Issued: November 20, 2013 Effective: April 25, 2014 Attachment "F" to Schedule 80. RECEIVED NOV. 20, 2013 WA. UT. & TRANS. COMM. A ORIGINAL

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PUGET SOUND ENERGY

Attachment "F" Interconnection Agreement

SCHEDULE 80 - INTERCONNECTION AGREEMENT TIER 2 and TIER 3

<u>Tier 2 and Tier 3 Interconnection Agreement</u>
For

Interconnection of Interconnection Customer
Electric Generating Facilities other than Net Metering Facilities

(For Generating Facilities No Larger Than 20 MW)

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Attachment "F" Interconnection Agreement

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PUGET SOUND ENERGY Attachment "F" Interconnection Agreement

Interconnection Cust	tomer:	
Attention:		
Address:		
City:	State: Zip:	
Phone:	Fax:	
Customer Account N	Number if a PSE Customer:	

Interconnection Customer Application No:

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

1.1 Applicability

This Agreement shall be used for all Interconnection Requests submitted under the provisions of Schedule 80 except for those Generating Facilities eligible for Tier 1 or are eligible for Tier 1 or Tier 2 to request Interconnection under the Net Metering Interconnection Agreement, Attachment A to Schedule 150

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

1.2 Purpose

This Agreement governs the terms and conditions under which the Interconnection Customer's Generating Facility will interconnect with, and operate in parallel with, the Company's Distribution System or Transmission System.

1.3 No Agreement to Purchase or Deliver Power

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with PSE and the applicable transmission provider(s).

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Company and the Interconnection Customer.

1.5 Responsibilities of the Parties

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.
- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Generating Facility and construct, operate, and maintain its Interconnection Facilities and in accordance with the applicable manufacturer's recommended maintenance schedule, in accordance with this Agreement and the rules and regulations of any applicable Governmental Authority, and with good Utility Practice.
- 1.5.3 The Company shall construct, operate, and maintain its Distribution System and Transmission System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards, including, without limitation, Chapter 480-108 WAC. The Interconnection Customer agrees to design, install, maintain, and operate its Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Company and any Affected Systems.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the PCC. The Company and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Company's Transmission System and/or Distribution System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 The Company shall coordinate with all Affected Systems to support the Interconnection.

1.6 Parallel Operation Obligations

Once the Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the applicable system operator(s) for the Company's Transmission System or Distribution System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

1.7 Metering

The Interconnection Customer shall be responsible for the Company's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

- 1.8.1 The Interconnection Customer shall design its Generating Facility to maintain a composite power delivery at continuous rated power output at the PCC at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Company has established different requirements that apply to all similarly situated generators in the control area of a comparable basis. The requirements of this paragraph shall not apply to wind generators.
- 1.8.2 The Company is required to pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Generating Facility when the Company requests the Interconnection Customer to operate its Generating Facility outside the range specified in article 1.8.1. In addition, if the Company pays its own or affiliated generators for reactive power service within the specified range, it must also pay the Interconnection Customer.
- 1.8.3 Payments shall be at the same rate that is charged to the Interconnection Customer for reactive power under the applicable rate schedule for Electric Service.

1.9 Definitions

When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the body of this Agreement or the meanings specified in Schedule 80. If not defined in Schedule 80, then in the Glossary of Terms, Attachment 1, to this Agreement.

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

- 2.1.1 The Interconnection Customer shall test and inspect its Generating Facility and Interconnection Facilities prior to Interconnection. The Interconnection Customer shall notify the Company of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day unless otherwise agreed between the Parties. The Company may, at the Interconnection Customer's expense, send qualified personnel to the Generating Facility site to inspect the Interconnection and observe the testing. The Interconnection Customer shall provide the Company a written test report when such testing and inspection is completed.
- 2.1.2 written The Company shall provide the Interconnection Customer acknowledgement that it has received the Interconnection Customer's written test report. Such written acknowledgement shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Company of the safety, durability, suitability, or reliability of the Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Company shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Company shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Company shall make Reasonable Efforts to cooperate with the Interconnection Customer to commence parallel operations by the in-service date.

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

2.2.2 The Interconnection Customer shall not operate its Generating Facility in Parallel with the Company's Transmission System or Distribution System without prior written authorization of the Company. The Company will provide such authorization once the Company receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Company may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Generating Facility first produces energy to inspect the Interconnection, and observe the commissioning of the Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial startup of the unit. In addition, the Interconnection Customer shall notify the Company at least five Business Days prior to conducting any on-site verification testing of the Generating Facility. The Interconnection Customer shall be responsible for all costs related to the Company's observation of the commissioning, startup and operation as described above.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Company shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its other Customers. Each Party shall be responsible for its own costs associated with such access, except the Interconnection Customer shall be responsible for all costs related to the Generating Facility or the Interconnection Customer's Interconnection Facilities.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

This Agreement shall become effective upon execution by the Parties.

3.2 <u>Term of Agreement</u>

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as the Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.

- 3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Company 20 Business Days written notice.
- 3.3.2 Either Party may terminate this Agreement after Default pursuant to article 7.6
- 3.3.3 Upon termination of this Agreement, the Generating Facility will be disconnected from the Company's Transmission System and Distribution System. All costs required to effectuate such disconnection shall be borne by the Interconnection Customer, unless such termination resulted from the Company's Default or otherwise is responsible for these costs.
- 3.3.4 The termination of this Agreement shall relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.
- 3.3.5 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 <u>Temporary Disconnection</u>

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice or if the temporary disconnection is due to non-payment by the Interconnection Customer, until the payment or satisfactory payment arrangements have been made. If the Generating Facility does not have a separate point for disconnection acceptable to the Company, temporary disconnection may also result in disconnection of

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

Electric Service without notice. Temporary disconnection can occur as provided for in Schedule 80 of the Company's electric tariff.

Emergency Conditions -- "Emergency Condition" shall mean a condition or 3.4.1 situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Company, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission System or Distribution System, the Company's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Company may immediately suspend interconnection service and temporarily disconnect the Generating Facility. The Company shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may be reasonably expected to affect the Interconnection Customer's operation of the Generating Facility. The Interconnection Customer shall notify the Company promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Company's Transmission System, Distribution System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Company may interrupt interconnection service or curtail the output of the Generating Facility and temporarily disconnect the Generating Facility from the Company's Transmission System or Distribution System when necessary for routine maintenance, construction, operation, and repairs on the Company's Transmission System or Distribution System. The Company shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Company shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

3.4.3 Forced Outages

During any forced outage, the Company may suspend interconnection service to effect immediate repairs on the Company's Transmission System or Distribution System. The Company shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Company shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Company shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Generating Facility could cause damage to the Company's Transmission System, Distribution System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within the time specified in the notice, the Company may disconnect the Generating Facility. The Company shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Generating Facility

The Interconnection Customer must receive written authorization from the Company before making any changes to the Generating Facility that may have a material impact on the safety or reliability of the Transmission System or Distribution System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the Company's prior written authorization, the latter shall have the right to temporarily disconnect the Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Generating Facility, Interconnection Facilities, and the Company's Transmission System and/or Distribution System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

- 4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Company shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Company.
- 4.1.2 The Interconnection Customer shall be responsible for all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Company's Interconnection Facilities, including all costs incurred due to Company changes to its electric system.

4.2 Distribution Upgrades

The Company shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Company and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the Interconnection of the Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Company shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Company and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Company elects to

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne by the Interconnection Customer.

5.3 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to form transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Generating Facility.

Article 6. Billing, Payment, Milestones, and Financial Security

- 6.1 Billing and Payment Procedures and Final Accounting
 - 6.1.1 The Company shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.
 - 6.1.2 Within three months of completing the construction and installation of the Company's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Company shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Company for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Company shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Company within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Company shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 <u>Financial Security Arrangements</u>

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Company's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Company, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Company and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Company's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Company under this Agreement during its term. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Company, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to-maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Company and must specify a reasonable expiration date.

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

7.1 Assignment

This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that;

- 7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Company of any such assignment;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Company, for collateral security purposes to aid in providing financing for the Generating Facility, provided that the Interconnection Customer will promptly notify the Company of any such assignment
- 7.1.3 Any attempted assignment that violates this article is void and ineffective.

 Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

If this Agreement is, pursuant to this Section 7, assigned in connection with the sale or other transfer of the Generation Facilities, the new owner of the Generation Facilities must execute a new Interconnection Agreement with the Company.

7.2 <u>Limitation of Liability</u>

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 <u>Indemnity</u>

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.
- 7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

- 7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."
- 7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

7.6 Default

- 7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.
- 7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

8.1 <u>Maintained by Interconnection Customer</u>

The Interconnection Customer, except for qualifying generation under Chapter 80.60 RCW (net metering) shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the Interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being Interconnected, the Interconnection itself, and the characteristics of the system to which the Interconnection is made. The Interconnection Customer, except for qualifying generation under Chapter 80.60 RCW (net metering) shall obtain additional insurance only if necessary as a function of owning and operating

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State of Washington. Certification that such insurance is in effect shall be provided upon request of the Company, except that the Interconnection Customer shall show proof of insurance to the Company no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 Maintained by Company

The Company agrees to maintain general liability insurance or self-insurance consistent with the Company's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Company's liabilities undertaken pursuant to this Agreement.

8.3 Notification

The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

9.1 Definition

Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Exclusion

Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall

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not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

9.3 Request for Treatment

Notwithstanding anything in this article to the contrary, during the course of any filing or otherwise, should information that is treated as confidential under this Agreement be submitted to the WUTC, such information shall be submitted with a request that the information be treated as confidential and non-public by pursuant to WAC 480-07-160.

Article 10. Disputes

Disputes that arise under this Agreement shall be addressed in accordance with Chapter 480-07 WAC.

Article 11. Taxes

11.1 Applicable Tax Laws

The Parties agree to follow all applicable tax laws and regulations, consistent with State of Washington policy and Internal Revenue Service requirements.

11.2 Cooperation

Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

in this Agreement is intended to adversely affect the Company's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of Washington, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties, or under article 12.12 of this Agreement.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

- 12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- 12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement.

 Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

rights to obtain an Interconnection from the Company. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 <u>Security Arrangements</u>

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Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Company and the Interconnection Customer shall comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Company be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the

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hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

The Company shall have the right to make a unilateral filing with the Washington Utilities and Transportation Commission ("WUTC") to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation and the WUTC's rules and regulations, and the Interconnection Customer shall have the right to make a unilateral filing with the WUTC under any applicable provision of the WUTC's rules and regulations (i.e. WAC 480-07-910 or WAC 480-07-370); provided that each Party shall have the right to protest any such modification, filing or complaint by the other Party and to participate fully in any proceeding before WUTC.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national currier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Cus	tomer:		
Interconnection Custo	omer:	·	
Attention:			
Address:			
City:		State:	Zip:
Phone:	Fax:		
If to the Company:			
Company:			

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	SCHEDULE 8) - INTERCONNECTION AGREEM (Continued)	MENI		
	Attention:	(00000000000000000000000000000000000000			
			pro-		
	City:	State:	Zip:		
	Phone:	Fax:			
13.2 <u>E</u>	Billing and Payment				
E	Billings and payments shall	be sent to the addresses set out belo	ow:		
I	nterconnection Customer:				
	Address:				
	City:	State:	Zip:		
	Company:		-		
	Attention:				
	Address:				
	City:	State:	Zip:		
13.3 <u>/</u>	Alternative Forms of Notice				
A	Any notice or request required or permitted to be given by either Party to the other and				
n	not required by this Agreement to be given in writing may be so given by telephone,				
f	acsimile or e-mail to the tel	ephone numbers and e-mail addres	sses set out below:		
Ţ	f to the Interconnection Cu	stomer:			
1.	Interconnection Cust				
			· · · · · · · · · · · · · · · · · · ·		
	Address:				
	City:	State:	Zip:		
	Phone:		Zıp		
	i none.	1 un.			
I	f to the Company:				
	Company:				
	Attention:				
	Address:				

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)				
	City:		State:	Zip:
	Phone:	Fax:		
		convenient for the ace point of contact with a cont	lministration of thi h respect to operate tative:	s Agreement. This ions and maintenance
	Attention:			
	City:		State:	Zip:
		Fax:		
	Attention: Address:			
				Zip:
	Phone:	Fax:		
13.5	Changes to the Notice Info		·	

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

13.6 <u>Incorporation of WAC Provisions</u>

The provisions of Chapter 480-108 WAC, to the extent applicable to the Generating Facility at its specified nameplate capacity rating are hereby incorporated into this Agreement as if fully set forth herein.

Article 14. Signatures

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

or the Company	
Jame:	
itle:	
Oate:	
or the Interconnection Customer	
lame:	
itle:	
Date:	

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Attachment 1 to Interconnection Agreement

Glossary of Terms

Affected System – An electric system other than the Company's Transmission System that may be affected by the proposed Interconnection.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding Federal Holidays.

Company or "PSE" - Puget Sound Energy, Inc.

Default - The failure of a breaching Party to cure its breach under the Small Generator Interconnection Agreement.

Distribution System – The Company's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas but are less than 50,000 volts.

Distribution Upgrades – The additions, modifications, and upgrades to the Company's Distribution System at or beyond the Point of Interconnection to facilitate Interconnection of the Generating Facility and render the transmission or distribution service necessary'.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Company, or any Affiliate thereof.

Interconnection Customer – the person, corporation, partnership, government agency, or other entity that operates a Generating Facility that is or will be, or is applying to be, Interconnected to the Company's Transmission or Distribution System. The Interconnection Customer may or may not be a Customer. A

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Attachment 1 to Interconnection Agreement (Continued)

Customer of the Company with a standby generator designed and used only to provide power during periods of interruption and that operates in parallel with the Company's Transmission or Distribution System for less than 0.5 seconds both to and from emergency service is not an Interconnection Customer.

Interconnection Facilities – The Company's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Company's Transmission System or Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Request – The Interconnection Customer's request, in accordance with the Schedule 80 through an Application in the form of Attachments A or B to Schedule 80 to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Company's Transmission System or Distribution System.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the Company's Transmission System required at or beyond the point at which the Generating Facility interconnects with the Company's Transmission System to accommodate the interconnection of the Generating Facility with the Company's Transmission System. Network Upgrades do not include Distribution Upgrades.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, Chapter 480-108 WAC or the Company's requirements, including those set forth in this Agreement.

Party or Parties – The Company or the Interconnection Customer or any combination thereof.

Point of Interconnection – The point where the Interconnection Facilities connect with the Company's Transmission System or Distribution System. See also, in Schedule 80, Section 32, the definition of PCC.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

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Attachment 1 to Interconnection Agreement (Continued)

Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request that is located on the Interconnection Customer's side of the PCC, including all facilities ancillary and appurtenant thereto, including the Interconnection Customer's Interconnection Facilities that are or will be Interconnected.

Tariff – The Company's electric Tariff "G" 'through which Interconnection Service is offered, as filed with the WUTC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner – The Company. The Company owns, leases or otherwise possesses an interest in the portion of the Transmission System or Distribution System at the Point of Interconnection.

Transmission System – The facilities owned, controlled or operated by the Company of 50,000 volts or more to which the Generating Facilities are Interconnected.

Upgrades – The required additions and modifications to the Company's Transmission System or Distribution System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades.

WUTC - The Washington Utilities and Transportation Commission or its successor.

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

Attachment 2 to Interconnection Agreement

Description and Costs of the Generating Facility, Interconnection Facilities, and Metering Equipment

Equipment, including the Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, or the Company. The Company will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

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Attachment 3 to Interconnection Agreement

One-line Diagram Depicting the Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

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	At Interconnection
In-Service Date:	Milestones
Critical milestones and responsibility as a	agreed to by the Parties:
Milestone/Date	Responsible Party
(1)	
(2)	
(3)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Agreed to by:	
For the Company	Date
For the Interconnection Customer	Date

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SCHEDULE 80 - INTERCONNECTION AGREEMENT (Continued)

Attachment 5 to Interconnection Agreement

Additional Operating Requirements for the Company's

Transmission System, Distribution System and Affected Systems Needed to Support the
Interconnection Customer's Needs

The Company shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Company's Transmission System or Distribution System.

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Attachment 6 to Interconnection Agreement

Company's Description of its Upgrades and Best Estimate of Upgrade Costs

The Company shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Company shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.