1, 2021, and on each succeeding January 1st throughout the Term, the Operations Fee, the Start-Up and Commissioning Fee, the fixed amount for Facility Engineering Services in Section 7.2(vi) of the Agreement, the Maximum Incentive and the Maximum Liquidated Damages will be escalated by multiplying the relevant sum in effect during the immediately preceding Year by the decimal equivalent of the Escalation Factor (as defined below) and adding the result to such sum in effect.

“Escalation Factor” means a factor representing the percentage change found in “Table 5” on employment cost trends published by the United States Bureau of Labor Statistics entitled “Compensation (Not seasonally adjusted): Employment Cost Index for total compensation, for private industry workers, by occupational group and industry” (the “ECI”). NAES will determine the Escalation Factor for the following Year by reading the published percentage change for the 12 months ending in September of the Year for the “management, professional and related” line in the “service-providing industries” section found in the ECI. In the event that such calculation yields a number less than 1.0, the Escalation Factor will be fixed at 1.0 for such Year. ECI data is available at the U.S. Department of Labor, Bureau of Labor Statistics website. In the event the specific ECI datum is discontinued or superseded, a reasonable substitute or replacement datum will be identified by NAES, or in the absence of such substitute or replacement datum, the Parties will agree in good faith on a reasonable method for calculation of the Escalation Factor.

APPENDIX F – BUSINESS NETWORK REQUIREMENTS

As provided in Section 3.9 of the Agreement, NAES shall cause the IT Vendor and its subcontractors to provide and maintain a Business Network consistent with the requirements of this Appendix F.

F.1 Definitions. For the purposes of this Appendix F, the following definitions shall apply:

“Business Continuity” means IT Vendor’s ability to continue critical business operations without stoppage, irrespective of the adverse circumstances of an Unplanned Event.

“Business Continuity Plan” means the logistical plan created and documented by IT Vendor which specifies the policies, processes, and procedures IT Vendor will apply to recover after an Unplanned Event to partially or completely restore interrupted critical business operations within a predetermined period of time.

“Disaster Recovery” is defined as IT Vendor’s ability to recover or continue critical technology infrastructure and computing systems after an Unplanned Event.

“Disaster Recovery Plan” is defined as the logistical plan created and documented by IT Vendor which specifies the processes, policies, and procedures IT Vendor will apply to recover after an Unplanned Event to partially or completely restore interrupted critical technology infrastructure and computing systems within a predetermined period of time.

“Facility Confidential Information” means all information previously or subsequently received by NAES in connection with this Agreement that is identified as being proprietary and/or confidential, or that, by the nature of the circumstances surrounding the disclosure, reasonably ought to be treated as proprietary and confidential including non-public PSE operational, business, and financial data, of which examples include: Facility design; Facility Manuals; O&M Manuals; Facility security plans; Facility logs; Facility employee personal information; Owner employees personal information related to the Facility operation (e.g. Asset Manager); and non-public communications with regulatory or civil agencies. For the purposes of this Agreement, Owner customer or non-facility related Owner’s information will not reside on the Business Network.

“Recovery Point Capability” or “RPC” is defined as the actual tested and proven amount of data loss measured backward in time from the start of an Unplanned Event to the point of the last recoverable backup.

“Recovery Point Objective” or “RPO” is defined as the maximum acceptable amount of data loss measured backward in time from the start of an Unplanned Event to the point of the last recoverable backup, as solely defined by Owner. The RPO for purposes of the Agreement shall be 48 hours.

“Recovery Time Objective” or “RTO” is defined as the duration of time within which the Services, supporting technology infrastructure, and IT Vendor’s critical business operations must be restored after an Unplanned Event in order to avoid unacceptable consequences associated with an interruption in IT Vendor’s business processes. The RTO is measured forward in time, from the initial occurrence of an Unplanned Event to the restoration of the Services, and is solely defined by Owner. The RTO for purposes of this Addendum shall be 12 hours.

“Recovery Time Capability” or “RTC” means the actual tested and proven duration of time within which the Services, supporting technology infrastructure, and IT Vendor’s critical business operations are restored after an Unplanned Event. The RTC is measured forward in time, from the initial occurrence of an Unplanned Event to the restoration of the Services.

“Service Provider” means a third party entity that IT Vendor contracts with to provide technology services and/or systems access in support of the Services provided under the Agreement.

“Unplanned Event” is defined as a logical or physical incident or event causing an unexpected disruption in the IT Vendor’s ability to provide the Services to Owner, including: malware, compromised information systems, natural, technical, or man-made disasters, acts of crime or terrorism, or other business or technical disruptions.

F.2 Business Network Security

(a) NAES will implement and maintain the agreed physical and logical security controls as provided by IT Vendor and approved by Owner.

(b) NAES shall provide to Owner annually beginning at Commercial Operations Date of this Addendum a current summary description of its Business Network Security Program. The Business Network Security Program shall be documented and available for review and audited by Owner upon request. The Business Network Security Program will include:

(i) Physical Security Program - maintaining physical security of the Facility in which Facility Confidential Information will be processed, stored and/or transmitted.

(ii) Background Checks - taking reasonable precautions with respect to the employment of, and access given to, all Site Personnel, including background checks and security clearances that assign specific access privileges to Site Personnel.

(iii) Training - training of Site Personnel on the proper use of data, computer systems, and the importance of information security;

(iv) Access - restricting access to records and files containing Facility Confidential Information to those who need such information to perform their job duties; encryption of all records and files containing Facility Confidential Information that will travel across public networks without secure connections or VPN, transmitted wirelessly, or transmitted outside of the secure system of the business; and encryption of all Facility Confidential Information on laptops and other portable devices.

(v) Monitoring - monitoring of systems for unauthorized use of or access to Facility Confidential Information

(vi) Network Security - maintaining network and electronic security perimeter controls to protect Facility Confidential Information

(vii) Incident Response - taking appropriate corrective action; documenting and training on how to respond to an Unplanned Event and testing the plan on at least an annual basis

(viii) No Commingling of Data - maintaining all Facility Confidential Information so as to be compartmentalized or otherwise logically separate from, and in no way commingled with, other information of NAES or its other customers

(ix) Security Patches - applying security patches in a timely manner

(x) Anti-virus/anti-malware – ensuring the Business Network is protected by anti-virus/anti-malware software

(xi) Incorporation by Reference – in the event one or more of the requirements listed above are covered in alternate Facility documentation, that information may be incorporated by reference without inclusion in the Business Network Security Plan.

F.3 Security Incident Reporting

(a) NAES shall notify Owner within 12 hours of any recognized or suspected physical or logical breach of the security of the Business Network further subject to the following:

(i) Recognized breach involving Facility Confidential Information: 2 hours.

(ii) Suspected breach involving Facility Confidential Information: 4 hours.

(b) In the case of a suspected or recognized security breach involving Facility Confidential Information, NAES shall, upon Owner's request, promptly provide Owner with relevant security logs for investigative purposes to determine extent of Confidential Information breach.

(c) Upon recognizing a security breach, NAES shall also, upon Owner's request, modify its Facility data retention as specified by Owner until ninety (90) days after the breach is resolved.

(d) Vendor shall notify PSE's IT Support Center (ITSC) at (425) 398-6020; subsequent contact shall be mutually agreed upon.

F.4. Unplanned Events. Should an Unplanned Event occur, IT Vendor shall:

(a) Initiate the Disaster Recovery Plan and/or Business Continuity Plan, as applicable;

(b) Notify Owner as soon as possible, with initial contact to be made to Owner's IT Support Center (ITSC) at (425) 398-6020 and subsequent contact shall be as specified by Owner;

(c) Provide Owner updates hourly, or sooner should major status changes occur;

(d) Restore all Services and business operations that support the Services in a timeframe that meets or exceeds both the RTO and RPO; and

(e) Notify Owner upon the restoration of normal operations and/or Services.

F.5. Disaster Recovery and Business Continuity Planning. Throughout the term of the Agreement IT Vendor shall perform, at a minimum, the following Disaster Recovery activities to ensure IT Vendor's ability to provide uninterrupted Services after an Unplanned Event, or to recover within agreed-upon times:

(a) Build and maintain a Disaster Recovery and Business Continuity Plan which shall be updated:

(i.) At least once a year;

(ii.) in the event of major organizational changes;

(iii.) If professional or other services that support IT Vendor's ability to provide the Services are outsourced to a Service Provider;

(iv.) if any outsourced services are outsourced to an alternate Service Provider; and

(v.) If any outsourced services are insourced to be within IT Vendor's purview.

(b) Maintain a recovery facility or subscribe to recovery facility services that allow IT Vendor to restore Services per the requirements set forth herein;

(c) Perform comprehensive exercises of its Disaster Recovery and Business Continuity capabilities at least once a year, and also when major changes are made to production systems that affect the Services;

(d) Allow Owner to observe during scheduled recovery exercises, and allow Owner access to all systems to ensure all functionality and data have been restored;

(e) Allow Owner site visits unrelated to scheduled exercises; and

(f) Comply with Owner's requests for documentation to satisfy recovery questions.

F.6. Documentation. IT Vendor will provide the following documentation to Owner either directly or through an independent auditor on at least an annual basis:

- (a) Evidence of an owned and operational recovery facility or current subscription to recovery facility services;
- (b) Evidence that the Disaster Recovery Plan and Business Continuity Plan are both updated as specified herein;
- (c) Evidence that Disaster Recovery and Business Continuity exercises are both performed at least annually; and
- (d) Results from the Disaster Recovery and Business Continuity exercises demonstrating:
 - (i.) IT Vendor's execution of the respective plans; and
 - (ii.) Exercise results detailing:
 - A. successes;
 - B. failures;
 - C. remediation plan for failures and issues encountered during testing; and
 - D. RTC and RPC capabilities.

F.7. Communication. IT Vendor shall provide Owner with current contact information for IT Vendor's recovery management team, and shall provide updates during the Agreement term as necessary.