

WN U-60

Original Sheet No. 152-A

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

**SCHEDULE 152**

**INTERCONNECTION WITH ELECTRIC GENERATORS (Continued)**

(Part of Schedule 80, General Rules And Provisions)

(N)

**1) Introduction:** Eligible electric generators that are capable of being Interconnected with the Company's Electric System and satisfy the Company's Interconnection requirements shall be Interconnected under the provisions of this Schedule 152. The requirements for Interconnection generally fall into three (3) tiers, as follows:

- Tier 1 includes the requirements for interconnecting the smallest and easiest-to-connect projects;
- Tier 2 includes the requirements for interconnecting mid-sized and mid-complexity projects; and
- Tier 3 includes the requirements for interconnecting larger or more complex projects.

If an Application does not meet the requirements of a particular tier, Interconnection will be subject to the requirements of the next higher tier. Summaries of the Interconnection procedures for each tier are appended to this schedule as Attachments A-1 (for Tier 1), A-2 (for Tier 2), and A-3 (for Tier 3).

This Schedule 152 is based on state laws and rules regulating Electric Service including Washington Administrative Code (WAC) Chapter 480-108 and the Revised Code of Washington (RCW) Chapter 80-60.

The provisions of Schedule 152 apply to all Interconnections, including without limitation Net-Metering Interconnections, but Interconnection specifically for Net-Metering is described and accomplished through Schedule 150 and Attachment EZ or B to Schedule 150.

**2) Attachments:** The attachments listed in the table of contents contain additional information, procedures, applications, requirements and agreements and are, by this reference, incorporated into this Schedule 152.

(N)

**Issued:** September 2, 2014  
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**Issued By Puget Sound Energy, Inc.**

By: 

Ken Johnson

**Title:**

Director, State Regulatory Affairs

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

**SCHEDULE 152**

**INTERCONNECTION WITH ELECTRIC GENERATORS (Continued)**

(Part of Schedule 80, General Rules And Provisions)

(N)

**3) Definitions (Continued):**

**e. Codes and Standards – Include:**

- i. All Interconnections must conform to the National Electric Code (NEC); National Electric Safety Code (NESC) and all applicable codes and standards for safe and reliable operation. Among these are the the standards of the Institute of Electrical and Electronics Engineers (IEEE); the standards of the North American Electric Reliability Corporation (NERC); the standards of the Western Electric Coordinating Council (WECC); American National Standards Institute (ANSI); Underwriters Laboratories (UL) standards; local, state and federal building codes, and any Company's written electric service requirement approved by the Commission. The Company may require verification that an Interconnection Customer has obtained all applicable permit(s) for the equipment installations on its property.
- ii. All safety and operating procedures for Interconnection Facilities must comply with the Occupational Safety and Health Administration (OSHA) Standard at 29 CFR 1910.269, the NEC, Washington Administrative Code (WAC) rules, the Washington Industrial Safety and Health Administration (WISHA) Standard, and equipment manufacture's safety and operating manuals.
- iii. Installations must be in compliance with all applicable power quality standards including IEEE Standard 519 Harmonic Limits, and IEEE Standard 141 Flicker as measured at the PCC.
- iv. Generating Facility must be designed so that when it is Operating In Parallel with the Company's Electric System it shall operate at a power factor within .95 leading and .95 lagging, unless otherwise agreed to in writing by the Company.

**f. Company or PSE – Puget Sound Energy, Inc.**

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Electric Tariff G**

**SCHEDULE 152**

**INTERCONNECTION WITH ELECTRIC GENERATORS (Continued)**

(Part of Schedule 80, General Rules And Provisions)

(N)

**3) Definitions (Continued):**

- g. **Customer-Generator** – an Interconnection Customer that operates a Generating Facility for use in a Net-Metering system; the term is used in Schedules 150 (Net Metering) and 151 (Production Incentive).
- h. **Electric System** – all electrical wires, equipment, and other facilities owned by the Company and used to transmit electricity to Customers.
- i. **Generating Facility** – a source of electricity owned, or whose electrical output is owned, by the Interconnection Customer that is located on the Interconnection Customer's side of the Point of Common Coupling, and all ancillary and appurtenant facilities, including Interconnection Facilities, which the Interconnection Customer requests to Interconnect to the Company's Electric System. The source of electricity cannot be a source of electricity from another utility. The Interconnection Facilities included in the Generating Facility are only the Interconnection Customer-owned Interconnection Facilities.
- j. **Interconnection/Interconnected** – the physical connection of a Generating Facility to the Company's Electric System enabling Parallel Operation.
- k. **Initial Operation** –the first time the Generating Facility Operates In Parallel with the Company's Electric System.
- l. **Interconnection Agreement** – an agreement between the Company and the Interconnection Customer, in the form set forth in Attachment I or J, as applicable, that sets forth the Interconnection Customer's Interconnection requirements, together with obligations of the Interconnection Customer for costs and billing, insurance coverage, and for the performance of ongoing inspections, maintenance, and operational requirements.

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Attachment "A-1" to Schedule 152, Page 1

**PUGET SOUND ENERGY**

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**Attachment "A-1" Procedures, Terms & Conditions- Tier 1 Generating Facilities**

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**SCHEDULE 152  
PROCEDURES, AND TERMS AND CONDITIONS FOR INTERCONNECTING  
A CERTIFIED INVERTER-BASED GENERATING FACILITY ELIGIBLE FOR TIER 1 ("TIER 1  
PROCESS")**

- 1.0 The Interconnection Customer completes an Application in the form of Attachment B to Schedule 152, and submits it to the Company with the non-refundable application fee. If the Interconnection Customer wants to participate in the Net Metering program, the Interconnection Customer competes and submits an Application in the form of in Attachment EZ or Attachment B to Schedule 150, as applicable.
- 2.0 Upon receipt, the Company stamps the Application with the date and time of receipt and within five Business Days the Company sends notice of receipt to the Interconnection Customer.
- 3.0 The Company evaluates the Application for completeness and notifies the Interconnection Customer within 10 Business Days of receipt that the Application is or is not complete and, if not, advises what information is missing.
  - 3.01 The Interconnection Customer must submit all information required for a complete Application or request an extension of time within 15 Business Days of receiving notice from the Company that the Application is incomplete. The Company is not obligated to grant a request to extend time to complete the Application. If the Interconnection Customer does not provide the required information or request an extension of time that is granted by the Company within such 15-Business Day period, the Application expires.
- 4.0 The Company verifies that the Generating Facility can be Interconnected safely and reliably and in compliance with the technical standards established in WAC 480-108-020 and the Codes and Standards. The Company has 20 Business Days after acceptance of a complete Application to complete the verification process and, based on the results of such verification process, shall accept, accept with conditions, or reject the Application with written justification. For Interconnection Customers who do not complete either Attachment EZ or Attachment B to Schedule 150, the notice shall include the Interconnection Agreement in the form of in Attachment I to Schedule 152. If delays result from unforeseen circumstances, Interconnection Customer variance requests, or other incentive program approval requirements, the Company shall promptly notify the Interconnection Customer.
  - 4.01 The Interconnection Customer must Interconnect and operate the Generating Facility within one (1) year from the date the Company accepts the Application, or the Application expires, unless the Company, in its sole discretion, grants an extension in writing.
  - 4.02 The Interconnection Customer who has not executed an Application in the form of either Attachment EZ or Attachment B to Schedule 150 executes and returns the Interconnection Agreement (in the form of in Attachment I to Schedule 152) within 30 Business Days of the notice that the Company has accepted the Application and prior to physical Interconnection.

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Attachment "A-1" to Schedule 152, Page 2

**PUGET SOUND ENERGY**

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**Attachment "A-1" Procedures, Terms & Conditions- Tier 1 Generating Facilities**

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- 5.0 After installation, the Interconnection Customer returns the Certificate of Completion to the Company. Prior to Parallel Operation, the Company will inspect the Generating Facility for compliance with Company standards, the Company's inspection will include a witness test, and the Company may schedule appropriate metering replacement, if necessary.
- 6.0 The Company notifies the Interconnection Customer in writing that Interconnection of the Generating Facility is authorized once the Company has completed its inspection and a witness test (if required). If the witness test is not satisfactory, the Company has the right to disconnect the Generating Facility. The Interconnection Customer has no right to Operate in Parallel until a witness test has been performed or previously waived on the Application. The Company may waive the requirement of a witness test by so indicating on the Application.

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Attachment "A-2" to Schedule 152, Page 1

**PUGET SOUND ENERGY****Attachment "A-2" Procedures, Terms & Conditions - Tier 2 Generating Facilities****SCHEDULE 152  
PROCEDURES, AND TERMS AND CONDITIONS FOR INTERCONNECTING  
A CERTIFIED INVERTER-BASED GENERATING FACILITY ELIGIBLE FOR TIER 2  
("TIER 2 PROCESS")**

- 1.0 The Interconnection Customer completes an Application in the form of (i) Attachment C to Schedule 152 (for Interconnection that will not involve Net-Metering), or (ii) Attachment B to Schedule 150 for Net-Metering, as applicable, and submits it to the Company with the non-refundable application fee.
- 2.0 Upon receipt, the Company stamps the Application with the date and time of receipt and within five Business Days the Company sends a notice of receipt to the Interconnection Customer.
- 3.0 The Company evaluates the Application for completeness and notifies the Interconnection Customer within 10 Business Days of receipt that the Application is or is not complete and, if not, advises what information is missing.
- 3.01 The Interconnection Customer must submit all information required for a complete Application or request an extension of time within 15 Business Days of notice from the Company that the Application is incomplete. The Company is not obligated to grant an extension to complete the Application. If the Interconnection Customer does not provide the required information or request an extension of time that is granted by the Company within such 15-Business Day period, the Application expires.
- 4.0 The Company verifies that the Generating Facility can be Interconnected safely and reliably and is in compliance with the technical standards established in WAC 480-108-020 and the Codes and Standards. Within 30 Business Days of notifying the Interconnection Customer that the Application is complete, the Company shall accept, accept with conditions, or reject the Application with written justification. Based on the complexity of the proposed Interconnection, the conditions of acceptance by the Company may include requirements for the completion of a feasibility study, a system impact study, and/or a facilities study prior to Interconnection. Information about the time and costs for each study is available in Attachment L to this Schedule. If delays result from unforeseen circumstances, Interconnection Customer variance requests, or other incentive program approval requirements, the Company shall promptly notify the Interconnection Customer.
- 4.01 For Interconnection Customers who complete an Application in the form of Attachment C to Schedule 152: Within five Business Days of accepting the Application as complete and no additional studies are required or within five Business Days of accepting the Application as complete after additional studies, the Company shall offer the Interconnection Customer an executable Interconnection Agreement in the form of Attachment J to Schedule 152.

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Attachment "A-2" to Schedule 152, Page 2

**PUGET SOUND ENERGY****Attachment "A-2" Procedures, Terms & Conditions - Tier 2 Generating Facilities**

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- 4.02 The Interconnection Customer must Interconnect and operate the Generating Facility within one (1) year from the date the Company accepts the Application, or the Application expires, unless the Company, in its sole discretion, grants an extension in writing.
- 4.03 For Interconnection Customers who complete an Application in the form of Attachment C to Schedule 152: The Interconnection Customer shall execute and return the Company-prepared Interconnection Agreement within 30 Business Days of being notified that the Company has accepted the Application and prior to Commissioning of Customer Owned Protection Systems (commonly called the witness test) and physical Interconnection.
- 5.0 After installation, the Interconnection Customer returns the Certificate of Completion to the Company. Prior to Parallel Operation, the Company may inspect the Generating Facility for compliance with standards, which typically includes a witness test, and the Company may schedule appropriate metering replacement, if necessary.
- 6.0 The Company notifies the Interconnection Customer in writing that Interconnection of the Generating Facility is authorized once the Company has completed its inspection and a witness test (if required). If the witness test is not satisfactory, the Company has the right to disconnect the Generating Facility. The Interconnection Customer has no right to Operate in Parallel until a witness test has been performed or previously waived on the Application. The Company may waive the requirement of a witness test by so indicating on the Application.



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Attachment "A-3" to Schedule 152, Page 1

**PUGET SOUND ENERGY****Attachment "A-3" Procedures, Terms & Conditions - Tier 3 Generating Facilities****SCHEDULE 152  
PROCEDURES, AND TERMS AND CONDITIONS FOR INTERCONNECTING  
A CERTIFIED INVERTER-BASED GENERATING FACILITY ELIGIBLE FOR TIER 3  
("TIER 3 PROCESS")**

- 1.0 The Interconnection Customer completes the Application in the form of Attachment C to Schedule 152 (for Interconnection that will not involve Net-Metering), or Attachment B to Schedule 150 for Net-Metering, as applicable, and submits it to the Company with the non-refundable application fee.
- 2.0 Upon receipt, the Company stamps the Application with the date and time of receipt and within five Business Days the Company sends a notice of receipt to the Interconnection Customer.
- 3.0 The Company evaluates the Application for completeness and notifies the Interconnection Customer within 10 Business Days of receipt that the Application is or is not complete and, if not, advises what Information is missing.
- 3.01 The Interconnection Customer must submit all information required for a complete Application or request an extension of time within 30 Business Days after being notified by the Company that the Application is incomplete. The Company is not obligated to grant a request to extend time to complete the Application. If the Interconnection Customer does not provide the required information or request an extension of time that is granted by the Company within such 30-Business Day period, the Application expires.
- 4.0 The Company verifies that the Generating Facility can be Interconnected safely and reliably and is in compliance with the technical standards established in WAC 480-108-020 and the Codes and Standards. After the Application is complete, the Company has 30 calendar days to accept, accept with conditions, or reject the Application with written justification. Based on the complexity of the proposed Interconnection, the conditions of acceptance by the Company may include requirements for the completion of a feasibility study, a system impact study, and/or a facilities study prior to Interconnection. Information about the time and costs for each study is available in Attachment L to this Schedule. If delays result from unforeseen circumstances, Interconnection Customer variance requests, or other incentive program approval requirements, the Company shall promptly notify the Interconnection Customer.
- 4.01 Within five Business Days of notifying the Interconnection Customer that the Application has been accepted as complete and no additional study(ies) is required or within five Business Days of accepting the Application as complete after additional study(ies) (described in 4.0 above), the Company shall offer an executable Interconnection Agreement in the form of Attachment J to Schedule 152. The Company shall also provide any additional agreements, such as the Construction Agreement in the form attached to this Schedule 152 as Attachment G, that may be necessary along with a good faith estimate of the cost and time necessary to complete the Interconnection.
- 4.02 If the Company, in its sole judgment, determines that additional studies are required to determine the feasibility of Interconnection, the Company must notify the Interconnection Customer within 10 Business Days of the notice of receipt of Application and provide the

**PUGET SOUND ENERGY****Attachment "A-3" Procedures, Terms & Conditions - Tier 3 Generating Facilities**

Interconnection Customer with a form agreement(s) that includes a description of what studies are required and a good faith estimate of the cost and time necessary to perform the studies. The forms of these study agreements are set forth in Attachments D through F and Attachment L to this Schedule 152.

- 4.03 The Interconnection Customer, within 30 Business Days of receiving the form agreement(s) and cost estimate indicating additional studies are required, may provide an alternative cost estimate from a qualified third party or return the completed agreement to the Company. After the Company and the Interconnection Customer agree on the estimated cost of the required study(s), the Interconnection Customer must execute the agreements described in these studies and pay any applicable deposit to the Company. The deposit for each of the required studies shall not exceed the lesser of one thousand dollars or 50% of the estimated cost of the study. The Interconnection Customer shall pay the balance of the costs for each study following delivery by the Company of the results of each study. The Company will use its best effort to complete the required studies, consistent with time requirements for the studies and other service requests of a similar magnitude.
- 4.04 The Interconnection Customer is responsible for all reasonable costs incurred by the Company to study the proposed Interconnection and to design and construct any required Interconnection Facilities or upgrades of the Company's Electric System. The Interconnection Customer is responsible for reasonable ongoing operation and maintenance costs for facilities added to the Company's Electric System that are dedicated to that Interconnection Customer's use.
- 4.05 The Company will provide the Interconnection Customer with the results of the study(ies). If the study(ies) determines that Interconnection is not feasible, the Company will provide notice of rejection and reasons for rejection.
- 4.06 After all required studies are complete, if the studies determine that Interconnection is feasible without any upgrades or extension of the Company's Electric System, the Company will notify the Interconnection Customer and provide an executable Interconnection Agreement within five Business Days of such notification. If upgrades or extension of the Company's Electric System are required, the Company will provide an executable Interconnection Agreement within 15 Business Days of such notification. The Company will also provide any necessary additional agreements, such as construction agreements, and a good faith estimate of the cost and time necessary to complete the Interconnection. The Interconnection Customer must execute and return such agreements within 30 Business Days of receiving them and pay any deposit required by the Company within 30 Business Days of acceptance of the Application for Interconnection. The deposit shall not exceed 50% of the estimated costs to complete the Interconnection. The balance of the costs shall be paid within 15 Business Days after the Interconnection Customer is billed by the Company.
- 4.07 Based on the results of the required studies, the Company and the Interconnection Customer may agree to modify the previously complete Application for the proposed Interconnection without penalty to the Interconnection Customer. The Company is under no obligation to agree to such modification; however, if the Company agrees to such modification, the modified Application shall be considered an accepted final Application.

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Attachment "A-3" to Schedule 152, Page 3

**PUGET SOUND ENERGY****Attachment "A-3" Procedures, Terms & Conditions - Tier 3 Generating Facilities**

- 4.08 Unless the Interconnection Customer has executed an Application in the form of Attachment B to Schedule 150, it must execute and return the Interconnection Agreement (in the form of Attachment J to Schedule 152) within 30 Business Days of being notified that the Company has accepted the Application and prior to physical Interconnection.
- 4.09 If the Interconnection Customer fails to execute and return completed agreements and required deposits within time frames specified in this section 4, the Company may terminate the application process. The Interconnection Customer will need to reapply to begin the process if they intend to complete their Interconnection.
- 4.10 Other than modification described in 4.07 above, changes by the Interconnection Customer to an Application accepted by the Company will be considered a new Application and shall be accompanied by a new application fee. Rejected Applications expire on the date of rejection.
- 4.11 If the Company must upgrade or construct new electric facilities, the Interconnection Customer must meet the credit requirements of the Company prior to the start of construction, as provided in WAC 480-108-030(10)(e).
- 4.12 The Interconnection Customer must Interconnect and operate the Generating Facility within two (2) years from the date the Company accepts the Application, or the Application and the Interconnection Agreement expire, unless the Company, in its sole discretion, grants an extension in writing.
- 5.0 After installation, but prior to Interconnection, the Interconnection Customer completes and returns the Certificate of Completion to the Company. Prior to Parallel Operation, the Interconnection Customer is required to schedule a Commissioning and Witness test with the Company two weeks prior to the intended start of Parallel Operation. The Company may inspect the Generating Facility for compliance with standards, the inspection will include a witness test, and the Company may schedule appropriate metering replacement, if necessary.
- 6.0 The Company notifies the Interconnection Customer in writing that Interconnection of the Generating Facility is authorized once the Company has completed its inspection and a witness test (if required). If the witness test is not satisfactory, the Company has the right to disconnect the Generating Facility. The Interconnection Customer has no right to Operate in Parallel until a witness test has been performed, or previously waived on the Application. The Company may waive the requirement of a witness test by so indicating on the Application.

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**PUGET SOUND ENERGY**


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**Attachment "G" Construction Agreement**


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**SCHEDULE 152  
CONSTRUCTION AGREEMENT**

**THIS CONSTRUCTION AGREEMENT** ("Agreement") is made and entered into by and between \_\_\_\_\_, ("Interconnection Customer,") and Puget Sound Energy, Inc., (the "Company" or "PSE"). The Interconnection Customer and PSE each may be referred to in this Agreement as a "Party," or collectively as the "Parties." This is effective on the latest date of execution by a Party as indicated by the date following the signature of each Party.

**RECITALS**

**WHEREAS**, Interconnection Customer is developing a Generating Facility or making a generating capacity addition to an existing Generating Facility consistent with the Application submitted by Interconnection Customer on \_\_\_\_\_; and

**WHEREAS**, Interconnection Customer desires to Interconnect the Generating Facility with the Company's transmission or distribution system; and

**WHEREAS**, Interconnection Customer has requested the Company to design, engineer, and construct the necessary Company-owned transmission or distribution facilities to Interconnect the proposed Generating Facility with the Company's transmission or distribution system;

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein, the Parties agree as follows:

- 1.0 Definition  
Defined terms used in this Agreement are typically capitalized to indicate to the reader that they are defined. Terms used in this Agreement have the meanings specified in Schedule 80 or 152, or if not defined in Schedules 80 or 152, in the standard Small Generator Interconnection Procedures attached to the Company's Open Access Transmission Tariff.
- 2.0 Design, Engineering, and Construction  
The Interconnection Customer requests and the Company shall conduct the design, engineering, and construction of the Interconnection Facilities that will be owned and operated by the Company.
- 3.0 Scope of Construction  
The scope of the construction shall be subject to the assumptions set forth in Appendix A to this Agreement.
- 4.0 Technical Information  
The construction shall be based on the technical information provided by the Interconnection Customer in the Application, as may be modified as the result of the scoping meeting. The Company reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the engineering or construction. If the Interconnection

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**Attachment "G" Construction Agreement**

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Customer modifies its Application, the time to complete the construction may be extended by agreement of the Parties.

5.0 Responsibility for Design, Engineering, and Construction Costs

The Interconnection Customer shall be responsible for all costs associated with design, engineering, construction, operation, and maintenance of the Interconnection Facilities to be owned and operated by the Company. These costs include, but are not limited to, those associated with future upgrades or modifications required by changes made to the Company Electric System or increased generating capacity of the Interconnection Customer's Generating Facility.

**AS-BUILT DOCUMENTATION DEADLINE**

The final "As-Built" documentation, including, without limitation, all drawings and final "As-Left" relay settings, must be provided by the Interconnection Customer to the Company no later than 90 days after the date of commercial operation. If the Generating Facility is 1 MVA or greater, the final As-Built drawings shall be stamped by a Professional Engineer registered in the State of Washington

6.0 Responsibility for Upgrade and Modification Costs

The Interconnection Customer shall also be responsible for all costs associated with future upgrades or modifications to the Generating Facility or the Interconnection Customer-owned Interconnection Facilities that are made necessary by modifications the Company makes to its transmission or distribution system.

7.0 Deposit

The Interconnection Customer shall pay a deposit equal to 50% of the total estimated cost to design, engineer, and construct facilities within 30 Business Days of the Company's acceptance of the final Application. In addition, the Interconnection Customer shall meet the credit requirements of the Company prior to the start of construction.

8.0 Construction Completion

Barring unusual circumstances, the construction is estimated to be completed within \_\_\_\_\_ Business Days of the Interconnection Customer's agreement and execution of this Agreement and the appropriate Interconnection Agreement and payment of a deposit. The final invoice for construction will be issued after completion of construction.

9.0 Actual Costs

Any charges shall be based on the Company's actual costs and will be invoiced to the Interconnection Customer after the construction is completed.

10.0 Payments in Excess of Deposit

The Interconnection Customer must pay any construction costs that exceed the deposit, without interest, within 15 calendar days after receiving the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Company shall refund such excess within 15 calendar days of the invoice without interest.

11.0 Governing Law, Regulatory Authority, and Rules

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**PUGET SOUND ENERGY**

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**Attachment "G" Construction Agreement**

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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.

**12.0 Amendment**

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

**13.0 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.

**14.0 Waiver**

14.1 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.

14.2 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, or duty of this Agreement. Termination or default of this Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an Interconnection from the Company. Any waiver of this Agreement shall, if requested, be provided in writing.

**15.0 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.

**16.0 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.

**17.0 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.

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**Attachment "G" Construction Agreement**

18.0 Subcontractors

Nothing in this Agreement shall prevent a Party from using the services of any subcontractor it deems appropriate to perform its obligations under this Agreement. 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.

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

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

19.0 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 (e.g., WAC 480-07-910 or WAC 480-07-370). 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 the WUTC in which such modifications, filing or complaint may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the WUTC under the Revised Code of Washington and the WUTC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

**Puget Sound Energy, Inc.**

**[Insert name of Interconnection Customer]**

Signed \_\_\_\_\_

Signed \_\_\_\_\_

Name (Printed):

Name (Printed):

\_\_\_\_\_

\_\_\_\_\_

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Attachment "G" to Schedule 152, Page 5

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PUGET SOUND ENERGY

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Attachment "G" Construction Agreement

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Title \_\_\_\_\_

Title \_\_\_\_\_

Date Signed \_\_\_\_\_

Date Signed \_\_\_\_\_



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Attachment "G" to Schedule 152, Page 6

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**PUGET SOUND ENERGY**

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**Attachment "G" Construction Agreement**

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**Appendix A to  
Construction Agreement**

**Assumptions Used in Engineering and Construction**

The construction will be based upon the information set forth in the Application that includes the Facilities Study and schedule for construction

- 1) Designation of Point of Interconnection.

Item 1) is to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Company.

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WN U-60 Attachment "I" to Schedule 152.

**PUGET SOUND ENERGY**

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**Attachment "J" Interconnection Agreement**

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**SCHEDULE 152 - INTERCONNECTION AGREEMENT TIER 2 and TIER 3**

**Tier 2 and Tier 3 Interconnection Agreement**

**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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**Description and Costs of the Interconnection Facilities, and Metering Equipment**

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This Interconnection Agreement ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, by Puget Sound Energy, Inc. ("PSE" or the "Company") and \_\_\_\_\_ ("Interconnection Customer"), each within this Agreement being sometimes referred to individually as "Party" and referred to collectively as the "Parties."

**PSE Information**

Company Name:  Puget Sound Energy, Inc.   
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City:  Bellevue  State:  WA  Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Interconnection Customer Information**

Interconnection Customer: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Customer Account Number if a PSE Customer: \_\_\_\_\_

Interconnection Customer Application No: \_\_\_\_\_

In consideration of the mutual covenants set forth in this Agreement, the Parties agree as follows:

**Article 1. Scope and Limitations of Agreement**

1.1 Applicability

This Agreement shall be used for all Tier 2 and Tier 3 Interconnection Requests submitted under the provisions of Schedule 152.

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.

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- 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 in accordance with the applicable manufacturers' recommended maintenance schedules, with this Agreement, with 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, Transmission System, and Interconnection Facilities in accordance with this Agreement and with Good Utility Practice.
- 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 Codes and Standards, including, without limitation, Chapter 480-108 WAC. The Interconnection Customer agrees to design, install, maintain, and operate its Generating Facility to reasonably

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minimize the likelihood of a disturbance that adversely affects or impairs 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 owns or subsequently may own unless otherwise specified in the appendices to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair, and condition of their respective lines and supplementary facilities on their respective sides of the Point of Common Coupling (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 appendices to this Agreement.
- 1.5.6 The Company shall coordinate with all Affected Systems to support the Interconnection.
- 1.6 Interconnection Customer Operations Obligations  
Once the Generating Facility has been authorized to commence Parallel Operation, the Interconnection Customer shall follow Good Utility Practice and abide by all Codes and Standards including rules and procedures of the North American Electric Reliability Corporation (NERC), the Western Electricity Coordinating Council (WECC), and the Northwest Power Pool (NWPP) pertaining to the Generating Facility in the applicable transmission control area. These rules and procedures include, but are not limited to 1) the rules and procedures concerning the operation of generation set forth in the Tariff (including as it is revised from time to time) or by the applicable system operator(s) for the Company's Transmission System or Distribution System; and 2) the Operating Requirements set forth in Appendix 4 of this Agreement.
- 1.7 Metering  
All costs associated with meter installation, metering for purposes of selling electricity to the Company, and meter communications shall be paid by the Interconnection Customer. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.
- 1.8 Reactive Power



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- 1.8.1 The Interconnection Customer shall design its Generating Facility to maintain a composite power delivery at a 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 on 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  
Defined terms used in this Agreement are typically capitalized to indicate to the reader that they are defined. Terms used in this Agreement have the meanings indicated in the body of this Agreement or the meanings specified in Schedule 80 or 152. If a term is used exclusively in this Agreement and is not defined in Schedule 80 or 152, then it shall have the meaning specified below.
- 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 officially stated federal, state, and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, judicial or administrative orders, permits, and other duly authorized actions of any Governmental Authority that apply to this Agreement.
- Business Day – Monday through Friday, excluding state and Federal holidays.
- Company or PSE – Puget Sound Energy, Inc.

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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 that 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, including, but not limited to, protection equipment, relays and communication equipment, at or beyond the Company's side of the Point of Interconnection to enable Interconnection of the Generating Facility.

Electric System – all electrical wires, equipment, and other facilities owned by the Company and used to transmit electricity to Customers.

Emergency Conditions – a condition or situation that (1) in the judgment of the Party making the claim is imminently likely to endanger life or property; (2) 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) 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.

Generating Facility – an electrical generating facility owned, or the electrical output of which generating facility is owned, by the Interconnection Customer and is located on the Interconnection Customer's side of the Point of Common Coupling, together with ancillary and appurtenant facilities, including Interconnection Customer-owned Interconnection Facilities, that is the subject of an Interconnection request by the Interconnection Customer.

Good Utility Practice – (a) any of the practices, methods, and acts that when engaged in are commonly used in prudent electric utility engineering and operations during the relevant time period to operate and maintain electric equipment lawfully and with safety,

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reliability, efficiency, and expedition; or (b) if no such practices, methods, and acts exist, then those practices, methods, and acts that, in the exercise of reasonable judgment considering the facts known when engaged in, could have been expected to achieve the desired result consistent with applicable law, safety, reliability, efficiency, 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 a spectrum of possible practices, methods, or acts.

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 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. This term does not include the Interconnection Customer, the Company, or any affiliate thereof.

Interconnection Customer – the entity that proposes to Interconnect, or has executed an Interconnection Agreement with the Company. The Interconnection Customer must:

- Own a Generating Facility Interconnected or proposed to be Interconnected to the PSE Electric System; or
- Be a Customer-Generator (as defined in Schedule 150 of this tariff) of net-metered facilities.

The Interconnection Customer is responsible for the Generating Facility, and may assign to another party responsibility for compliance with the requirements of the Agreement and WAC 480-108 only with the express written permission of the Company.

Interconnection Facilities – the electrical wires, switches, and other equipment owned by either the Company or the Interconnection Customer and used to Interconnect a Generating Facility to the Company's existing Electric System. Interconnection Facilities are located between the Generating Facility and the Point of Interconnection. Interconnection Facilities do not include extension of the Company's Electric System to a PCC requested by the Interconnection Customer or required by the Company.

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Interconnection Request – the Interconnection Customer's request, in accordance with the Schedule 152 through an Application in the form of Attachment I or J to Schedule 152 (1) to interconnect a new Generating Facility, or (2) 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 significantly affects the cost or timing of any other Interconnection Request later in the queue.

Network Upgrades – additions, modifications, and upgrades to the Company's Transmission System that are 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 include protection equipment (including relays and interconnecting communication equipment). 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, balancing authority area, Chapter 480-108 WAC, or that are set forth or referred to in this Agreement.

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

Reasonable Efforts – efforts by a Party 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.

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 System – the facilities owned, controlled, or operated by the Company that are designed to transmit 50,000 volts or more and to which the Generating Facilities are Interconnected.

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

WUTC – the Washington Utilities and Transportation Commission or its successor.

**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 10 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 with a written test report when such testing and inspection is completed.

2.1.2 The Company shall provide the Interconnection Customer with written 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 Appendix 4 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

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with the Interconnection Customer to commence Parallel Operations by the in-service date.

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 after 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.

2.3.2 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. The Interconnection Customer shall be responsible for all costs related to its own Generating Facility or Interconnection Facilities.

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

3.1 Effective Date

This Agreement shall become effective upon the latest date of execution by both Parties, as indicated by the date following the signature of each Party.

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**SCHEDULE 152 - INTERCONNECTION AGREEMENT****3.2 Term of Agreement**

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of 10 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 effect such disconnection shall be borne by the Interconnection Customer, unless such termination resulted from the Company's Default or the Company is otherwise 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 Temporary Disconnection**

Temporary disconnection with reasonable advance notice 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 electric service.

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- 3.4.1 Emergency Conditions -- Under Emergency Conditions, the Company may immediately suspend Interconnection service and temporarily disconnect the Interconnection Customer's Generating Facility.
- 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 notice five Business Days prior to such interruption. The Company shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.
- 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.
- 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 PSE 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 Days of 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.



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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. Interconnection Customers with a Generating Facility greater than 2 MW must call the Company's System Operation office prior to reconnection.

**Article 4. Cost Responsibility****4.1 Interconnection Facilities**

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Appendix 1 of this Agreement. The Company shall provide to the Interconnection Customer 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, and replacing its own Interconnection Facilities; and (2) operating, maintaining, and replacing the Company's Interconnection Facilities dedicated to the Interconnection Customer's use; and (3) any costs associated with any future upgrade or modification to the Interconnection Customer's Interconnected system required by modifications in the Company's Electric System.

**4.2 Distribution Upgrades**

The Company shall design, procure, construct, install, and own the Distribution Upgrades described in Appendix 5 of this Agreement. If the Company and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that

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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.

**4.3 Commissioning, Startup, Operation**

The Interconnection Customer shall be responsible for all costs related to the Company's observation of the commissioning, startup, and operation.

**Article 5. Cost Responsibility for Network Upgrades****5.1 Applicability**

This article 5 shall apply only if 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 Appendix 5 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 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 in this Agreement shall be construed as relinquishing or foreclosing any rights 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, any transmission capacity created by the Network Upgrades. These rights include but are not limited to: firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, 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**

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- 6.1.1 After the Company delivers the results of each study and completes the design, engineering, procurement, and construction, the Company shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement. The Interconnection Customer shall pay each bill as described in Schedule 80, Section 14, of this tariff.
- 6.1.2 Within three months of completing the construction and installation of the Company's Interconnection Facilities and/or Upgrades described in the appendices to this Agreement, the Company shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous deposit(s) 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 15 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 15 calendar days of the final accounting report.
- 6.2 Milestones  
The Parties shall agree on milestones for which each Party is responsible and list them in Appendix 3 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) request appropriate amendments to Appendix 3. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone that 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 Financial Security Arrangements

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At the time of execution of the Interconnection Agreement, the Interconnection Customer must pay 50% of the estimated costs to complete the Interconnection. If the Interconnection Customer fails to meet the credit requirements of the Company, the Interconnection Customer shall provide the Company a guarantee, 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 remaining 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, (1) the guarantee must be made by an entity that meets the creditworthiness requirements of the Company, must be in a form acceptable to the Company, and must 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, and (2) the letter of credit or surety bond must be issued by a financial institution or insurer that has offices in the State of Washington and is reasonably acceptable to the Company, must be in a form acceptable to the Company, and must specify a reasonable expiration date no sooner than one year following the expected date of completion of Interconnection.

**Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default****7.1 Assignment**

This Agreement may be assigned by either Party with 15 Business Days' prior written notice and the 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 that has (1) a credit rating equal to or greater than the assigning Party, and (2) the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the assigning Party promptly notifies the other Party 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 promptly notifies the Company of any such assignment

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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, because of being assigned. 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 article 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 Limitation of Liability

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 Indemnity

7.3.1 This article 7.3 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), demands, 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

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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 to assume the defense of such claim after notice and reasonable opportunity to proceed under this article, the indemnified person may contest, settle, pay in full, or consent to the entry of any judgment with respect to such claim at the expense of the indemnifying Party.
- 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, minus the payment of any insurance or other recovery fees.
- 7.3.5 Promptly after an indemnified person receives any claim or notice of the commencement of any action, administrative or legal proceeding, or investigation regarding an indemnity to which this article may apply, the indemnified person shall notify the indemnifying Party of such claim or notice. 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

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, or 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. Damages for which one Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages under this article.

7.5 Force Majeure

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- 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, act of terror, 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.
- 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 notify the defaulting Party in writing about the Default. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days after receiving the Default notice to cure such Default. If such Default is not capable of being cured 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 after receiving the Default

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notice. 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 in this provision, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until a cure occurs, and shall be relieved of any further obligation under this Agreement, whether or not that Party terminates this Agreement. The non-defaulting Party shall also have the right to recover from the defaulting Party all amounts due, 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 Maintained by Interconnection Customer**

For Generating Facilities of 100 kW or more, the Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the Interconnection undertaken in carrying out 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 shall obtain additional insurance only if necessary as a function of owning and operating 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 and no later than 10 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



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with the Company's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Company's liabilities undertaken according 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 not disclose it to any third party or 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

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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 according to WAC 480-07-160.

**Article 10. Disputes**

Disputes that arise under this Agreement shall be addressed in accordance with Chapter 480-07 WAC Part 1, Part III Subpart A or Subpart D, or Part IV, as the same may be changed from time to time.

**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 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.

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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 assumed under this Agreement 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, or duty of this Agreement. Termination or default of this Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal 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 appendices hereto, constitutes the entire agreement between the Parties with reference to the subject matter within this Agreement and supersedes all prior and contemporaneous understandings and 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 that constitute any part

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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 as far 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 Security Arrangements**

Infrastructure security of PSE 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**

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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, that such Party shall make 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 using the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement. 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. 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 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 a subcontractor's insurance.

**12.12 Reservation of Rights**

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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. 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 (e.g., WAC 480-07-910 or WAC 480-07-370). 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 the 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 a recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

To the Interconnection Customer:

Interconnection Customer: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

To the Company:

Company: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

**13.2 Billing and Payment**

Billings and payments shall be sent to the addresses set out below:

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To the Interconnection Customer:

Interconnection Customer: \_\_\_\_\_

Attention: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

To the Company:

Company: \_\_\_\_\_

Attention: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile, or e-mail to the telephone numbers and e-mail addresses set out below:

To the Interconnection Customer:

Interconnection Customer: \_\_\_\_\_

Attention: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

To the Company:

Company: \_\_\_\_\_

Attention: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

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13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications that may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ 24/7 Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

Company's Operating Representative:

Company: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

13.5 Changes to the Notice Information

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

13.6 Incorporation of WAC Provisions

If the Generating Facility qualifies for Tier 2 Interconnection, the provisions of Chapter 480-108 WAC, applicable to a Tier 2 Generating Facility, are hereby incorporated into this Agreement as if fully set forth herein.



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If the Generating Facility qualifies for Tier 3 Interconnection, the provisions of Chapter 480-108 WAC, applicable to a Tier 3 Generating Facility, are hereby incorporated into this Agreement as if fully set forth herein.

**Article 14. Signatures**

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

For the Company

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

For the Interconnection Customer

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**SCHEDULE 152 - INTERCONNECTION AGREEMENT**

Appendix 1 to  
Interconnection Agreement

**Description and Costs of the Interconnection Facilities, and Metering Equipment**

This Appendix 1 shall list 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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Appendix 2 to  
Interconnection Agreement

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

The Interconnection Customer shall provide a one-line diagram of the Generating Facility and any Interconnection Facilities that will be owned by the Interconnection Customer. The Company will complete this Appendix with Company Interconnection Facilities, System Upgrades and metering equipment.

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Appendix 3 to  
Interconnection Agreement

**Milestones**

Proposed In-Service Date: \_\_\_\_\_

Critical milestones and responsibility as agreed to by the Parties:

	<b>Milestone/Date</b>	<b>Responsible Party</b>
(1)	_____	_____
(2)	_____	_____
(3)	_____	_____
(4)	_____	_____
(5)	_____	_____
(6)	_____	_____
(7)	_____	_____
(8)	_____	_____
(9)	_____	_____
(10)	_____	_____

The Company shall complete the above portion and sign below.

Agreed to by:

For the Company \_\_\_\_\_ Date \_\_\_\_\_

For the Interconnection Customer \_\_\_\_\_ Date \_\_\_\_\_

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**Appendix 4 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 complete this Appendix and 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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**SCHEDULE 152 - INTERCONNECTION AGREEMENT**

**Appendix 5 to  
Interconnection Agreement**

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

The Company shall complete this Appendix by describing Upgrades and providing an itemized best estimate of the Interconnection Customer's cost, including overheads, of the Upgrades. The estimate shall include annual operation and maintenance expenses associated with facilities dedicated to the Interconnection Customer's use. The Company shall classify the costs as either distribution-related or transmission-related.