

EXHIBIT A

TO

APPLICATION OF PUGET SOUND ENERGY FOR AN ORDER
APPROVING A SERVICE AGREEMENT WITH THE CITY OF CENTRALIA

CONTINUED

EXHIBIT D to Service Area Agreement
Agreement for Transfer of Distribution Facilities

AFTER RECORDING RETURN TO:

Steve Botts
Puget Sound Energy, Inc.
The PSE Building
10885 NE 4th Street
Bellevue, WA 98004

Document Title(s) (or transactions contained therein):

1. **Agreement for Transfer of Distribution Facilities**

Reference Number(s) of Documents assigned or released:

(on page ___ of document(s))

Grantor(s) (Last name first, then first name and initials):

1. **City of Centralia, a Washington municipal corporation**

Additional names on page ___ of document.

Grantee(s) (Last name first, then first name and initials):

1. **Puget Sound Energy, Inc., a Washington corporation**

Additional names on page ___ of document.

Legal Description (abbreviated: i.e., lot, block, plat or section, township, range)

**Ptns. of Sec. 30, 31, Twnshp 16 N, Rng 1 E, WM, also Ptns. of Sec. 6, 7, Twnshp 15 N, Rng 1 E, WM,
also Ptns. of Sec 12, Twnshp 15 N, Rng 1 W, WM.**

Additional legal on Attachment 1 of document.

Assessor's Property Tax Parcel/Account Number(s)

**21630130000, 21630400000, 21630430000, 21631100000, 21506120300, 21506120000, 21506120200,
21506210100, 21506240300, 21506240100, 21506240200, 21506120100, 21506310400, 21506310100,
21506310300, 21506330000, 21507220000, 11512140000, 11512100000, 11512130200, 11512130100**

AGREEMENT FOR TRANSFER OF DISTRIBUTION FACILITIES

This Agreement ("Agreement"), dated as of _____ 2004, is made and entered into by and between PUGET SOUND ENERGY, INC., a Washington corporation ("PSE") and the CITY OF CENTRALIA, a municipal corporation (the "City").

RECITALS

A. PSE is a public utility company engaged in the business of rendering electrical service to the public located in certain areas of the State of Washington (including, but not limited to, Thurston County).

B. The City is engaged in the business of rendering electrical service to the public located in certain areas of Thurston and Lewis Counties, State of Washington, in and around the vicinity of the City Centralia.

C. The parties have entered into a service area agreement, a copy of which is attached hereto as Attachment 1 (the "Service Area Agreement"), to establish each party's service area and transfer electric service to certain customers from the City's system to PSE's system.

D. Centralia desires to transfer and convey certain Distribution Facilities and assign Operating Rights relating to such Distribution Facilities to PSE.

AGREEMENT

PSE and the City hereby agree as follows:

Section 1. Definitions

When used in this Agreement, the following terms shall have the following specified meaning.

1.1 "City Distribution Facilities" means the City's Distribution Facilities within the PSE Service Area that are depicted on Attachment 2 attached hereto and more particularly described on Attachment 3 attached hereto.

1.2 "Operating Rights" means the City's legal rights, including but not limited to easements, licenses, and permits, for the construction, operation, repair and maintenance of the Distribution Facilities. Operating Rights shall also mean the permission granted by the City to PSE to attach its Distribution Facilities to the City's

poles that are necessary to serve the Customers transferred pursuant to the Service Area Agreement.

Capitalized terms not otherwise defined in the Agreement have the same meaning as they have in the Service Area Agreement.

Section 2. Transfer of City Distribution Facilities/Assignment of Operating Rights

2.1 General. The City hereby transfers, assigns, conveys, and warrants to PSE, and PSE hereby accepts from the City, the City Distribution Facilities; provided, however, that the City may continue to operate, repair, rebuild, replace and maintain the City Distribution Facilities and to use the City Distribution Facilities as necessary to serve its Customers in the PSE Service Area until service to such Customers is transferred to PSE pursuant to the Service Area Agreement. The City will provide notification to affected Customers.

2.2 Assignment of Operating Rights. The City hereby conveys, warrants, assigns and appurtenances to PSE, the right to operate an electrical distribution system and related appurtenances over, under, along, across and through the easement areas described in Attachment 4, attached hereto and incorporated herein by reference ("Operating Rights"). PSE shall also have the right of access to the land upon which the easement areas described in Attachment 4 are located for the purpose of constructing, maintaining, repairing, altering, patrolling or improving its electrical system and related appurtenances. The City does not, by this Agreement or otherwise, transfer or convey to PSE (and disclaims that it has transferred or conveyed to PSE) any rights in excess of those granted to the City by the easement documents referenced in attachment 4. The City shall have no responsibility to PSE regarding actions by Customers or other third parties with respect to PSE's use of the Operating Rights, other than those arising under the terms of this Agreement.

2.3 Condition of the City Distribution Facilities.

2.3.1 Inspection. PSE represents and warrants that it has fully inspected and satisfied itself as to the nature, characteristics, condition, quality and other aspects of the City Distribution Facilities.

2.3.2 Disclaimer. The City Distribution Facilities are transferred, assigned, and conveyed pursuant to this Agreement "AS IS," "WHERE IS" and "WITH ALL FAULTS." The City makes no warranties or representations, express or implied of any kind. Any descriptions of the City Distribution Facilities contained in

this Agreement are solely for identification purposes and do not constitute any warranty or representation that the same conform to any such description.

2.3.3 Indemnity. [Intentionally Omitted]

2.4 PSE Attachment to City Poles. The City shall also provide Operating Rights to PSE to allow PSE to attach those Distribution Facilities necessary to serve the Customers transferred to PSE under this Agreement to City utility poles. Such rights and obligations are more particularly set forth in a Pole Attachment Agreement to be executed by the parties hereto that will be in the form attached hereto as Attachment 5.

Section 3. Miscellaneous

3.1. No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the City and PSE or to impose any partnership obligation or liability upon either party.

3.2. Specific Performance. The City and PSE agree that it would be difficult, if not impossible, to measure in money the damages that will accrue to either party by reason of a failure by the other party to comply with the provisions of this Agreement relating to their sole and exclusive rights to serve Customers in their respective service areas described herein. If either the City or PSE hereto shall institute an action or proceeding to specifically enforce the provisions of Section 2, the party against whom such action or proceeding is brought hereby waives the claim or defense in such action that the party bringing such action has an adequate remedy at law or in damages, and will not raise in any such action or proceeding the claim or defense that such remedy at law or in damages exists.

3.3. Successors and Assigns. This Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the City, PSE and their respective successors, assigns and legal representatives.

3.4. Non Waiver. The failure of either the City or PSE to insist upon or enforce performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such party's right to assert or rely upon any such provisions or rights in that or any other instance; rather, the same shall be and remain in full force and effect.

3.5. Entire Agreement. This Agreement sets forth the entire agreement of the City and PSE with respect to the transfer of certain property and transfer of the Customers. No change, amendment or modification of any provision of this

Agreement shall be valid unless set forth in a written instrument signed by both the City and PSE, and consented to by the WUTC, if such consent is required.

3.6. No Third-Party Beneficiary. There are no third-party beneficiaries of this Agreement. This Agreement shall not confer any right or remedy upon any person or entity other than the parties and their respective successors and assigns. No action may be commenced or prosecuted against any party by any third party claiming as a third-party beneficiary of this Agreement or the transactions contemplated hereby. This Agreement shall not release or discharge any obligation or liability of any third party to any party or give any third party any right of subrogation or action over or against any party.

3.7. Governing Law/Interpretation. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Washington or the laws of the United States of America, whichever is applicable, as if executed and to be performed wholly within the State of Washington. The venue of any legal action taken by either party under this Agreement shall be in the courts of Thurston County, Washington. Prior drafts of this and related Agreements are not admissible, by addition, deletion or other modification, as evidence of the intent of the Parties in any proceeding to interpret this Agreement, and neither this Agreement nor any provision of this Agreement shall be interpreted for or against a Party because that Party may have proposed the language at issue, but rather the Agreement and its provisions shall be interpreted fairly.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

EXECUTED as of the day and year first above written.

CITY OF CENTRALIA

PUGET SOUND ENERGY, INC.

By _____

Title: City Manager

Date Signed: _____

By _____

Title: Vice President

Date Signed: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this _____ day of _____ 2004, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the person who signed as Vice President, _____, of PUGET SOUND ENERGY, INC., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said officer of the corporation that he was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My appointment expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this _____ day of _____ 2004, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____ and _____, to me known to be the persons who signed as _____ and _____, respectively, of the CITY OF CENTRALIA, the municipal corporation that executed the within and foregoing instrument and acknowledge said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned, and on oath stated that they were duly elected, qualified and acting as said officers of the municipal corporation, that they were authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said municipal corporation.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

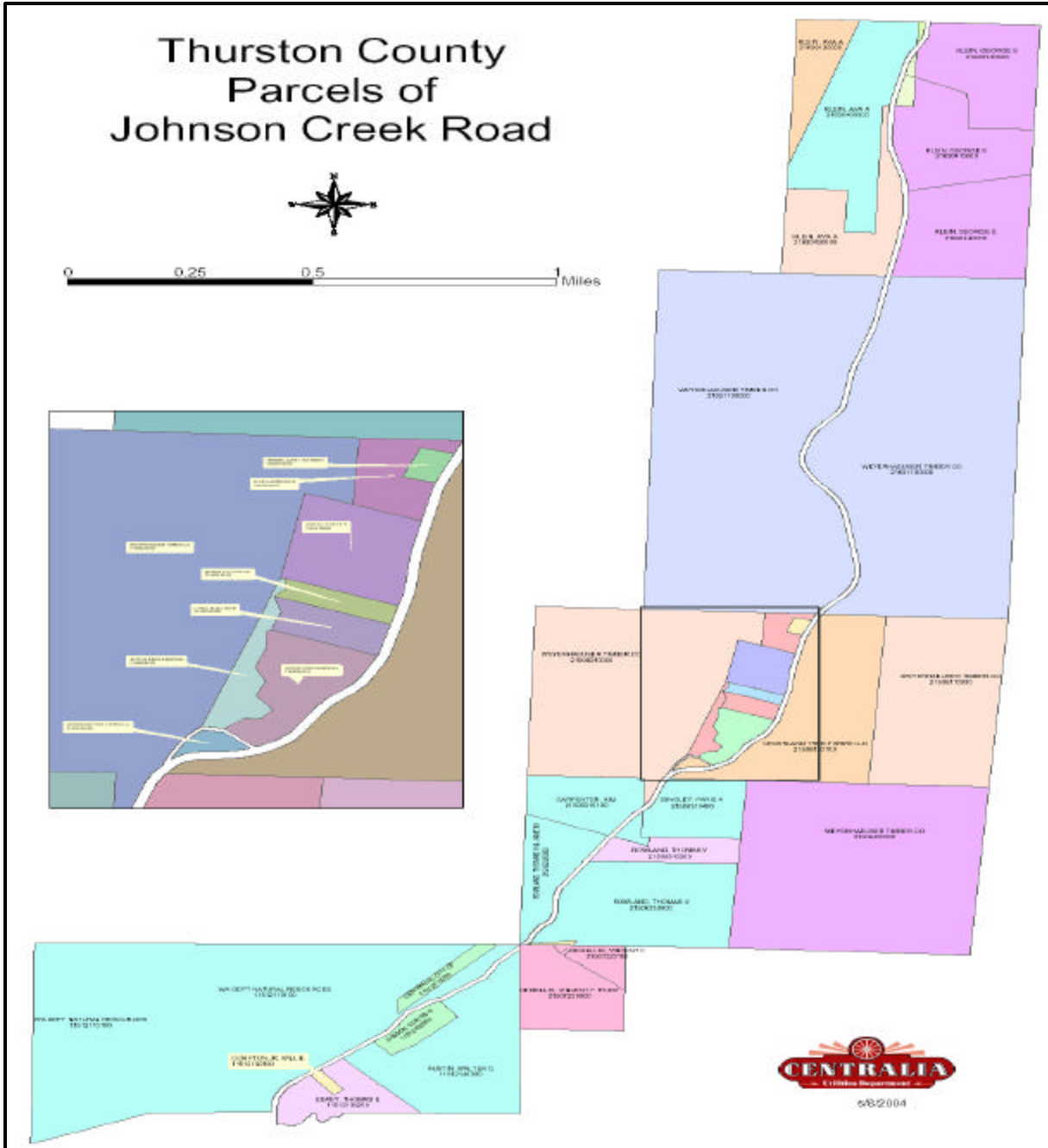
NOTARY PUBLIC in and for the State of
Washington, residing at _____
My appointment expires _____

**ATTACHMENT 1 to Agreement for Transfer of Distribution
Facilities**

Copy of Service Area Agreement

ATTACHMENT 2 to Agreement for Transfer of Distribution Facilities

Map showing City Distribution Facilities to be transferred to PSE



**ATTACHMENT 3 to Agreement for Transfer of Distribution
Facilities**

List of Parts and Equipment transferred to PSE

Poles

- 10 40 to 45 foot high distribution poles
- 4 30 foot high service poles

Wire

36,624 feet of #2 ACSR

All related equipment including but not limited to:

- Crossarms
- Insulators
- Deadends
- Service wire

Centralia to remove and take custody of its transformers and meters.

**ATTACHMENT 4 to Agreement for Transfer of Distribution
Facilities**

EASEMENT AREAS

The easement areas as described in the following documents:

221154, recorded at Volume 137 of Deeds, Page 243, Records of Thurston County

225449, recorded at Volume 137 of Deeds, Page 570, Records of Thurston County

225453, recorded at Volume 137 of Deeds, Page 573, Records of Thurston County

230738, recorded at Volume 138 of Deeds, Page 328, Records of Thurston County

230739, recorded at Volume 138 of Deeds, Page 329, Records of Thurston County

578291, recorded at Volume 306 of Deeds, Page 747, Records of Thurston County

**ATTACHMENT 5 to Agreement for Transfer of Distribution
Facilities Pole Attachment Agreement**