

Exhibit C
**Copies of All Contracts Related to the
Sale of the Electron Project**

**REDACTED
VERSION**

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this “**Agreement**”) dated as of May 30, 2013 (the “**Effective Date**”), is made and entered into by and between ELECTRON HYDRO, LLC, a Delaware limited liability company (“**Buyer**”), and PUGET SOUND ENERGY, INC., a Washington corporation (“**Seller**”). Buyer and Seller are referred to herein each individually as a “**Party**”, and collectively as the “**Parties**”.

RECITALS

A. Seller owns that certain hydroelectric facility located in Pierce County, Washington with a nameplate generating capacity of 25.8 megawatts commonly known as the Electron Hydroelectric Facility, as more specifically described in Exhibit A-5 (the “**Electron Facility**”).

B. Seller desires to sell, and Buyer desires to purchase, the Electron Facility on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1

PURCHASE AND SALE

1.1 Purchase and Sale of Assets. Except for the Excluded Assets, on and subject to the terms and conditions of this Agreement, on the Closing Date, Buyer agrees to purchase from Seller, and Seller agrees to sell, transfer, convey, assign and deliver to Buyer, all of Seller’s right, title and interest in and to the Electron Facility and all properties, assets, rights and claims exclusively used by Seller in the operation of the Electron Facility, free and clear of all Encumbrances, other than Permitted Exceptions as defined in Section 3.1.1 (collectively, the “**Transferred Assets**”), including (without limitation) the following assets:

1.1.1 the real property described on Exhibit A-1 (the “**Real Property**”), including the appurtenant water rights generally described in Exhibit A-2 (collectively, the “**Water Rights**”), the Neisson Creek Water Right (as that term is defined in Exhibit A-2) and the road interests generally described on Exhibit A-3 (the “**Road Interests**”);

1.1.2 the buildings, fixtures, landscaping and other improvements upon and attached to the Real Property (the “**Improvements**”);

1.1.3 to the extent not included as part of the Real Property or the Improvements, the Electron Facility itself, as well as buildings, fixtures and other improvements upon and associated with the Electron Facility;

1.1.4 all tangible property located at, in or on the Electron Facility, including all of the machinery, equipment, tooling, supplies, inventory, and furniture (collectively, the “**Personal Property**”);

1.1.5 the vehicles, trailers and other rolling stock listed on the attached Exhibit B (collectively, the “**Fleet Vehicles**”);

1.1.6 the agreements, contracts, use permits and other similar arrangements listed on Exhibit C-1, and all rights thereunder (collectively, the “**Contracts**”);

1.1.7 all approvals, permits, licenses, orders, registrations, certificates, variances, and similar rights obtained from governments and governmental agencies (collectively, the “**Permits**”), listed on Exhibit C-2;

1.1.8 Seller’s FCC authority to operate the radio facilities on frequencies 451.250 MHz and 456.250 MHz at “Location 1” and “Location 2” as currently specified on the license for FCC Call Sign WNRJ531 (the “**FCC License**”);

1.1.9 the 115kv line generally shown on Exhibit D (the “**Facility Line**”); and

1.1.10 all books, records, ledgers, files, documents, correspondence, lists, plats, architectural plans, drawings, and specifications, studies, reports, and other printed or written materials in Seller’s possession related primarily to the Electron Facility (the “**Books and Records**”), all general intangibles relating primarily to the design, development, operation and use of the Electron Facility, and all goodwill related to the Electron Facility.

1.2 Excluded Property. The Transferred Assets do not include, and Buyer will have no, right, title or interest in and to the Seller Retained Property (defined in Section 3.3.1), or assets of Seller or its affiliates described in Exhibit E (the “**Excluded Assets**”). Without limiting the generality of the foregoing and for avoidance of doubt, Seller or its affiliates are retaining, and nothing in this Agreement or any instrument made in connection herewith will be construed as assigning or conveying, any right, title or interest in and to any of the Excluded Assets.

1.3 Transfer of Certain Liabilities to Buyer. On the Closing Date, Buyer will assume the following liabilities and obligations of Seller: (1) all continuing liabilities and obligations of Seller under the transferred Contracts, Permits, Water Rights and FCC License; (2) all liabilities and obligations set forth on Exhibit F; (3) liabilities relating to the Transferred Assets or arising out of the operation or ownership of the Transferred Assets after the Closing Date; (4) any Taxes allocated to Buyer pursuant to Article 5; and (5) any and all transaction expenses incurred by Buyer or any of its Affiliates in connection with this Agreement and the transactions contemplated hereby (collectively, the “**Assumed Liabilities**”). For the avoidance of doubt, Buyer shall not assume or otherwise become responsible for any liabilities arising from or related to the Transferred Assets other than the Assumed Liabilities, including (without limitation) the following liabilities (collectively, “**Excluded Liabilities**”): (a) any Indebtedness of Seller or any of its Affiliates; (b) any liabilities to the extent arising out of or relating to an Excluded Asset; (c) any liabilities to the extent arising from the conduct of any business of the Seller or its Affiliates; (d) liabilities relating to the Transferred Assets or arising out of the operation or ownership of the Transferred Assets prior to or on the Closing Date; (e) liabilities relating to or arising out of the employment of Seller’s employees, or the employment or termination of the Buyer Employees by Seller prior to or on the Closing Date; (f) any liabilities or obligations pursuant to any labor relations agreement, including but not limited to the Collective Bargaining Agreement between International Brotherhood of Electrical Workers Local Union No. 77 and Puget Sound Energy, September 1, 2010 through March 31, 2014; (g) any liabilities for any unfair labor practices of Seller; (h) any Taxes allocated to the Seller and its Affiliates pursuant to Article 5; and (i) any and all transaction expenses incurred by Seller or any of its Affiliates in connection with this Agreement and the transactions contemplated hereby.

ARTICLE 2

PURCHASE PRICE; EARNEST MONEY

2.1 Purchase Price. The total purchase price (the “**Purchase Price**”) for the Transferred Assets is Thirteen Million Seven Hundred Thousand Dollars (\$13,700,000.00).

2.2 Earnest Money. Within two (2) business days of the Effective Date, Buyer will deliver to First American Title Insurance Company (the “**Title Company**”) the amount of One Million Two Hundred Thousand Dollars (\$1,200,000) (the “**Earnest Money**”). The Earnest Money will be held by the designated escrow agent in a federally insured interest-bearing escrow account acceptable to Seller and will be disbursed in accordance with this Agreement. The Earnest Money will be applied to the Purchase Price and is nonrefundable after ninety (90) days from the Effective Date, absent (a) Seller’s default in or inability to perform the transactions contemplated hereunder or (b) termination of this Agreement pursuant to ARTICLE 12 (except as provided for in Section 12.2). **IN THE EVENT BUYER FAILS, WITHOUT LEGAL EXCUSE, TO COMPLETE THE PURCHASE OF THE TRANSFERRED ASSETS, THE EARNEST MONEY WILL BE FORFEITED TO SELLER AS LIQUIDATED DAMAGES AS THE SOLE AND EXCLUSIVE REMEDY AVAILABLE TO SELLER.** Seller and Buyer agree that the liquidated damages represent a reasonable sum considering all of the circumstances existing on the date of this Agreement and represent a reasonable estimate of the losses that Seller will incur if Buyer fails to purchase the Transferred Assets.

2.3 Allocation. Buyer and Seller shall allocate the Purchase Price (including, for the avoidance of doubt, the Assumed Liabilities to the extent treated as “amount realized” for U.S. federal income tax purposes) among the Transferred Assets in accordance with the attached Schedule 2 (the “**Purchase Price Allocation**”). Buyer, Seller and their Affiliate shall file all Tax Returns (including, but not limited to Internal Revenue Service Form 8594) in all respects and for all purposes consistent with such Purchase Price Allocation and shall not take any position (whether in audits, Tax Returns or otherwise) that is inconsistent with such Purchase Price Allocation unless otherwise required to do so by applicable law.

2.4 Withholding. To the extent that any taxes may be required to be deducted or withheld under any applicable provision of federal, state, local, or non-U.S. Tax law or under any applicable law, Buyer shall be entitled to deduct and withhold such taxes from any consideration payable or otherwise deliverable in connection with the transactions contemplated by this Agreement. To the extent such amounts are so deducted or withheld and properly remitted to the appropriate taxing authority, such amounts shall be treated for all purposes under this Agreement as having been paid to the person to whom such amounts would otherwise have been paid.

ARTICLE 3

TITLE INSURANCE; REAL PROPERTY SEPARATION; EASEMENTS

3.1 Title Insurance.

3.1.1 The Title Company has provided Buyer and Seller with (i) a preliminary commitment, and (ii) a copy of all documents and exceptions referenced in the preliminary commitment pertaining to the Transferred Assets (collectively, the “**Title Report**”). Seller has also provided Buyer with notification of any Encumbrances or potential Encumbrances that are both (A) not reflected in the Title Report and (B) within Seller’s Knowledge. The following Encumbrances shall be deemed accepted by Buyer: (a) any Encumbrance for Taxes not yet due and payable; (b)

zoning, planning, and other similar limitations and restrictions, and all rights of any governmental authority to regulate any property that do not, in the aggregate, materially detract from the value of the affected portion of the Transferred Assets; (c) any Encumbrances created by or through Buyer; and (d) any Encumbrance that Buyer has accepted by giving written notice of such acceptance to Seller (collectively, “**Permitted Exceptions**”).

3.1.2 Buyer will give written notice to Seller of any Encumbrances in Seller’s title to the Transferred Assets to which it objects on or before the date which is forty-five (45) calendar days from the Effective Date (“**Title Objection Deadline**”). Any Encumbrances not objected to by Buyer by the Title Objection Deadline shall be deemed Permitted Exceptions. Seller shall have fifteen (15) calendar days after Seller’s receipt of Buyer’s notice of title objections to notify Buyer of which Encumbrances Seller will cure. Failure by Seller to provide such notice within the timeframe provided shall be deemed Seller’s election not to cure such objected-to Encumbrances. In the event Seller elects not to cure such objected-to Encumbrances, Buyer may, within fifteen (15) calendar days after either receipt of Seller’s notice of its election regarding Encumbrances, or expiration of Seller’s fifteen (15) calendar day response period: (A) elect, by written notice to Seller, to accept such Encumbrances as Seller declines to cure (which Encumbrances will thereafter be deemed Permitted Exceptions); or (B) elect to terminate this Agreement. Without limiting the foregoing, Seller may, with Buyer’s written consent, extend Closing for a period not to exceed thirty (30) calendar days to remove or obtain an endorsement with respect to any Encumbrance that Seller elects to cure. On the Closing Date, Seller shall convey the Transferred Assets to Buyer free and clear of all Encumbrances except the Permitted Exceptions.

3.1.3 If additional Encumbrances are disclosed in a supplemental title report, Buyer and Seller will review and respond to such Encumbrances in accordance with the provisions of subsections 3.1.1 and 3.1.2 hereof, except that Buyer shall have seven (7) calendar days to provide any objections to Encumbrances disclosed in the supplemental title report, and Seller shall have seven (7) calendar days to indicate whether it intends to cure the objected-to Encumbrances. Buyer shall thereafter have seven (7) calendar days after either receipt of Seller’s notice of its election regarding Encumbrances, or expiration of Seller’s seven (7) calendar day response period, to elect: (A) by written notice to Seller, to accept such Encumbrances as Seller declines to cure (which Encumbrances will thereafter be deemed Permitted Exceptions); or (B) to terminate this Agreement.

3.1.4 In addition, Buyer, at its own expense, may elect to have an ALTA survey prepared within forty-five (45) days from the Effective Date. Buyer and Seller will review and respond to any ALTA survey in accordance with the provisions of subsections 3.1.1 and 3.1.2 hereof.

3.2 [Reserved]

3.3 Real Property Separation; Seller and Buyer Easements.

3.3.1 Seller shall complete all boundary line adjustments and/or such other processes, and obtain all applicable government and/or regulatory authority consents and approvals (collectively, the “**Real Property Separation**”) as are required so that each of the Real Property and the property to be retained by Seller (the “**Seller Retained Property**”) constitute legally conveyable parcels. The Seller Retained Property is described on Exhibit A-4. Final boundary lines of the Seller Retained Property shall be determined in the Real Property Separation, which shall be subject to the mutual agreement of both Parties prior to being finalized.

3.3.2 Within sixty (60) days from the Effective Date, Seller and Buyer shall agree upon (A) the form of the easement agreement (collectively, the “**Seller Easement Agreements**”) for the blanket easements to be retained by Seller for (i) construction, maintenance, removal, repair and/or replacement of existing and future Seller infrastructure and equipment; and (ii) access to the Seller Retained Property from a public right of way or private easement area (collectively, the “**Seller Easements**”); and (B) the form of the easement agreement (collectively, the “**Buyer Easement Agreements**”) for Buyer’s easements over the Seller Retained Property for operation of the Electron Facility, including, without limitation, maintaining existing electrical and communications lines, installing new electrical and communications lines, road access, storage of dry materials, and other activities required for the repowering and maintenance of the Electron Facility, subject to certain limitations as set forth in Section 9.3.1 (collectively, the “**Buyer Easements**”). Such forms shall include estimated width and location of each of the Seller Easements and Buyer Easements, if applicable, and as may be reasonably modified upon Seller’s survey work as part of the Real Property Separation, subject to the mutual agreement of both Parties prior to any such modifications being finalized.

ARTICLE 4

CLOSING; CONDITIONS TO CLOSING; DELIVERIES

4.1 Time and Place of Closing. Unless this Agreement shall have been terminated in accordance with ARTICLE 12, the closing of the transactions contemplated by this Agreement (the “**Closing**”) will take place at the offices of legal counsel to Seller, Riddell Williams P.S., 1001 Fourth Avenue, Suite 4500, Seattle, WA 98154, on a date and at a time to be agreed upon by Seller and Buyer, which date shall be no later than the tenth (10th) business day after the satisfaction or waiver of the last to be satisfied of the conditions set forth in Section 4.2 (excluding conditions that by their terms are to be satisfied on the Closing Date, but subject to the satisfaction or waiver of such conditions), or at such other location, date and time as Seller and Buyer shall mutually agree upon in writing.

4.2 Conditions to Closing. Closing is subject to the fulfillment of each of the following conditions (all or any of which may be waived in whole or in part by the mutual agreement of the Parties in their respective sole discretion):

4.2.1 Seller has obtained the approval of the State of Washington Utilities and Transportation Commission (“**WUTC**”), and the Seller and the Buyer have obtained the approval of the Federal Energy Regulatory Commission (“**FERC**”), to Seller’s sale of the Transferred Assets on terms reasonably satisfactory to Seller and Buyer;

4.2.2 (i) Buyer has executed a Renewable Resource Agreement (“**RRA**”) with the Puyallup Tribe (the “**Tribe**”), in form and substance satisfactory to Buyer in its sole discretion; and (ii) Seller has received the consent of the Tribe to the termination of the current Resource Enhancement Agreement between Seller and the Tribe;

4.2.3 Buyer and Seller have executed a Power Purchase Agreement, the form of which is attached hereto as Exhibit I (the “**PPA**”), and approval of the PPA by the WUTC, if applicable, shall have been received;

4.2.4 The Federal Communications Commission has accepted the FCC Application for Assignments of Authorization relating to the transfer of the FCC License to Buyer, without new limitations or conditions that would adversely impact operation of the Electron Facility, in Buyer’s sole discretion;

4.2.5 The Title Company is irrevocably committed to issue to Buyer an Owner's ALTA Standard Form (or, if Buyer elects to have an ALTA survey prepared pursuant to Section 3.1.3, then an Owner's ALTA Extended Form) Policy of Title Insurance (the "**Title Policy**") for the Real Property and Buyer Easements, subject only to the Permitted Exceptions;

4.2.6 Seller has completed the Real Property Separation;

4.2.7 Seller has completed all survey work necessary for the Seller Easements and the Buyer Easements;

4.2.8 Seller has received the written consent of the applicable counterparty to the assignment to Buyer of each of the Contracts and Permits identified on Exhibit C-1 and Exhibit C-2;

4.2.9 The Transferred Assets have been released from the lien and security interest created under that certain First Mortgage dated as of June 2, 1924 from Puget Sound Power & Light Company, as supplemented and amended, and all other Encumbrances, except for Permitted Exceptions;

4.2.10 Seller has taken such steps as are necessary to release the Personal Property and Fleet Vehicles from its internal accounting procedures;

4.2.11 The Parties have agreed to a transition plan ("**Transition Plan**"), which describes, among other things: (i) how the Seller will disconnect the Electron Facility from its internal communication and computer systems, including the removal of any equipment that is an Excluded Asset; (ii) steps necessary to ensure full operation of Seller's infrastructure remaining on the Seller Retained Property; and (iii) proposed timeframes for all transition-related activities, some of which the Parties acknowledge will occur after Closing;

4.2.12 There will not be in effect, pending or threatened on the Closing Date any order or law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement;

4.2.13 No Material Adverse Effect shall have occurred;

4.2.14 The Parties have agreed on an initial work plan for activities that, to Buyer's Knowledge, it will need to engage in on the Seller Retained Property, subject to the requirements and limitations of Section 9.3.1;

4.2.15 The Parties have agreed to the portions of the Real Property in which Buyer shall be deemed to have notice of potential Pre-Existing Releases (collectively, "**Known Pre-Existing Release Zones**") for purposes of determining whether Buyer's activities in such Known Pre-Existing Release Zones could expose Buyer to liability for exacerbating known Pre-Existing Releases in accordance with Section 9.3.3(d), and a list and map of such Known Pre-Existing Release Zones have been attached as Exhibit N;

4.2.16 The Parties have agreed on an initial work plan for activities that, to Buyer's Knowledge, it will need to engage in within the Known Pre-Existing Release Zones, subject to the requirements and limitations of Section 9.3.3(d);

4.2.17 Seller has completed the removal from the Real Property of certain materials that may constitute and/or contain Pre-Existing Releases in compliance with that certain

Access Permit between John Hancock Life & Health Insurance Company, acting through its limited agent Hancock Forest Management Inc. (“**Hancock**”), and Seller, dated November 2, 2011;

4.2.18 The Parties have agreed to a one hundred fifty-five dollar (\$155.00) per month lease relating to that certain microwave tower owned by Seller and installed on the Seller Retained Property (“**Microwave Tower**”), which lease shall provide for the placement of the Electron Facility’s radio antenna;

4.2.19 Assignment to Buyer of, or execution of a new easement to replace, that certain Easement between Champion International Corporation and Puget Sound Power & Light Company, dated as of November 20, 1985;

4.2.20 Hancock and Buyer have executed: (i) an easement, in form and substance satisfactory to the Buyer, sufficient for the Buyer to access certain facilities required pursuant to the RRA; and (ii) a boundary line agreement addressing portions of the Electron Facility’s flume that may cross property boundary lines;

4.2.21 The representations and warranties set forth in Article 7 shall be true and correct in all material respects as of the Effective Date and the Closing Date; and

4.2.22 Seller has delivered the items set forth in Section 4.3 to Buyer, and Buyer has delivered the items set forth in Section 4.4 to Seller; provided, that each Party may, in its sole discretion, waive the delivery of any item(s) to be delivered by the other Party.

4.3 Seller’s Deliveries at Closing. At Closing, Seller will deliver to Buyer the following items:

4.3.1 an original bargain and sale deed substantially in the form set forth in Exhibit G-1 for the Real Property and the Water Rights, duly executed and acknowledged by Seller (the “**B&S Deeds**”);

4.3.2 an original Quit Claim Deed substantially in the form set forth in Exhibit G-2, duly executed by and acknowledged by Seller, for any gaps between the parcels, if any, as shown through the Real Property Separation or other survey work, for any real property interests in the Neisson Creek Water Right, and for Seller’s real property interests in the Road Interests (collectively, the “**QC Deeds**”; together with the B&S Deeds, the “**Deeds**”);

4.3.3 the Books and Records, including, without limitation, copies of any surveys and other records in the possession of Seller that may be useful (as reasonably determined by the Parties) for the management of the Transferred Assets;

4.3.4 the original of the Non-Foreign Affidavit, substantially in the form set forth in Exhibit H, duly executed and acknowledged by Seller;

4.3.5 original counterparts of all necessary State of Washington real estate excise Tax and use Tax affidavits for the transfer of the Real Property, Personal Property and Fleet Vehicles, duly executed and acknowledged by Seller;

4.3.6 An original of the PPA, duly executed by Seller;

4.3.7 An original Large Generator Interconnection Agreement in substantially the form attached hereto as Exhibit J, duly executed by Seller (the “**LGIA**”);

4.3.8 an original assignment and assumption agreement in substantially the form attached hereto as Exhibit K, duly executed by Seller (the “**Assignment and Assumption Agreement**”);

4.3.9 an original bill of sale in substantially the form attached hereto as Exhibit L, duly executed by Seller (“**Bill of Sale**”);

4.3.10 an original of each of the Seller Easement Agreements, duly executed and acknowledged by Seller;

4.3.11 an original of each of the Buyer Easement Agreements, duly executed and acknowledged by Seller;

4.3.12 a copy of that certain Road and Utility Easement Agreement, dated October 31, 2007, by and between 730 Texas Timberlands II, Ltd. and Seller, which Seller will record in the real property records;

4.3.13 endorsed certificates of title for any titled vehicles listed on Exhibit B; and

4.3.14 any other documents required by this Agreement to be delivered by Seller.

4.4 Buyer’s Deliveries at Closing. At Closing, Buyer will deliver to Seller the following items:

4.4.1 an original of each of the Seller Easement Agreements, duly executed and acknowledged by Buyer;

4.4.2 an original of each of the Buyer Easement Agreements, duly executed and acknowledged by Buyer;

4.4.3 original counterparts of all necessary State of Washington real estate Tax and use Tax affidavits for the transfer of the Real Property, Personal Property and Fleet Vehicles, duly executed and acknowledged by Buyer;

4.4.4 an original of the PPA, duly executed by Buyer;

4.4.5 an original of the LGIA, duly executed by Buyer;

4.4.6 an original of the Assignment and Assumption Agreement, duly executed by Buyer;

4.4.7 any other documents required by this Agreement to be delivered by Buyer; and

4.4.8 the balance of the Purchase Price in immediately available funds.

ARTICLE 5

PRORATIONS AND CLOSING COSTS

5.1 Prorations. Real property and personal property ad valorem Taxes, and any similar Taxes imposed by any jurisdiction in Washington State, assessed with respect to the year of Closing for the Transferred Assets will be prorated as of the Closing Date, based upon the actual days involved. Seller will be responsible for and pay all such ad valorem Taxes and expenses prorated for any period prior to and on the Closing Date, and Buyer will be responsible for and pay all such ad valorem Taxes and expenses prorated for any period after the Closing Date. To the extent that the amounts of such charges are unavailable on the Closing Date, or in the event prorations were incorrect because of erroneous information, clerical errors or because of reassessment by the applicable governmental or regulatory authority, or if there is a Tax charge to the incorrect Party due to processing delay or error by the applicable governmental or regulatory authority, a readjustment of these items will be made and reimbursements, if any, will be paid within thirty (30) calendar days after the Closing Date or as soon as practical after any reassessment, or the discovery of any erroneous information, clerical error, or delay. In the event either Party pays any real property or personal property ad valorem Taxes for the Transferred Assets that are allocable to the other Party under this Section 5.1, such other Party will reimburse the paying Party for such amounts within thirty (30) calendar days of the paying Party's request for the same, which shall include the applicable Tax statement or documentation supporting such reimbursement.

5.2 Buyer's Closing Costs. Buyer will pay (i) one-half of the Title Company's fees; (ii) one-half of the applicable sales and use Tax, and any similar Taxes imposed by any jurisdiction in Washington State, on any of the Personal Property or Fleet Vehicles that may be included in the transaction; (iii) the extended coverage portion of the title insurance premium, if any, and the costs of any additional surveys needed for such extended coverage; (iv) the costs related to any title endorsements that Buyer may desire, and all costs associated with any mortgagee policy; (v) the costs associated with any survey requested by Buyer that is in addition to the survey work for the Real Property Separation, the Seller Easements and the Buyer Easements; (vi) one-half of the State of Washington excise Tax, and any similar Taxes imposed by any jurisdiction in Washington State, due upon the conveyance of the Real Property; (vii) recording fees relating to the recording of the Deeds, conveyance instruments or other documents; and (viii) one-half of any filing fees related to FERC, WUTC or FCC approvals for the sale of the Transferred Assets. Buyer is responsible for its own legal fees, expenses and costs incurred by Buyer in the consummation of the transactions contemplated herein.

5.3 Seller's Closing Costs. Seller will pay (i) the premium for the standard form of the Title Policy; (ii) one-half of the Title Company's fees; (iii) one-half of the applicable sales and use Tax, and any similar Taxes imposed by any jurisdiction in Washington State, on any of the Personal Property or Fleet Vehicles that may be included in the transaction; (iv) one-half of the State of Washington excise Tax, and any similar Taxes imposed by any jurisdiction in Washington State, due upon the conveyance of the Real Property; (v) the costs of the Real Property Separation; (vi) costs associated with any survey work for the Seller Easements and the Buyer Easements; (vii) one-half of any filing fees related to FERC, WUTC or FCC approvals for the sale of the Transferred Assets; and (viii) any general or special assessments relating to the Transferred Assets up to Closing, together with any compensatory or roll back Taxes, interest and penalties on any portion of the Real Property arising from a termination of a preferential tax classification of all or any portion of the Real Property as a result of its conveyance. Seller is responsible for its own legal fees, expenses and costs incurred by Seller in the consummation of the transactions contemplated herein.

5.4 Other Taxes. With respect to all Taxes not described in Sections 5.1, 5.2, or 5.3 (including Taxes computed on the basis on income) relating to the ownership or operation of the

Transferred Assets, Seller shall be responsible for all such Taxes for taxable periods or portions thereof ending before or on the Closing Date and Buyer shall be responsible for all other such Taxes, it being understood that for any taxable period that begins before or on the Closing Date and ends after the Closing Date, such taxable period shall be treated as if it consisted of two (2) taxable years or periods, one which ended at the close of the Closing Date and the other which began at the beginning of the day following the Closing Date.

ARTICLE 6

AS IS, WHERE IS; LIMITATION ON LIABILITIES

6.1 As Is, Where Is. Buyer acknowledges and agrees that, except for Seller's representations and warranties set forth in this Agreement and the B&S Deeds, including (without limitation) Section 7.1 hereof:

6.1.1 at Closing the Transferred Assets will be conveyed by Seller and accepted by Buyer "AS IS," "WHERE IS" and "WITH ALL FAULTS AND DEFECTS" and that neither Seller nor its Representatives have made or will be making any warranty or representation, express or implied, or arising by operation of law, regarding the Transferred Assets, including, without limitation, any warranty of quality, condition, merchantability, and/or fitness for a particular purpose or title; and

6.1.2 Buyer has been provided the opportunity to inspect and make such investigations regarding the Transferred Assets and has performed such due diligence inspection and investigation of the Transferred Assets and their suitability for Buyer's purposes (including review of documents and information provided), as Buyer deems appropriate, necessary and prudent for Buyer to enter into this Agreement and, except as expressly provided otherwise in this Agreement or the Exhibits attached hereto, consummate the transactions contemplated hereunder.

6.2 Limitation of Liability. UNDER NO CIRCUMSTANCES WILL EITHER PARTY OR ITS AFFILIATES BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES UNDER OR PURSUANT TO THIS AGREEMENT FOR INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR LOST PROFITS, LOSS OF BUSINESS OR USE OF PROPERTY, OR COST OF CAPITAL, WHETHER IN AN ACTION FOR CONTRACT OR TORT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OR EXISTENCE OF SUCH DAMAGES.

ARTICLE 7

REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1 By Seller. As an inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, Seller represents and warrants that as of the date of this Agreement and as of the Closing Date:

7.1.1 Seller is a corporation, duly organized and validly existing under the laws of the State of Washington.

7.1.2 Seller has all requisite corporate power and authority to enter into, execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby.

7.1.3 The execution and delivery by Seller of this Agreement and the performance by Seller of its obligations hereunder have been duly and validly authorized by all necessary corporate action on its behalf.

7.1.4 This Agreement constitutes Seller's legal, valid and binding obligation, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally or by general equitable principles.

7.1.5 The execution and delivery by Seller of this Agreement does not, and the performance by Seller of its obligations hereunder and the consummation of the transactions contemplated hereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the organizational documents of Seller or any resolution adopted by its board of directors; or

(b) be in violation of or result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which Seller is a party or by which it or the Transferred Assets may be bound where such violation or default would have a Material Adverse Effect on Seller's ability to consummate the transactions contemplated in this Agreement; or

(c) require the consent, approval, authorization or permit, or filing with or notification to, any governmental or regulatory authority or any person or entity except for those approvals described in Section 4.2 above, or

(d) subject to Seller obtaining the approvals specified in clause (c) above, materially conflict with or result in a material violation or breach of any term or provision of any laws or order applicable to Seller or any of the Transferred Assets.

7.1.6 Except as disclosed on Schedule 7.1.6 of the Disclosure Schedule, there are no actions or proceedings involving or before any governmental or regulatory authority that are pending or, to Seller's Knowledge, threatened against Seller (i) relating to the Transferred Assets or (ii) which would reasonably be expected to result in the issuance of an order restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement.

7.1.7 Except as disclosed on Schedule 7.1.7 of the Disclosure Schedule, to Seller's Knowledge, since January 1, 2012 Seller has been in material compliance with all applicable laws with respect to the Transferred Assets, and the Transferred Assets have otherwise been utilized during such period in material compliance with all applicable laws.

7.1.8 Except as disclosed on Schedule 7.1.8 of the Disclosure Schedule, to Seller's Knowledge, Seller currently has all material permits and other governmental authorizations, and has made all registrations or filings with or notices to any governmental entity, which are required for the operation of the Electron Facility as conducted since January 1, 2012 (collectively, the "**Seller Permits**"). To Seller's Knowledge, since January 1, 2012, Seller has not been in default or violation (and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation) of any material term, condition, or provision of any Seller Permits.

Seller has received no notification that any proceeding to modify, suspend, revoke, withdraw, terminate or otherwise materially limit any such Seller Permits is pending and, to Seller's Knowledge, no such proceeding is threatened. Seller has received no notice that any action by any governmental entity has been taken or, to Seller's Knowledge, threatened, in connection with the expiration, continuance or renewal of any Seller Permits.

7.1.9 To the extent that failure to do so would adversely affect Buyer's ownership or use of the Transferred Assets, Seller has (i) timely and accurately filed or caused to be filed, all written or electronic returns, reports or statements with respect to any Tax ("**Tax Returns**") required to be filed with the appropriate taxing authorities in all jurisdictions in which such Tax Returns are required to be filed (taking into account any extension of time to file granted or to be obtained on behalf of Seller); and (ii) paid all material Taxes payable whether or not shown on such Tax Returns. There are no liens for Taxes on any of the Transferred Assets, other than liens for Taxes that are not yet due and payable.

7.1.10 To Seller's Knowledge, and except as set forth on Schedule 7.1.10 of the Disclosure Schedule, since January 1, 2012, there has not been any (i) material destruction of, damage to, or loss affecting any of the Transferred Assets or any assets that would be material to the operation of the Electron Facility in substantially the same manner as it has been operated by the Seller since January 1, 2012; (ii) commencement of any lawsuit, arbitration or similar dispute resolution process involving the Transferred Assets or otherwise related to the Electron Facility; or (iii) agreement by Seller or any of its Affiliates to do any of the foregoing.

7.1.11 Assuming Buyer obtains all necessary permits, governmental authorizations and related approvals necessary for the utilization of the Transferred Assets and the operation of the Electron Facility, and subject to achieving the closing conditions described in Article 4, the Transferred Assets, together with the rights to be provided to Buyer under this Agreement and the other agreements and instruments entered into in connection herewith, considered together, include such assets as are required for Buyer to operate the Electron Facility immediately following the Closing in substantially the same manner it has been operated by the Seller since January 1, 2012.

7.1.12 Except for the Permitted Exceptions and subject to achieving the closing conditions described in Article 4, the Transferred Assets are solely and exclusively owned beneficially by Seller, or Seller has valid, transferrable rights therein, and in either case are free and clear of all Encumbrances, and Seller has good and marketable title or valid transferrable interests thereto.

7.1.13 Except as set forth on Schedule 7.1.13 of the Disclosure Schedule, with respect to employees or independent contractors who have performed services for Seller at the Electron Facility at any time since January 1, 2009 (collectively, "**Seller Service Providers**"), Seller is not a party to or bound by any injunction, order, consent decree, ruling or similar mandate of any governmental or regulatory authority that would have a continuing obligation on the Buyer regarding such Seller Service Providers following Closing.

7.2 By Buyer. As an inducement to Seller to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer represents and warrants that as of the date of this Agreement and as of the Closing Date:

7.2.1 Buyer is a limited liability company, duly organized and validly existing under the laws of the State of Delaware.

7.2.2 Buyer has all requisite power and authority to enter into, execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby.

7.2.3 The execution and delivery by Buyer of this Agreement and the performance by Buyer of its obligations hereunder have been duly and validly authorized by all necessary action on its behalf.

7.2.4 This Agreement constitutes Buyer's legal, valid and binding obligation, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally or by general equitable principles.

7.2.5 The execution and delivery by Buyer of this Agreement, the performance by Buyer of its obligations hereunder and the consummation of the transactions contemplated hereby will not (with or without the giving of notice or lapse of time or both):

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the organizational documents of Buyer or any resolution adopted by its members;

(b) be in violation of or result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which Buyer is a party or by which any of its assets or property may be bound where such violation or default would have a Material Adverse Effect on Buyer's ability to consummate the transactions contemplated in this Agreement;

(c) require the consent, approval, authorization or permit, or filing with or notification to, any governmental or regulatory authority or any person or entity except for those approvals described in Section 4.2 above; or

(d) materially conflict with or result in a material violation or breach of any term or provision of any laws or order applicable to Buyer or any of its assets and properties.

7.2.6 There are no actions or proceedings involving or before any governmental or regulatory authority that are pending or, to Buyer's Knowledge, threatened against Buyer which would reasonably be expected to result in the issuance of an order restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement.

7.3 Buyer Employees.

7.3.1 After the Effective Date, and a reasonable time prior to Closing, the Buyer will interview and make an offer of employment to the employees of Seller listed on the attached Exhibit M, on the terms and conditions to be determined by the Buyer in the Buyer's sole discretion. Any such individual who accepts an offer of employment from the Buyer will become a "Buyer Employee" effective as of the day after the Closing Date.

7.3.2 Without limiting Section 7.3.1, except to the extent prohibited by law, the Seller agrees to use commercially reasonable efforts to facilitate the transition of Buyer Employees

to employment with the Buyer, including without limitation taking any necessary action to document the separation of the Buyer Employees from employment with the Seller.

7.3.3 The provisions of this Section 7.3 are for the sole benefit of the Parties and their permitted successors and assigns, and nothing herein, expressed or implied, will give or be construed to give any Person, other than the Parties hereto and such permitted successors and assigns, any legal or equitable rights hereunder.

7.3.4 Buyer and Seller will not elect to utilize the alternate procedure set forth in Revenue Procedure 2004-53 with respect to wage withholding for the Buyer Employees.

ARTICLE 8

DAMAGE OR CONDEMNATION

Following the occurrence of any event prior to the Closing Date, causing damage to or destruction of the Transferred Assets or any portion thereof, Seller will use good faith efforts to notify Buyer of such occurrence. Under any such circumstances the provisions of this Article 8 will apply.

8.1 Casualty Loss. If there is any casualty loss equal to or less than One Hundred Thousand Dollars (\$100,000), the obligations of each Party under this Agreement will continue, and Seller will retain the proceeds of all insurance related to such damage and reduce the Purchase Price by the amount reasonably necessary, as determined by mutual agreement of the Parties, to repair such damage or, if repair is impractical, to reflect the diminution of the value of the Transferred Assets, and the Purchase Price, as so adjusted, will be paid without further reduction by reason of such loss. If there is any casualty loss in excess of One Hundred Thousand Dollars (\$100,000) then, in Buyer's sole discretion, either (a) the obligations of each Party under this Agreement will continue, and Seller will retain the proceeds of all insurance related to such damage and reduce the Purchase Price by the amount reasonably necessary, as determined by mutual agreement of the Parties, to repair such damage or, if repair is impractical, to reflect the diminution of the value of the Transferred Assets, and the Purchase Price, as so adjusted, will be paid without further reduction by reason of such loss, or (b) Buyer may terminate this Agreement in accordance with Section 12.1.5.

8.2 Eminent Domain. If at any time after the Effective Date, Seller receives any notice of any condemnation proceedings, or other proceedings in the nature of eminent domain, it will promptly send a copy of such notice to Buyer. If all or any part of the Real Property, the Improvements or the Electron Facility constituting the Transferred Assets is taken by condemnation or eminent domain and the value of the portion of the Real Property so taken exceeds Two Hundred Fifty Thousand Dollars (\$250,000), Buyer and Seller will each have the right to terminate this Agreement in the manner specified by this Section 8.2. Such election may be exercised only by the Party so electing to terminate giving written notice of termination to the other Party within ten (10) calendar days after receipt of actual notice of such condemnation proceedings, or other proceedings in the nature of eminent domain. Upon effective exercise of such termination election by either Party, this Agreement will terminate, and the Earnest Money will be returned to Buyer. If neither Party affirmatively exercises the right to terminate provided for by this Section 8.2, such right will lapse, and the Purchase Price adjustment provisions of Section 8.1 will apply.

ARTICLE 9

COVENANTS

9.1 Pre-Closing Covenants.

9.1.1 Cooperation. Each of the Parties shall use their respective commercially reasonable efforts to (i) take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement, and (ii) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement; provided that nothing herein shall be construed to require any Party to waive the benefit of any condition to its obligations to close under Article 4.

9.1.2 Operating Covenant. Seller covenants that prior to Closing, Seller will use commercially reasonable efforts to continue to operate the Electron Facility and the Transferred Assets, as applicable, in substantially the same manner as it did prior to the Effective Date. Notwithstanding the foregoing, Buyer understands and acknowledges that, except pursuant to Section 8.1, Seller will have no obligation to make any repairs to or replace any equipment or other components of the Transferred Assets prior to Closing.

9.2 Further Assurances. From time to time (including after the Closing), the Parties will execute and deliver such other documents, certificates, agreements and other writings and take such other actions as may reasonably be necessary or requested by the other Party in order to consummate, evidence or implement expeditiously the transactions contemplated by this Agreement. Without limitation on the foregoing, the Parties agree as follows:

9.2.1 On or prior to the Closing Date, Seller shall cause (a) all Indebtedness related to the Transferred Assets, and (b) all Encumbrances on the Transferred Assets, except the Permitted Exceptions, to be paid, settled, discharged, cancelled and/or released.

9.2.2 The Seller will have access to, and the right to copy, at Seller's expense for bona fide business purposes, or to comply with any applicable law or regulation, and during usual business hours, upon ten (10) days prior notice to the Buyer, all Books and Records relating to the Electron Facility. Subject to Buyer's internal records retention policies and practices, Buyer will use reasonable efforts to retain and preserve all such Books and Records, and will notify Seller prior to the disposal of any Books and Records for a period of five (5) years after the Closing Date.

9.2.3 Prior to and after the Closing Date, the Parties will reasonably cooperate with the other in the implementation of the Transition Plan, which may include Seller removing equipment from the Electron Facility as will be further described in the Transition Plan. As part of the Transition Plan, Seller shall reasonably cooperate with Buyer in the transition and/or replacement of the control operating software for the Electron Facility, but in no event shall Seller be obligated to purchase new control operating software or equipment for Buyer.

9.2.4 Between the Effective Date and the Closing Date, Seller shall promptly notify Buyer (in writing after Seller has notice thereof), and Buyer shall promptly notify Seller (in writing after Buyer has notice thereof), and keep such other Party advised, as to any action pending or otherwise known to such Party or, to Buyer's Knowledge or Seller's Knowledge (respectively), threatened against such Party that challenges the transactions contemplated hereby. Without limiting the foregoing, Seller shall notify Buyer (in writing after Seller has notice thereof) of any notices,

reports, and other material correspondence or other items delivered to or received by Seller from any third party relating to the Transferred Assets or otherwise related to the Electron Facility.

9.3 Environmental Matters. The Parties acknowledge that certain Pre-Existing Releases may be present on the Real Property, the Seller Retained Property or on adjacent property. In light of the foregoing, the Parties wish to set forth the Parties' obligations with respect to any Pre-Existing Releases. The Parties further wish to set forth the Parties' obligations with respect to any Hazardous Substances (other than Pre-Existing Releases) on the Real Property and on the Seller Retained Property.

9.3.1 Seller Retained Property. Seller shall grant the Buyer Easements across Seller Retained Property subject to the following restrictions:

(a) Buyer will not excavate, remove soil, move soil, begin construction activity or conduct any other similar activity that may disturb the surface of the soil (collectively, "**Soil Excavation**") on the Seller Retained Property, unless expressly permitted by Seller pursuant to a work plan that has been reviewed and approved by Seller.

(b) Without limiting the foregoing, Buyer may only use the Seller Retained Property upon written permission from Seller. In order to obtain such permission Buyer must propose a specific work plan in writing containing at least the following information: (i) Buyer's proposed use of the Seller Retained Property, including mitigation measures such as the use of impermeable membranes, (ii) measures Buyer will take to ensure that the integrity of such mitigation measures are maintained, and (iii) any necessary Soil Excavations and measures Buyer will take to avoid any other Soil Excavations. Such permission shall be withheld or conditioned in Seller's sole discretion; provided, that solely with respect to Buyer-proposed actions that are reasonably necessary for the safe and efficient operation of the Electron Project, if Seller initially determines such actions pose an unacceptable risk to Seller then: (A) Seller shall explain the basis of its objections to Buyer in writing, and (B) the Parties shall use commercially reasonable and good faith efforts to develop a revised work plan, a revised work site, or other means which allows Buyer to proceed with work that is necessary for the safe and efficient operation of the Electron Project while addressing the basis for Seller's objections.

(c) Subject to Buyer's compliance with the requirements of the Buyer Easements and any work plan agreed to in accordance with this Section 9.3.1, Seller shall release, indemnify and defend Buyer and its partners, members, officers, directors, employees, agents, and representatives from and against any Losses suffered by Buyer related to all Pre-Existing Releases on the Seller Retained Property. For the avoidance of doubt, the foregoing release and indemnity shall not apply to Losses arising from or relating to a Release of Hazardous Substances on the Seller Retained Property (except Hazardous Substances from Pre-Existing Releases) by Buyer or its employees, agents, contractors, consultants or invitees occurring on or after Closing Date.

(d) Buyer will release, indemnify and defend Seller for Losses (i) related to Buyer's noncompliance with the terms of the Buyer Easements and any work plan agreed to in accordance with this Section 9.3.1, or (ii) arising from or relating to a Release of Hazardous Substances on the Seller Retained Property by Buyer or its employees, agents, contractors, consultants or invitees occurring on or after the Closing Date (a "**Buyer Release**"), provided, however, that Buyer shall not be responsible for Hazardous Substances from Pre-Existing Releases, other than to the extent a Release of such Hazardous Substances is caused by Buyer's noncompliance with the terms of the Buyer Easements or any work plan.

9.3.2 Real Property. Seller shall release, indemnify and defend Buyer and its partners, members, officers, directors, employees, agents, and representatives from and against any

Losses suffered by Buyer related to any Pre-Existing Release on the Real Property. This indemnity obligation is expressly conditioned upon the following:

(a) Buyer will not engage in Soil Excavation on the Real Property, other than as is commercially reasonably necessary or useful for the Buyer's operation of the Electron Facility.

(b) Buyer will provide Seller with no less than ten (10) days prior written notice of any Soil Excavation in the Known Pre-Existing Release Zones (or, in the event of an emergency or other exigent circumstances, such advance notice as is reasonable under the circumstances) and provide Seller with a description and the location of such planned Soil Excavation. Seller will have the right (but not the obligation) to have one or more observers present at all times during any such Soil Excavation.

(c) In the event Buyer discovers Hazardous Substances during any Soil Excavation, Buyer will provide immediate notice to Seller's Environmental Program Services Department, or notice as required by a work plan, and the Parties will cooperate in good faith to determine whether the Hazardous Substance is a Pre-Existing Release and minimize the extent of any impact from any Pre-Existing Release.

9.3.3 Remediation. Seller shall conduct any required remedial action of (i) a Pre-Existing Release on the Real Property or the Seller Retained Property (as applicable) or (ii) a Buyer Release on the Seller Retained Property, in either event in accordance with the following:

(a) Seller will conduct any required remedial action of a Pre-Existing Release at Seller's sole cost and expense and at such times and in such manner so as to minimize any impact on and not unreasonably interfere with the repowering or operation of the Electron Facility.

(b) Seller will conduct any required remedial action of a Buyer Release on the Seller Retained Property at Buyer's sole cost and expense, and at such times and in such manner as may be determined by Seller so as to not unreasonably interfere with the repowering or operation of the Electron Facility.

(c) All such remedial actions will be undertaken in compliance with applicable laws including, without limitation, Washington's Model Toxics Control Act (RCW Chapter 70.105D).

(d) Notwithstanding anything herein to the contrary, if a Pre-Existing Release is exacerbated by Buyer's actions, Buyer will be responsible for the costs and expenses of any required remedial action in proportion to such exacerbation; provided, that the foregoing shall only apply to exacerbation of Pre-Existing Releases in agreed Known Pre-Existing Release Zones. Prior to conducting work in Known Pre-Existing Release Zones, Buyer shall prepare a work plan for Seller's review and approval (which approval shall not be unreasonably withheld and shall be deemed to satisfy Buyer's obligation to provide notice pursuant to Section 9.3.2(b)). For the avoidance of doubt, any activity of Buyer conducted in full compliance with a Seller-approved work plan shall be deemed not to be exacerbation of a Pre-Existing Release.

9.3.4 Limitations. Notwithstanding anything in this Section 9.3 to the contrary, Seller's indemnity of Buyer pursuant to Section 9.3.2 will be null and void, solely with respect to the portion of the Real Property actually affected, if (a) Buyer fails at any time to comply with its notice obligations under Section 9.3.2(b) and proceeds to perform work on the Real Property without providing such notice, (b) Buyer takes an affirmative action to materially change the use of the Real

Property from its current use, or (c) Buyer sells or otherwise transfers the Real Property, except that Seller's indemnity will remain in full force and effect notwithstanding (i) transfers or collateral assignments in accordance with Section 13.4(b) or (ii) other transfers to any other third party with the consent of Seller to the indemnity's continued effectiveness, which consent shall not be unreasonably withheld. Without limiting the foregoing, it shall be unreasonable for Seller to withhold consent to transfer of Seller's indemnity to a third party with similar or greater experience in owning and operating hydroelectric projects and with similar or greater financial resources who will agree to the Buyer's obligations in this Section 9.3 and does not materially increase Seller's exposure to liability for Pre-Existing Releases. For the avoidance of doubt, Seller's consent shall not be required for any transfer of the property itself but only for the transfer of Seller's indemnity of Buyer (and any transferee) with respect to Pre-Existing Releases on the Real Property.

9.3.5 Buyer Indemnity. Buyer shall indemnify Seller and its officers, directors, employees, agents, representatives, successors and assigns from and against any Losses related to the Release of any Hazardous Substance by Buyer or its employees, agents, contractors, consultants or invitees on the Real Property on or after the Closing Date. This indemnification shall apply to Losses arising from Buyer's exacerbation of Pre-Existing Releases only to the extent that Buyer or its employees, agents, contractors, consultants or invitees are responsible, if at all, for a share of Losses pursuant to Section 9.3.3(d).

9.3.6 Survival. Notwithstanding any provision of this Agreement to the contrary, the provisions of this Section 9.3 will survive the Closing of the transaction contemplated herein.

ARTICLE 10

INDEMNIFICATION

10.1 Survival. All of the representations and warranties contained in this Agreement will survive the Closing hereunder thereafter (subject to any applicable statute of limitations).

10.2 Indemnification Provisions for Benefit of the Buyer. In addition to the indemnity for the environmental matters as described in Section 9.3, in the event the Seller breaches any of its representations and warranties in Section 7.1 above or elsewhere herein, the Seller agrees to indemnify the Buyer Indemnified Parties from and against the entirety of any Losses the Buyer Indemnified Parties may suffer resulting from or caused by the breach. In addition, the Seller agrees to indemnify the Buyer Indemnified Parties from and against the entirety of any Losses the Buyer Indemnified Parties may suffer resulting from or caused by: (i) Seller's failure to pay the Taxes or costs that are the obligation of Seller under Sections 5.1 and 5.3; (ii) Seller's nonfulfillment or breach of any covenant, agreement or other provision by the Seller under the Agreement or any of agreements or instruments executed by Seller in relation hereto; (iii) the Excluded Assets; or (iv) the Excluded Liabilities.

10.3 Indemnification Provisions for Benefit of the Seller. In addition to the indemnity for the environmental matters as described in Section 9.3, in the event the Buyer breaches any of its representations and warranties contained in Section 7.2 above, the Buyer agrees to indemnify the Seller Indemnified Parties from and against the entirety of any Losses the Seller Indemnified Parties may suffer resulting from or caused by the breach. In addition, the Buyer agrees to indemnify the Seller Indemnified Parties from and against the entirety of any Losses the Seller Indemnified Parties may suffer resulting from or caused by: (i) Buyer's failure to pay the Taxes or costs that are the obligation of Buyer under Sections 5.1 and 5.2; (ii) any nonfulfillment or breach of any covenant, agreement or other provision by the Buyer under the Agreement or any of agreements or instruments executed by Buyer in relation hereto; or (iii) any Assumed Liabilities.

ARTICLE 11

DISPUTE RESOLUTION

11.1 Executive Level Review. For all disputes relating to the interpretation, construction, application or requirements of this Agreement, prior to the commencement of any litigation, the aggrieved Party shall promptly notify the other Party of the dispute. If the Parties fail to resolve the dispute within ten (10) business days after delivery of such notice, then each Party shall, within five (5) business days thereafter, nominate a senior officer of its management (the “**Executive Parties**”), who agree to negotiate in good faith to come to a mutually agreeable resolution of the dispute. If the Executive Parties are unable to resolve the dispute within ten (10) business days, then either Party may commence litigation upon the expiration of the Executive Parties review. Further, either Party may commence litigation within thirty (30) days prior to the date after which the commencement of litigation could be barred by any applicable statute of limitations or other law, rule, regulation, or order of similar import or in order to request injunctive or other equitable relief necessary to prevent irreparable harm.

11.2 Governing Law. This Agreement and all questions concerning the performance of this Agreement will be interpreted, construed and enforced in all respects in accordance with applicable laws of the State of Washington, without reference to rules relating to choice of law.

11.3 Miscellaneous. Notwithstanding the foregoing, the Parties may mutually agree to use a different dispute resolution method.

ARTICLE 12

TERMINATION

12.1 Termination. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned, at any time prior to Closing by written notice from the terminating Party to the nonterminating Party, as follows:

12.1.1 *Mutual Agreement*. By mutual written agreement of Seller and Buyer;

12.1.2 *Illegality*. By either Buyer or Seller in the event that any order or law becomes effective restraining, enjoining, or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement, upon notification of the nonterminating Party by the terminating Party;

12.1.3 *Buyer Breach*. By Seller, if Buyer is in material breach with respect to the due and timely performance of any of its covenants or agreements contained herein and such breach has not been waived by Seller, or if any of the representations and warranties of Buyer contained in this Agreement are untrue, inaccurate or breached in any material respect as of Closing, and such breach or untrue or inaccurate representation or warranty, if capable of being cured, has not been cured or made true by Buyer within twenty (20) calendar days following receipt by Buyer of written notice thereof;

12.1.4 *Seller Breach*. By Buyer, if Seller is in material breach with respect to the due and timely performance of any of its covenants or agreements contained herein and such breach has not been waived by Buyer, or if any of the representations and warranties of Seller contained in this Agreement are untrue, inaccurate or breached in any material respect as of Closing, and such breach or untrue or inaccurate representation or warranty, if capable of being cured, has not been

cured or made true by Seller within twenty (20) calendar days following receipt by Seller of written notice thereof;

12.1.5 *Damage or Condemnation.* By either Buyer or Seller, at any time before Closing, pursuant to the terms and conditions set forth in Article 8;

12.1.6 *Seller's Failure to Resolve Encumbrances.* By Buyer, in accordance with Section 3.1;

12.1.7 *Failure to Agree on Seller Easements or Buyer Easements.* By either Buyer or Seller, if the form of either the Seller Easements or Buyer Easements are not agreed to by the date provided in Section 3.3.2;

12.1.8 *Failure to Achieve Conditions Precedent.* By either Buyer or Seller, at any time after October 31, 2013, if Closing has not occurred on or before such date due to a Party's failure to fulfill any of the conditions to Closing set forth in Section 4.2 required to be fulfilled by it; or

12.1.9 *Termination Date.* By either Buyer or Seller at any time after December 31, 2013, if Closing has not occurred on or before such date and such failure to close is not caused by a breach of this Agreement by the terminating Party (but may be caused by such terminating Party's failure to fulfill any of the conditions to Closing set forth in Section 4.2).

12.2 Liability upon Termination. If this Agreement is validly terminated pursuant to this Article 12, there will be no liability or obligation on the part of Seller or Buyer (or any of their affiliates or any of its or their respective officers, directors, employees, agents or other Representatives); provided, however, that (i) if the Agreement is terminated by mutual agreement, or is terminated by Seller pursuant to Sections 12.1.3, 12.1.7, 12.1.8, or 12.1.9, the Parties shall share equally in any costs relating to the Real Property Separation incurred as of the termination date, and (ii) the Earnest Money will be refunded to Buyer in the event of any termination, expiration or other cancellation of this Agreement, within five (5) business days of the effectiveness of any such termination, expiration or cancellation, except a termination pursuant to Section 12.1.3.

ARTICLE 13

MISCELLANEOUS

13.1 Notices. Unless this Agreement specifically requires otherwise, any notice, demand or request provided for in this Agreement, or served, given or made in connection with it, must be in writing and will be deemed properly served, given or made if delivered in person or sent by registered or certified mail, postage prepaid, or by an internationally recognized overnight courier service that provides a receipt of delivery, in each case, to the Parties at the addresses specified below:

If to Buyer:

Electron Hydro, LLC
3633 Alderwood Avenue
Bellingham, WA 98225
Phone: (360) 738-9999
Fax: (360) 733-3056
Attn: Thom A. Fischer, Chief Operating Officer

with a copy to:

Wilson Sonsini Goodrich & Rosati, P.C.
701 5th Avenue
Suite 5100
Seattle, WA 98104
Phone: (206) 883-2571
Fax: (206) 883-2699
Attn: Todd G. Glass

If to Seller:

Puget Sound Energy, Inc.
10885 NE 4th Street (8004-5591)
P.O. Box 97034
Bellevue, WA 98009-9734
Fax: (425) 462-3300
Attn: Senior Vice President, Energy Operations

with a copy to:

Puget Sound Energy, Inc.
10885 NE 4th Street (8004-5591)
P.O. Box 97034
Bellevue, WA 98009-9734
Fax: (425) 462-3300
Attn: General Counsel

Notice given by personal delivery, mail or overnight courier pursuant to this Section 13.1 will be effective upon physical receipt.

13.2 Defined Terms. Unless otherwise defined herein, capitalized terms shall have the meaning set forth in Schedule 1 of this Agreement.

13.3 Entire Agreement; Amendment. This Agreement and the other agreements and instruments to be entered into in connection herewith constitute the entire agreement of the Parties and supersede all prior agreements and understandings, both written and oral, with respect to the subject matter hereof. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each Party.

13.4 Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, and shall be enforceable by, the Parties and their respective successors and permitted assigns. Neither this Agreement nor any right hereunder, may be assigned by any Party without the prior written consent of the other Party; provided that Buyer and its permitted assigns may at any time after Closing, without the prior written consent of Seller: (a) assign, in whole or in part, its rights and obligations under this Agreement to one or more of its Affiliates or to any subsequent purchaser of Buyer or the Electron Facility and (b) assign its rights under this Agreement for collateral security purposes to any lenders providing financing to Buyer or any of its Affiliates.

13.5 Invalid Provisions. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

13.6 Further Assurances. Upon the request of a Party from time to time before and after the Closing Date, the other Party will execute, acknowledge and deliver such other acts, consents,

instruments, documents and other assurances as may be reasonably necessary to carry out and perform the transactions contemplated by this Agreement.

13.7 No Waiver. Any failure of a Party to enforce any of the provisions of this Agreement or to require compliance with any of its terms at any time during the pendency of this Agreement shall in no way affect the validity of this Agreement, or any part hereof, and shall not be deemed a waiver of the right of such Party thereafter to enforce any and each such provision.

13.8 No Third Party Beneficiaries. No third party will have any rights under this Agreement or any right to enforce its terms.

13.9 Relationship of the Parties. This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between or among the Parties or impose any partnership obligation or liability on any Party. Other than as expressly set forth herein, no Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or act as or be an agent or representative of, or otherwise bind, the other Party.

13.10 Time Is of the Essence; Counterparts. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence. This Agreement may be executed in any number of counterparts and delivered electronically or by facsimile, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[remainder of page left intentionally blank]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by each Party as of the date first above written.

ELECTRON HYDRO, LLC

PUGET SOUND ENERGY, INC.

By: _____

By: _____

Name: Victor Budzinski

Name: Paul M. Wiegand

Its: President and Chief Executive
Officer

Its: Senior Vice President, Energy
Operations

By: _____

Name: Thom Fischer

Its: Chief Operating Officer and
Manager

SCHEDULES & EXHIBITS

Schedule 1 – Defined Terms

Schedule 2 – Purchase Price Allocation

Schedule 3 – Seller’s Disclosure Schedule

Exhibit A-1 – Description of Real Property

Exhibit A-2 – Description of Water Rights

Exhibit A-3 – Description of Road Interests

Exhibit A-4 – Description of Seller Retained Property

Exhibit A-5 – Electron Facility Description

Exhibit B – Fleet Vehicles

Exhibit C-1 – Assigned Contracts

Exhibit C-2 – Assigned Permits

Exhibit D – 115kv line

Exhibit E – Excluded Assets

Exhibit F – Assumed Liabilities

Exhibit G-1 – Form of Bargain & Sale Deed

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Exhibit H – Non-Foreign Affidavit

Exhibit I – Form of Power Purchase Agreement

Exhibit J – Form of Large Generator Interconnection Agreement

Exhibit K – Form of Assignment and Assumption Agreement

Exhibit L – Form of Bill of Sale

Exhibit M – Buyer Employees

Exhibit N – Known Pre-Existing Release Zones

SCHEDULE 1

DEFINED TERMS

1. “**Affiliate**” means, with respect to a person or entity, another person or entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person or entity. For purposes of this definition, the term “control” means: (a) the direct or indirect ownership of more than fifty percent (50%) of the total voting power of securities or other evidences of ownership interest in an entity; or (b) the power to direct or cause the direction of the management and policies of such entity, directly or indirectly, whether through ownership of voting securities, by contract, or otherwise.
2. “**Buyer Indemnified Parties**” means Buyer and its Affiliates and each of their respective Representatives.
3. “**Buyer’s Knowledge**” means the actual knowledge of Thom Fischer and Roland Bailey, in each case after due inquiry, as of the Effective Date and the Closing Date.
4. “**Closing Date**” means the date upon which the Closing shall actually occur pursuant the Agreement.
5. “**Encumbrance**” means any mortgage, pledge, bailment (in the nature of a pledge or for purposes of security), deed of trust, the grant of power to confess judgment, conditional sale or title retention agreement (including any lease in the nature thereof), lien, charge, claim, option, equitable interest, security interest, third party right, assignment, hypothecation, restriction on voting, sale, transfer or disposition, assessments, easements, variances, encroachments, power of sale, encumbrance, exclusive license, other agreement or arrangement (whether voluntary or involuntary, choate or inchoate or imposed by law) that has the same or a similar effect to the granting of security or of any similar right of any kind (including any conditional sale or other title retention agreement) or any arrangement or obligation to create the foregoing.
6. “**Hazardous Substances**” has the same meaning as defined in RCW 70.105D.020.
7. “**Indebtedness**” means any of the following: (a) any indebtedness for borrowed money or indebtedness issued or incurred in substitution or exchange for any such indebtedness for borrowed money; (b) any obligations evidenced by bonds, debentures, notes or other similar instruments; (c) any obligations as lessee under leases which have been, or are required under GAAP to be, treated as capital leases; (d) all obligations for the deferred purchase price of any property or services (other than trade accounts payable or accrued liabilities incurred in the ordinary course of business); (e) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property; (f) all indebtedness secured by a purchase money mortgage or other Encumbrance to secure all or part of the purchase price of the property subject to such Encumbrance; (g) any liability in respect of bankers’ acceptances or letters of credit (except to the extent undrawn); (h) any obligations under any interest rate, foreign exchange, currency, commodity, credit or equity swap, cap, collar, floor, option, forward, cross right or other hedging agreement or derivative contract, net of any obligations of the debtor thereunder; (i) all indebtedness referred to in clauses (a) through (h) above which is directly or indirectly guaranteed by the debtor or which the debtor has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which it has otherwise assured a creditor against loss; and (j) all accrued and unpaid interest, fees, change of control payments, prepayment

premiums and other expenses owed with respect to the indebtedness referred to in clauses (a) through (i) above.

8. **“Losses”** means any and all losses, liabilities, damages, demands, claims, actions, judgments, causes of action, assessments, liens, penalties, attorneys’ fees, costs and expenses including, without limitation, any claims, actions or penalties: (A) initiated or instituted by any governmental agency; or (B) initiated or instituted by a third party who is not a signatory to this Agreement.
9. **“Material Adverse Effect”** means any effect, change, event, circumstance or development (any such item, an **“Effect”**) that, individually or when taken together with all other Effects that have occurred prior to the date of determination of the occurrence of the Material Adverse Effect, is materially adverse to the condition of the Transferred Assets as a whole or the operation of the Electron Facility; provided, however, that in no event shall any of the following, alone or in combination, be deemed to constitute, nor shall any of the following be taken into account in determining whether there has been, a Material Adverse Effect on the Transferred Assets or the Electron Facility, as applicable: (i) the taking of any action that is required by this Agreement (in and of itself, excluding the effects of such action on the condition of the Transferred Assets or the operation of the Electron Facility); (ii) any Effect that results from changes affecting the industry in which the Electron Facility operates, the United States or worldwide economy generally or general conditions in the securities or financial markets in the United States or any other country, except to the extent that such changes or conditions have a disproportionate effect on the condition of the Transferred Assets or the operation of the Electron Facility; (iii) any Effect resulting from political conditions (or changes in such conditions), acts of war, military action, sabotage or terrorism (including any escalation or general worsening of any such acts of war, military action, sabotage or terrorism) in the United States or any other country in which the Buyer conducts business, except to the extent that such changes or conditions have a disproportionate effect on the condition of the Transferred Assets or the operation of the Electron Facility; (iv) any Effect resulting from earthquakes, hurricanes, tsunamis, tornadoes, floods or other natural disasters, weather conditions and other force majeure events in the United States or any other country in which the Buyer conducts business, except to the extent that such changes or conditions have a disproportionate effect on the condition of the Transferred Assets or the operation of the Electron Facility; (v) any Effect resulting from any change in United States GAAP or in any applicable law or in the interpretation thereof, in any case, applicable to Seller or otherwise applicable to the Transferred Assets, except to the extent that such changes or conditions have a disproportionate effect on the condition of the Transferred Assets or the operation of the Electron Facility; or (vi) Seller not making any repairs to or replacing any equipment or other components of the Transferred Assets prior to Closing, as permitted by Section 9.1.2, subject to the requirements of Article 8.
10. **“Pre-Existing Release”** means any Release on, under or within the Real Property, the Seller Retained Property or any adjacent property, that occurred prior to Closing or is a continuing, passive Release of Hazardous Substances that were placed or came to be located on the Real Property, the Seller Retained Property or adjacent property prior to Closing.
11. **“Release”** has the same meaning as defined in RCW 70.105D.020.
12. **“Representative”** means, with respect to any person or entity, such person’s or entity’s directors, officers, employees, representatives, consultants, attorneys, accountants, advisors and agents.

13. “**Seller Indemnified Parties**” means Seller and its Affiliates and each of their respective Representatives.
14. “**Seller’s Knowledge**” means the actual knowledge of John Rork, Paul Wetherbee, Michael Mullally, Lorna Luebbe and Scott Lichtenberg, in each case after due inquiry, as of the Effective Date and the Closing Date.
15. “**Tax**” or “**Taxes**” means any and all taxes, fees, levies, duties, tariffs, imposts and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any governmental authority or taxing authority, including, without limitation: (i) taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers’ compensation, unemployment compensation, or net worth; (ii) taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gains taxes; (iii) license, registration and documentation fees; and (iv) any liability for the payment of amounts with respect to payments of a type described in clauses (i), (ii) or (iii) as a result of being a member of an affiliated, consolidated, combined or unitary group, or as a result of any obligation under any Tax sharing agreement or Tax indemnity arrangement.

**SCHEDULE 2
ALLOCATION**

Real Property: [REDACTED]
Personal Property: [REDACTED]
Intangibles: [REDACTED]
Purchase Price: \$13,700,000

**REDACTED
VERSION**

SCHEDULE 3

DISCLOSURE SCHEDULE
to
ASSET PURCHASE AGREEMENT
by and between
PUGET SOUND ENERGY, INC. and
ELECTRON HYDRO, LLC

This Disclosure Schedule (this “Schedule”) is being furnished by Puget Sound Energy, Inc. (“Seller”) to Electron Hydro, LLC (“Buyer”) in connection with the execution and delivery of that certain Asset Purchase Agreement, dated as of May 30, 2013 (the “Agreement”), by and between Seller and Buyer. All capitalized terms used, but not otherwise defined, herein have the meanings given them in the Agreement.

This Schedule and the information and disclosures contained in this Schedule are intended only to qualify and limit the representations and warranties of Seller (but not the obligations or liabilities of Seller) contained in the Agreement and shall not be deemed to expand in any way the scope of any such representation or warranty. Certain information set forth in this Schedule is included solely for informational purposes and may not be required to be disclosed pursuant to the Agreement, and the inclusion of such information shall not be deemed to enlarge or enhance any of the representations of Seller or otherwise alter in any way the terms of the Agreement.

Schedule 7.1.6

See disclosure under “Environmental” in Schedule 7.1.7 below with respect to open proceedings at the Department of Ecology.

Schedule 7.1.7

Environmental. Two sites at the Electron Facility appear on the Washington State Department of Ecology’s Confirmed and Suspected Contaminated Sites List (CS ID 6003 and 4595). Pre-treated timber and similar material, which may contain Hazardous Substances, is present on the Real Property in areas that are inaccessible, and therefore cannot be removed or otherwise remediated. Additionally, the Known Pre-Existing Release Zones are areas of known historical releases of Hazardous Substances.

Seller Exemption from NEC Standards. The primary and secondary distribution system that will be conveyed to Buyer is currently exempt from compliance with NEC Standards because Seller is a regulated utility. Upon conveyance of the Transferred Assets, Buyer may need to comply with these regulations.

Incidental Take Permit. Seller does not hold, but may be required to hold an incidental take permit (an “ITP”) related to the operation of the Electron Facility. An ITP would be issued by the U.S. Fish and Wildlife Service (USFWS) and the National Marine Fisheries Service (NMFS) (collectively the “Services”) under Section 10(a)(1)(B) of the Endangered Species Act of 1973, as amended. Such a permit may be required if there is incidental taking of endangered species at the Electron Facility. In preparation for an application for an ITP, Seller has prepared a Habitat Conservation Plan, which is still in draft form. A copy of this draft Habitat Conservation Plan has been provided to Buyer.

Schedule 7.1.8

Seller Exemption from NEC Standards. The primary and secondary distribution system that will be conveyed to Buyer is currently exempt from compliance with NEC Standards because Seller is a regulated utility. Upon conveyance of the Transferred Assets, Buyer may need to comply with these regulations.

Incidental Take Permit. Seller does not hold, but may be required to hold an incidental take permit (an “ITP”) related to the operation of the Electron Facility. An ITP would be issued by the U.S. Fish and Wildlife Service (USFWS) and the National Marine Fisheries Service (NMFS) (collectively the “Services”) under Section 10(a)(1)(B) of the Endangered Species Act of 1973, as amended. Such a permit may be required if there is incidental taking of endangered species at the Electron Facility. In preparation for an application for an ITP, Seller has prepared a Habitat Conservation Plan, which is still in draft form. A copy of this draft Habitat Conservation Plan has been provided to Buyer.

FERC Licensing. The Electron Facility as operated by Seller is currently exempt from licensing by the Federal Energy Regulatory Commission (FERC) because it was not located on a navigable waterway and was constructed prior to 1935. If repairs or improvements are made to increase the Electron Facility’s head, generating capacity, or water storage capacity, or changes are made that otherwise significantly modify the project’s pre-1935 operation, such changes may be considered post-1935 construction and as a result the Electron Facility may be subject to licensure by FERC.

Schedule 7.1.10

In an email to Thom Fischer from Michael Mullally, Seller previously disclosed to Buyer information relating to property claims and workers' compensation claims for the past five (5) years (the "**Reported Losses**"). For the avoidance of doubt, Seller acknowledges that all Losses related to, arising under, or in any way associated with such Reported Losses, whether arising before, on or after the Effective Date, shall be deemed Excluded Liabilities for all purposes under the Agreement.

Schedule 7.1.11

The current Resource Enhancement Agreement with the Puyallup Tribe of Indians (the "REA") anticipates releases by the Puyallup Tribe of Minimum Instream Flow to Seller for use by Seller for generation. The REA will be terminated in connection with Closing.

Schedule 7.1.13

None.

EXHIBIT A-1

REAL PROPERTY

Real property in the County of Pierce, State of Washington, described as follows:

PARCEL A:

BEGINNING AT A POINT ON THE NORTH LINE OF SECTION 3, TOWNSHIP 16 NORTH, RANGE 6 EAST W.M. THAT IS 870 FEET EAST OF THE NORTHWEST CORNER OF SAID SECTION; THENCE EAST ALONG SAID NORTH LINE A DISTANCE OF 1,000 FEET; THENCE SOUTH 1,200 FEET; THENCE WEST 1,000 FEET; THENCE NORTH 1,200 FEET TO THE POINT OF BEGINNING.

PARCEL B:

BEGINNING AT A POINT THAT IS 1320 FEET EAST AND 284 FEET NORTH OF THE SOUTHWEST CORNER OF SECTION 3, TOWNSHIP 17 NORTH, RANGE 5, EAST, W.M.;

THENCE ON A CURVE TO THE RIGHT (TANGENT BEARS NORTH 78° 43' WEST) WITH A RADIUS OF 200 FEET A DISTANCE OF 306 FEET; THENCE NORTH 16° 47" EAST A DISTANCE OF 33 FEET; THENCE NORTH 32° 5' WEST A DISTANCE OF 56.5 FEET; THENCE ON A CURVE TO THE RIGHT WITH A RADIUS OF 187.2 FEET A DISTANCE OF 167.1 FEET; THENCE NORTH 19° 3' EAST A DISTANCE OF 32 FEET; THENCE NORTH 60° 25' WEST A DISTANCE OF 7 FEET; THENCE ON A CURVE TO THE RIGHT WITH A RADIUS OF 187.2 FEET A DISTANCE OF 161.1 FEET; THENCE NORTH 11° 7' WEST A DISTANCE OF 40.1 FEET; THENCE NORTH 79° 55' WEST A DISTANCE OF 248.1 FEET; THENCE ON A CURVE TO THE RIGHT WITH A RADIUS OF 266.3 FEET A DISTANCE OF 133.8 FEET; THENCE 51° 7' WEST A DISTANCE OF 25.5 FEET; THENCE SOUTH 39° 29' WEST A DISTANCE OF 32 FEET; THENCE ON A CURVE TO THE RIGHT WITH A RADIUS OF 187.2 FEET A DISTANCE OF 160.7 FEET; THENCE NORTH 88° 41' WEST A DISTANCE OF 87.1 FEET; THENCE ON A CURVE TO THE RIGHT WITH A RADIUS OF 200 FEET A DISTANCE OF 154.4 FEET; THENCE NORTH 44° 13' WEST A DISTANCE OF 109.1 FEET; THENCE ON A CURVE TO THE RIGHT WITH A RADIUS OF 187.2 FEET A DISTANCE OF 138.8 FEET; THENCE NORTH 1° 43' WEST A DISTANCE OF 46 FEET, MORE OR LESS, TO A POINT ON THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 3; THENCE EAST ALONG SAID NORTH LINE A DISTANCE OF 1193 FEET TO THE NORTHEAST CORNER OF SAID SUBDIVISION; THENCE SOUTH ALONG THE EAST LINE THEREOF A DISTANCE OF 1036 FEET, MORE OR LESS TO THE POINT OF BEGINNING.

ALSO,

THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THOSE PORTIONS OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER ALL IN SECTION 3, TOWNSHIP 17, RANGE 5 EAST, W.M. LYING SOUTHERLY AND WESTERLY OF THE NORTHERLY AND EASTERLY BOUNDARY OF THE PUYALLUP RIVER; EXCEPT THOSE PORTIONS THEREOF LYING WITHIN THE SAID RIVER AND ALSO EXCEPT ROADS;

PARCEL C:

THE EAST 1/2 OF SECTION 4, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M.; EXCEPT AS BUILT AND EXISTING COUNTY ROADS;

ALSO

BEGINNING AT A POINT ON THE WEST LINE OF SECTION 4, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M. THAT IS 809 FEET SOUTH OF THE NORTHWEST CORNER THEREOF; THENCE RUNNING SOUTH ALONG THE WEST LINE THEREOF A DISTANCE OF 651 FEET, MORE OR LESS TO THE SOUTH LINE OF GOVERNMENT LOT 4 OF SAID SECTION 4; THENCE EAST ALONG SAID SOUTH LINE A DISTANCE OF 1128 FEET; THENCE NORTH 60° 00' WEST 1302 FEET, MORE OR LESS TO THE POINT OF BEGINNING.

ALSO

A STRIP OF LAND 30 FEET IN WIDTH RUNNING THROUGH SAID GOVERNMENT LOT 4 OF SECTION 4, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M. THE CENTER LINE OF WHICH IS DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 4 THAT IS 629 FEET EAST OF THE NORTHWEST CORNER THEREOF; THENCE RUNNING SOUTHERLY ON A CURVE TO THE LEFT WITH A RADIUS OF 193.2 FEET, THE TANGENT OF WHICH AT THIS POINT BEARS SOUTH 38° 28' WEST; RUNNING THENCE ON SAID CURVE A DISTANCE OF 155.1 FEET; THENCE SOUTH 15° 32' EAST 69.2 FEET; THENCE ON A CURVE TO THE RIGHT WITH A RADIUS OF 193.2 FEET A DISTANCE OF 143.1 FEET; THENCE SOUTH 26° 54' WEST 116.8 FEET; THENCE ON A CURVE TO THE LEFT WITH A RADIUS OF 287.9 FEET A DISTANCE OF 172.6 FEET; THENCE SOUTH 7° 27' EAST A DISTANCE OF 77.4 FEET; THENCE ON A CURVE TO THE RIGHT WITH A RADIUS OF 287.9 FEET A DISTANCE OF 463.8 FEET MORE OR LESS TO A POINT ON THE NORTH LINE OF THE TRACT DESCRIBED HEREIN IMMEDIATELY ABOVE; SAID POINT BEING DISTANT ALONG SAID BOUNDARY LINE 332 FEET, MORE OR LESS FROM THE WESTERLY BOUNDARY LINE OF SAID SECTION 4; THE OUTER BOUNDARY LINES OF SAID 30 STRIP BEING LENGTHEN OR SHORTEN ACCORDINGLY SO AS TO INTERSECT SAID NORTH BOUNDARY LINE; EXCEPT ANY PORTION WITHIN THE COUNTY ROAD RUNNING ALONG THE NORTH LINE THEREOF.

ALSO

A STRIP OF LAND IN GOVERNMENT LOT 4 OF SECTION 4, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M. 30 FEET IN WIDTH, BEING 15 FEET ON EACH SIDE OF THE CENTER LINE OF THE WAGON ROAD AS LOCATED, CONSTRUCTED AND TRAVELED ON SEPTEMBER 10, 1923 AND WHICH CROSSES THE WEST LINE OF SECTION 4 AT A POINT DISTANT 890 FEET, MORE OR LESS, SOUTH OF THE NORTHWEST CORNER THEREOF; RUNNING THENCE IN A GENERAL NORTHEASTERLY DIRECTION TO THE NORTH BOUNDARY LINE OF SAID GOVERNMENT LOT 4 AT A PONT 140 FEET, MORE OR LESS, WEST OF THE NORTHEAST CORNER OF SAID GOVERNMENT LOT 4 AND THE TERMINUS OF SAID CENTER LINE; THE EXTERIOR LINES OF SAID STRIP BEING LENGTHENED OR SHORTEN ACCORDINGLY SO AS TO INTERSECT SAID NORTH LINE; EXCEPT FROM SAID STRIP THAT PORTION THEREOF LYING WITHIN THE BOUNDARIES OF THAT CERTAIN TRACT OF LAND CONVEYED TO PIERCE COUNTY IMPROVEMENT CO. BY DEED RECORDED MARCH 6, 1903 UNDER RECORDING NO. 158768 IN VOLUME 205 OF DEEDS, PAGE 499, RECORDS OF PIERCE COUNTY, WASHINGTON.

ALSO

A STRIP OF LAND 30 FEET IN WIDTH FOR THE WAGON ROAD APPROXIMATELY 150 FEET IN LENGTH, LEADING FROM THE ELECTRON DEPOT AS LOCATED ON SEPTEMBER 10, 1923 IN GOVERNMENT LOT 4 OF SECTION 4, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M. AND RUNNING NORTHERLY TO A WAGON ROAD AS IMMEDIATELY DESCRIBED HEREIN ABOVE AND AS FURTHER DESCRIBED IN THAT CERTAIN DEED RECORDED SEPTEMBER 14, 1923 UNDER RECORDING NO. 682423, RECORDS OF PIERCE COUNTY, WASHINGTON; EXCEPT ANY PORTION OF SAID 150 FOOT LONG STRIP LYING WITHIN THE BOUNDARIES OF THE TRACTS IN SAID GOVERNMENT LOT 4 AS DESCRIBED HEREIN ABOVE.

ALSO

THAT PORTION OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M. LYING NORTHERLY OF A LINE WHICH IS 100 FEET SOUTHERLY AND PARALLEL WITH THE CENTER LINE OF THE PUGET SOUND POWER & LIGHT COMPANY'S INCLINED RAILWAY AS THE SAME IS REFERRED TO AND REFERENCED IN PIERCE COUNTY SUPERIOR COURT CAUSE NO. 105918, RECORDS OF PIERCE COUNTY, WASHINGTON.

PARCEL D:

THOSE PORTIONS OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 17 NORTH, RANGE 5 EAST W.M. DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID SECTION 5 THAT IS 570 FEET SOUTH OF THE NORTHEAST CORNER THEREOF: THENCE NORTH 60° 49' WEST 1199 FEET MORE OR LESS TO THE NORTH BOUNDARY LINE OF SAID SECTION 5; THENCE SOUTH 29° 11' WEST A DISTANCE OF 400 FEET; THENCE SOUTH 60° 49' EAST TO THE NORTH LINE OF THE TACOMA EASTERN RAILROAD COMPANY'S RIGHT OF WAY AS THE SAME EXISTED ON JULY 18, 1903, THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID RIGHT OF WAY TO THE EAST BOUNDARY LINE OF SAID SECTION 5, THENCE NORTH ALONG SAID EAST SECTION LINE A DISTANCE OF 251 FEET, MORE OR LESS, TO THE POINT OF BEGINNING; EXCEPT THAT PORTION THEREOF LYING WESTERLY OF THE EASTERLY LINE OF THE NORTHERN PACIFIC RAILWAY COMPANY'S RIGHT OF WAY AS THE SAME EXISTED ON JULY 18, 1903.

ALSO

COMMENCING AT A POINT ON THE EAST BOUNDARY LINE OF SAID SECTION 5 THAT IS 570 FEET SOUTH OF THE NORTHEAST CORNER THEREOF: THENCE NORTH 60° 49' WEST 188 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUE NORTH 60° 49' WEST A DISTANCE OF 534 FEET, MORE OR LESS, TO A POINT ON THE EASTERLY BOUNDARY LINE OF THE NORTHERN PACIFIC RAILWAY COMPANY'S RIGHT OF WAY AS THE SAME EXISTED ON JULY 18, 1903; THENCE NORTH 12° 36' EAST ALONG SAID RIGHT OF WAY LINE A DISTANCE OF 230 FEET, MORE OR LESS, TO THE NORTH LINE OF SAID SECTION 5; THENCE EASTERLY ALONG SAID NORTH LINE A DISTANCE OF 412 FEET; THENCE SOUTH 478 FEET, MORE OR LESS TO THE TRUE POINT OF BEGINNING; EXCEPT THE NORTH 30 FEET THEREOF RESERVED FOR A ROAD.

PARCEL E:

THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M.; EXCEPT THAT PORTION THEREOF LYING NORTHERLY OF THE PUYALLUP RIVER, SAID EXCEPTED PORTION BEING CONVEYED TO ST. PAUL & TACOMA LUMBER CO., BY DEED RECORDED JUNE 22, 1955 UNDER RECORDING NO. 1724785, RECORDS OF PIERCE COUNTY, WASHINGTON AND ALSO EXCEPT THE SOUTH 700 FEET OF THE WEST 435.6 FEET THEREOF AND ALSO EXCEPT ANY PORTION THEREOF LYING WITHIN THE PUYALLUP RIVER.

ALSO

THE EAST 610 FEET OF THE NORTH 500 FEET OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M.

PARCEL F:

THAT PORTION OF THE NORTH HALF AND THAT PORTION OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 11, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M. ALL LYING SOUTHERLY OF THE PUYALLUP RIVER.

ALSO

THOSE PORTIONS OF THE NORTH HALF OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 11 TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M. LYING NORTHERLY OF THE SOUTHERLY LINE OF THOSE CERTAIN STRIPS OF LAND AS MORE FULLY DESCRIBED AND CONVEYED TO THE PIERCE COUNTY IMPROVEMENT COMPANY, A WASHINGTON CORPORATION BY DEED RECORDED FEBRUARY 13, 1903 UNDER RECORDING NO. 157986 IN VOLUME 202 OF DEEDS, PAGES 566 TO 583, RECORDS OF PIERCE COUNTY, WASHINGTON; SAID LINES BEING MORE FULLY DESCRIBED ON PAGES 567, 568 AND 569 THEREIN.

PARCEL G:

THAT PORTION OF THE SOUTH HALF OF SECTION 12, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M. LYING SOUTHERLY OF THE PUYALLUP RIVER.

PARCEL H:

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER; THOSE PORTIONS OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER LYING NORTHERLY AND EASTERLY OF A LINE THAT IS SOMETIMES REFERRED TO AS THE PUGET SOUND POWER & LIGHT COMPANY FLUME LINE; SAID LINE BEING MORE PARTICULARLY AS DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN DOCUMENT RECORDED FEBRUARY 13, 1903 IN VOLUME 202 OF DEEDS, PAGES 566 TO 583 INCLUSIVE UNDER RECORDING NO. 157986, RECORDS OF PIERCE COUNTY, WASHINGTON. REFERENCE BEING MADE TO SAID DOCUMENT FOR A FULL DESCRIPTION OF SAID LINE ALL BEING LOCATED IN SECTION 13, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M.

PARCEL H-1:

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 13, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M. DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SUBDIVISION; THENCE WEST ALONG THE NORTH LINE THEREOF A DISTANCE OF 320 FEET; THENCE SOUTH 43° 00' EAST A DISTANCE OF 435 FEET, MORE OR LESS TO THE EAST LINE OF SAID NORWEST QUARTER; THENCE NORTH ALONG SAID EAST LINE A DISTANCE OF 300 FEET, MORE OR LESS TO THE POINT OF BEGINNING;

EXCEPT THAT PORTION THEREOF LYING WITHIN THE BOUNDARIES OF PARCEL H HEREIN ABOVE.

PARCEL I:

THAT PORTION OF SECTION 17, TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M. LYING SOUTHERLY AND WESTERLY OF THE PUYALLUP RIVER (INCLUDING THAT PORTION THEREOF, IF ANY, LYING WITHIN THAT CERTAIN 400 WIDE STRIP OF LAND CONDEMNED IN PIERCE COUNTY SUPERIOR COURT CAUSE NO. 19738 A COPY OF WHICH IS RECORDED UNDER RECORDING NO. 155985 IN VOLUME 198 OF DEEDS, PAGE 307, RECORDS OF PIERCE COUNTY, WASHINGTON.).

PARCEL J:

THOSE PORTIONS OF THE NORTH ONE HALF AND OF THE SOUTHEAST QUARTER OF SECTION 18, TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M. LYING SOUTHERLY AND WESTERLY OF THE PUYALLUP RIVER;

ALSO

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 18, TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M. LYING NORTHERLY OF A LINE THAT IS 200 FEET SOUTHERLY AND WESTERLY OF THE CENTER LINE OF THE FLUME OF THE PIERCE COUNTY IMPROVEMENT COMPANY AS THE SAME EXISTED AND WAS LOCATED AND STAKED ON NOVEMBER 26, 1902 AND AS CONVEYED BY DEED RECORDED DECEMBER 2, 1902 UNDER RECORDING NO. 155511 IN VOLUME 194 OF DEEDS, PAGE 291, RECORDS OF PIERCE COUNTY, WASHINGTON.

PARCEL K:

THE NORTH HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER AND THE NORTH 380 FEET OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE NORTH 380 FEET OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER ALL IN SECTION 20, TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M.; EXCEPT THAT PORTION OF SAID NORTH 380 FOOT PORTION THAT LIES EASTERLY OF THE WESTERLY LINE OF THE PUGET SOUND POWER & LIGHT COMPANY 'S FLUME LINE RIGHT OF WAY AS SAID FLUME IS REFERRED TO IN DEED RECORDED AUGUST 30, 1949 UNDER RECORDING NO. 1526301 RECORDS OF PIERCE COUNTY, WASHINGTON. (SAID RIGHT OF WAY BEING PRESUMED TO BE THE RIGHT OF WAY AS CONDEMNED IN PIERCE COUNTY SUPERIOR COURT CAUSE NO. 19738 AS RECORDED UNDER RECORDING NO. 155985 IN VOLUME 198 OF DEEDS, PAGE 307, BUT NOT BEING SPECIFIED IN SAID DOCUMENT.)

ALSO

A STRIP OF LAND 400 FEET IN WIDTH BEING 200 FEET ON EACH SIDE OF A LINE AS DESCRIBED AND SET FORTH IN DEED RECORDED MAY 29, 1903 UNDER RECORDING NO. 162028 IN VOLUME 208 OF DEEDS, PAGE 249, RECORDS OF PIERCE COUNTY , WASHINGTON AND BEING LOCATED IN SECTION 20, TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M.; SAID DEED BEING A CORRECTION OF A DEED RECORDED IN VOLUME 196 OF DEEDS, PAGE 249, RECORDS OF PIERCE COUNTY, WASHINGTON. (SAID STRIP BEING A DUPLICATION OF A PORTION OF THE STRIP OF LAND CONDEMNED IN PIERCE COUNTY SUPERIOR COURT CAUSE NO. 19738. A COPY OF SAID JUDGMENT BEING RECORDED UNDER RECORDING NO. 155985 IN VOLUME 198 OF DEED, PAGE 307, RECORDS OF PIERCE COUNTY, WASHINGTON.)

ALSO A STRIP OF LAND 400 FEET IN WIDTH LOCATED IN SECTIONS 20 AND 28 OF TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M., AS CONDEMNED AND TAKEN BY JUDGMENT ENTERED IN PIERCE COUNTY SUPERIOR COURT CAUSE NO. 19738 A COPY OF SAID JUDGMENT BEING RECORDED DECEMBER 16, 1902 UNDER RECORDING NO. 155985 IN VOLUME 198 OF DEEDS, PAGE 307, RECORDS OF PIERCE COUNTY, WASHINGTON.

ALSO

THAT PORTION OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M. LYING WESTERLY OF THE PUYALLUP RIVER AND THAT PORTION OF THE SOUTHEAST QUARTER OF SAID SECTION 20 LYING WESTERLY OF THE PUYALLUP RIVER AND LYING EASTERLY OF A LINE DESCRIBED IN DEED RECORDED UNDER RECORDING NO. 157986 IN VOLUME 202, PAGES 566 TO 583, INCLUSIVE, RECORDS OF PIERCE COUNTY, WASHINGTON. SAID LINE BEING DESCRIBED AS COMMENCING AT A POINT ON THE SOUTH LINE OF SAID SOUTHEAST QUARTER THAT IS 435 FEET WEST OF THE SOUTHEAST CORNER OF SAID SUBDIVISION AND RUNNING THENCE IN A GENERALLY NORTHERLY/NORTHWESTERLY DIRECTION TO THE NORTH LINE OF SAID SUBDIVISION AS DESCRIBED ON PAGES 573 AND 574 OF SAID RECORDING NO. 157986.

PARCEL L:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M. LYING WESTERLY OF THE PUYALLUP RIVER.

PARCEL M:

THAT PORTION OF THE WEST ONE HALF OF SECTION 28, TOWNSHIP 17 NORTH, RANGE 6 LYING WESTERLY OF THE PUYALLUP RIVER.

PARCEL N:

THAT PORTION OF SECTION 29, TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M. LYING EASTERLY OF A LINE BEGINNING 433 FEET WEST OF THE NORTHEAST CORNER OF SAID SECTION 29 AND RUNNING IN A GENERALLY SOUTHERLY DIRECTION TO A POINT ON THE EAST LINE OF SAID SECTION 29. SAID LINE BEING MORE PARTICULARLY DESCRIBE ON PAGES 575 AND 576 OF THAT CERTAIN DEED RECORDED FEBRUARY 13, 1903 UNDER RECORDING NO. 157986 IN VOLUME 202 OF DEEDS, PAGE 566, RECORDS OF PIERCE COUNTY. REFERENCE BEING MADE TO SAID DOCUMENT FOR A FULL DESCRIPTION OF SAID LINE.

PARCEL O:

COMMENCING AT THE SOUTHEAST CORNER OF SECTION 33, TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M. ; THENCE NORTH 38° 33' 44" WEST A DISTANCE OF 2,266.83 FEET TO THE CENTER LINE OF NEISSON CREEK AND THE TRUE POINT OF BEGINNING; THENCE NORTH 78° 29' 10 " WEST A DISTANCE OF 224.78 FEET; THENCE NORTH 26° 40' 20" WEST 1,032.43 FEET; THENCE NORTH 69° 42' 58" WEST A DISTANCE OF 541.93 FEET; THENCE NORTH 29° 49' 38" WEST A DISTANCE 1,079.29 FEET; THENCE EAST PARALLEL WITH THE SOUTH LINE OF SAID SECTION 33 A DISTANCE OF 365 FEET, MORE OR LESS, TO THE SOUTHWESTERLY BANK OF THE PUYALLUP RIVER; THENCE SOUTHERLY ALONG SAID WESTERLY BANK TO ITS INTERSECTION WITH THE CENTER LINE OF NEISSON CREEK; THENCE SOUTHERLY ALONG SAID CENTER LINE OF NEISSON CREEK TO THE TRUE POINT OF BEGINNING.

PARCEL P:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 34, TOWNSHIP 17 NORTH, RANGE 6 EAST, W.M. LYING WESTERLY OF THE PUYALLUP RIVER.

PARCEL Q:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 33, TOWNSHIP 18 NORTH, RANGE 5 EAST, W.M. DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER AND RUNNING THENCE NORTH ALONG THE WEST LINE THEREOF A DISTANCE OF 615 FEET; THENCE SOUTH 68° 45' EAST A DISTANCE OF 930 FEET; THENCE SOUTH 85° 00' EAST A DISTANCE OF 565 FEET; THENCE SOUTH 49° 00' EAST A DISTANCE OF 380 FEET, MORE OR LESS TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER; THENCE WEST ALONG SAID SOUTH LINE TO THE POINT OF BEGINNING.

ALSO

THE WEST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER AND THE EAST HALF OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 17 NORTH, RANGE 5 EAST, W.M.

EXCEPT FOR THE FOLLOWING DESCRIBED PROPERTIES:

SELLER PARCEL C-1

A PARCEL OF LAND SITUATED IN THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER AND IN THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 04, TOWNSHIP 17 NORTH, RANGE 05 EAST, W.M., KING COUNTY, WASHINGTON. SAID PARCEL IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 04;
THENCE N 01°06'27" E ALONG THE EAST SECTION LINE FOR 2648.88 FEET TO THE EAST QUARTER CORNER OF SAID SECTION;
THENCE N 87°43'40" W ALONG THE EAST-WEST CENTER OF SECTION LINE FOR 244.63 FEET TO THE TRUE POINT OF BEGINNING;
THENCE S 02°07'21" W FOR 171.90 FEET;
THENCE S 59°58'40" W FOR 101.49 FEET;
THENCE S 74°49'43" W FOR 53.52 FEET;
THENCE S 71°39'47" W FOR 346.42 FEET;
THENCE N 22°03'58" W FOR 226.04 FEET;
THENCE N 90°00'00" W FOR 263.21 FEET;
THENCE S 29°06'59" W FOR 61.82 FEET;
THENCE N 60°53'01" W FOR 100.00 FEET;
THENCE N 29°06'59" E FOR 70.00 FEET;
THENCE N 29°06'59" E FOR 130.15 FEET TO A POINT ON THE EAST-WEST CENTER OF SECTION LINE;
THENCE N 02°44'55" E FOR 788.55 FEET;
THENCE S 87°50'43" E FOR 834.95 FEET;
THENCE S 02°07'21" W FOR 790.23 FEET TO A POINT ON THE EAST-WEST CENTER OF SECTION LINE AND TRUE POINT OF BEGINNING.
SAID PARCEL CONTAINS 20.0278 ACRES, MORE OR LESS.

SELLER PARCEL C-2

A PARCEL OF LAND SITUATED IN THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 04, TOWNSHIP 17 NORTH, RANGE 05 EAST, W.M., KING COUNTY, WASHINGTON. SAID PARCEL IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST SECTION CORNER OF SAID SECTION 04;
THENCE N 87°37'16" W ALONG THE SOUTH SECTION LINE OF SAID SECTION 04 FOR 2654.22 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION;
THENCE N 01°50'12" E ALONG THE NORTH-SOUTH CENTER OF SECTION LINE FOR 1450.13 FEET TO A POINT AND THE TRUE POINT OF BEGINNING;
THENCE N 01°50'12" E CONTINUING ON THE NORTH-SOUTH CENTER OF SECTION LINE FOR 1193.33 FEET TO THE CENTER OF SECTION;
THENCE S 87°43'40" E ALONG THE EAST-WEST CENTER OF SECTION LINE FOR 726.00 FEET;
THENCE S 1°36'33" W FOR 1031.41 FEET A POINT ON THE NORTH SIDE OF A TRAVEL WAY;
THENCE S 41°24'56" W FOR 16.88 FEET TO A POINT OF CURVATURE;

THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 422.22 FEET AND A CENTRAL ANGLE OF 30°05'35", FOR AN ARC LENGTH OF 221.76 FEET, SAID CURVE HAVING A LONG CHORD BEARING OF S 56°27'44" W;
THENCE S 71°30'31" W FOR 101.79 FEET TO A POINT OF CURVATURE;
THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 565.46 FEET AND A CENTRAL ANGLE OF 05°12'34", FOR AN ARC LENGTH OF 51.41 FEET, SAID CURVE HAVING A LONG CHORD BEARING OF S 74°06'48" W;
THENCE S 76°43'05" W FOR 140.41 FEET TO A POINT OF CURVATURE;
THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 293.98 FEET AND A CENTRAL ANGLE OF 16°16'50", FOR AN ARC LENGTH OF 83.53 FEET, SAID CURVE HAVING A LONG CHORD BEARING OF S 68°34'41" W;
THENCE N 28°17'23" W FOR 21.30 FEET;
THENCE S 60°02'01" W FOR 12.60 FEET;
THENCE N 21°15'30" W FOR 100.35 FEET;
N 88°11'52" W FOR 123.36 FEET TO THE TRUE POINT OF BEGINNING.
SAID PARCEL CONTAINS 20.0278 ACRES, MORE OR LESS.

SELLER PARCEL C-3

A PARCEL OF LAND SITUATED WITHIN GOVERNMENT LOT 3, TOWNSHIP 17 NORTH, RANGE 05 EAST, W.M., KING COUNTY, WASHINGTON. SAID PARCEL IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 04;
THENCE S 89°39'05" E ALONG THE NORTH SECTION LINE FOR 2647.44 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION;
THENCE N 89°39'05" W BACK ALONG THE NORTH SECTION LINE FOR 208.34 FEET TO THE TRUE POINT OF BEGINNING;
THENCE S 10°42'18" E FOR 455.62 FEET TO A POINT OF CURVATURE;
THENCE ALONG A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 916.73 FEET AND A CENTRAL ANGLE OF 16°15'50", FOR AN ARC LENGTH OF 260.22 FEET TO A POINT OF TANGENCY;
THENCE S 05°33'32" W FOR 195.04 FEET;
THENCE S 55°27'15" W FOR 316.45 FEET;
THENCE N 85°28'38" W FOR 573.25 FEET;
THENCE N 01°27'51" E FOR 874.99 FEET;
THENCE N 66°24'44" W FOR 417.90 FEET TO THE WEST SIXTEENTH CORNER OF SAID SECTION 04;
THENCE S 89°39'05" E ALONG THE NORTH SECTION LINE FOR 1115.38 FEET TO THE TRUE POINT OF BEGINNING.
SAID PARCEL CONTAINS 20.0120 ACRES, MORE OR LESS.

**EXHIBIT A-2
WATER RIGHTS**

1. S2-160817CL
2. S2-160819CL
3. S2-160821CL
4. S2-160823CL
5. S2-160824CL
6. S2-160825CL

The Water Right Claim Registration for each of the above water right claims is attached hereto.

7. All of the following rights held by Seller under that certain Deed, AFN 200412090573: water, water rights and all matters relating thereto, including, without limitation, those rights to prevent, block and divert water from, the right to release, spill and drain water onto, over and across, and the right to otherwise change the flow of water from, onto, over and across the property as further described therein (the “**Neisson Creek Water Right**”).



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
WATER RIGHT CLAIMS REGISTRATION

WATER RIGHT CLAIM

RECEIVED
DEPARTMENT OF ECOLOGY
JUN 27 11 46 AM '74
CALL OTHER NONE

1. NAME Puget Sound Power & Light Company
 ADDRESS P.O. Box 868
Bellevue, Wa ZIP CODE 98009

2. SOURCE FROM WHICH THE RIGHT TO TAKE AND MAKE USE OF WATER IS CLAIMED: Surface
 (SURFACE OR GROUND WATER)
 W.R.I.A. 10
 (LEAVE BLANK)

A. IF GROUND WATER, THE SOURCE IS _____
 B. IF SURFACE WATER, THE SOURCE IS Small stream (unnamed)-tributary of Puyallup River

3. THE QUANTITIES OF WATER AND TIMES OF USE CLAIMED:
 A. QUANTITY OF WATER CLAIMED 1 cfs PRESENTLY USED 1 cfs
 (CUBIC FEET PER SECOND OR GALLONS PER MINUTE)
 B. ANNUAL QUANTITY CLAIMED 720 ac.ft/yr. PRESENTLY USED 720 ac.ft/yr.
 (ACRE FEET PER YEAR)
 C. IF FOR IRRIGATION, ACRES CLAIMED _____ PRESENTLY IRRIGATED _____
 D. TIME(S) DURING EACH YEAR WHEN WATER IS USED: Continuously

4. DATE OF FIRST PUTTING WATER TO USE: MONTH November YEAR 1910

5. LOCATION OF THE POINT(S) OF DIVERSION/WITHDRAWAL: 500 FEET West AND 10
 FEET N. FROM THE S.E. CORNER OF SECTION 20
 BEING WITHIN SE 1/4 OF SECTION 20 T. 17 N., R. 6 E (E. OF ~~XXXX~~) W.M.
 IF THIS IS WITHIN THE LIMITS OF A RECORDED PLATTED PROPERTY, LOT _____ BLOCK _____ OF _____
 (GIVE NAME OF PLAT OR ADDITION)

6. LEGAL DESCRIPTION OF LANDS ON WHICH THE WATER IS USED: S 1/2 of NE 1/4, Sec. 4, T 17 N,
R 5E, WM (Electron Power House)
(Water rights by deed from St. Paul Tacoma Lumber Company-
Stone & Webster deed #2, Feb. 11, 1903) See attachment for
description of project lands.
 COUNTY Pierce

7. PURPOSE(S) FOR WHICH WATER IS USED: Flume de-icing and power generation.

8. THE LEGAL DOCTRINE(S) UPON WHICH THE RIGHT OF CLAIM IS BASED: Vested right: riparian and
property rights acquired before June 15, 1917.

DO NOT USE THIS SPACE
 THE FILING OF A STATEMENT OF CLAIM DOES NOT CONSTITUTE AN ADJUDICATION OF ANY CLAIM TO THE RIGHT TO USE OF WATERS AS BETWEEN THE WATER USE CLAIMANT AND THE STATE OR AS BETWEEN ONE OR MORE WATER USE CLAIMANTS AND ANOTHER OR OTHERS. THIS ACKNOWLEDGEMENT CONSTITUTES RECEIPT FOR THE FILING FEE.
 DATE RETURNED THIS HAS BEEN ASSIGNED WATER RIGHT CLAIM REGISTRY NO.
 MAY 16 75 160817
 DIRECTOR - DEPARTMENT OF ECOLOGY *John Biggs*

I HEREBY SWEAR THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF.
 X *D.H. Knight*
D. H. Knight, Vice President
 DATE June 25, 1974
 IF CLAIM FILED BY DESIGNATED REPRESENTATIVE, PRINT OR TYPE FULL NAME AND MAILING ADDRESS OF AGENT BELOW
D. H. Knight
Vice President, Power Supply
Puget Sound Power & Light Co.
Bellevue, Wa 98009
 ADDITIONAL INFORMATION RELATING TO WATER QUALITY AND/OR WELL CONSTRUCTION IS AVAILABLE

A FEE OF \$2.00 MUST ACCOMPANY THIS WATER RIGHT CLAIM. RETURN ALL THREE COPIES WITH CARBONS INTACT, ALONG WITH YOUR FEE TO: DEPARTMENT OF ECOLOGY, WATER RIGHT CLAIMS REGISTRATION, P.O. BOX 829 OLYMPIA, WASHINGTON 98501

64

Attachment to Water Right Claim

Puget Sound Power & Light Company
Bellevue, Wa 98009

Item 6 - Description of Lands - Electron Project

T18N, R5E S1/2 SE1/4 Sec. 33

T19N, R5E W1/2, SE 1/4
Sec 3 E1/2 NW 1/4, E1/2
Sec 4 NE1/4 Sec 10
NW1/4, N1/2 SW 1/4,
SE1/4, SW1/4 NE 1/4 Sec 11
SW1/4, S1/2 SE 1/4
Sec 12 NE 1/4, NE 1/4 NW 1/4 Sec 13

T17N, R6E S1/2 Sec 17
N1/2, N1/2 SW1/4, SE1/4
Sec 18 N1/2 NW1/4, E1/2
Sec 20 W1/2 SW1/4 Sec 21
NE1/4 NE1/4 Sec 29
W1/2 NW 1/4, SW1/4 Sec 28
NW1/4, SW1/4 NE 1/4,
SE1/4, NW1/4 SW1/4
Sec 33 SW1/4 SW1/4
Sec 34

T16N, R6E N1/2 NW1/4 Sec. 3



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
WATER RIGHT CLAIMS REGISTRATION

WATER RIGHT CLAIM

RECEIVED
DEPT. OF ECOLOGY
JUN 17 1974
146327
CASH OTHER NONE

1. NAME Puget Sound Power & Light Company
 ADDRESS P.O. Box 868
Bellevue, Wa ZIP CODE 98009

2. SOURCE FROM WHICH THE RIGHT TO TAKE AND MAKE USE OF WATER IS CLAIMED: Surface water
 (SURFACE OR GROUND WATER)
 W.R.I.A. 10 (LEAVE BLANK)

A. IF GROUND WATER, THE SOURCE IS _____
 B. IF SURFACE WATER, THE SOURCE IS Puyallup River

3. THE QUANTITIES OF WATER AND TIMES OF USE CLAIMED:
 A. QUANTITY OF WATER CLAIMED 400 PRESENTLY USED 400 cfs
 (CUBIC FEET PER SECOND OR GALLONS PER MINUTE)
 B. ANNUAL QUANTITY CLAIMED 289,587 PRESENTLY USED 289,587 ac.ft./yr.
 (ACRE FEET PER YEAR)
 C. IF FOR IRRIGATION, ACRES CLAIMED _____ PRESENTLY IRRIGATED _____
 D. TIME(S) DURING EACH YEAR WHEN WATER IS USED: Continuously

4. DATE OF FIRST PUTTING WATER TO USE: MONTH July YEAR 1903

5. LOCATION OF THE POINT(S) OF DIVERSION/WITHDRAWAL: 940 FEET E AND 800
 FEET South FROM THE Southwest CORNER OF SECTION 34
 BEING WITHIN Northwest 1/4 OF SECTION 3 T. 16 N., R. 6E (E.or W.) W.M.
 IF THIS IS WITHIN THE LIMITS OF A RECORDED PLATTED PROPERTY, LOT _____ BLOCK _____ OF _____

(GIVE NAME OF PLAT OR ADDITION)

6. LEGAL DESCRIPTION OF LANDS ON WHICH THE WATER IS USED: S 1/2 of NE 1/4, Sec. 4,
T 17N, R5E, W.M. (Electron Power House)
Please see attachment describing the Project lands.

_____ COUNTY Pierce

7. PURPOSE(S) FOR WHICH WATER IS USED: Power Generation

8. THE LEGAL DOCTRINE(S) UPON WHICH THE RIGHT OF CLAIM IS BASED: Riparian and property
rights acquired before Water Code June 15, 1917.

DO NOT USE THIS SPACE

THE FILING OF A STATEMENT OF CLAIM DOES NOT CONSTITUTE AN ADJUDICATION OF ANY CLAIM TO THE RIGHT TO USE OF WATERS AS BETWEEN THE WATER USE CLAIMANT AND THE STATE OR AS BETWEEN ONE OR MORE WATER USE CLAIMANTS AND ANOTHER OR OTHERS. THIS ACKNOWLEDGEMENT CONSTITUTES RECEIPT FOR THE FILING FEE.

DATE RETURNED _____ THIS HAS BEEN ASSIGNED WATER RIGHT CLAIM REGISTRY NO. _____

MAY 16 1974 160819

John Biggs
DIRECTOR - DEPARTMENT OF ECOLOGY

I HEREBY SWEAR THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF

X *D.H. Knight*
D. H. Knight, Vice President
 DATE June 25, 1974

IF CLAIM FILED BY DESIGNATED REPRESENTATIVE, PRINT OR TYPE FULL NAME AND MAILING ADDRESS OF AGENT BELOW.

D. H. Knight
Vice President
Puget Sound Power & Light Co.
Bellevue, Wa 98009

ADDITIONAL INFORMATION RELATING TO WATER QUALITY AND/OR WELL CONSTRUCTION IS AVAILABLE.

A FEE OF \$2.00 MUST ACCOMPANY THIS WATER RIGHT CLAIM.

RETURN ALL THREE COPIES WITH CARBONS INTACT, ALONG WITH YOUR FEE TO:
 DEPARTMENT OF ECOLOGY
 WATER RIGHT CLAIMS REGISTRATION
 OLYMPIA, WASHINGTON 98504

ORIGINAL DWR

Item 6 - Description of Lands - Electron Project

T18N, R5E S1/2 SE1/4 Sec. 33

T19N, R5E W1/2, SE 1/4
Sec 3 E1/2 NW 1/4, E1/2
Sec 4 NE1/4 Sec 10
NW1/4, N1/2 SW 1/4,
SE1/4, SW1/4 NE 1/4Sec 11
SW1/4, S1/2 SE 1/4
Sec 12 NE 1/4, NE 1/4 NW 1/4 Sec 13

T17N, R6E S1/2 Sec 17
N1/2, N1/2 SW1/4, SE1/4
Sec 18 N1/2 NW1/4, E1/2
Sec 20 W1/2 SW1/4 Sec 21
NE1/4 NE1/4 Sec 29
W1/2 NW 1/4, SW1/4 Sec 28
NW1/4, SW1/4 NE 1/4,
SE1/4, NW1/4 SW1/4
Sec 33 SW1/4 SW1/4
Sec 34

T16N, R6E N1/2 NW1/4 Sec. 3



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
WATER RIGHT CLAIMS REGISTRATION

WATER RIGHT CLAIM

RECEIVED
ADMINISTRATIVE SERVICES DIVISION
JUN 27 1974
CLERK / NONE

1. NAME Puget Sound Power & Light Company
ADDRESS P.O. Box 868
Bellevue, Wa ZIP CODE 98009

2. SOURCE FROM WHICH THE RIGHT TO TAKE AND MAKE USE OF WATER IS CLAIMED: Surface
(SURFACE OR GROUND WATER)
W.R.I.A. 10
(LEAVE BLANK)

A. IF GROUND WATER, THE SOURCE IS _____
B. IF SURFACE WATER, THE SOURCE IS Neisson Creek

3. THE QUANTITIES OF WATER AND TIMES OF USE CLAIMED:
A. QUANTITY OF WATER CLAIMED 400 cfs PRESENTLY USED 0
(CUBIC FEET PER SECOND OR GALLONS PER MINUTE)
B. ANNUAL QUANTITY CLAIMED 288,000 PRESENTLY USED 0
(ACRE FEET PER YEAR)
C. IF FOR IRRIGATION, ACRES CLAIMED _____ PRESENTLY IRRIGATED _____
D. TIME(S) DURING EACH YEAR WHEN WATER IS USED: None currently

4. DATE OF FIRST PUTTING WATER TO USE: MONTH July YEAR 1910

5. LOCATION OF THE POINT(S) OF DIVERSION/WITHDRAWAL: 1800 FEET West AND 80
FEET North FROM THE Southeast CORNER OF SECTION 33
BEING WITHIN Southeast OF SECTION 33, T. 17 N., R. 6 E (E. OR W. M.)
IF THIS IS WITHIN THE LIMITS OF A RECORDED PLATTED PROPERTY, LOT _____ BLOCK _____ OF _____

(GIVE NAME OF PLAT OR ADDITION)
6. LEGAL DESCRIPTION OF LANDS ON WHICH THE WATER IS USED: Please see attached
description of land.

*(Deed #7 from John S. Bleeker 10-16-02 includes 400 cfs water rights)
_____ COUNTY Pierce

7. PURPOSE(S) FOR WHICH WATER IS USED: Flume de-icing and power generation.

8. THE LEGAL DOCTRINE(S) UPON WHICH THE RIGHT OF CLAIM IS BASED: Vested right: Riparian
and property rights acquired prior to June 15, 1917.*

DO NOT USE THIS SPACE
THE FILING OF A STATEMENT OF CLAIM DOES NOT CONSTITUTE AN ADJUDICATION OF ANY CLAIM TO THE RIGHT TO USE OF WATERS AS BETWEEN THE WATER USE CLAIMANT AND THE STATE OR AS BETWEEN ONE OR MORE WATER USE CLAIMANTS AND ANOTHER OR OTHERS: THIS ACKNOWLEDGEMENT CONSTITUTES RECEIPT FOR THE FILING FEE.
DATE RETURNED _____ THIS HAS BEEN ASSIGNED WATER RIGHT CLAIM REGISTRY NO. MAY 16 75160821
John Biggs
DIRECTOR - DEPARTMENT OF ECOLOGY

I HEREBY SWEAR THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF.
X *D.H. Knight*
D. H. Knight, Vice President
DATE June 3, 1974
IF CLAIM FILED BY DESIGNATED REPRESENTATIVE, PRINT OR TYPE FULL NAME AND MAILING ADDRESS OF AGENT BELOW.
D. H. Knight
Vice President, Power Supply
Puget Sound Power & Light Co.
Bellevue, Wa 98009
 ADDITIONAL INFORMATION RELATING TO WATER QUALITY AND/OR WELL CONSTRUCTION IS AVAILABLE.

A FEE OF \$2.00 MUST ACCOMPANY THIS WATER RIGHT CLAIM.

RETURN ALL THREE COPIES WITH CARBONS INTACT, ALONG WITH YOUR FEE TO:
DEPARTMENT OF ECOLOGY
WATER RIGHT CLAIMS REGISTRATION
OLYMPIA, WASHINGTON

ORIGINAL DWR

Item 6 - Description of Lands - Electron Project

T18N, R5E S1/2 SE1/4 Sec. 33

T19N, R5E W1/2, SE 1/4
Sec 3 E1/2 NW 1/4, E1/2
Sec 4 NE1/4 Sec 10
NW1/4, N1/2 SW 1/4,
SE1/4, SW1/4 NE 1/4Sec 11
SW1/4, S1/2 SE 1/4
Sec 12 NE 1/4, NE 1/4 NW 1/4 Sec 13

T17N, R6E S1/2 Sec 17
N1/2, N1/2 SW1/4, SE1/4
Sec 18 N1/2 NW1/4, E1/2
Sec 20 W1/2 SW1/4 Sec 21
NE1/4 NE1/4 Sec 29
W1/2 NW 1/4, SW1/4 Sec 28
NW1/4, SW1/4 NE 1/4,
SE1/4, NW1/4 SW1/4
Sec 33 SW1/4 SW1/4
Sec 34

T16N, R6E N1/2 NW1/4 Sec. 3



STATE OF WASHINGTON
DEPARTMENT OF WATER RESOURCES
DIVISION OF WATER MANAGEMENT

WATER RIGHT CLAIM

RECEIVED
DIVISION OF WATER RESOURCES
JUN 27 1974
MAY 27 1974

1. NAME Puget Sound Power & Light Company
ADDRESS P.O. Box 868
Bellevue, Wa ZIP CODE 98009

2. SOURCE FROM WHICH THE RIGHT TO TAKE AND MAKE USE OF WATER IS CLAIMED: Surface
(SURFACE OR GROUND WATER)
W.R.I.A. 10
(LEAVE BLANK)

A. IF GROUND WATER, THE SOURCE IS _____
B. IF SURFACE WATER, THE SOURCE IS Small stream

3. THE QUANTITIES OF WATER AND TIMES OF USE CLAIMED:
A. QUANTITY OF WATER CLAIMED 1 cfs PRESENTLY USED 1 cfs
(CUBIC FEET PER SECOND OR GALLONS PER MINUTE)
B. ANNUAL QUANTITY CLAIMED 720 ac.ft/yr PRESENTLY USED 720 ac.ft/yr
(ACRE FEET PER YEAR)
C. IF FOR IRRIGATION, ACRES CLAIMED _____ PRESENTLY IRRIGATED _____
D. TIME(S) DURING EACH YEAR WHEN WATER IS USED: Continuously

4. DATE OF FIRST PUTTING WATER TO USE: _____ MONTH November YEAR 1910

5. LOCATION OF THE POINT(S) OF DIVERSION/WITHDRAWAL: 2500 FEET N AND
500 FEET E FROM THE SW CORNER OF SECTION 11
BEING WITHIN the SW 1/4 OF SECTION 11 T. 17 N. 5 E R. _____ (E. or W. W.M.)
IF THIS IS WITHIN THE LIMITS OF A RECORDED PLATTED PROPERTY, LOT _____ BLOCK _____ OF

(GIVE NAME OF PLAT OR ADDITION)
6. LEGAL DESCRIPTION OF LANDS ON WHICH THE WATER IS USED: SE 1/2 of NE 1/2, Sec. 4, T 17 N,
R 5E, WM (Electron Power House) See attachment for description
of project lands.

COUNTY Pierce

7. PURPOSE(S) FOR WHICH WATER IS USED: Flume de-icing and power generation.

8. THE LEGAL DOCTRINE(S) UPON WHICH THE RIGHT OF CLAIM IS BASED: Vested rights: Riparian
and property rights acquired prior to June 15, 1917.

DO NOT USE THIS SPACE
THE FILING OF A STATEMENT OF CLAIM DOES NOT CONSTITUTE AN ADJUDICATION OF ANY CLAIM TO THE RIGHT TO USE OF WATERS AS BETWEEN THE WATER USE CLAIMANT AND THE STATE OR AS BETWEEN ONE OR MORE WATER USE CLAIMANTS AND ANOTHER OR OTHERS. THIS ACKNOWLEDGEMENT CONSTITUTES RECEIPT FOR THE FILING FEE.
DATE RETURNED - REGISTRY NUMBER
THIS HAS BEEN ASSIGNED WATER RIGHT CLAIM REGISTRY NO.
MAY 16 75 160823
John Biggs
ASSISTANT DIRECTOR DIVISION OF WATER MANAGEMENT DEPARTMENT OF WATER RESOURCES

I HEREBY SWEAR THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF
X D. H. Knight
D. H. Knight, Vice President
DATE June 3, 1974
IF CLAIM FILED BY DESIGNATED REPRESENTATIVE, PRINT OR TYPE FULL NAME AND MAILING ADDRESS OF AGENT BELOW.
D. H. Knight
Vice President, Power Supply
Puget Sound Power & Light Co.
Bellevue, Wa 98009
 ADDITIONAL INFORMATION RELATING TO WATER QUALITY AND/OR WELL CONSTRUCTION IS AVAILABLE.

A FEE OF \$2.00 MUST ACCOMPANY THIS WATER RIGHT CLAIM
ORIGINAL
DWR
RETURN ALL THREE COPIES WITH CARBONS INTACT, ALONG WITH YOUR FEE TO:
DEPARTMENT OF WATER RESOURCES
DIVISION OF WATER MANAGEMENT
UNION AVE. BUILDING-OLYMPIA, WASHINGTON 98501

Item 6 - Description of Lands - Electron Project

T18N, R5E S1/2 SE1/4 Sec. 33

T19N, R5E W1/2, SE 1/4
Sec 3 E1/2 NW 1/4, E1/2
Sec 4 NE1/4 Sec 10
NW1/4, N1/2 SW 1/4,
SE1/4, SW1/4 NE 1/4 Sec 11
SW1/4, S1/2 SE 1/4
Sec 12 NE 1/4, NE 1/4 NW 1/4 Sec 13

T17N, R6E S1/2 Sec 17
N1/2, N1/2 SW1/4, SE1/4
Sec 18 N1/2 NW1/4, E1/2
Sec 20 W1/2 SW1/4 Sec 21
NE1/4 NE1/4 Sec 29
W1/2 NW 1/4, SW1/4 Sec 28
NW1/4, SW1/4 NE 1/4,
SE1/4, NW1/4 SW1/4
Sec 33 SW1/4 SW1/4
Sec 34

T16N, R6E N1/2 NW1/4 Sec. 3



STATE OF WASHINGTON
DEPARTMENT OF WATER RESOURCES
DIVISION OF WATER MANAGEMENT

WATER RIGHT CLAIM

RECEIVED
JUN 27 1974
6302

1. NAME Puget Sound Power & Light Company
 ADDRESS P.O. Box 868
Bellevue, Wa ZIP CODE 98009

2. SOURCE FROM WHICH THE RIGHT TO TAKE AND MAKE USE OF WATER IS CLAIMED: Surface
 (SURFACE OR GROUND WATER)
 W.R.I.A. 10 (LEAVE BLANK)

A. IF GROUND WATER, THE SOURCE IS _____
 B. IF SURFACE WATER, THE SOURCE IS Small stream (unnamed) tributary of Puyallup River

3. THE QUANTITIES OF WATER AND TIMES OF USE CLAIMED:
 A. QUANTITY OF WATER CLAIMED 2 cfs PRESENTLY USED 2 cfs
 (CUBIC FEET PER SECOND OR GALLONS PER MINUTE)
 B. ANNUAL QUANTITY CLAIMED 1,440 ac.ft/yr PRESENTLY USED 1440 ac.ft/yr.
 (ACRE FEET PER YEAR)
 C. IF FOR IRRIGATION, ACRES CLAIMED _____ PRESENTLY IRRIGATED _____
 D. TIME(S) DURING EACH YEAR WHEN WATER IS USED: Continuously

4. DATE OF FIRST PUTTING WATER TO USE: _____ MONTH November YEAR 1910

5. LOCATION OF THE POINT(S) OF DIVERSION/WITHDRAWAL: 2100 FEET East AND
300 FEET South FROM THE Northwest CORNER OF SECTION 20
 BEING WITHIN NW 1/4 OF SECTION 20 T. 17 N. 6 R. E (E.or W.) W.M.
 IF THIS IS WITHIN THE LIMITS OF A RECORDED PLATTED PROPERTY, LOT _____ BLOCK _____ OF
 (GIVE NAME OF PLAT OR ADDITION) _____

6. LEGAL DESCRIPTION OF LANDS ON WHICH THE WATER IS USED: S 1/2 of NE 1/4, Sec. 4, T.17N,
R5E, W.M. (Electron Power House) See attachment for description
of project lands.

_____ COUNTY Pierce

7. PURPOSE(S) FOR WHICH WATER IS USED: Flume de-icing and power generation.

8. THE LEGAL DOCTRINE(S) UPON WHICH THE RIGHT OF CLAIM IS BASED: Vested right: property
and riparian rights acquired before June 15, 1917.

DO NOT USE THIS SPACE
 THE FILING OF A STATEMENT OF CLAIM DOES NOT CONSTITUTE AN ADJUDICATION OF ANY CLAIM TO THE RIGHT TO USE OF WATERS AS BETWEEN THE WATER USE CLAIMANT AND THE STATE OR AS BETWEEN ONE OR MORE WATER USE CLAIMANTS AND ANOTHER OR OTHERS. THIS ACKNOWLEDGEMENT CONSTITUTES RECEIPT FOR THE FILING FEE.
 DATE RETURNED _____ REGISTRY NUMBER _____

THIS HAS BEEN ASSIGNED
 WATER RIGHT CLAIM REGISTRY NO.
MAY 16 75 160824

John Biggs
 ASSISTANT DIRECTOR DIVISION OF WATER MANAGEMENT - DEPARTMENT OF WATER RESOURCES

I HEREBY SWEAR THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF
 D. H. Knight
D. H. Knight, Vice President
 DATE June 3, 1974
 IF CLAIM FILED BY DESIGNATED REPRESENTATIVE, PRINT OR TYPE FULL NAME AND MAILING ADDRESS OF AGENT BELOW.
D. H. Knight
Vice President, Power Supply
Puget Sound Power & Light Co.
Bellevue, Wa 98009
 ADDITIONAL INFORMATION RELATING TO WATER QUALITY AND/OR WELL CONSTRUCTION IS AVAILABLE.

A FEE OF \$2.00 MUST ACCOMPANY THIS WATER RIGHT CLAIM.
 ORIGINAL
 DWR

RETURN ALL THREE COPIES WITH CARBONS INTACT, ALONG WITH YOUR FEE TO:
 DEPARTMENT OF WATER RESOURCES
 DIVISION OF WATER MANAGEMENT
 UNION AVE. BUILDING-OLYMPIA, WASHINGTON 98501

Item 6 - Description of Lands - Electron Project

T18N, R5E S1/2 SE1/4 Sec. 33

T19N, R5E W1/2, SE 1/4
Sec 3 E1/2 NW 1/4, E1/2
Sec 4 NE1/4 Sec 10
NW1/4, N1/2 SW 1/4,
SE1/4, SW1/4 NE 1/4 Sec 11
SW1/4, S1/2 SE 1/4
Sec 12 NE 1/4, NE 1/4 NW 1/4 Sec 13

T17N, R6E S1/2 Sec 17
N1/2, N1/2 SW1/4, SE1/4
Sec 18 N1/2 NW1/4, E1/2
Sec 20 W1/2 SW1/4 Sec 21
NE1/4 NE1/4 Sec 29
W1/2 NW 1/4, SW1/4 Sec 28
NW1/4, SW1/4 NE 1/4,
SE1/4, NW1/4 SW1/4
Sec 33 SW1/4 SW1/4
Sec 34

T16N, R6E N1/2 NW1/4 Sec. 3



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
WATER RIGHT CLAIMS REGISTRATION

WATER RIGHT CLAIM

RECEIVED
MAY 15 1974
MAY 15 1974

1. NAME Puget Sound Power & Light Company
ADDRESS P.O. Box 868
Bellevue, Wa ZIP CODE 98009

2. SOURCE FROM WHICH THE RIGHT TO TAKE AND MAKE USE OF WATER IS CLAIMED: Surface
(SURFACE OR GROUND WATER)
W.R.I.A. 10
(LEAVE BLANK)

A. IF GROUND WATER, THE SOURCE IS _____
B. IF SURFACE WATER, THE SOURCE IS Small stream (unnamed)

3. THE QUANTITIES OF WATER AND TIMES OF USE CLAIMED:
A. QUANTITY OF WATER CLAIMED 2 cfs PRESENTLY USED 2 cfs
(CUBIC FEET PER SECOND OR GALLONS PER MINUTE)
B. ANNUAL QUANTITY CLAIMED 1440 ac.ft/yr PRESENTLY USED 1440 ac.ft/yr
(ACRE FEET PER YEAR)
C. IF FOR IRRIGATION, ACRES CLAIMED _____ PRESENTLY IRRIGATED _____
D. TIME(S) DURING EACH YEAR WHEN WATER IS USED: Continuously

4. DATE OF FIRST PUTTING WATER TO USE: MONTH January YEAR 1903

5. LOCATION OF THE POINT(S) OF DIVERSION/WITHDRAWAL: 950 FEET North AND 1650
FEET West FROM THE Southeast CORNER OF SECTION 4
BEING WITHIN SE 1/4 OF SECTION 4, T. 17 N., R. 5 E (E. OR W.) W.M.
IF THIS IS WITHIN THE LIMITS OF A RECORDED PLATTED PROPERTY, LOT _____ BLOCK _____ OF _____

(GIVE NAME OF PLAT OR ADDITION)
6. LEGAL DESCRIPTION OF LANDS ON WHICH THE WATER IS USED: SE 1/4 of NE 1/4, Sec. 4, T 17N,
R 5E, W.M. (Electron Power House) See attachment for description of
project lands.
COUNTY Pierce

7. PURPOSE(S) FOR WHICH WATER IS USED: Power generation

8. THE LEGAL DOCTRINE(S) UPON WHICH THE RIGHT OF CLAIM IS BASED: Vested rights: Riparian
and property rights acquired prior to June 15, 1917.

DO NOT USE THIS SPACE
THE FILING OF A STATEMENT OF CLAIM DOES NOT CONSTITUTE AN ADJUDICATION OF ANY CLAIM TO THE RIGHT TO USE OF WATERS, AS BETWEEN THE WATER USE CLAIMANT AND THE STATE OR AS BETWEEN ONE OR MORE WATER USE CLAIMANTS AND ANOTHER OR OTHERS. THIS ACKNOWLEDGEMENT CONSTITUTES RECEIPT FOR THE FILING FEE.
DATE RETURNED _____ THIS HAS BEEN ASSIGNED WATER RIGHT CLAIM REGISTRY NO. MAY 16 75 160825
John Biggs
DIRECTOR - DEPARTMENT OF ECOLOGY

I HEREBY SWEAR THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF.
 D. H. Knight
D. H. Knight, Vice President
DATE June 3, 1974
IF CLAIM FILED BY DESIGNATED REPRESENTATIVE, PRINT OR TYPE FULL NAME AND MAILING ADDRESS OF AGENT BELOW.
D. H. Knight
Vice President, Power Supply
Puget Sound Power & Light Co.
Bellevue, Wa 98009
 ADDITIONAL INFORMATION RELATING TO WATER QUALITY AND/OR WELL CONSTRUCTION IS AVAILABLE.

A FEE OF \$2.00 MUST ACCOMPANY THIS WATER RIGHT CLAIM.
ORIGINAL DWR
RETURN ALL THREE COPIES WITH CARBONS INTACT, ALONG WITH YOUR FEE TO:
DEPARTMENT OF ECOLOGY
WATER RIGHT CLAIMS REGISTRATION
P.O. BOX 829 OLYMPIA, WASHINGTON 98504

Attachment to Water Right Claim

Puget Sound Power & Light Company
Bellevue, Wa 98009

Item 6 - Description of Lands - Electron Project

T18N, R5E S1/2 SE1/4 Sec. 33

T19N, R5E W1/2, SE 1/4
Sec 3 E1/2 NW 1/4, E1/2
Sec 4 NE1/4 Sec 10
NW1/4, N1/2 SW 1/4,
SE1/4, SW1/4 NE 1/4 Sec 11
SW1/4, S1/2 SE 1/4
Sec 12 NE 1/4, NE 1/4 NW 1/4 Sec 13

T17N, R6E S1/2 Sec 17
N1/2, N1/2 SW1/4, SE1/4
Sec 18 N1/2 NW1/4, E1/2
Sec 20 W1/2 SW1/4 Sec 21
NE1/4 NE1/4 Sec 29
W1/2 NW 1/4, SW1/4 Sec 28
NW1/4, SW1/4 NE 1/4,
SE1/4, NW1/4 SW1/4
Sec 33 SW1/4 SW1/4
Sec 34

T16N, R6E N1/2 NW1/4 Sec. 3

EXHIBIT A-3
ROAD INTERESTS

1. Right of way interests described in AFN 163788, Volume 219, Page 172, records of Pierce County, Washington.
2. A 60-foot wide strip of land described in AFN 183787, records of Pierce County, Washington.

EXHIBIT A-4

SELLER RETAINED PROPERTY

SELLER PARCEL C-1

A PARCEL OF LAND SITUATED IN THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER AND IN THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 04, TOWNSHIP 17 NORTH, RANGE 05 EAST, W.M., KING COUNTY, WASHINGTON. SAID PARCEL IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 04;
THENCE N 01°06'27" E ALONG THE EAST SECTION LINE FOR 2648.88 FEET TO THE EAST QUARTER CORNER OF SAID SECTION;
THENCE N 87°43'40" W ALONG THE EAST-WEST CENTER OF SECTION LINE FOR 244.63 FEET TO THE TRUE POINT OF BEGINNING;
THENCE S 02°07'21" W FOR 171.90 FEET;
THENCE S 59°58'40" W FOR 101.49 FEET;
THENCE S 74°49'43" W FOR 53.52 FEET;
THENCE S 71°39'47" W FOR 346.42 FEET;
THENCE N 22°03'58" W FOR 226.04 FEET;
THENCE N 90°00'00" W FOR 263.21 FEET;
THENCE S 29°06'59" W FOR 61.82 FEET;
THENCE N 60°53'01" W FOR 100.00 FEET;
THENCE N 29°06'59" E FOR 70.00 FEET;
THENCE N 29°06'59" E FOR 130.15 FEET TO A POINT ON THE EAST-WEST CENTER OF SECTION LINE;
THENCE N 02°44'55" E FOR 788.55 FEET;
THENCE S 87°50'43" E FOR 834.95 FEET;
THENCE S 02°07'21" W FOR 790.23 FEET TO A POINT ON THE EAST-WEST CENTER OF SECTION LINE AND TRUE POINT OF BEGINNING.
SAID PARCEL CONTAINS 20.0278 ACRES, MORE OR LESS.

SELLER PARCEL C-2

A PARCEL OF LAND SITUATED IN THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 04, TOWNSHIP 17 NORTH, RANGE 05 EAST, W.M., KING COUNTY, WASHINGTON. SAID PARCEL IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCING AT THE SOUTHEAST SECTION CORNER OF SAID SECTION 04;
THENCE N 87°37'16" W ALONG THE SOUTH SECTION LINE OF SAID SECTION 04 FOR 2654.22 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION;
THENCE N 01°50'12" E ALONG THE NORTH-SOUTH CENTER OF SECTION LINE FOR 1450.13 FEET TO A POINT AND THE TRUE POINT OF BEGINNING;
THENCE N 01°50'12" E CONTINUING ON THE NORTH-SOUTH CENTER OF SECTION LINE FOR 1193.33 FEET TO THE CENTER OF SECTION;
THENCE S 87°43'40" E ALONG THE EAST-WEST CENTER OF SECTION LINE FOR 726.00 FEET;
THENCE S 1°36'33" W FOR 1031.41 FEET A POINT ON THE NORTH SIDE OF A TRAVEL WAY;
THENCE S 41°24'56" W FOR 16.88 FEET TO A POINT OF CURVATURE;
THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 422.22 FEET AND A CENTRAL ANGLE OF 30°05'35", FOR AN ARC LENGTH OF 221.76 FEET, SAID CURVE HAVING A LONG CHORD BEARING OF S 56°27'44" W;

THENCE S 71°30'31" W FOR 101.79 FEET TO A POINT OF CURVATURE;
THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 565.46 FEET AND A
CENTRAL ANGLE OF 05°12'34", FOR AN ARC LENGTH OF 51.41 FEET, SAID CURVE HAVING
A LONG CHORD BEARING OF
S 74°06'48" W;
THENCE S 76°43'05" W FOR 140.41 FEET TO A POINT OF CURVATURE;
THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 293.98 FEET AND A
CENTRAL ANGLE OF 16°16'50", FOR AN ARC LENGTH OF 83.53 FEET, SAID CURVE HAVING
A LONG CHORD BEARING OF S 68°34'41" W;
THENCE N 28°17'23" W FOR 21.30 FEET;
THENCE S 60°02'01" W FOR 12.60 FEET;
THENCE N 21°15'30" W FOR 100.35 FEET;
N 88°11'52" W FOR 123.36 FEET TO THE TRUE POINT OF BEGINNING.
SAID PARCEL CONTAINS 20.0278 ACRES, MORE OR LESS.

SELLER PARCEL C-3

A PARCEL OF LAND SITUATED WITHIN GOVERNMENT LOT 3, TOWNSHIP 17 NORTH,
RANGE 05 EAST, W.M., KING COUNTY, WASHINGTON. SAID PARCEL IS MORE
PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 04;
THENCE S 89°39'05" E ALONG THE NORTH SECTION LINE FOR 2647.44 FEET TO THE NORTH
QUARTER CORNER OF SAID SECTION;
THENCE N 89°39'05" W BACK ALONG THE NORTH SECTION LINE FOR 208.34 FEET TO THE
TRUE POINT OF BEGINNING;
THENCE S 10°42'18" E FOR 455.62 FEET TO A POINT OF CURVATURE;
THENCE ALONG A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 916.73 FEET
AND A CENTRAL ANGLE OF 16°15'50", FOR AN ARC LENGTH OF 260.22 FEET TO A POINT OF
TANGENCY;
THENCE S 05°33'32" W FOR 195.04 FEET;
THENCE S 55°27'15" W FOR 316.45 FEET;
THENCE N 85°28'38" W FOR 573.25 FEET;
THENCE N 01°27'51" E FOR 874.99 FEET;
THENCE N 66°24'44" W FOR 417.90 FEET TO THE WEST SIXTEENTH CORNER OF SAID
SECTION 04;
THENCE S 89°39'05" E ALONG THE NORTH SECTION LINE FOR 1115.38 FEET TO THE TRUE
POINT OF BEGINNING.
SAID PARCEL CONTAINS 20.0120 ACRES, MORE OR LESS.

EXHIBIT A-5

ELECTRON FACILITY DESCRIPTION

The Electron Hydroelectric Project is located on the Puyallup River about 25 miles southeast of Tacoma in the western foothills of Mount Rainier. The Electron Hydroelectric Diversion was constructed in 1904 to divert the flow of the Puyallup River into a hydroelectric generating facility with 26-megawatt generating capacity from six (6) generating units. The water is drawn to the powerhouse head pond (forebay) by way of a 10.2-mile wooden flume running through the river valley.

The main components of the Electron Hydroelectric Project are:

Intake Structures: The intake structure consists of a wood crib diversion structure on the Puyallup River. At the diversion structure, the intake to the flume is on the left bank of the river and the Fishway is on the right bank of the river. The elevation of the intake is 1613.9 feet. The water claim for the Electron Hydropower Plant is 400 cfs and the minimum in-stream flow requirements for generation are 60 cfs from November 16 to July 15, and 80 cfs from July 16 to November 15. The new Renewable Resource Agreement establishes new Sufficient Flow requirements of 100 cfs year around.

Flume: An 8ft x 8ft wood flume transports water 10.2 miles, following the terrain, to a pond known as the forebay. The flume drops in elevation approximately seven feet per mile. A small rail line sits atop the flume to shuttle workers and equipment for maintenance operations. The wood flume has been rebuilt three times, most recently in 1985 and is nearing the end of its economic life with increased annual maintenance costs and decreasing flows.

Settling Pond: There is one settling pond at approximately four miles down the flume from the intake structure. Sand and silt trapped at the settling pond requires regular removal during operations.

Forebay: The surface elevation of the forebay is 1537.9 feet. The forebay requires dredging or excavating to remove sand that accumulates about every three years. There are four inlet valves connecting to four penstocks. The inlet valves have electric motors, and can be remotely operated by a computer terminal.

Penstocks: Four original wood-stave penstocks, approximately 343 feet in length, start at the forebay. The wood-stave penstocks were lined with steel spiral pipe. They connect to four riveted steel penstocks, approximately 1730 feet in length, and end at the powerhouse. Each penstock is 48" in diameter at the forebay reducing to 36" at the powerhouse.

Powerhouse: With the powerhouse sitting at 666.74 feet elevation there is approximately 871 feet of head at the centerline of the turbine nozzles. The powerhouse contains five operating generating units with maximum generating capacity of 25.8 MW. The turbines are approximately 100 years old, with newer replacement buckets, with efficiencies ranging from 72% to 77%. The plant is only partially automated at this time, and requires an employee at Electron to change operations at the plant.

EXHIBIT B

FLEET VEHICLES

<u>Vehicle</u>	<u>Description</u>	<u>Manufacturer</u>	<u>Model number</u>	<u>Construct Year</u>	<u>VIN</u>	<u>License #</u>
03-3590	1 TON TRUCK	FORD	F350	2006	1FTWX31P86ED28233	A99369Z
03-4715	1 TON TRUCK	FORD	F350	1997	3FEKF38F2VMA38049	A11483Z
03-4768	1 TON TRUCK	FORD	F450	2002	1FDXF47F72EA52113	B28803N
03-4777	1 TON TRUCK	FORD	F350	2002	1FDWW37F02EA73360	B28919H
03-4778	1 TON TRUCK	FORD	F350	2002	1FDWW37F02EA73357	B28920H
03-4779	1 TON TRUCK	FORD	F350	2002	1FDWW37F42EA73359	B28805N
03-4941	3/4 TON P/U	FORD	F250	2004	1FTNF21L44EC07654	B50571U
03-4955	1 TON TRUCK	FORD	F450	2004	1FDXF47PO4EC07662	B26576P
03-4966	1 TON VAN	FORD	E350	2005	1FBNE31L25HB23913	B28826N
03-7259	1 TON TRUCK	FORD	F450	2008	1FDXX47R78EB44421	B49425C
03-7274	1 TON TRUCK	FORD	F450	2008	1FDXW47R18EB44420	B49465C
05-6102	FLATBED TRUCK	FORD	F800	1991	1FDXK84A1MVA38111	75882U
05-6112	10 YD DUMP	KENWORTH	T800B	1994	1NKDL69X5RS628034	71577X
08-3758	BOOM TRUCK STD TEREX	INTERNATIONAL	7500 SFA	2006	1HTWWAZT67J361154	B65515A
12-1320	TRAILER	EAGER BEAVER	TRAILER	1994	112TEX347RL041858	5636XA
12-1361	FISH TANKER TRAILER	HM	HM	1998	WA94187038	9590TJ
12-1686	COMPRESSOR TRAILER	INGERSOLL-RAND		1990	185747U90178	8624VM
12-1695	WOOD CHIPPER	VERMEER	Chipper	1992	1VRC14134NI003267	5640XA
12-7528	TRAILER	OLYMPIC	DT14-2E 22	2008	1C9TF22278T997301	2490UV

<u>Equipment</u>	<u>Description</u>	<u>Manufacturer</u>	<u>Model number</u>	<u>Construct Year</u>	<u>VIN</u>	<u>License #</u>
18-8133	FRONT END LOADER	CASE	CASE 821 LOADER	1991	JAK0023888	
18-8141	BACKHOE 4WD EXT	CASE	580	2005	N5C389994	
19-8007	DOZER	CASE	1150E DOZER	1992	JAK0008861	
19-8138	EXCAVATOR	JOHN DEERE	450C LC	2004	FF450CX091511	
19-8139	DOZER	JOHN DEERE	1050C	2002	LU1050C005620	
19-8144	EXCAVATOR	CAT	320CL	2005	CAT0320CKPAB03620	
63-4599	FORKLIFT	LION	LIFTALL GHX 150	1989	WA1985V161289P	
63-4621	FORKLIFT	CLARK	CLARK GPX-50	1993	GPX710U-0232-9050	
63-7519	FORKLIFT/TELEHANDLER	JLG	JL G6-42A	2009	160038013	

EXHIBIT C-1

ASSIGNED CONTRACTS

1. Easement between Champion International Corporation and Puget Sound Power & Light Company, recorded as AFN 8602050186.

EXHIBIT C-2

ASSIGNED PERMITS

1. Washington Department of Fish and Wildlife Hydraulic Project Approval, Control No. 115914-1, expires 2/4/2014.

2. Washington Department of Fish and Wildlife Hydraulic Project Approval, Control No. 121042-1, expires 7/19/2015.

EXHIBIT D

115kv LINE

The 115kv line to be conveyed to Buyer is generally depicted below. If there are any inconsistencies between this Exhibit D and the LGIA, then the LGIA shall control.

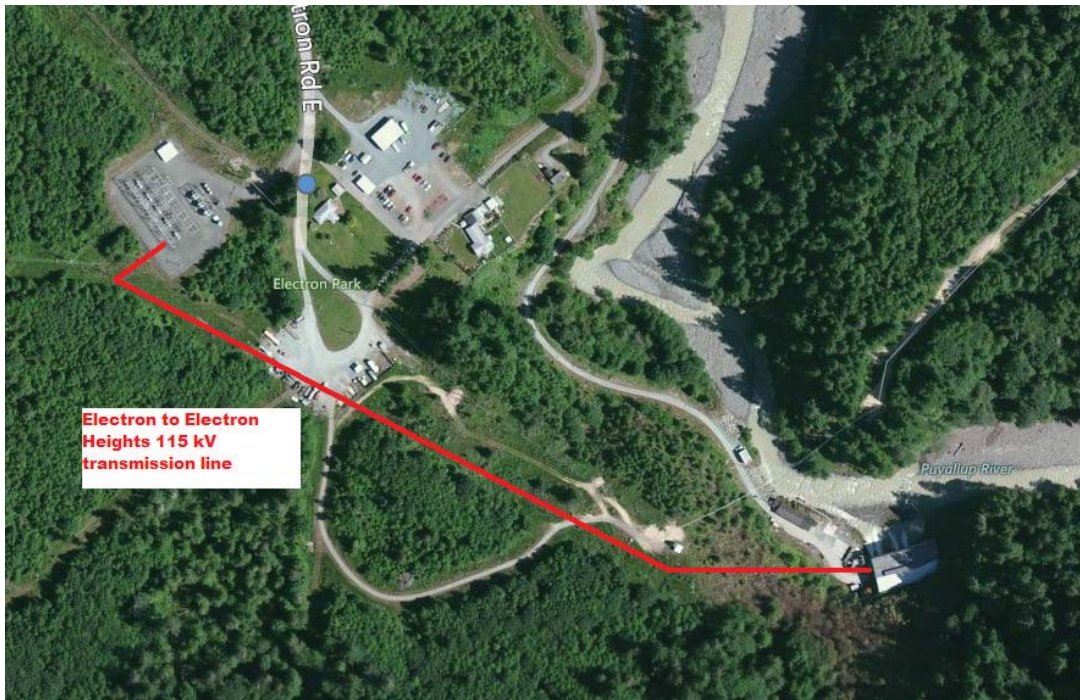


EXHIBIT E

EXCLUDED ASSETS

1. Microwave Tower located on the Seller Retained Property and communication equipment to be identified in the Transition Plan.

2. Computer Equipment:

Location	Location Floor	Location Area	Asset	Type	Qty.	Comments
Crew House	1	Conference room	32342	Tanberg	1	Video Conferencing
Crew House	1	Office 2	37811	Latitude E Series	1	Docking station
Crew House	1	Administrator office	31079	Dell	1	Desktop only
Crew House	1	Administrator office		HP All in 1	1	Personal deskjet printer
Crew House	1	Kitchen Hotel	31078	Dell	1	Desktop only
Lower Office	1	Reception	38594	Dell 760	1	Desktop only
Lower Office	1	Reception		HP All in 1	1	Personal deskjet printer
Lower Office	1	Hotel	38445	Dell 760	1	Desktop only
Lower Office	1	SE Office	35089	E6500	1	Latitude E series Desktop only
Lower Office	1	SE Office	34871	Latitude E Series	1	Docking station
Lower Office	1	SE Office		Epson C88	1	Personal deskjet printer
Power House	1	Control Room	38597	Dell 760	1	Desktop only
Power House	1	Control Room		HP All in 1 C5281	1	Printer
Power House	3	Electric Shop	38589	Dell 760	1	Desktop only
Power House	3	Electric Shop		HP All in 1	1	Personal deskjet printer

Power House	3	Electric Shop	38596	2575	1	Desktop and HP 15 inch monitor
Power House	3	Electric Shop	31077	Dell 755	1	Desktop only
Upper Reservoir	1	Comm shack	29814	Dell 745	1	Desktop only
Upper Reservoir	1	Maintenance Shop	38595	Dell 760	1	Desktop only
Upper Reservoir	1	Maintenance Shop	38598	Dell 760	1	Desktop only
Upper Reservoir	1	Maintenance Shop	38600	Dell 760	1	Desktop only

3. Heritage Equipment:

Location	Heritage Number	Asset
Upper Reservoir	1	Pipe Cutter
Upper Reservoir	2	Switch and Frog RR Tool
Upper Reservoir	3	Lineman Belt
Upper Reservoir	4	Insulator Spacers (8 ea)
Upper Reservoir	5	Mounted Downtown Seattle Photo
Upper Reservoir	6	Wood Hoist
Upper Reservoir	7	Wooden File Boxes (4 ea)
Upper Reservoir	8	Pelton Exciter Buckets (3 ea)

4. Electronic and Security Equipment:

Location	Asset	Brand/Model
Upper (Camp 6)	Digital Video Recorder (DVR)	Pelco DX8100
Upper (Camp 6)	Lock Cores	
Lower Compound	Digital Video Recorder (DVR)	Pelco DX8100
Lower Compound	Lock Cores	
Lower Power House	Digital Video Recorder (DVR)	Pelco DX8100
Lower Power House	Lock Cores	

5. Vehicles:

Equipment	Description	Manufacturer	Model	Year	VIN	License #
02-7467	Mini Pickup 4x4	Chevrolet	Colorado	2009	1GCDT199798131618	B99787F
03-7681	¾ Ton Pickup	Ford	F250	2011	1FT7W2B60BEA36867	B75263P

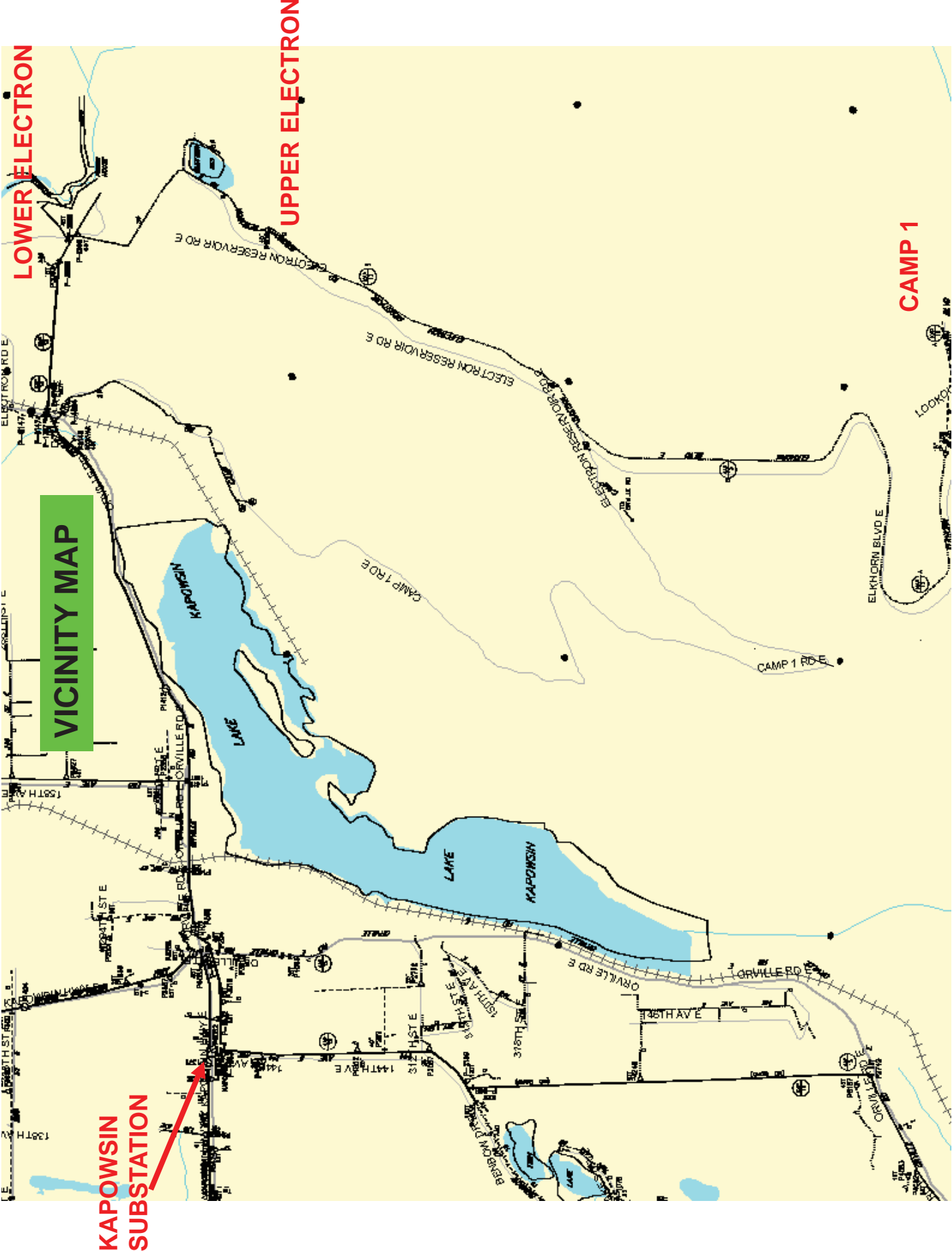
6. Mobile Radios. The newer mobile radios installed on the following vehicles will be removed prior to closing and retained by Seller:

Install Date and Time	Equipment	Manufacturer	Description
11/27-10am	02-7467	CHEVROLET	MINI PICKUP 4x4
11/28-1pm	03-3590	FORD	1 TON TRUCK
11/27-4pm	03-4715	FORD	1 TON TRUCK
11/27-1pm	03-4768	FORD	1 TON TRUCK
11/27-4pm	03-4777	FORD	1 TON TRUCK
11/28-4pm	03-4778	FORD	1 TON TRUCK
11/28-10am	03-4941	FORD	3/4 TON P/U
11/27-1pm	03-7239	FORD	1 TON TRUCK
11/28-1pm	03-7259	FORD	1 TON TRUCK
11/28-4pm	03-7274	FORD	1 TON TRUCK
11/28-10am	03-7681	FORD	3/4 TON PICKUP
11/27-7am	03-7682	FORD	3/4 TON PICKUP
11/28-7am	05-6102	FORD	FLATBED TRUCK
11/27-10am	05-6112	KENWORTH	10 YD DUMP
11/27-7am	08-3758	INTERNATIONAL	BOOM TRUCK STD TEREX

The original Electron Facility-specific mobile radios will be conveyed to Buyer as Personal Property.

7. Distribution Lines: Each of the existing distribution lines shown on the attached maps labeled “Seller Retained Distribution Line.”

[SEE NEXT PAGE FOR DISTRIBUTION LINE MAPS]



LOWER ELECTRON

UPPER ELECTRON

CAMP 1

VICINITY MAP

**KAPOWSIN
SUBSTATION**

OVERVIEW MAP

ELECTRON TRANS STATION

LOWER ELECTRON

PSE COM TOWER

UPPER ELECTRON

SELLER RETAINED
DISTRIBUTION LINE

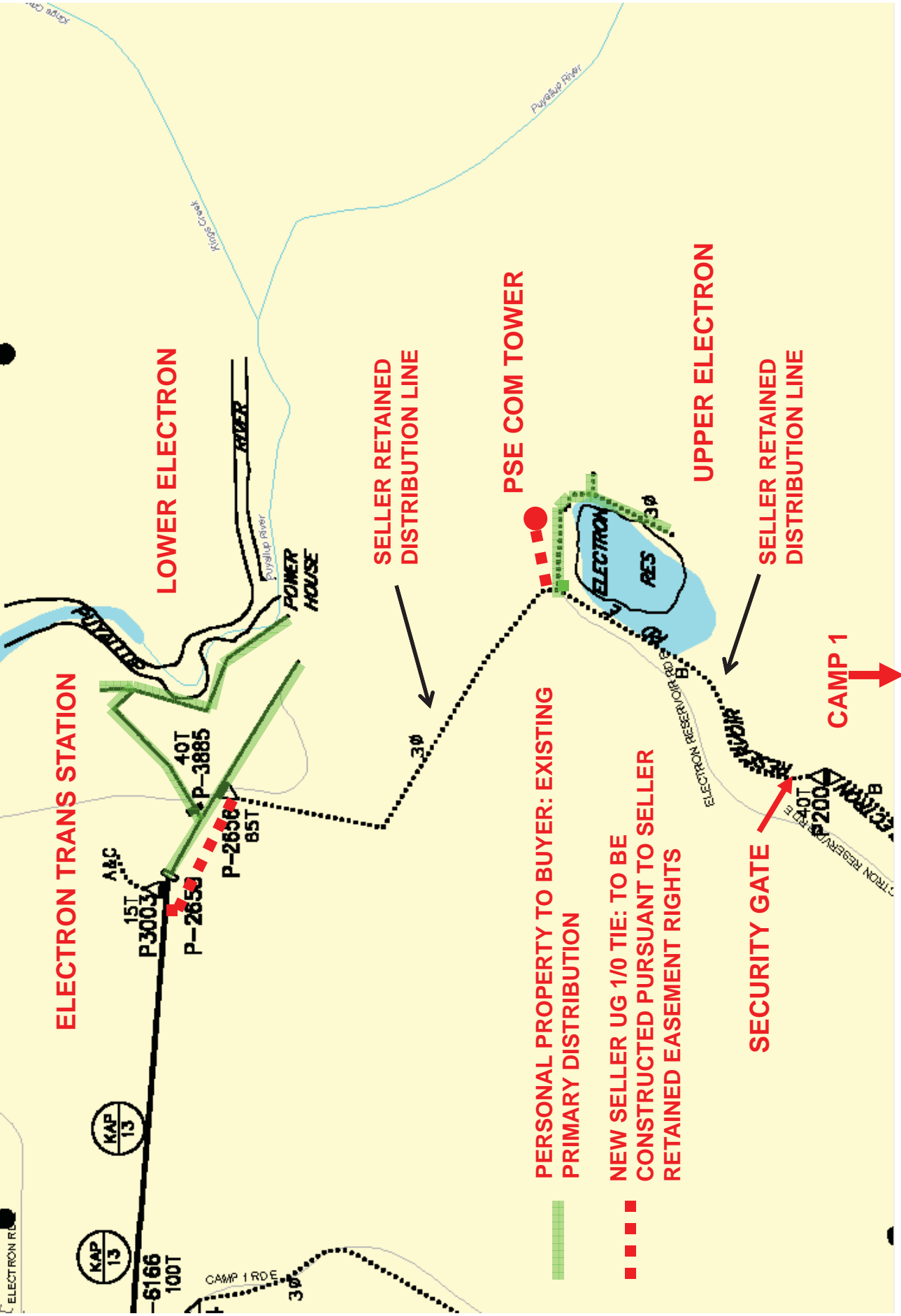
SELLER RETAINED
DISTRIBUTION LINE

PERSONAL PROPERTY TO BUYER: EXISTING
PRIMARY DISTRIBUTION

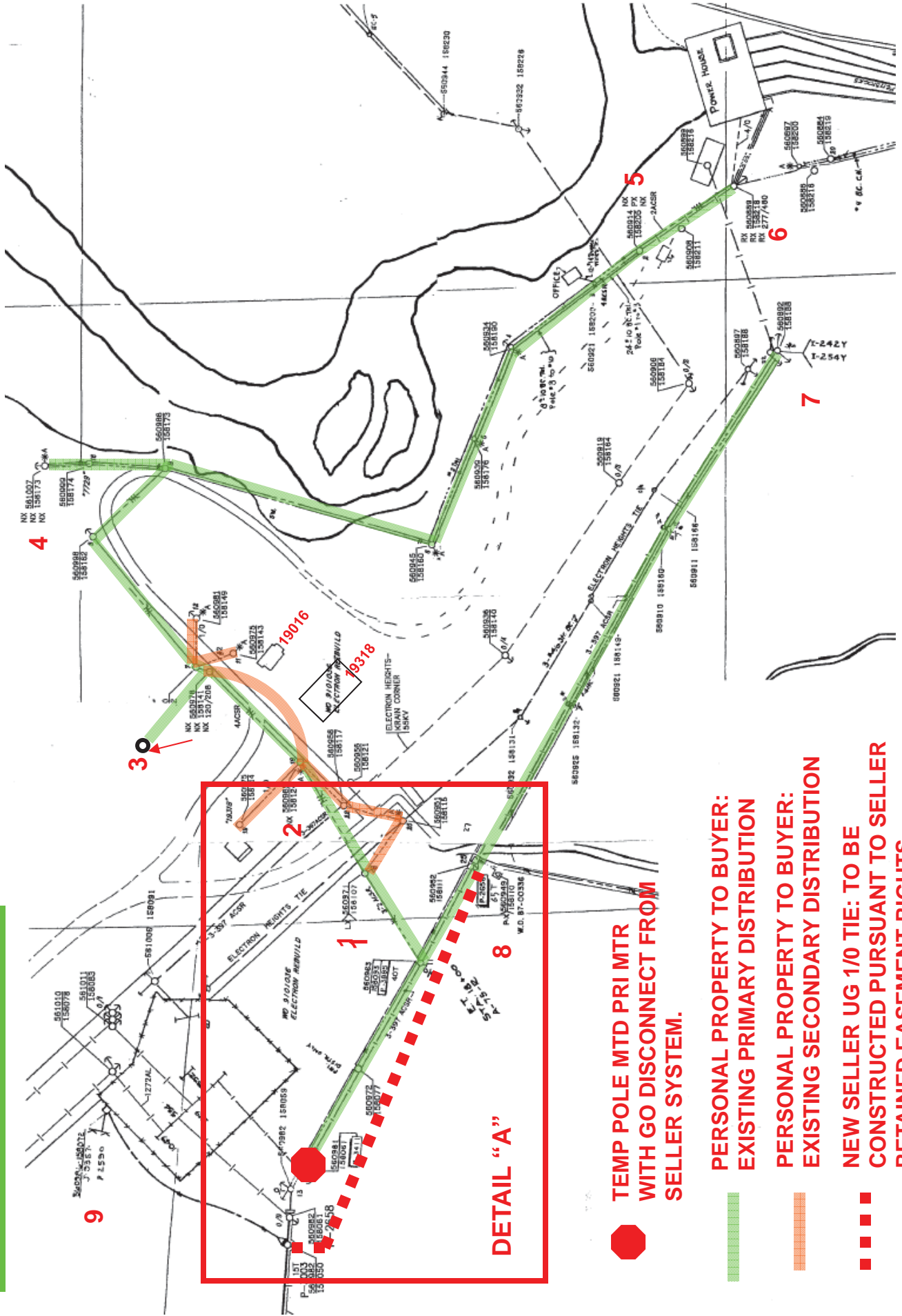
NEW SELLER UG 1/0 TIE: TO BE
CONSTRUCTED PURSUANT TO SELLER
RETAINED EASEMENT RIGHTS

SECURITY GATE

CAMP 1



LOWER ELECTRON DETAIL



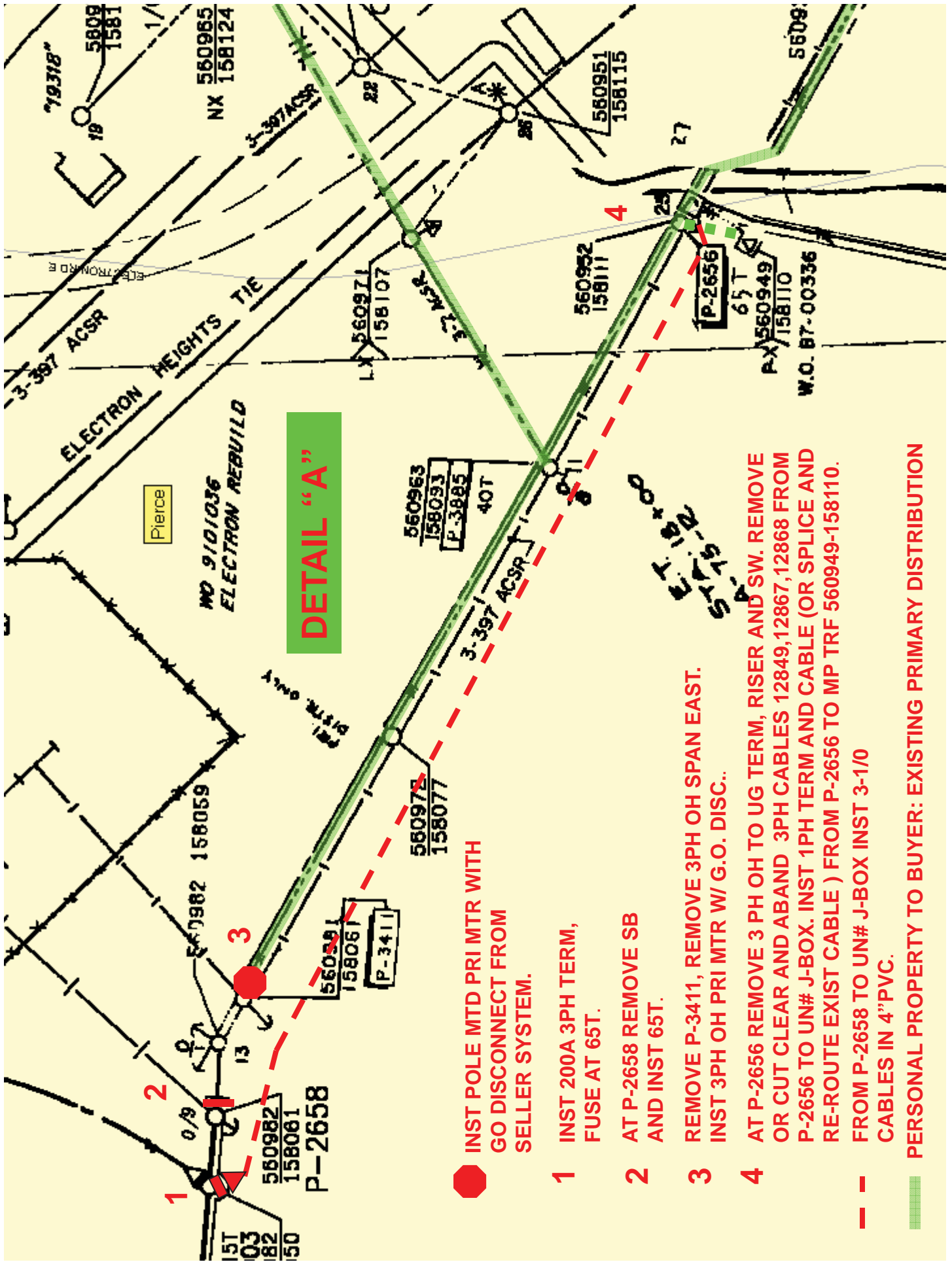
TEMP POLE MTD PRI MTR WITH GO DISCONNECT FROM SELLER SYSTEM.

PERSONAL PROPERTY TO BUYER: EXISTING PRIMARY DISTRIBUTION

PERSONAL PROPERTY TO BUYER: EXISTING SECONDARY DISTRIBUTION

NEW SELLER UG 1/0 TIE: TO BE CONSTRUCTED PURSUANT TO SELLER RETAINED EASEMENT RIGHTS





● INST POLE MTD PRI MTR WITH GO DISCONNECT FROM SELLER SYSTEM.

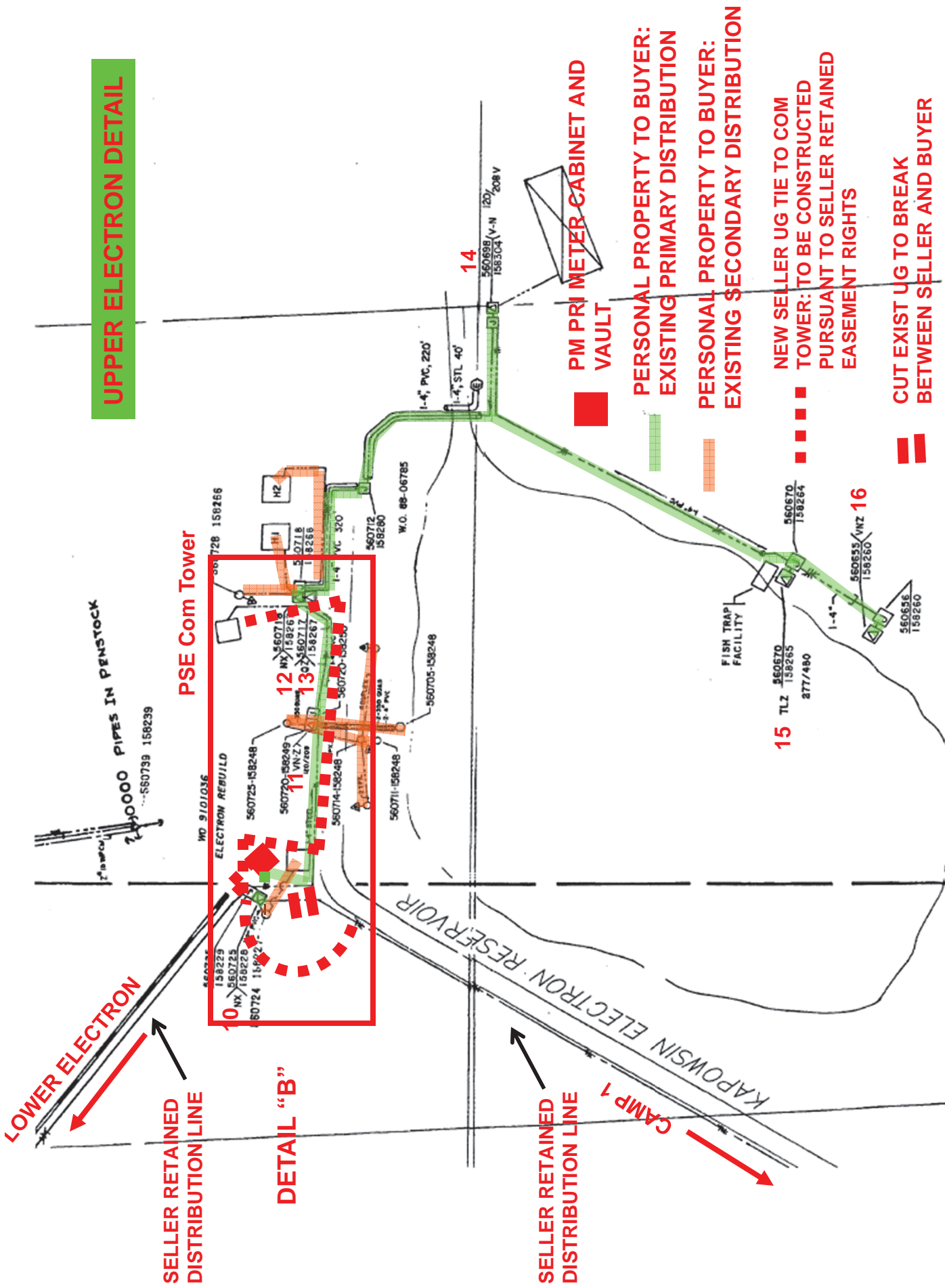
- 1 INST 200A 3PH TERM, FUSE AT 65T.
- 2 AT P-2658 REMOVE SB AND INST 65T.
- 3 REMOVE P-3411, REMOVE 3PH OH SPAN EAST. INST 3PH OH PRI MTR W/ G.O. DISC..

- 4 AT P-2656 REMOVE 3 PH OH TO UG TERM, RISER AND SW. REMOVE OR CUT CLEAR AND ABAND 3PH CABLES 12849,12867,12868 FROM P-2656 TO UN# J-BOX. INST 1PH TERM AND CABLE (OR SPLICE AND RE-ROUTE EXIST CABLE) FROM P-2656 TO MP TRF 560949-158110.

-- FROM P-2658 TO UN# J-BOX INST 3-1/0 CABLES IN 4" PVC.

█ PERSONAL PROPERTY TO BUYER: EXISTING PRIMARY DISTRIBUTION

UPPER ELECTRON DETAIL



PSE Com Tower

PM PRI METER CABINET AND VAULT

**PERSONAL PROPERTY TO BUYER:
EXISTING PRIMARY DISTRIBUTION**

**PERSONAL PROPERTY TO BUYER:
EXISTING SECONDARY DISTRIBUTION**

**NEW SELLER UG TIE TO COM
TOWER: TO BE CONSTRUCTED
PURSUANT TO SELLER RETAINED
EASEMENT RIGHTS**

**CUT EXIST UG TO BREAK
BETWEEN SELLER AND BUYER**

LOWER ELECTRON

**SELLER RETAINED
DISTRIBUTION LINE**

DETAIL "B"

**SELLER RETAINED
DISTRIBUTION LINE**

CAMP 1

KAPOWSIN ELECTRON RESERVOIR

FISH TRAP FACILITY

100000 PIPES IN PENSTOCK

ELECTRON REBUILD

W.D. 9101036

10

11

12

13

14

15

16

H1

H2

50718

5288

VC 370

560712

558280

W.O. 88-06785

1-4" PVC, 220'

1-4" STL 40'

560698/V-N 120'

158304/V-N 208 V

560720-158248

560725-158248

560714-158248

560711-158248

560705-158248

2-300 O.D.S

2-2" PVC

560720-158248

560725-158248

560714-158248

560711-158248

560705-158248

560670

158265

277/480

1-4"

560655/WZ

158260

560656

158260

12448-A
12449-B
12450-O

DETAIL "B"

LOWER ELECTRON

INST PM PRI METER CABINET AND VAULT NEAR J-BOX 560726-158229. INST 3-1/0 IN 4" PVC FROM J-BOX TO PRIMTR.

CUT IN NEW PSE 3PH J-BOX. INST 3PH 1/0 IN 4" PVC TO NEW PRIM MTR CABINET

NX 560725 158228

560725-158228

11388-A
11389-B
11390-O

VNZ 560720 158249
VZ 560720 158267
JN 560720 158250

ABANDON

13709-A
13710-B
13711-O

560718 NX 158267

560718 158268

11382-A
11383-B
11384-O

11385-A
11386-B
11387-O

ON RESERVOIR RD

CAMP 1

MD 9101036 ELECTRON REBUILD

ELECTRON RESERVOIR RD E

560712 158280

13718-A
13719-B
13720-O

11391-A
11392-B

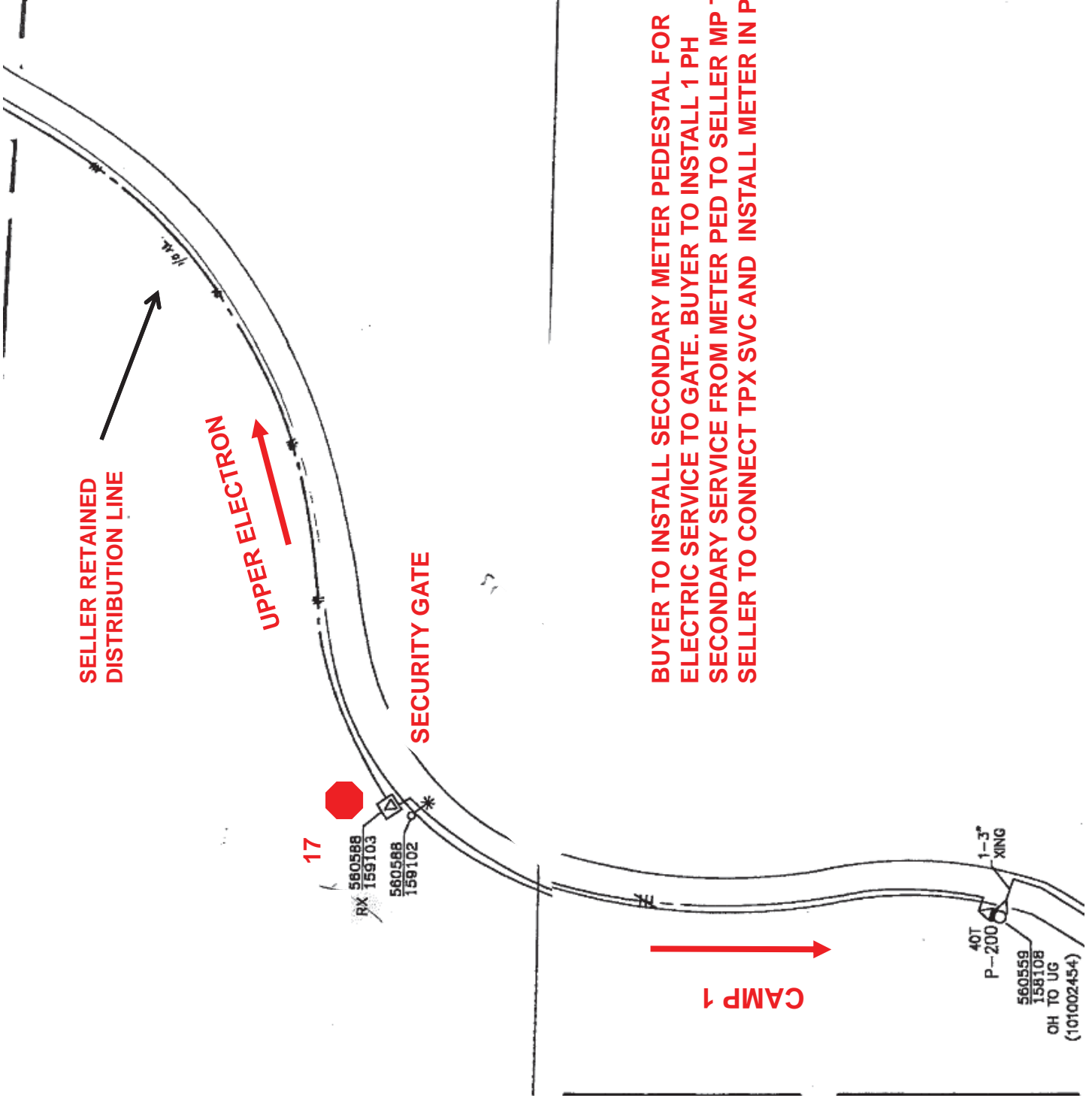
- PERSONAL PROPERTY TO BUYER: EXISTING PRIMARY DISTRIBUTION
- NEW SELLER UG TIES: TO BE CONSTRUCTED PURSUANT TO SELLER RETAINED EASEMENT RIGHTS
- CUT EXIST UG TO BREAK BETWEEN SELLER AND BUYER
- SELLER NEW MP TRF FOR COM TOWER

- ABANDON
- NEW BUYER U/G LINE

13712-
13713-
13714-

137137
137137

561



SELLER RETAINED
DISTRIBUTION LINE

UPPER ELECTRON

SECURITY GATE

CAMP 1

BUYER TO INSTALL SECONDARY METER PEDESTAL FOR
ELECTRIC SERVICE TO GATE. BUYER TO INSTALL 1 PH
SECONDARY SERVICE FROM METER PED TO SELLER MP TRF.
SELLER TO CONNECT TPX SVC AND INSTALL METER IN PED.

17

RX 580588
159103

560588
159102

40T
P-200

560559
158108
OH TO UG
(101002454)

1-3'
XING

ELECTRON TRANSFORMER/METER SURVEY

	TRF	GRID	METER	SERVES
1	OH LX	560971-158107	UN METERED	AREA LIGHTS, RECEPTICLE FOR PARK
2	OH NX	560965-158124	A91629093	MAIN OFFICE(19318) & SMALL BDG
			A91623777	BDG (19016)
			UN METERED	AREA LIGHTS, CARPORT, RECEPTICLE, SMALL BDG
3	OH NX-NX-NX		Z06498490	SHOP
4	OH NX-NX-NX	561007-158173	UN METERED	WATER PUMP/TANK
5	OH NX-PX-NX	560914-158205	UN METERED	OFFICE,AREA LIGHTS,LUCHROOM/SHOP
6	OH RX-RX-RX	560889-158218	Z06498335	POWER HOUSE
7	OH ?X?X	560892-158188	UN METERED	WATER TANK
8	MP PX	560949-158110	A91629119	GAS PUMP
9	MP PX	560986-158072	UN METERED	PSE STATION SVC FOR ELECTRON TRANSMISSION STATION
10	MP NX	560725-158228	UN METERED	OLD SHOP
11	PM VNZ	560720-158249	UN METERED	INTAKE, AREA LIGHTS
12	MP NX	560718-158267	UN METERED	AREA LIGHTS
13	PM QZ	560717-158267	Z06498498	PSE COM TOWER
14	PM VNZ	560698-158304	Z05894997	SPEEDER SHOP
15	PM TLZ	560670-158265	Z07183222	FISH TRAP
16	PM VNZ	560655-158260	UN METERED	UN USED

EXHIBIT F
ASSUMED LIABILITIES

None.

EXHIBIT G-1

FORM OF BARGAIN AND SALE DEED

WHEN RECORDED RETURN TO:

BARGAIN AND SALE DEED

Grantor: Puget Sound Energy, Inc., a Washington corporation
Grantee: Electron Hydro, LLC, a Delaware limited liability company
Legal Description: _____
(Additional legal description on page ____)
Tax Parcel No. _____
Reference No. None

The Grantor, PUGET SOUND ENERGY, INC., a Washington corporation, for and in consideration of good and valuable consideration in hand paid, does hereby grant, bargain, sell, and convey to ELECTRON HYDRO, LLC, a Delaware limited liability company (“Grantee”) the described real estate situated in County of Pierce, State of Washington more particularly described on Exhibit A hereto, including, without limitation, any water rights appurtenant thereto, and subject to those encumbrances shown on Exhibit B hereto.

Grantor by these presents expressly limits the covenants of this Deed to those herein expressed and excludes all covenants arising or to arise by statutory or other implication and does hereby covenant that against all persons whomsoever lawfully claiming or to claim by, through or under said Grantor and not otherwise. Grantor will forever warrant and defend the said described real property.

Dated this ____ day of _____, ____.

By: _____

Its: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that _____ signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it in (his/her) capacity as _____ of _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this ____ day of _____, 20__.

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

[Type or Print Notary Name]

EXHIBIT A TO BARGAIN AND SALE DEED

[INSERT LEGAL DESCRIPTION EXCEPT ANY PORTIONS COVERED BY QUITCLAIM DEED]

Including Seller's right, title and interest to the following water right claims:

1. S2-160817CL
2. S2-160819CL
3. S2-160821CL
4. S2-160823CL
5. S2-160824CL
6. S2-160825CL

EXHIBIT G-2

FORM OF QUITCLAIM DEED

WHEN RECORDED RETURN TO:

QUIT CLAIM DEED

Grantor: Puget Sound Energy, Inc.
Grantee: Electron Hydro, LLC
Legal Description: _____
(Additional legal description on page ____)
Tax Parcel No. _____
Reference No. None

PUGET SOUND ENERGY, INC., a Washington corporation (“Grantor”), does hereby sell, assign, transfer, convey, and quitclaim to ELECTRON HYDRO, LLC, a Delaware limited liability company, all of its right, title and interest in the real property and the water right, each more particularly described below, and all after acquired title therein:

[insert description of real property]

as situated in Pierce County, Washington.

and

All of the following rights held by Seller under that certain Deed, AFN 200412090573: water, water rights and all matters relating thereto, including, without limitation, those rights to prevent, block and divert water from, the right to release, spill and drain water onto, over and across, and the right to otherwise change the flow of water from, onto, over and across the property as further described therein.

Dated this ____ day of _____, _____.

By: _____
Its: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that _____ signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it in (his/her) capacity as _____ of _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this _____ day of _____, 20__.

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

[Type or Print Notary Name]

EXHIBIT H

NON-FOREIGN AFFIDAVIT

Section 1445 of the Internal Revenue Code of 1986, as amended, provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform ELECTRON HYDRO, LLC (the "Transferee"), that withholding of tax is not required upon the disposition of a U.S. real property interest by PUGET SOUND ENERGY, INC. (the "Transferor"), the undersigned individually and on behalf of the Transferor, hereby certifies and states under oath the following:

1. Transferor is not a foreign person, foreign corporation, foreign partnership, foreign trust, foreign estate or resident alien (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. The Transferor's federal identification number is _____;
3. The Transferor's office address is:

4. The undersigned understands that this affidavit and certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both;
5. This affidavit and certification is given to and may be relied upon by the Transferee; and
6. The undersigned is the _____ of Transferor and, as such is authorized to execute this affidavit and certification.

Under penalties of perjury the undersigned declares that the undersigned has examined this affidavit and certification and to the best of the undersigned's knowledge and belief it is true, correct and complete.

DATED: _____, 20__.

By: _____

Its: _____

EXHIBIT I
FORM OF POWER PURCHASE AGREEMENT

[SEE ATTACHED]

Power Purchase Agreement

between

Puget Sound Energy, Inc.

and

Electron Hydro, LLC

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POWER PURCHASE AGREEMENT

This Power Purchase Agreement (this “**Agreement**”), dated as of [REDACTED], 2013 (“**Effective Date**”), is made by and between Puget Sound Energy, Inc., a Washington corporation (“**PSE**”) and Electron Hydro, LLC, a Delaware limited liability company (“**Seller**”). Each of PSE and Seller is sometimes referred to herein in the singular as a “**Party**” and in the plural as the “**Parties**”.

RECITALS

A. PSE is an investor-owned electric utility company and is interested in acquiring a firm supply of electric power at a reasonable cost.

B. Seller owns and operates a run-of-river electric generating facility, with a nameplate capacity rating of 25.8 megawatts (“**MW**”), located in the western foothills of Mount Rainier, about 42 miles southeast of Seattle along the Puyallup River, near Kapowsin, Pierce County, Washington.

C. Seller desires to sell to PSE, and PSE desires to purchase from Seller, the net electrical output generated from such project pursuant to the terms and conditions of this Agreement.

AGREEMENT

The Parties therefore agree as follows:

Section 1. Definitions

Whenever used in this Agreement, the following capitalized terms shall have the following respective meanings, unless the particular context clearly requires a different meaning:

1.1 “**Agreement**”, “**Effective Date**”, “**PSE**”, “**Seller**”, “**Party**” and “**Parties**” have the respective meanings set forth above.

1.2 “**Ancillary Services**” has the meaning set forth in Section 2.6.

1.3 “**Asset Purchase Agreement**” means that certain Asset Purchase Agreement between PSE and Seller dated as of May 30, 2013.

1.4 “**Commencement Date**” means 0000 hours on the soonest practicable date, as mutually agreed to by the Parties, following the closing of the asset purchase

transaction pursuant to which Seller will acquire the Project subject to satisfaction of all conditions to closing specified in such asset purchase transaction.

1.5 “Construction Activities” means all design, engineering, procurement, construction and other activities related to the inspection, testing, repair, replacement, improvement, alteration, modification, licensing or permitting of, or addition to, the Project and to the acquisition or preservation of rights in the Project property, together with all activities to be performed by Seller on the Project for the continuation of interconnection of the Project with PSE’s electric system.

1.6 “Environmental Attribute” means any and all certificates (including, without limitation, renewable energy certificates or RECs), credits, benefits, emissions reductions, environmental air quality credits and emissions reduction credits, offsets, and allowances, howsoever entitled, resulting from the avoidance of the emission of any gas, chemical, or other substance attributable to the generation of the specified energy by the specified resource and the delivery of the specified energy to the electricity grid, and include without limitation any of the same arising out of legislation or regulation concerned with oxides of nitrogen, sulfur, or carbon, with particulate matter, soot, or mercury, or implementing the United Nations Framework Convention on Climate Change (“UNFCCC”) or the Kyoto Protocol to the UNFCCC or crediting “early action” with a view thereto, or laws or regulations involving or administered by the Clean Air Markets Division of the Environmental Protection Agency or successor administrator (collectively with any state or federal entity given jurisdiction over a program involving transferability of Environmental Attributes, the “CAMD”), but specifically excluding only the applicable federal and state production and investment tax credits, if any. Without limiting the foregoing, “Environmental Attribute” does not include any certificates, credits, benefits, emissions reductions, environmental air quality credits or emissions reduction credits, offsets, or allowances resulting from the avoidance of the emission of any gas, chemical, or other substance that is not attributable to the generation of the specified energy by the specified resource and the delivery of the specified energy to the electricity grid.

1.7 “Excusable Delay” has the meaning set forth in Section 5.1.

1.8 “FERC” means the Federal Energy Regulatory Commission or any successor regulatory authority.

1.9 “Indemnitees” means, with respect to each Party, the other Party, its successors and assigns, and the respective directors, officers, shareholders, employees, agents and representatives of such Party and its successors and assigns.

1.10 “LGIA” has the meaning set forth in subparagraph 3.3.1.

1.11 “Monthly Energy” means electrical output actually delivered from the Project to the Point of Delivery, adjusted for losses (if any) pursuant to Section 3.6, during any month during the Operating Period, as measured in MWh.

1.12 “NERC” means the North American Electric Reliability Corporation, or any successor thereto.

1.13 “Operating Period” means the period commencing on the Commencement Date, and, unless sooner terminated pursuant to Section 7.1 or extended pursuant to Section 7.3, ending at 0000 hours on [*INSERT DATE THAT IS 20 YEARS FROM THE EFFECTIVE DATE*], 2033, or as the Parties may otherwise mutually agree upon in writing on or prior to [*INSERT DATE THAT IS 5 MONTHS PRIOR TO THE END OF THE OPERATING PERIOD*], 2033.

1.14 “Point of Delivery” means the point where Seller’s 115 kV line from the Project ties into the 115 kV bus at PSE’s Electron Heights Substation, as shown on the diagram attached hereto as Exhibit A.

1.15 “Project” means an approximately 25.8 MW run-of-river electric generating facility, sometimes referred to as the “Electron Hydroelectric Facility”, located in the western foothills of Mount Rainier, about 42 miles southeast of Seattle along the Puyallup River, near Kapowsin, Pierce County, Washington, together with all equipment, facilities, structures, improvements, alterations, modifications, additions, betterments, property and property rights (e.g., for access to the Project) thereof or related thereto. An electrical diagram of the Project is set forth in the attached Exhibit B.

1.16 “Prudent Electrical Practice” means:

(a) with respect to Seller, those practices, methods and acts which when engaged in are commonly used in prudent electrical engineering and operations to operate run-of-river hydroelectric equipment lawfully and with safety, reliability, efficiency and expedition; and

(b) with respect to PSE, those practices, methods and acts which when engaged in are commonly used in prudent electrical engineering and operations to operate electric utility equipment lawfully and with safety, reliability, efficiency and expedition; or

(c) if there are no practices, methods or acts referred to in Sections 1.16(a) or (b), respectively, then those practices, methods and acts which 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.

Prudent Electrical Practice is not limited to the optimum practice, method or act, but rather is a spectrum of possible practices, methods or acts.

1.17 “Re-Power Activities” has the meaning set forth in Section 3.5.

1.18 “Schedule”, “Scheduled” or “Scheduling” means the acts of Seller, PSE or their designated representatives, including each Party’s transmission providers, if applicable, notifying, requesting and confirming to each other the quantity of the output of the Project to be delivered at the Point of Delivery in accordance with the terms and conditions of Section 3.12.

1.19 “Taxes” means taxes, rates, levies, assessments, charges or duties, including real estate, property, sales, use, franchise, excise, capital, gross receipts and value added taxes, taxes measured on capital or assets used in a business, customs and import and export duties, taxes measured on income or on gains derived from dispositions of property, and taxes or other fees on the use of property or in-state facilities or natural resources (including the use of water for power generation), generating capacity, production, generation, manufacture, purchase, transmission, distribution, wholesale, sale, resale, or use of electricity or electrical energy, whether the tax is in the form of a property, sales and use, employment, gross receipts, revenue, income, franchise, excise, value-added, excess profits or any other Tax, and regardless of how the Tax is named or structured.

1.20 “Transfer” means any sale, assignment, encumbrance, disposition or other transfer, at any time, whether voluntary, involuntary, by operation of law or otherwise, of all or any portion of Seller’s rights, title or interests in or to the Project or the output of the Project (except Environmental Attributes and Ancillary Services, which may be freely sold, assigned, encumbered, disposed of or otherwise transferred by Seller in its discretion) or in, to or under this Agreement.

1.21 “WUTC” means the Utilities and Transportation Commission of the state of Washington or any successor regulatory agency.

Section 2. Purchase and Sale of Energy; Environmental Attributes

2.1 General

Subject to the provisions of this Agreement, PSE purchases and shall take from Seller, and Seller sells and shall deliver to PSE at the Point of Delivery, the entire net electrical output of the Project (i.e., the total electrical energy output of the Project reduced by any amounts of electric power and energy used in connection with the

operation of the Project and losses, if any, from the Point of Delivery to the meters) during the Operating Period.

2.2 Purchase Price for Energy

For Monthly Energy, PSE shall pay to Seller an amount initially equal to \$[REDACTED]/MWh, such amount to be escalated at an annual rate of [REDACTED]% for each year during the Operating Period following calendar year 2012, in accordance with the schedule of purchase prices attached hereto as Exhibit C.

2.3 Statement of Monthly Energy; Payment for Energy

Within ten (10) days of the end of each month during the Operating Period, PSE shall: (a) determine the amount of Monthly Energy for the previous month by reading the meters in accordance with Section 3.6 (or PSE shall notify Seller that the amount of Monthly Energy cannot be determined from the meters and the Parties shall determine the Monthly Energy otherwise in accordance with Section 3.6); and (b) provide a statement to Seller of the previous month's Monthly Energy, such statement containing PSE's determination of the total amount of such Monthly Energy and the total amount payable in accordance with Section 2.2 for such Monthly Energy. If Seller does not contest PSE's determination of such Monthly Energy within five (5) business days after PSE delivering such notice to Seller, then PSE shall pay the amount due pursuant to each such statement to Seller to the account(s) designated by Seller to receive such payment, which account(s) Seller may designate from time-to-time by notice to PSE prior to end of the month in which such statement was timely received.

Any amount not paid by PSE when due in accordance with the foregoing shall bear interest at the rate of four percent (4%) per annum, calculated from the date due until the date paid by PSE. The Parties shall negotiate in good faith to resolve any disputes regarding PSE's computation of any amount of Monthly Energy and/or the amount due for such Monthly Energy.

2.4 Delivery of Energy; Risk of Loss

Seller shall deliver the output of the Project to PSE at the Point of Delivery and in the form of three-phase, sixty hertz, alternating electric current in compliance with the requirements of the LGIA to be entered into between the Parties pursuant to Section 3.3. These requirements shall be met at the Point of Delivery, during all hours of operation and in accordance with the requirements of the LGIA. Seller shall have title to and shall bear risk of loss of energy from the Project to the Point of Delivery and PSE shall have title to and shall bear risk of loss of all energy from the Project at and after the Point of Delivery.

2.5 Sale and Purchase of Environmental Attributes

Seller retains ownership of any and all Environmental Attributes whether arising under federal, state or local law.

2.6 Sale and Purchase of Ancillary Services

Seller retains ownership of any and all current or future defined characteristics, credits, ancillary service attributes, or accounting constructs, howsoever entitled, whether arising under federal, state or local law, and whether attributed to or associated with the Project or any unit of generating capacity of the Project throughout the Operating Period, including (without limitation) any accounting construct counted toward any resource adequacy requirements of Seller or PSE and any scheduling, dispatch, reactive power, voltage control, loss compensation, load following, system protection and energy imbalance-related attribute of or associated with the Project (collectively, “**Ancillary Services**”).

Section 3. Operation of the Project

3.1 Permits and Other Rights

Seller shall use commercially reasonable efforts to obtain, maintain and comply with all permits, licenses, authorizations and other rights required to perform Construction Activities, to own, operate, use and maintain the Project and to sell and deliver the net electrical output of the Project.

3.2 Performance

Subject to the provisions of (1) the Asset Purchase Agreement and (2) those certain Easements between PSE and Seller, each dated as of [REDACTED], Seller shall perform Construction Activities and shall own, operate, use and maintain the Project:

- (a) at its own risk and expense;
- (b) in a safe, prudent, orderly, skillful and workmanlike manner;
- (c) in material compliance with the permits, licenses, authorizations and rights described in Section 3.1;
- (d) in material compliance with all applicable laws, ordinances, rules, regulations, orders and other requirements, now or hereafter in effect, of any governmental authority; and
- (e) in accordance with Prudent Electrical Practice.

3.3 LGIA; Removal of PSE Equipment

3.3.1 Seller shall enter into, and comply with the terms of, a large generator interconnection agreement, containing terms and conditions approved by FERC, with PSE (“**LGIA**”).

3.3.2 Upon expiration or termination of the Operating Period, PSE shall have the right to disconnect the Project and remove all equipment and other items that are owned by PSE; provided, that this provision will not limit or otherwise affect the respective rights and obligations of the Parties under the LGIA.

3.4 Responsibility

Subject to the provisions of the Asset Purchase Agreement, including, without limitation, PSE’s environmental indemnification obligations therein, Seller shall have full responsibility for the Construction Activities, for the ownership, operation, use and maintenance of the Project and for delivery of energy from the Project to the Point of Delivery (whether by Seller, any of Seller’s assignees, contractors or suppliers of any tier, or any other person or entity), notwithstanding any:

- (a) review, approval, consent, advice, recommendation, authorization, notice, inspection, test or other similar act by PSE;
- (b) failure or delay by PSE to review, approve, consent, advise, recommend, authorize, notify, inspect, test, disconnect (as contemplated under Section 3.7) or perform any similar act; or
- (c) knowledge or information of PSE.

No review, approval, consent, advice, recommendation, authorization, notice, inspection, test or similar act by PSE regarding the Construction Activities or the ownership, operation, use or maintenance of the Project or the delivery of energy from the Project to the Point of Delivery shall constitute or be interpreted or construed as, or be relied upon or held out by Seller or any other person or entity as, any warranty, representation or endorsement by PSE. Notwithstanding the foregoing, if pursuant to the Asset Purchase Agreement PSE is obligated to provide any review, approval, consent, advice, recommendation, authorization, notice, inspection, cleanup, remediation, test or any other act related to Pre-Existing Releases, Soil Excavation, Hazardous Substances on the Real Property or Seller Retained Property (as each such term is defined in the Asset Purchase Agreement) or similar environmental matters related to the Project, any delay by PSE in providing the same shall be deemed to be an Excusable Delay for the benefit of Seller hereunder and shall excuse Seller’s

performance of any affected obligation during the pendency of and for a reasonable time after the resolution of such Excusable Delay.

3.5 Coordination of Project Operation

Seller shall operate the Project in accordance with Prudent Electrical Practices until the end of the Operating Period, subject to forced outages and outages for scheduled maintenance, repairs, replacements, improvements, alterations and modifications of, and additions to, the Project. To the extent practicable under the circumstances, Seller shall use commercially reasonable efforts to give PSE reasonable advance notice of any scheduled outage of a duration of twenty-four (24) hours or more. Without limiting the generality of the foregoing, Seller shall use commercially reasonable efforts to confine all scheduled outages to the months of May through September; provided, that Seller will not schedule any outages of the Project during the period of November through February. On or before August 1 of each calendar year, Seller shall give PSE written notice of all outages scheduled for the next twelve months (each, a “**Yearly Outage Schedule**”). In addition, Seller will notify PSE in writing, not less than thirty (30) days prior thereto, of any scheduled outage that is planned to have a duration of seven (7) days or longer and is not reflected in the Yearly Outage Schedule. Seller shall give PSE notice of all other outages as soon as practicable, but in any event, Seller will notify PSE in writing, not less than seven (7) days prior thereto, of any scheduled outage that is planned to have a duration of less than seven (7) days and is not reflected in the Yearly Outage Schedule.

Notwithstanding the foregoing, PSE acknowledges and agrees that: (a) Seller will be performing certain Construction Activities related to Seller’s efforts to re-power and otherwise improve the electrical output of the Project (“**Re-Power Activities**”); (b) as of the Effective Date, Seller intends that the Re-Power Activities will be undertaken during the initial five (5) years of Seller’s operation of the Project; and (c) in relation to the Re-Power Activities, Seller may elect to limit the electric energy output of the Project for periods that, as of the Effective Date, Seller estimates would last up to approximately eight (8) months, and that such scheduled outages may occur outside the months of May through September, including during the months of November through February.

3.6 Metering

All energy delivered under this Agreement shall be measured by meters to be owned, installed, operated and maintained by PSE. Such meters shall be set to compensate for any real energy losses and reactive energy losses, if any, incurred between the Point of Delivery and such meters. Seller shall reimburse PSE for all costs reasonably incurred by PSE in connection with such metering (including, but

not limited to, all costs of metering, telemetering, communication lines for remote billing data retrieval and other equipment to be installed by PSE for the Project). Such reimbursement shall be made by Seller within thirty (30) days after Seller's receipt of PSE's invoice therefor. All metering, telemetering and other equipment installed by PSE shall be and remain PSE's property, notwithstanding such reimbursement. If, upon any test, such meters are found to be inaccurate by more than two percent (2%) or if such meters are for any reason out of service or fail to register, then the Parties shall use their best efforts to estimate the correct amounts of energy delivered during the periods affected by such inaccuracy, service outage or failure to register by the best available means. In the event that, as a result of such estimate: (a) the amount of electrical energy credited to PSE is decreased, Seller shall reimburse PSE for any overpayment made by PSE, such reimbursement to be in the form of (i) a deduction from the next succeeding payment or payments by PSE for electrical energy due Seller pursuant to Section 2.3 or (ii) cash, if no such succeeding payments in an amount exceeding the amount of such overpayment are or shall be due; or (b) the amount of electrical energy credited to PSE is increased, PSE shall pay Seller for such increased credit for electrical energy, if any, at the purchase price determined pursuant to Section 2.2. Notwithstanding the foregoing, if, upon test, PSE's meters for determining amounts of energy delivered under this Agreement are found to be inaccurate by not more than two percent (2%), then any previous recordings of such meters shall be deemed accurate. PSE, at its sole cost and expense, shall promptly cause meters found to be inaccurate to be adjusted to correct such inaccuracy to the extent practicable. Metering shall be at primary voltage located at the Point of Delivery adjusted for losses, if any.

3.7 Interruption, Suspension, Curtailment by PSE

If required by Prudent Electrical Practice to do so, PSE shall have the right to require Seller to interrupt, suspend or curtail deliveries of Project output at any time during the Operating Period, without incurring any liability therefor to Seller, if PSE determines (through manual operation, automatic operation or otherwise) in the exercise of its sole but reasonable discretion that the failure to do so:

- (a) may endanger any person or property, or PSE's electric system, or any electric system with which PSE's system is interconnected;
- (b) may cause or contribute to an imminent significant disruption of electric service to PSE's customers; or
- (c) is contrary to Prudent Electrical Practice.

Except during the existence of an emergency condition (during which the interruption, suspension or curtailment can be scheduled without advance notice), PSE shall notify

Seller in advance regarding the timing of such scheduling and further notify Seller of the expected duration and reasons for any such scheduled interruption, suspension or curtailment. PSE shall coordinate with Seller using Prudent Electrical Practice to schedule the interruption, suspension or curtailment during periods of least impact to Seller and PSE. Without limiting the generality of the foregoing, when the interruptions, suspensions or curtailments must be made under circumstances which do not allow for advance notice, PSE shall notify Seller by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration; telephone notification shall be followed by written notification as soon as practicable.

PSE shall use commercially reasonable efforts to mitigate and limit the duration of all interruptions, suspensions or curtailments, and such interruptions, suspensions or curtailments shall continue only for so long as reasonably necessary under Prudent Electrical Practice. Any such interruptions, suspensions or curtailments shall be made on an equitable, non-discriminatory basis with respect to other generating facilities directly connected to PSE's electrical system. The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Project and PSE's electrical system to their normal operating states, consistent with system conditions and Prudent Electrical Practice.

3.8 Protection of Persons and Property

3.8.1 Seller shall use reasonable efforts to take all precautions required by Prudent Electrical Practice that are necessary to prevent bodily harm to persons and damage to any property (including, but not limited to, the Project, PSE's electric system and any electric system with which PSE's electric system is interconnected) in connection with the Construction Activities. Seller shall use reasonable efforts to inspect all materials, tools, supplies, equipment, goods and other items used, consumed or incorporated in or during the Construction Activities to discover any conditions that involve a risk of bodily harm to persons or a risk of damage to any property and shall be fully responsible for the discovery and correction of, and protection against, such conditions.

3.8.2 PSE shall use reasonable efforts to take all precautions required by Prudent Electrical Practice that are necessary to prevent bodily harm to persons and damage to any property (including, but not limited to, the Project, any other property of Seller, PSE's electric system and any electric system with which PSE's electric system is interconnected) in connection with the receipt of Monthly Energy at the Point of Delivery. PSE shall use reasonable efforts to inspect all materials, tools, supplies, equipment, goods and other items used, consumed or incorporated by PSE in connection with the receipt of Monthly Energy at the Point of Delivery to discover any conditions that involve a risk of bodily harm to persons or a risk of damage to any

property and shall be fully responsible for the discovery and correction of, and protection against, such conditions.

3.9 Indemnity

3.9.1 Subject to the provisions of the Asset Purchase Agreement, including, without limitation, PSE's environmental indemnification obligations therein, Seller shall defend, indemnify and hold harmless each of the PSE Indemnitees from and against all claims, losses, harm, suits, liabilities, obligations, damages, penalties, costs and expenses (including, but not limited to, reasonable attorneys' fees and any incremental taxes payable by such Indemnitee on the amount of any indemnities paid by Seller to such Indemnitee pursuant to this Section 3.9.1) of whatsoever kind and nature (including, without limitation, relating to the injury to or death of any person, including employees of Seller) that may at any time or from time to time be imposed on, incurred by or asserted against any PSE Indemnitee, arising out of or in connection with the Construction Activities, the delivery of energy from the Project to the Point of Delivery, the ownership, operation, use or maintenance of the Project, or the failure of Seller to have observed or performed any of Seller's obligations or liabilities under this Agreement. To the fullest extent permitted by applicable law, the foregoing shall apply regardless of any fault, negligence, strict liability or product liability of any PSE Indemnitee and shall apply to any claim, action, suit or proceeding brought by any employee of Seller. However, Seller shall not be required to so defend, indemnify or hold harmless such PSE Indemnitee from any claim, loss, harm, liability, damage, cost or expense to the extent caused by or resulting from the negligence or willful misconduct of such PSE Indemnitee or its directors, officers, employees, agents or representatives. Seller's indemnification liabilities pursuant to this Agreement shall not be limited to the extent of its insurance coverages.

3.9.2 Without limiting PSE's obligations under the Asset Purchase Agreement, including, without limitation, PSE's environmental indemnification obligations therein, PSE shall defend, indemnify and hold harmless each of the Seller Indemnitees from and against all claims, losses, harm, suits, liabilities, obligations, damages, penalties, costs and expenses (including, but not limited to, reasonable attorneys' fees and any incremental taxes payable by such Indemnitee on the amount of any indemnities paid by PSE to such Indemnitee pursuant to this Section 3.9.2) of whatsoever kind and nature (including, without limitation, relating to the injury to or death of any person, including employees of PSE) that may at any time or from time to time be imposed on, incurred by or asserted against any Seller Indemnitee, arising out of or in connection with PSE's receipt of Monthly Energy, the receipt and transmission of energy from the Project, at and after the Point of Delivery, the ownership, operation, use or maintenance of any aspect of PSE's electrical system, or

the failure of PSE to have observed or performed any of PSE's obligations or liabilities under this Agreement. To the fullest extent permitted by applicable law, the foregoing shall apply regardless of any fault, negligence, strict liability or product liability of any Seller Indemnitee and shall apply to any claim, action, suit or proceeding brought by any employee of PSE. However, PSE shall not be required to so defend, indemnify or hold harmless such Seller Indemnitee from any claim, loss, harm, liability, damage, cost or expense to the extent caused by or resulting from the negligence or willful misconduct of such Seller Indemnitee or its directors, officers, employees, agents or representatives. PSE's indemnification liabilities pursuant to this Agreement shall not be limited to the extent of its insurance coverages.

3.10 Insurance

During the period commencing with the Commencement Date and ending, with respect to insurance coverage described in Sections 3.10.1 and 3.10.2, one (1) year following the earlier of the expiration or termination of the Operating Period, and otherwise ending with the expiration or termination of the Operating Period, Seller shall maintain continuously in effect insurance coverage which meets or exceeds the following requirements:

3.10.1 Liability

Commercial general liability insurance on an occurrence form and providing coverage for bodily injury (including death), personal and advertising injury, and property damage arising out of or in connection with the Construction Activities, the delivery of the net electrical output from the Project to the Point of Delivery, or the ownership, operation, use or maintenance of the Project. Such insurance coverages shall include the following: Premises/Operations Liability, Products/Completed Operations Liability, Contractual Liability, Owners and Contractors Protective coverage (in all cases where subcontractors are retained to perform the work), and Broad Form Property Damage coverage. Such insurance coverages shall provide, at a minimum, the following limits (or such higher limits as may be customary in the electric generation industry): bodily injury (including death), \$2,000,000 per occurrence; property damage, \$2,000,000 per occurrence; personal and advertising injury, \$2,000,000 per occurrence.

3.10.2 Employers' Liability

If at any time following the Commencement Date Seller has one or more employees, Seller shall obtain and maintain Workers' Compensation and Employers' Liability (Stop Gap) Insurance in accordance with the applicable laws the State of Washington (including, but not limited to, the Washington Industrial Insurance Act),

regardless of whether such coverage or insurance is mandatory or elective under the law.

3.10.3 General

Seller shall furnish PSE with certificates of insurance, broker's reports of insurance, copies of insurance policies and such other evidence of the insurance required by this Section 3.10, in form and substance reasonably satisfactory to PSE, as PSE may from time to time reasonably request.

Without limiting any of the foregoing, any policy of insurance carried in accordance with this Section 3.10 and any insurance policy procured or maintained in substitution or replacement therefor shall

(i) with the exception of Workers' Compensation and Employers' Liability coverage, name the Indemnitees ("**Additional Insureds**") as additional insureds,

(ii) provide that, with respect to the interests of the Additional Insureds, such insurance shall apply in favor of each Additional Insured whether the property covered thereby is within or outside the control of Seller, shall remain valid and shall not be impaired or invalidated by any action or inaction of Seller or any other person or entity and shall insure the interests of each of the Additional Insureds as they appear, notwithstanding any breach or violation of any representation, warranty, declaration, covenant or condition contained in such policy by Seller or any other person or entity,

(iii) provide that if such policy is materially amended or canceled, or the coverage thereof is materially changed, for any reason whatsoever, or if such policy is allowed to lapse for nonpayment of premiums, or if such policy is not renewed for any reason whatsoever, such cancellation, termination, amendment, change, lapse or nonrenewal shall not be effective as to any Additional Insured until the date which is thirty (30) days following receipt by PSE of written notice from the insurer thereof of such cancellation, termination, amendment, change, lapse or nonrenewal,

(iv) be primary to and without any right of contribution from any other insurance or self-insurance which may be available to, or maintained by, any Additional Insured,

(v) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured,

(vi) provide that the issuer of such policy shall waive any rights of setoff, counterclaim or other deduction, whether by attachment or otherwise, which it may have against any Additional Insured, including, without limitation, any claim for unpaid premiums,

(vii) provide that the issuer of such policy shall waive any right of subrogation against any Additional Insured; provided, however, that the existence or nonexistence of such subrogation rights shall not in any way delay payment of any claim that would otherwise be payable by such insurers but for the existence of such rights of subrogation or entitle such insurers to exercise or to assert any setoff, recoupment, counterclaim or any other deduction in respect of any amounts payable under such policies,

(viii) provide that none of the Additional Insureds shall be liable for any insurance premium, commission, assessment or call payable thereon; provided however, that each such policy shall provide that, in the event of cancellation thereof due to the nonpayment of any premium, PSE shall have the option to pay such premium that is due and maintain such coverage under such policy as PSE may require until the originally scheduled expiration date thereof, and

(ix) otherwise provide coverage at least equivalent to the standardized occurrence forms filed by the Insurance Service Office.

Any policy of insurance carried by Seller in addition to the policies of insurance required under this Section 3.10 shall provide that the insurer of such policy shall waive any right of subrogation against any Additional Insured.

3.11 Taxes

Seller will be solely responsible for all existing and any new sales, use, excise, ad valorem, and any other similar Taxes imposed or levied by any governmental authority on the output of the Project sold and delivered hereunder up to the delivery of such output to the Point of Delivery. PSE will be solely responsible for all existing and any new sales, use, excise, ad valorem, and any other similar Taxes imposed or levied by any governmental authority on the output of the Project sold and delivered hereunder (including any Taxes imposed or levied with respect to the transmission of such output) at, from and after the delivery of such output to the Point of Delivery.

3.12 Scheduling

3.12.1 Non-Binding Monthly Schedule

Not later than the twentieth (20th) day of each month during the Operating Period, Seller will provide a non-binding hourly Schedule to PSE for all deliveries of Project output hereunder for the immediately succeeding month. All such Schedules will be provided in accordance with Prudent Electrical Practices and the requirements of the LGIA, as applicable. If, for any day during the month for which Seller provides a monthly Schedule pursuant to this Section 3.12.1, there will be any change of more than two megawatt hours (2 MWh) in the amount of Project output to be provided by Seller at the Point of Delivery as Scheduled for such day pursuant to this Section 3.12.1, Seller will notify PSE's day-ahead desk of such change not later than 0600 hours on the day prior to such day. If, for any hour during the month for which Seller provides a monthly Schedule pursuant to this Section 3.12.1, there will be any change of more than two megawatt hours (2 MWh) in the amount of Project output to be provided by Seller at the Point of Delivery as Scheduled for such hour pursuant to this Section 3.12.1, Seller will notify PSE's real-time desk of such change not less than one (1) hour prior to such hour.

Notwithstanding the non-binding nature of the monthly Schedules provided by Seller to PSE pursuant to this Section 3.12.1, Seller shall deliver at least seventy percent (70%) of the aggregate amount of Project output (as measured in megawatt hours of Monthly Energy) specified in such Schedules for any 24-consecutive-month period during the Operating Period. Seller's compliance with this obligation, and the respective rights and obligations of the Parties in the case of Seller's non-compliance, shall be determined as follows:

- (i) the "Scheduled Hours" shall be the hours in which Project output was Scheduled to be delivered during such 24-consecutive-month period;
- (ii) the "Delivered Hours" shall be the hours in which Project output is actually delivered during such 24-consecutive-month period;
- (iii) a "Disregarded Hour" shall be each hour in which Project output was Scheduled but not delivered due to (a) any applicable Excusable Delay, and (b) any interruption, suspension or curtailment required by PSE pursuant to Section 3.7, except for any such interruption, suspension or curtailment that results solely from the acts or omissions of Seller that are not consistent with Prudent Electrical Practice;
- (iv) the Disregarded Hours shall be disregarded for purposes of determining the aggregate amount of Project output delivered during the

applicable 24-consecutive-month period. For each Disregarded Hour, one (1) hour from the period after delivery resumes during which Project output was both Scheduled and delivered shall be added to both the Scheduled Hours (“Adjusted Scheduled Hours”) and the Delivered Hours (“Adjusted Delivered Hours”), such that both the Adjusted Scheduled Hours and the Adjusted Delivered Hours each equal twenty four (24) months (not including any Disregarded Hours);

(v) if the aggregate total of Project output actually delivered during the Adjusted Delivered Hours divided by the amount of Project output Scheduled during the Adjusted Scheduled Hours is equal to or greater than seventy percent (70%), then Seller shall be in compliance with this obligation; and

(vi) if Seller fails to deliver at least seventy percent (70%) of the aggregate amount of Project output specified in such Schedules for any 24-consecutive-month period during the Operating Period, then PSE will have the right to terminate this Agreement, without incurring any liability to Seller on account of such termination, by providing written notice of such termination to Seller.

Section 4. Access and Information

4.1 Access

In addition to the Parties’ rights and obligations under the LGIA, Seller has provided PSE with access as is set forth in, and as subject to the requirements, limitations and conditions of, that certain Easement between Seller and PSE, dated as of [REDACTED].

4.2 Tests; Inspections

Seller shall at its own expense perform routine inspection and testing of Project facilities and equipment in accordance with Prudent Electrical Practice as may be necessary to ensure the continued delivery of Project output to PSE in a safe and reliable manner. PSE shall have the right, upon advance written notice, to require reasonable additional testing of Seller’s Project facilities, at PSE’s expense, as may comport with Prudent Electrical Practice. Seller shall notify PSE in advance of its performance of tests of Project facilities. PSE has the right, at its own expense, to observe such testing. PSE shall have the right, but shall have no obligation to: (i) observe Seller’s tests and/or inspection of any of its System Protection Facilities (as defined in the LGIA) and other protective equipment, including power system stabilizers; (ii) review the settings of Seller’s System Protection Facilities and other

protective equipment; and (iii) review Seller's maintenance records relative to the Project facilities, the System Protection Facilities and other protective equipment. PSE may exercise these rights from time to time as it deems necessary upon reasonable notice to Seller. The exercise or non-exercise by PSE of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Project facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that PSE obtains through the exercise of any of its rights under this Section 4.2 shall be deemed to be proprietary to Seller and shall be treated in accordance with any applicable nondisclosure agreement between the Parties, but with at least the same standard of protection that PSE affords its own proprietary information.

4.3 Information

Seller shall promptly furnish PSE with copies of data detailing actual Project output or the structure of the ownership of the Project, as may be reasonably requested by PSE from time to time. Seller shall also provide to PSE such information that PSE may reasonably request that is required for PSE to satisfy any obligations PSE may have under FIN 46 with respect to its purchase of power under this Agreement. Notwithstanding the foregoing, Seller shall not be obligated pursuant to this Section 4.3 to provide to PSE any information regarding Seller's financing or borrowing transactions or transactions concerning Environmental Attributes. PSE shall treat all information provided by Seller pursuant to Section 4 as confidential and proprietary and shall not disclose any such information to any third party without Seller's express written consent; provided, that the foregoing shall not apply to any disclosure of such information necessary for the protection or enforcement of PSE's rights under this Agreement.

PSE shall promptly furnish Seller with copies of data detailing metered Project output as may be reasonably requested by Seller from time to time.

Section 5. Limitations of Liability

5.1 Excusable Delay

Neither Party shall be liable under this Agreement for, or be considered to be in breach of or default under this Agreement on account of, any delay in or failure of performance, or any delay or failure to deliver, receive or accept delivery of energy, due to any of the following events:

any cause or condition beyond such Party's reasonable control which such Party is unable to overcome, or to have avoided or overcome, by the

exercise of reasonable diligence (such causes or conditions may include but are not limited to: fire, flood, earthquake, volcanic activity, wind, drought and other acts of the elements; court order and act or lack of action on the part of civil, military or governmental authority (excluding, however: (A) any delay that is solely caused by Seller in granting or receiving any license, permit, authorization or other right required to perform the Construction Activities and to own, operate, use and maintain the Project; and (B) any act or failure to act of any governmental authority with regulatory jurisdiction over PSE, including (without limitation) the WUTC, with respect to any approval or disapproval of this Agreement); strike, lockout and other labor dispute; riot, insurrection, sabotage and war; breakdown of or damage to facilities or equipment; electrical disturbance originating in or transmitted through such Party's property, including (without limitation) its electric system or any electric system with which such Party's system is interconnected (except to the extent such electrical disturbance is related to such Party's act or omission); and, act or omission of any person or entity other than such Party and such Party's contractors or suppliers of any tier or anyone acting on behalf of such Party).

Any such delay or failure is referred to in this Agreement as an “**Excusable Delay**”; provided, however, that “Excusable Delay” shall specifically exclude any such delay or failure resulting from any of the following conditions, causes or events:

With respect to Seller:

(i) any change in the ownership, occupancy or operation of the Project for any reason, including, without limitation, any downturn in the economy, recession, bankruptcy, foreclosure, change in tax law, change in production levels, and intercorporate transfer or consolidation, except to the extent that such change is directly caused by an Excusable Delay; and

(ii) any full or partial curtailment of the electrical output of the Project arising from any mechanical or equipment breakdown, except to the extent that such breakdown is directly caused by an Excusable Delay.

With respect to PSE:

(i) the loss of PSE's markets or PSE's inability economically to use or resell the output of the Project purchased hereunder; and

(ii) PSE's ability to purchase energy in or from any market at a more advantageous price.

In the event of any Excusable Delay, the time for performance thereby delayed shall, subject to the terms of Section 7.1.2, be extended by a period of time reasonably necessary to compensate for such delay. Nothing contained in this Section 5.1 shall require any Party to settle any strike, lockout or other labor dispute. Each Party shall give the other Party prompt written notice of any delay which the Party giving notice considers to be an Excusable Delay of its performance. Such notice shall include a particular description of the event, cause or condition giving rise to the purported Excusable Delay, the projected duration of the Excusable Delay and assurances that suspension of performance is of no greater scope and of no longer duration than is required by such event, cause or condition and that reasonable best efforts are being used to remedy or overcome such event, cause or condition. Notwithstanding any of the foregoing, neither Party shall, on account of any event, cause or condition that otherwise gives rise to a delay or failure of performance by such Party that constitutes an Excusable Delay, be excused for any amount of time from any of its payment obligations under this Agreement, including, without limitation, the obligations of Seller under Section 3.3 or of PSE under Section 2.3.

5.2 Release by PSE

PSE hereby releases Seller and each of Seller's applicable Indemnitees from any and all claims, losses, harm, liabilities, damages, costs and expenses (collectively, "**PSE Losses**") to the extent resulting from any:

- (a) Excusable Delay;
- (b) operation of the Project in parallel with PSE's electric system;
- (c) transfer, transmission, use or disposition of energy produced by the Project after it is delivered to PSE at or after the Point of Delivery; or
- (d) electric disturbance or fluctuation that migrates, directly or indirectly, from or through the Project to PSE's electric system; provided, that this clause (d) shall not apply to the extent that the amount of PSE Losses arising from the circumstances described in this clause (d) exceed fifty thousand dollars (\$50,000.00), except this clause (d) shall apply to the extent that any such PSE Losses arise from PSE's failure or omission to install or appropriately operate System Protection Facilities in accordance with Prudent Electrical Practice so as to avoid such PSE Losses.

5.3 Release by Seller

Seller hereby releases PSE and each of PSE's applicable Indemnitees from any and all claims, losses, harm, liabilities, damages, costs and expenses (collectively, "**Seller Losses**") to the extent resulting from any:

- (a) Excusable Delay;
- (b) operation of the Project in parallel with PSE's electric system;
- (c) transfer, transmission, use or disposition of energy produced by the Project prior to its delivery to PSE at the Point of Delivery; or
- (d) electric disturbance or fluctuation that migrates, directly or indirectly, from or through PSE's electric system to the Project; provided, that this clause (d) shall not apply to the extent that the amount of Seller Losses arising from the circumstances described in this clause (d) exceed fifty thousand dollars (\$50,000.00), except this clause (d) shall apply to the extent that any such Seller Losses arise from Seller's failure or omission to install or appropriately operate System Protection Facilities in accordance with Prudent Electrical Practice so as to avoid such Seller Losses.

5.4 Limitation of Damages

The liability of either Party under this Agreement shall be limited to direct actual damages only, such direct actual damages will be the sole and exclusive remedy and all other remedies or damages at law or in equity are waived. Neither Party will be liable, by statute, in tort or contract, under any indemnity provision or otherwise, for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages; provided, however, that in no event will the foregoing limitations of liability be applied to limit the extent of the liability of either Party to the other Party for or with respect to any indemnity or other third party claims contemplated by this Agreement. To avoid doubt, any payments due by one Party to the other Party pursuant to the terms of this Agreement shall be deemed to be direct damages.

Section 6. Transfer

Seller shall not make or permit any Transfer, except as follows:

- (a) to any person or entity that directly or indirectly controls, is controlled by or under common control with Seller, provided that such other person or entity assumes, or is otherwise bound to perform, all of Seller's obligations under this Agreement, as if such other person or entity were an

original party to this Agreement, and provided, further, that such other person or entity shall be financially responsible and shall be skilled and experienced in the operation of a generating facility of the type that is part of the Project;

(b) to PSE;

(c) as security for any indebtedness incurred by Seller to finance the Project, provided that the person or entity acquiring the interests subject to any such Transfer agrees, upon exercising any rights in or to the Project or in or under this Agreement, to assume, or to be otherwise bound to perform and, if such transferee subsequently sells, assigns or transfers any of its rights in or to the Project or in or under this Agreement, to cause to be assumed and performed by any subsequent transferee, all of Seller's obligations under this Agreement, and provided, further, that such person or entity and such subsequent transferee, if any, shall be financially responsible and shall be skilled and experienced in the operation of a generating facility of the type that is part of the Project; or

(d) to any other person or entity with the prior written consent of PSE, which consent shall not be unreasonably withheld, conditioned or delayed, provided that such other person or entity assumes, or is otherwise bound to perform or to cause to be performed, all of Seller's obligations under this Agreement, as if such other person or entity were an original party to this Agreement, and provided, further, that such other person or entity shall be financially responsible and shall be skilled and experienced in the operation of a generating facility of the type that is part of the Project.

Section 7. Termination; Extension

7.1 Termination; Cancellation

7.1.1 If either Party is at any time in material breach of or default under this Agreement (the "**Defaulting Party**"), the other Party (the "**Terminating Party**") shall have the right to terminate this Agreement by giving the Defaulting Party written notice of such termination. Such termination of this Agreement shall be effective upon the Defaulting Party's receipt of such notice of such termination pursuant to this Section 7.1.1. For purposes of this Section 7.1.1, a Party shall be deemed to be in material breach of or default under this Agreement if such Party:

(a) fails to cure any material breach of or default under this Agreement by such Party prior to the later of (i) the expiration of sixty (60) days after the Terminating Party gives the Defaulting Party written notice of the breach or default and (ii) the date upon which the Terminating Party gives

the Defaulting Party written notice of termination; provided that, without limiting the generality of Section 7.2, either Party's right to terminate this Agreement pursuant to this Section 7.1.1(a) is in addition to, and shall not preclude the exercise of, any other rights and remedies provided under this Agreement or at law or in equity;

(b) is unable to meet its obligations as they become due or such Party's liabilities exceed its assets;

(c) makes a general assignment of all or substantially all of its assets for the benefit of its creditors, files a petition for bankruptcy or reorganization or seeks other relief under any applicable insolvency laws; or

(d) has filed against it a petition for bankruptcy, reorganization or other relief under any applicable insolvency laws and such petition is not dismissed within sixty (60) days after it is filed.

7.1.2 Either Party shall have the right to terminate this Agreement by giving the other Party written notice of such termination (and such termination shall be effective upon Seller's receipt of such notice of such termination) following the occurrence of any of the following events:

(a) the other Party fails to overcome or remedy within one (1) year following the commencement of any Excusable Delay occurring on or after the Commencement Date the event, cause or condition that gave rise to such Excusable Delay; or

(b) the other Party's business is suspended, dissolved or wound up.

7.1.3 If the Re-Power Activities prevent Seller from delivering any output to PSE at the Point of Delivery for a period of thirty-six (36) consecutive months (subject to a day-for-day extension of such period because of (a) the occurrence of an Excusable Delay during such period or (b) any remedial action required to be performed by PSE pursuant to the Asset Purchase Agreement during such period), then PSE will have the right to terminate this Agreement, without incurring any liability on account of such termination, by providing written notice of such termination to Seller.

In no event shall the Party terminating this Agreement pursuant to this Section 7.1 incur any liability of any kind to the other Party as a result of any such termination.

7.2 Rights and Remedies Cumulative

All rights and remedies of either Party under this Agreement and at law and in equity shall be cumulative and not mutually exclusive and the exercise of one right or remedy shall not be deemed a waiver of any other right or remedy. Nothing contained in any provision of this Agreement shall be construed to limit or exclude any right or remedy of either Party (arising on account of the breach or default by the other Party or otherwise) now or hereafter existing under any other provision of this Agreement, at law or in equity.

7.3 Extension

The Operating Period shall be extended on a day-for-day basis commensurate with the period of any remedial action required to be performed by PSE pursuant to the Asset Purchase Agreement if the Project is prevented from producing any output solely because of such remedial action. Each of the Parties agrees to exercise commercially reasonable efforts to minimize the period during which no Project output can be produced because of such remedial action.

Section 8. Miscellaneous

8.1 Qualifying Facility Status

Seller represents and warrants that:

(a) as of the Effective Date, Seller intends to operate the Project as a “qualifying small power production facility” within the meaning of subsection 3(17)(C) of the Federal Power Act, as amended; and

(b) as of the Effective Date, Seller intends to operate the Project pursuant to a (i) notice filed with FERC under 18 C.F.R. Section 292.207(a), and (ii) a certification from FERC that the Project is a “qualifying facility” within the meaning of 18 C.F.R. Section 292.101(b)(1); and

(c) as of the date of such certification, the representations and statements set forth in such certification are true, accurate and complete and such certification has not been revoked, terminated or cancelled and is in full force and effect.

Seller shall, from and after the time at which the Project is or becomes a “qualifying facility,” furnish PSE with such documentation and information as PSE may reasonably request to verify Seller’s representations and warranties set forth in this Section 8.1 (including, but not limited to, copies of the application and certification

referred to in (b) above). Notwithstanding the foregoing, the status of the Project as a “qualifying facility” shall not affect the rights or obligations of the Parties hereunder.

8.2 Notices

Except as may be expressly provided otherwise in this Agreement, any notice, request, authorization, direction, or other communication under this Agreement shall be given in writing and shall be delivered in person or by first-class U.S. mail (stamped with the required postage), properly addressed to the intended recipient as follows:

If to PSE:

Puget Sound Energy, Inc.
Attn: Senior Vice President, Energy Operations
10885 NE 4th Street (98004-5591)
P.O. Box 97034
Bellevue, WA 98009-9734
Facsimile No.: 425-462-3300

With a copy to:

Puget Sound Energy, Inc.
Attn: General Counsel
10885 NE 4th Street (98004-5591)
P.O. Box 97034
Bellevue, WA 98009-9734
Facsimile No.: 425-462-3300

If to Seller:

Electron Hydro, LLC
Attn: Thom Fischer, Chief Operating Officer
3633 Alderwood Avenue
Bellingham, WA 98225
Facsimile No.: 360-733-3056

With a copy to:

Wilson Sonsini Goodrich & Rosati, P.C.
Attn: Todd Glass
701 Fifth Avenue, Suite 5100
Seattle, WA 98104
Facsimile No.: 206-883-2699

Either Party may change its address specified above by giving the other Party notice of such change in accordance with this Section 8.2.

8.3 Governmental Authority

This Agreement is subject to the rules, regulations, orders and other requirements, now or hereafter in effect, of all governmental authorities (including, without limitation, the WUTC) having jurisdiction over the Project, this Agreement, the Parties or either of them; provided, that this Agreement is in no way contingent on the approval of any such governmental authority (including, without limitation, the WUTC) and that no approval or disapproval by any such governmental authority shall in any way affect PSE's obligation to purchase energy generated by the Project in accordance with this Agreement. Subject to the foregoing, all laws, ordinances, rules, regulations, orders and other requirements, now or hereafter in effect, of governmental authorities that are applicable to agreements of this character are by this reference incorporated in this Agreement.

8.4 No Partnership

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

8.5 Nonwaiver

No failure or delay of either Party to insist upon or enforce strict performance by the other Party of any provision of this Agreement or to exercise any other right under this Agreement, and no course of dealing or performance with respect thereto, shall be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provision or right in that or any other instance; rather, the same shall be and remain in full force and effect. The express waiver by either Party of any right or remedy under this Agreement in a particular instance or circumstance shall not constitute a waiver thereof in any other instance or circumstance.

8.6 Survival

Sections 3.4, 3.9, 3.10 (solely with regard to Sections 3.10.1 and 3.10.2), 4.3, 5 and 8, and all other provisions of this Agreement which may reasonably be interpreted or construed as surviving the completion, termination or cancellation of this Agreement, shall survive the completion, termination or cancellation of this Agreement.

8.7 Entire Agreement

This Agreement and any agreements between Seller and PSE referred to in this Agreement, including without limitation the Asset Purchase Agreement, set forth the entire agreement, and supersedes any and all prior agreements of the Parties, whether written or oral, with respect to the subject matters hereof and thereof.

8.8 Successors and Assigns

Except as otherwise provided in Section 6, Seller shall not make any Transfer without the prior written consent of PSE, which consent shall not be unreasonably withheld, conditioned or delayed. PSE shall not sell, assign, encumber, dispose of or otherwise transfer, whether voluntarily, involuntarily, by operation of law or otherwise, all or any portion of PSE's rights, title or interests in, to or under this Agreement without the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed. Subject to the foregoing restrictions, this Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors, assigns and legal representatives.

8.9 No Unspecified Third-Party Beneficiaries

Except as specifically provided in this Agreement (e.g., in Sections 3.9, 5.2 and 5.3), there are no third-party beneficiaries of this Agreement. Nothing contained in this Agreement is intended to confer any right or interest on anyone other than the Parties, their respective successors, assigns and legal representatives permitted under Section 8.8, and the third-party beneficiaries specifically identified in this Agreement.

8.10 Amendment

No change, amendment or modification of any provision of this Agreement or of any exhibit to this Agreement shall be valid unless set forth hereafter in a written amendment to this Agreement or such exhibit signed by both Parties.

8.11 Implementation

Each Party shall take such action (including, but not limited to, the execution, acknowledgment and delivery of documents) as may reasonably be requested by the other Party for the implementation or continuing performance of this Agreement. Without limiting the generality of the foregoing, PSE acknowledges that Seller intends to finance the Construction Activities and its other activities related to the operation of the Project, and that, as a condition of providing such financing to Seller, one or more lenders may from time-to-time require certain documents and other information pertaining to contractual arrangements affecting the foregoing. PSE agrees to and shall promptly furnish to lenders such written information, certificates,

copies of invoices, receipts, or other documentation (each as may be redacted to the extent reasonably necessary to protect the confidential information of PSE) as the lenders may reasonably request.

8.12 Invalid Provision; Continuing Validity

The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. Neither the validity of this Agreement nor the respective rights and obligations of the Parties under this Agreement shall be affected to any extent if Seller ceases to be a customer of PSE during the Operating Period.

8.13 Applicable Law

This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of Washington (without reference to rules governing conflicts of law), except to the extent such laws may be preempted by the laws of the United States of America.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF each of the Parties has caused this Agreement to be duly executed by its authorized representative as of the date first set forth above.

Puget Sound Energy, Inc.

By _____
Paul M. Wiegand
Senior Vice President, Energy Operations

Electron Hydro, LLC

By _____
Thom A. Fischer
Chief Operating Officer

Exhibit A
Diagram – Point of Delivery
[Attached]

Exhibit B
Electrical Diagram of the Project
[Attached]

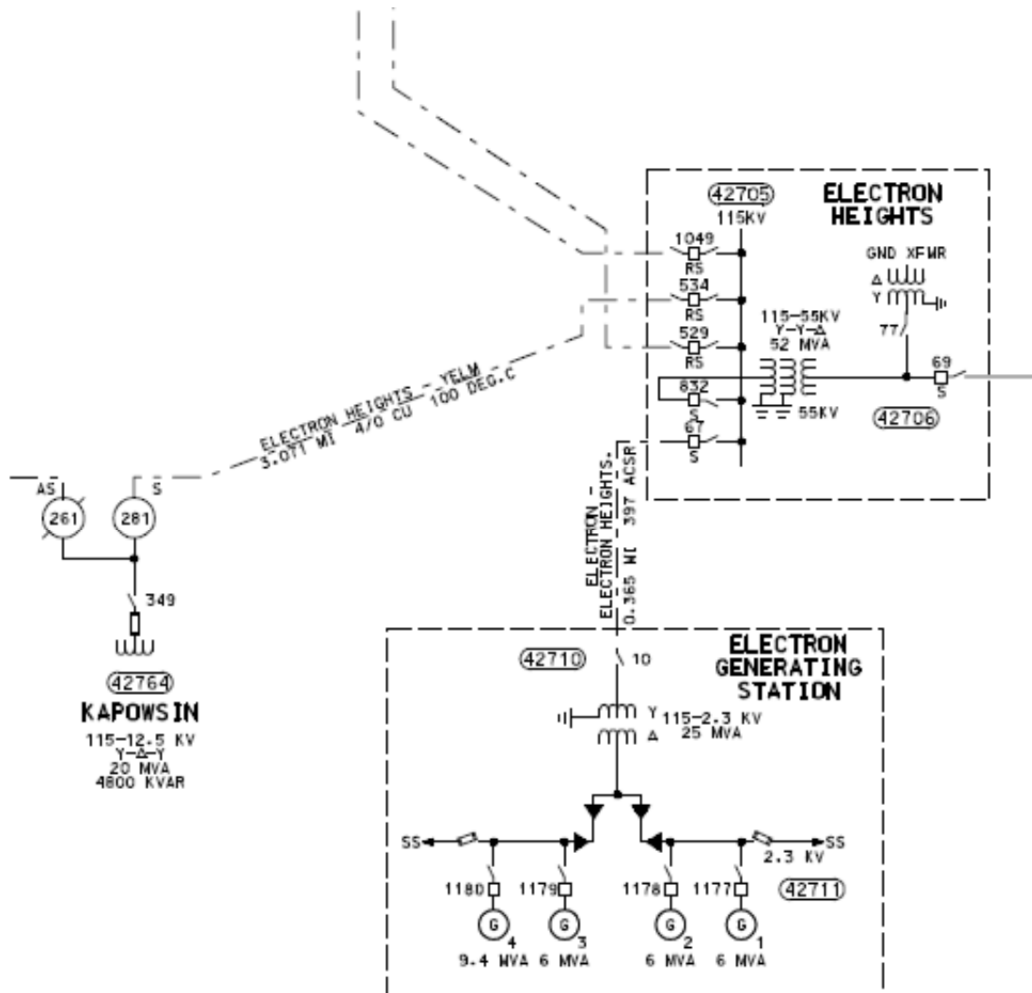


Exhibit C

Schedule of Purchase Prices for Energy

PPA Year	Escalation Rate	Purchase Price (\$/MWh)
2012 (Baseline)	█	█
2013	█	█
2014	█	█
2015	█	█
2016	█	█
2017	█	█
2018	█	█
2019	█	█
2020	█	█
2021	█	█
2022	█	█
2023	█	█
2024	█	█
2025	█	█
2026	█	█
2027	█	█
2028	█	█
2029	█	█
2030	█	█
2031	█	█
2032	█	█
2033	█	█

REDACTED
VERSION

EXHIBIT J

FORM OF LARGE GENERATOR INTERCONNECTION AGREEMENT

[SEE ATTACHED]

ELECTRON HYDROELECTRIC PROJECT
STANDARD LARGE GENERATOR
INTERCONNECTION AGREEMENT (LGIA)

BETWEEN

PUGET SOUND ENERGY, INC.

AND

ELECTRON HYDRO, LLC

MAY 2013

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STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

(“Agreement”) is made and entered into this ____ day of May 2013, by and between by Electron Hydro, LLC, a Limited Liability Company organized and existing under the laws of the Delaware, in its role as power generation facility owner and operator (“Interconnection Customer” with a Large Generating Facility), and Puget Sound Energy, Inc. – Transmission, a Corporation organized and existing under the laws of the State of Washington in its role as a (“Transmission Provider and/or Transmission Owner”). Interconnection Customer and Transmission Provider each may be referred to as a “Party” or collectively as the “Parties.”

Recitals

WHEREAS, Transmission Provider operates the Transmission System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and,

WHEREAS, Interconnection Customer and Transmission Provider have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used or the Open Access Transmission Tariff (Tariff).

Article 1. Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

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

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of 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 Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long lead-time

items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the

facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

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

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

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

Interconnection Facilities Study shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as

identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Interconnection Service shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the

Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the

Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

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

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.

Transmission Provider shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Article 2. Effective Date, Term, and Termination

2.1 Effective Date.

This LGIA shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC. Transmission Provider shall promptly file this LGIA with FERC upon execution in accordance with Article 3.1, if required.

2.2 Term of Agreement.

Subject to the provisions of Article 2.3, this LGIA shall remain in effect for a period of ten (10) years from the Effective Date or such other longer period as Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination Procedures.

2.3.1 Written Notice.

This LGIA may be terminated by Interconnection Customer after giving Transmission Provider ninety (90) Calendar Days advance written notice, or by Transmission Provider notifying FERC after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default.

Either Party may terminate this LGIA in accordance with Article 17.

2.3.3 Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a

notice of termination of this LGIA, which notice has been accepted for filing by FERC.

2.4 Termination Costs.

If a Party elects to terminate this Agreement pursuant to Article 2.3 above, each Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) or charges assessed by the other Party, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of the Terminating Party under this LGIA. In the event of termination by a Party, the Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this LGIA, unless otherwise ordered or approved by FERC:

2.4.1 With respect to any portion of Transmission Provider's Interconnection Facilities that have not yet been constructed or installed, Transmission Provider shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and Transmission Provider shall deliver such material and equipment, and, if necessary, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Transmission Provider for any or all such costs of materials or equipment not

taken by Interconnection Customer, Transmission Provider shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by Transmission Provider to cancel any pending orders of or return such materials, equipment, or contracts.

If an Interconnection Customer terminates this LGIA, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and other expenses including any Network Upgrades for which Transmission Provider has incurred expenses and has not been reimbursed by Interconnection Customer.

2.4.2 Transmission Provider may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Transmission Provider shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection.

Upon termination of this LGIA, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless

such termination resulted from the non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.

2.6 Survival.

This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Party pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

Article 3. Regulatory Filings

3.1 Filing.

Transmission Provider shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority, if required. Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If Interconnection Customer has executed this LGIA, or any amendment thereto, Interconnection Customer shall reasonably cooperate with Transmission Provider with respect to such filing and to provide any information reasonably requested by Transmission Provider needed to comply with applicable regulatory requirements.

Article 4. Scope of Service

4.1 Interconnection Product Options.

Interconnection Customer has selected the following (checked) type of Interconnection Service:

4.1.1 Energy Resource Interconnection Service.

4.1.1.1 The Product.

Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm capacity of the Transmission System on an "as available" basis. To the extent Interconnection Customer wants to receive Energy Resource Interconnection Service, Transmission Provider shall construct facilities identified in Attachment A.

4.1.1.2 Transmission Delivery Service Implications.

Under Energy Resource Interconnection Service, Interconnection Customer will be eligible to inject power from the Large Generating Facility into and deliver power across the interconnecting Transmission Provider's Transmission System on an "as available" basis up to the amount of MWs identified in the applicable stability and steady state studies to the extent the upgrades initially required to qualify for Energy Resource Interconnection Service have been constructed. Where eligible to do so (e.g., PJM, ISO-NE, NYISO), Interconnection Customer may place a bid to sell into the market up to the maximum identified Large Generating Facility output, subject to any conditions specified in the interconnection service approval, and the Large Generating Facility

will be dispatched to the extent Interconnection Customer's bid clears. In all other instances, no transmission delivery service from the Large Generating Facility is assured, but Interconnection Customer may obtain Point-to-Point Transmission Service, Network Integration Transmission Service, or be used for secondary network transmission service, pursuant to Transmission Provider's Tariff, up to the maximum output identified in the stability and steady state studies. In those instances, in order for Interconnection Customer to obtain the right to deliver or inject energy beyond the Large Generating Facility Point of Interconnection or to improve its ability to do so, transmission delivery service must be obtained pursuant to the provisions of Transmission Provider's Tariff. The Interconnection Customer's ability to inject its Large Generating Facility output beyond the Point of Interconnection, therefore, will depend on the existing capacity of Transmission Provider's Transmission System at such time as a transmission service request is made that would accommodate such delivery. The provision of firm Point-to-Point Transmission Service or Network Integration Transmission Service may require the construction of additional Network Upgrades.

4.1.2 Network Resource Interconnection Service.

4.1.2.1 The Product.

Transmission Provider must conduct the necessary studies and construct the Network Upgrades needed to integrate the Large

Generating Facility (1) in a manner comparable to that in which Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as all Network Resources. To the extent Interconnection Customer wants to receive Network Resource Interconnection Service, Transmission Provider shall construct the facilities identified in Attachment A to this LGIA.

4.1.2.2 Transmission Delivery Service Implications.

Network Resource Interconnection Service allows Interconnection Customer's Large Generating Facility to be designated by any Network Customer under the Tariff on Transmission Provider's Transmission System as a Network Resource, up to the Large Generating Facility's full output, on the same basis as existing Network Resources interconnected to Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur. Although Network Resource Interconnection Service does not convey a reservation of transmission service, any Network Customer under the Tariff can utilize its network service under the Tariff to obtain delivery of energy from the interconnected Interconnection Customer's Large Generating Facility in the same manner as it accesses Network Resources. A Large Generating Facility receiving Network Resource Interconnection Service may also be used to provide Ancillary

Services after technical studies and/or periodic analyses are performed with respect to the Large Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Network Resource. However, if an Interconnection Customer's Large Generating Facility has not been designated as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all generating facilities that are similarly situated. The provision of Network Integration Transmission Service or firm Point-to-Point Transmission Service may require additional studies and the construction of additional upgrades. Because such studies and upgrades would be associated with a request for delivery service under the Tariff, cost responsibility for the studies and upgrades would be in accordance with FERC's policy for pricing transmission delivery services.

Network Resource Interconnection Service does not necessarily provide Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on Transmission Provider's Transmission System without incurring congestion costs. In the event of transmission constraints on Transmission Provider's Transmission System, Interconnection Customer's Large Generating Facility shall be subject

to the applicable congestion management procedures in Transmission Provider's Transmission System in the same manner as Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that Interconnection Customer's Large Generating Facility be designated as a Network Resource by a Network Service Customer under the Tariff or that Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as a Network Resource, it must do so pursuant to Transmission Provider's Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining Network Resource Interconnection Service, any future transmission service request for delivery from the Large Generating Facility within Transmission Provider's Transmission System of any amount of capacity and/or energy, up to the amount initially studied, will not require that any additional studies be performed or that any further upgrades associated with such Large Generating Facility be undertaken, regardless of whether or not such Large Generating Facility is ever designated by a Network Customer as a Network Resource and regardless of changes in ownership of the Large Generating Facility. However, the reduction or elimination of

congestion or redispatch costs may require additional studies and the construction of additional upgrades.

To the extent Interconnection Customer enters into an arrangement for long term transmission service for deliveries from the Large Generating Facility outside Transmission Provider's Transmission System, such request may require additional studies and upgrades in order for Transmission Provider to grant such request.

4.2 Provision of Service.

Transmission Provider shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.

4.3 Performance Standards.

Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is a Transmission Provider or Transmission Owner, then that Party shall amend the LGIA and submit the amendment to FERC for approval.

4.4 No Transmission Delivery Service.

The execution of this LGIA does not constitute a request for, nor the provision of, any transmission delivery service under Transmission Provider's Tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

4.5 Interconnection Customer Provided Services.

The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.5.1. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

Article 5. Interconnection Facilities Engineering, Procurement, and Construction

5.1 Options.

Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either Standard Option or Alternate Option set forth below for completion of Transmission Provider's Interconnection Facilities and Network Upgrades as set forth in Appendix A, Interconnection Facilities and Network Upgrades, and such dates and selected option shall be set forth in Appendix B, Milestones.

5.1.1 Standard Option

Transmission Provider shall design, procure, and construct Transmission Provider's Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete Transmission Provider's Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B, Milestones. Transmission Provider shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event Transmission Provider reasonably expects that it will not be able to complete Transmission

Provider's Interconnection Facilities and Network Upgrades by the specified dates, Transmission Provider shall promptly provide written notice to Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option.

If the dates designated by Interconnection Customer are acceptable to Transmission Provider, Transmission Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities by the designated dates.

If Transmission Provider subsequently fails to complete Transmission Provider's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B, Milestones; Transmission Provider shall pay Interconnection Customer liquidated damages in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the applicable RTO or ISO refuses to grant clearances to install equipment.

5.1.3 Option to Build.

If the dates designated by Interconnection Customer are not acceptable to Transmission Provider, Transmission Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. Transmission Provider and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option.

If Interconnection Customer elects not to exercise its option under Article 5.1.3, Option to Build, Interconnection Customer shall so notify Transmission Provider within thirty (30) Calendar Days, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Transmission Provider is responsible for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on

such terms and conditions, Transmission Provider shall assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Network Upgrades pursuant to 5.1.1, Standard Option.

5.2 General Conditions Applicable to Option to Build.

If Interconnection Customer assumes responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades,

- (1) Interconnection Customer shall engineer, procure equipment, and construct Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by Transmission Provider;
- (2) Interconnection Customer's engineering, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of law to which Transmission Provider would be subject in the engineering, procurement or construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;
- (3) Transmission Provider shall review and approve the engineering design, equipment acceptance tests, and the construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;

- (4) prior to commencement of construction, Interconnection Customer shall provide to Transmission Provider a schedule for construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Transmission Provider;
- (5) at any time during construction, Transmission Provider shall have the right to gain unrestricted access to Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;
- (6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Transmission Provider, Interconnection Customer shall be obligated to remedy deficiencies in that portion of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;
- (7) Interconnection Customer shall indemnify Transmission Provider for claims arising from Interconnection Customer's construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 Indemnity;

- (8) Interconnection Customer shall transfer control of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades to Transmission Provider;
- (9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Transmission Provider's Interconnection Facilities and Stand-Alone Network Upgrades to Transmission Provider;
- (10) Transmission Provider shall approve and accept for operation and maintenance Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and
- (11) Interconnection Customer shall deliver to Transmission Provider "as-built" drawings, information, and any other documents that are reasonably required by Transmission Provider to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by Transmission Provider.

5.3 Liquidated Damages.

The actual damages to Interconnection Customer, in the event Transmission Provider's Interconnection Facilities or Network Upgrades are not completed by the dates designated by Interconnection Customer and accepted by Transmission Provider pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by Transmission Provider to Interconnection Customer in the

event that Transmission Provider does not complete any portion of Transmission Provider's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to ½ of 1 percent per day of the actual cost of Transmission Provider's Interconnection Facilities and Network Upgrades, in the aggregate, for which Transmission Provider has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of Transmission Provider's Interconnection Facilities and Network Upgrades for which Transmission Provider has assumed responsibility to design, procure, and construct. The foregoing payments will be made by Transmission Provider to Interconnection Customer as just compensation for the damages caused to Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Transmission Provider's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of Transmission Provider's Interconnection Facilities or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless Interconnection Customer would have been able to commence use of Transmission Provider's Interconnection Facilities or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Transmission

Provider's delay; (2) Transmission Provider's failure to meet the specified dates is the result of the action or inaction of Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with Transmission Provider or any cause beyond Transmission Provider's reasonable control or reasonable ability to cure; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

5.4 Power System Stabilizers.

The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the Applicable Reliability Council. Transmission Provider reserves the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify Transmission Provider's system operator, or its designated representative. The requirements of this paragraph shall not apply to wind generators.

5.5 Equipment Procurement.

If responsibility for construction of Transmission Provider's Interconnection Facilities or Network Upgrades is to be borne by Transmission Provider, then Transmission Provider shall commence design of Transmission Provider's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon

as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 Transmission Provider has completed the Facilities Study pursuant to the Facilities Study Agreement;

5.5.2 Transmission Provider has received written authorization to proceed with design and procurement from Interconnection Customer by the date specified in Appendix B, Milestones; and

5.5.3 Interconnection Customer has provided security to Transmission Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.6 Construction Commencement.

Transmission Provider shall commence construction of Transmission Provider's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of Transmission Provider's Interconnection Facilities and Network Upgrades;

5.6.3 Transmission Provider has received written authorization to proceed with construction from Interconnection Customer by the date specified in Appendix B, Milestones; and

5.6.4 Interconnection Customer has provided security to Transmission Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.7 Work Progress.

The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. Either Party may, at any time, request a progress report from the other Party. If, at any time, Interconnection Customer determines that the completion of Transmission Provider's Interconnection Facilities will not be required until after the specified In-Service Date, Interconnection Customer will provide written notice to Transmission Provider of such later date upon which the completion of Transmission Provider's Interconnection Facilities will be required.

5.8 Information Exchange.

As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Parties' Interconnection Facilities and compatibility of the Interconnection Facilities with Transmission Provider's Transmission System, and shall work diligently and in good faith to make any necessary design changes.

5.9 Limited Operation.

If any of Transmission Provider's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, Transmission Provider shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Large Generating Facility and Interconnection

Customer's Interconnection Facilities may operate prior to the completion of Transmission Provider's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. Transmission Provider shall permit Interconnection Customer to operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.

5.10 Interconnection Customer's Interconnection Facilities ('ICIF').

Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.10.1 Interconnection Customer's Interconnection Facility Specifications.

Interconnection Customer shall submit initial specifications for the ICIF, including System Protection Facilities, to Transmission Provider at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Transmission Provider shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Transmission Provider and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 Transmission Provider's Review.

Transmission Provider's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Transmission Provider, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Transmission Provider.

5.10.3 ICIF Construction.

The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Interconnection Customer shall deliver to Transmission Provider "as-built" drawings, information and documents for the ICIF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facility. The Interconnection Customer shall provide Transmission Provider specifications for the excitation

system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

5.11 Transmission Provider's Interconnection Facilities Construction.

Transmission Provider's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Transmission Provider shall deliver to Interconnection Customer the following "as-built" drawings, information and documents for Transmission Provider's Interconnection Facilities [include appropriate drawings and relay diagrams].

Transmission Provider will obtain control of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities.

5.12 Access Rights.

Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at no cost to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the Transmission System;

and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

5.13 Lands of Other Property Owners.

If any part of Transmission Provider or Transmission Owner's Interconnection Facilities and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Transmission Provider or Transmission Owner, Transmission Provider or Transmission Owner shall at Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes on its own behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove Transmission Provider or Transmission Owner's Interconnection Facilities and/or Network Upgrades upon such property.

5.14 Permits.

Transmission Provider or Transmission Owner and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses, and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Transmission Provider

or Transmission Owner shall provide permitting assistance to Interconnection Customer comparable to that provided to Transmission Provider's own, or an Affiliate's generation.

5.15 Early Construction of Base Case Facilities.

Interconnection Customer may request Transmission Provider to construct, and Transmission Provider shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Transmission System which are included in the Base Case of the Facilities Study for Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date.

5.16 Suspension.

Interconnection Customer reserves the right, upon written notice to Transmission Provider, to suspend at any time all work by Transmission Provider associated with the construction and installation of Transmission Provider's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and Transmission Provider's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Transmission Provider (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Transmission System during such suspension and, if applicable, any

costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Transmission Provider cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Transmission Provider shall obtain Interconnection Customer's authorization to do so.

Transmission Provider shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Transmission Provider required under this LGIA pursuant to this Article 5.16, and has not requested Transmission Provider to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Transmission Provider, if no effective date is specified.

5.17 Taxes.

5.17.1 Interconnection Customer Payments Not Taxable.

The Parties intend that all payments or property transfers made by Interconnection Customer to Transmission Provider for the installation of Transmission Provider's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations and Covenants.

In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to Transmission Provider for Transmission Provider's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of Transmission Provider's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Transmission Provider's request, Interconnection Customer shall provide Transmission Provider with a report from an independent engineer confirming its representation in clause (iii), above. Transmission Provider represents and covenants that the cost of Transmission Provider's Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Transmission Provider.

Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Transmission Provider from the cost consequences of any current tax liability imposed against Transmission Provider as the result of payments or property transfers made by Interconnection Customer to Transmission Provider under this LGIA for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Transmission Provider.

Transmission Provider shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) Transmission Provider has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Transmission Provider should be reported as income subject to taxation or (ii) any Governmental Authority directs Transmission Provider to report payments or property as income subject to taxation; provided, however, that Transmission Provider may require Interconnection Customer to provide security for Interconnection Facilities, in a form reasonably acceptable to Transmission Provider (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Transmission Provider for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from

Transmission Provider of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by Transmission Provider upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount.

Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Transmission Provider, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on Transmission Provider ("Current Taxes") on the excess of (a) the gross income realized by Transmission Provider as a result of payments or property transfers made by Interconnection Customer to Transmission Provider under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit Transmission Provider to receive and

retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Transmission Provider's composite federal and state tax rates at the time the payments or property transfers are received and Transmission Provider will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Transmission Provider's anticipated tax depreciation deductions as a result of such payments or property transfers by Transmission Provider's current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer's liability to Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.17.5 Private Letter Ruling or Change or Clarification of Law.

At Interconnection Customer's request and expense, Transmission Provider shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Transmission Provider under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in

such request are true and accurate to the best of Interconnection Customer's knowledge. Transmission Provider and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Transmission Provider shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Transmission Provider shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events.

If, within 10 years from the date on which the relevant Transmission Provider's Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenants contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Transmission Provider retains ownership of the Interconnection Facilities and Network Upgrades, Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Transmission Provider, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests.

In the event any Governmental Authority determines that Transmission Provider's receipt of payments or property constitutes income that is subject to taxation, Transmission Provider shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Transmission Provider may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Transmission Provider may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Transmission Provider reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Transmission Provider shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Transmission Provider on a periodic basis, as invoiced by Transmission Provider, Transmission Provider's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Transmission Provider may agree

to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Transmission Provider, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify Transmission Provider for the tax at issue in the contest.

5.17.8 Refund.

In the event that (a) a private letter ruling is issued to Transmission Provider which holds that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Provider under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Transmission Provider in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Provider under the terms of this LGIA is not taxable to Transmission Provider, (c) any abatement, appeal, protest, or other contest results

in a determination that any payments or transfers made by Interconnection Customer to Transmission Provider are not subject to federal income tax, or (d) if Transmission Provider receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to Transmission Provider pursuant to this LGIA, Transmission Provider shall promptly refund to Interconnection Customer the following:

- (i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,
- (ii) interest on any amounts paid by Interconnection Customer to Transmission Provider for such taxes which Transmission Provider did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Transmission Provider refunds such payment to Interconnection Customer, and
- (iii) with respect to any such taxes paid by Transmission Provider, any refund or credit Transmission Provider receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to Transmission Provider for such overpayment of taxes (including any reduction in interest otherwise payable by

Transmission Provider to any Governmental Authority resulting from an offset or credit); provided, however, that Transmission Provider will remit such amount promptly to Interconnection Customer only after and to the extent that Transmission Provider has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Transmission Provider's Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes.

Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Transmission Provider may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Transmission Provider for which Interconnection Customer may be required to reimburse Transmission Provider under the terms of this LGIA. Interconnection Customer shall pay to Transmission Provider on a periodic basis, as invoiced by Transmission Provider, Transmission Provider's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Transmission Provider shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be

deferred, no amount shall be payable by Interconnection Customer to Transmission Provider for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Transmission Provider.

5.17.10 Transmission Owners Who Are Not Transmission Providers.

If Transmission Provider is not the same entity as the Transmission Owner, then (i) all references in this Article 5.17 to Transmission Provider shall be deemed also to refer to and to include the Transmission Owner, as appropriate, and (ii) this LGIA shall not become effective until such Transmission Owner shall have agreed in writing to assume all of the duties and obligations of Transmission Provider under this Article 5.17 of this LGIA.

5.18 Tax Status.

Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this LGIA is intended to adversely affect any Transmission Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 Modification.

5.19.1 General.

Either Party may undertake modifications to its facilities. If a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities, that Party shall provide to the other Party sufficient

information regarding such modification so that the other Party may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, Transmission Provider shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the Transmission System, Transmission Provider's Interconnection Facilities or Network Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 Standards.

Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs.

Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Transmission Provider makes to Transmission Provider's Interconnection Facilities or the Transmission System to facilitate the interconnection of a third party to Transmission Provider's Interconnection Facilities or the Transmission System, or to provide transmission service to a third party under Transmission Provider's Tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

Article 6. Testing and Inspection

6.1 Pre-Commercial Operation Date Testing and Modifications.

Prior to the Commercial Operation Date, Transmission Provider shall test Transmission Provider's Interconnection Facilities and Network Upgrades and Interconnection Customer shall test the Large Generating Facility and Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.

6.2 Post-Commercial Operation Date Testing and Modifications.

Each Party shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the Large Generating Facility with the Transmission System in a safe and reliable manner. Each Party shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.

6.3 Right to Observe Testing.

Each Party shall notify the other Party in advance of its performance of tests of its Interconnection Facilities. The other Party has the right, at its own expense, to observe such testing.

6.4 Right to Inspect.

Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective

equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential Information and treated pursuant to Article 22 of this LGIA.

Article 7. Metering

7.1 General.

Each Party shall comply with the Applicable Reliability Council requirements. Unless otherwise agreed by the Parties, Transmission Provider shall install Metering Equipment at the Point of Interconnection prior to any operation of the Large Generating Facility and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the Large Generating Facility shall be measured at or, at Transmission Provider's option, compensated to, the Point of Interconnection. Transmission Provider shall provide metering quantities, in analog and/or digital form, to Interconnection Customer upon request. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.

7.2 Check Meters.

Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Transmission Provider's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Transmission Provider or its designee.

The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.

7.3 Standards.

Transmission Provider shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards.

7.4 Testing of Metering Equipment.

Transmission Provider shall inspect and test all Transmission Provider-owned Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by Interconnection Customer, Transmission Provider shall, at Interconnection Customer's expense, inspect or test Metering Equipment more frequently than every two (2) years. Transmission Provider shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering, unless the inaccuracy or defect is due to Transmission Provider's failure to maintain, then Transmission Provider shall pay. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent from the measurement made by the standard meter used in the test, Transmission Provider shall adjust the measurements by correcting all measurements for the period during which Metering Equipment was in error by using Interconnection Customer's check meters, if installed. If no such check meters are installed or if the period cannot be reasonably ascertained, the adjustment shall be for the period immediately preceding the

test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment.

7.5 Metering Data.

At Interconnection Customer's expense, the metered data shall be telemetered to one or more locations designated by Transmission Provider and one or more locations designated by Interconnection Customer. Such telemetered data shall be used, under normal operating conditions, as the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection.

Article 8. Communications

8.1 Interconnection Customer Obligations.

Interconnection Customer shall maintain satisfactory operating communications with Transmission Provider's Transmission System dispatcher or representative designated by Transmission Provider. Interconnection Customer shall provide standard voice line, dedicated voice line and facsimile communications at its Large Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to Transmission Provider as set forth in Appendix D, Security Arrangements Details. The data circuit(s) shall extend from the Large Generating Facility to the location(s) specified by Transmission Provider. Any required maintenance of such communications equipment shall be performed by Interconnection Customer. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or

separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

8.2 Remote Terminal Unit.

Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer, or by Transmission Provider at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by Transmission Provider through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol for the data circuit(s) shall be specified by Transmission Provider.

Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Transmission Provider.

Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

8.3 No Annexation.

Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

Article 9. Operations

9.1 General.

Each Party shall comply with the Applicable Reliability Council requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.

9.2 Control Area Notification.

At least three months before Initial Synchronization Date, Interconnection Customer shall notify Transmission Provider in writing of the Control Area in which the Large Generating Facility will be located. If Interconnection Customer elects to locate the Large Generating Facility in a Control Area other than the Control Area in which the Large Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area.

9.3 Transmission Provider Obligations.

Transmission Provider shall cause the Transmission System and Transmission Provider's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA. Transmission Provider may provide operating instructions to Interconnection Customer consistent with this LGIA and Transmission Provider's operating protocols and procedures as they may change from

time to time. Transmission Provider will consider changes to its operating protocols and procedures proposed by Interconnection Customer.

9.4 Interconnection Customer Obligations.

Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA. Interconnection Customer shall operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Control Area of which it is part, as such requirements are set forth in Appendix C, Interconnection Details, of this LGIA. Appendix C, Interconnection Details, will be modified to reflect changes to the requirements as they may change from time to time. Either Party may request that the other Party provide copies of the requirements set forth in Appendix C, Interconnection Details, of this LGIA.

9.5 Start-Up and Synchronization.

Consistent with the Parties' mutually acceptable procedures, Interconnection Customer is responsible for the proper synchronization of the Large Generating Facility to Transmission Provider's Transmission System.

9.6 Reactive Power.

9.6.1 Power Factor Design Criteria.

Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless Transmission Provider has established different requirements that

apply to all generators in the Control Area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

9.6.2 Voltage Schedules.

Once Interconnection Customer has synchronized the Large Generating Facility with the Transmission System, Transmission Provider shall require Interconnection Customer to operate the Large Generating Facility to produce or absorb reactive power within the design limitations of the Large Generating Facility set forth in Article 9.6.1 (Power Factor Design Criteria). Transmission Provider's voltage schedules shall treat all sources of reactive power in the Control Area in an equitable and not unduly discriminatory manner. Transmission Provider shall exercise Reasonable Efforts to provide Interconnection Customer with such schedules at least one (1) day in advance, and may make changes to such schedules as necessary to maintain the reliability of the Transmission System. Interconnection Customer shall operate the Large Generating Facility to maintain the specified output voltage or power factor at the Point of Interconnection within the design limitations of the Large Generating Facility set forth in Article 9.6.1 (Power Factor Design Criteria). If Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify the System Operator.

9.6.2.1 Governors and Regulators.

Whenever the Large Generating Facility is operated in parallel with the Transmission System and the speed governors (if installed on the generating unit pursuant to Good Utility Practice) and

voltage regulators are capable of operation, Interconnection Customer shall operate the Large Generating Facility with its speed governors and voltage regulators in automatic operation. If the Large Generating Facility's speed governors and voltage regulators are not capable of such automatic operation, Interconnection Customer shall immediately notify Transmission Provider's system operator, or its designated representative, and ensure that such Large Generating Facility's reactive power production or absorption (measured in MVARs) are within the design capability of the Large Generating Facility's generating unit(s) and steady state stability limits. Interconnection Customer shall not cause its Large Generating Facility to disconnect automatically or instantaneously from the Transmission System or trip any generating unit comprising the Large Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the Control Area on a comparable basis.

9.6.3 Payment for Reactive Power.

Transmission Provider is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Large Generating Facility when Transmission Provider requests Interconnection Customer to operate its Large Generating Facility outside the range specified in Article 9.6.1, provided that if Transmission Provider pays its own or affiliated

generators for reactive power service within the specified range, it must also pay Interconnection Customer. Payments shall be pursuant to Article 11.6 or such other agreement to which the Parties have otherwise agreed.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination.

Each Party may in accordance with Good Utility Practice in coordination with the other Party remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to the Parties. In all circumstances, any Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal.

9.7.1.2 Outage Schedules.

Transmission Provider shall post scheduled outages of its transmission facilities on the OASIS. Interconnection Customer shall submit its planned maintenance schedules for the Large Generating Facility to Transmission Provider for a minimum of a rolling twenty-four month period. Interconnection Customer shall update its planned

maintenance schedules as necessary. Transmission Provider may request Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the Transmission System; provided, however, adequacy of generation supply shall not be a criterion in determining Transmission System reliability.

Transmission Provider shall compensate Interconnection Customer for any additional direct costs that Interconnection Customer incurs as a result of having to reschedule maintenance, including any additional overtime, breaking of maintenance contracts or other costs above and beyond the cost Interconnection Customer would have incurred absent Transmission Provider's request to reschedule maintenance.

Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, Interconnection Customer had modified its schedule of maintenance activities.

9.7.1.3 Outage Restoration.

If an outage on a Party's Interconnection Facilities or Network Upgrades adversely affects the other Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the facility that is out of service shall provide the other Party, to the extent such information is

known, information on the nature of the Emergency Condition, an estimated time of restoration, and any corrective actions required.

Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

9.7.2 Interruption of Service.

If required by Good Utility Practice to do so, Transmission Provider may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect Transmission Provider's ability to perform such activities as are necessary to safely and reliably operate and maintain the Transmission System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.7.2:

9.7.2.1 The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;

9.7.2.2 Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the Transmission System;

9.7.2.3 When the interruption or reduction must be made under circumstances which do not allow for advance notice, Transmission Provider shall notify Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;

9.7.2.4 Except during the existence of an Emergency Condition, when the interruption or reduction can be scheduled without advance notice, Transmission Provider shall notify Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer and Transmission Provider;

9.7.2.5 The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Large Generating Facility, Interconnection Facilities, and the Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice.

9.7.3 Under-Frequency and Over Frequency Conditions.

The Transmission System is designed to automatically activate a load-shed program as required by the Applicable Reliability Council in the event of an under-frequency system disturbance. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the Applicable Reliability Council to ensure “ride through” capability of the Transmission System. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with Transmission

Provider in accordance with Good Utility Practice. The term “ride through” as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the Transmission System during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice.

9.7.4 System Protection and Other Control Requirements.

9.7.4.1 System Protection Facilities.

Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or Interconnection Customer’s Interconnection Facilities. Transmission Provider shall install at Interconnection Customer’s expense any System Protection Facilities that may be required on Transmission Provider’s Interconnection Facilities or the Transmission System as a result of the interconnection of the Large Generating Facility and Interconnection Customer’s Interconnection Facilities.

9.7.4.2 Each Party’s protection facilities shall be designed and coordinated with other systems in accordance with Good Utility Practice.

9.7.4.3 Each Party shall be responsible for protection of its facilities consistent with Good Utility Practice.

9.7.4.4 Each Party’s protective relay design shall incorporate the necessary test switches to perform the tests required in Article 6. The

required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the tripping of Interconnection Customer's units.

9.7.4.5 Each Party will test, operate and maintain System Protection Facilities in accordance with Good Utility Practice.

9.7.4.6 Prior to the In-Service Date, and again prior to the Commercial Operation Date, each Party or its agent shall perform a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice and following any apparent malfunction of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.7.5 Requirements for Protection.

In compliance with Good Utility Practice, Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the Transmission System not otherwise isolated by Transmission Provider's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the Transmission System. Such protective equipment shall include, without

limitation, a disconnecting device or switch with load-interrupting capability located between the Large Generating Facility and the Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection Customer shall be responsible for protection of the Large Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the Transmission System could adversely affect the Large Generating Facility.

9.7.6 Power Quality.

Neither Party's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard, shall control.

9.8 Switching and Tagging Rules.

Each Party shall provide the other Party a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with applicable

switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities.

Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Transmission System and shall be used for no other purpose.

9.9.2 Third Party Users.

If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use Transmission Provider's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Transmission Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Transmission Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon

methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

9.10 Disturbance Analysis Data Exchange.

The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or Transmission Provider's Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

Article 10. Maintenance

10.1 Transmission Provider Obligations.

Transmission Provider shall maintain the Transmission System and Transmission Provider's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.

10.2 Interconnection Customer Obligations.

Interconnection Customer shall maintain the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.

10.3 Coordination.

The Parties shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Large Generating Facility and the Interconnection Facilities.

10.4 Secondary Systems.

Each Party shall cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Party. Each Party shall provide advance notice to the other Party before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.

10.5 Operating and Maintenance Expenses.

Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Transmission Provider's Interconnection Facilities.

Article 11. Performance Obligation

11.1 Interconnection Customer Interconnection Facilities.

Interconnection Customer shall design, procure, construct, install, own and/or control Interconnection Customer Interconnection Facilities described in Appendix A,

Interconnection Facilities, Network Upgrades and Distribution Upgrades, at its sole expense.

11.2 Transmission Provider's Interconnection Facilities.

Transmission Provider or Transmission Owner shall design, procure, construct, install, own and/or control the Transmission Provider's Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at the sole expense of the Interconnection Customer.

11.3 Network Upgrades and Distribution Upgrades.

Transmission Provider or Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades. The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless Transmission Provider or Transmission Owner elects to fund the capital for the Network Upgrades, they shall be solely funded by Interconnection Customer.

11.4 Transmission Credits.

11.4.1 Repayment of Amounts Advanced for Network Upgrades.

Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to Transmission Provider and Affected System Operator, if any, for the Network Upgrades, including any tax gross-up or other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.17.8 or otherwise, to be paid to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of

transmission charges, as payments are made under Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Large Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. Interconnection Customer may assign such repayment rights to any person.

Notwithstanding the foregoing, Interconnection Customer, Transmission Provider, and Affected System Operator may adopt any alternative payment schedule that is mutually agreeable so long as Transmission Provider and Affected System Operator take one of the following actions no later than five years from the Commercial Operation Date: (1) return to Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that Transmission Provider or Affected System Operator will continue to provide payments to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the Commercial Operation Date.

If the Large Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the

Network Upgrades, Transmission Provider and Affected System Operator shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying the entity to which reimbursement must be made.

11.4.2 Special Provisions for Affected Systems.

Unless Transmission Provider provides, under the LGIA, for the repayment of amounts advanced to Affected System Operator for Network Upgrades, Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

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

11.5 Provision of Security.

At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring and installing the applicable portion of Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Transmission Provider for these purposes.

In addition:

11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

11.6 Interconnection Customer Compensation.

If Transmission Provider requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power), or 13.5.1 of this LGIA, Transmission Provider shall compensate Interconnection Customer in accordance with Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to an RTO or ISO FERC-approved rate schedule. Interconnection Customer shall serve Transmission Provider or RTO or ISO with any filing of a proposed rate schedule at the time of such filing with FERC. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb any Reactive Power under this LGIA, Transmission Provider agrees to compensate Interconnection Customer in such amount as would have been due Interconnection Customer had the rate schedule been in effect at the time service commenced; provided, however, that such rate schedule must be filed at FERC or other appropriate Governmental Authority within sixty (60) Calendar Days of the commencement of service.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition.

Transmission Provider or RTO or ISO shall compensate Interconnection Customer for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the Transmission System during an Emergency Condition in accordance with Article 11.6.

Article 12. Invoice

12.1 General.

Each Party shall submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

12.2 Final Invoice.

Within six months after completion of the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades, Transmission Provider shall provide an invoice of the final cost of the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Transmission Provider shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

12.3 Payment.

Invoices shall be rendered to the paying Party at the address specified in Appendix F. The Party receiving the invoice shall pay the invoice within thirty (30)

Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by either Party will not constitute a waiver of any rights or claims either Party may have under this LGIA.

12.4 Disputes.

In the event of a billing dispute between Transmission Provider and Interconnection Customer, Transmission Provider shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer:

(i) continues to make all payments not in dispute; and (ii) pays to Transmission Provider or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Transmission Provider may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii).

Article 13. Emergencies

13.1 Definition.

“Emergency Condition” shall mean a condition or situation: (i) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (ii) that, in the case of Transmission Provider, 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, Transmission Provider's Interconnection Facilities

or the Transmission Systems of others to which the Transmission System is directly connected; or (iii) that, in the case of 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 Large Generating Facility or Interconnection Customer's Interconnection Facilities' System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this LGIA to possess black start capability.

13.2 Obligations.

Each Party shall comply with the Emergency Condition procedures of the applicable ISO/RTO, NERC, the Applicable Reliability Council, Applicable Laws and Regulations, and any emergency procedures agreed to by the Joint Operating Committee.

13.3 Notice.

Transmission Provider shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects Transmission Provider's Interconnection Facilities or the Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Transmission Provider promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the Transmission System or Transmission Provider's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's

or Transmission Provider's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.4 Immediate Action.

Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Transmission Provider, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by Transmission Provider or otherwise regarding the Transmission System.

13.5 Transmission Provider Authority.

13.5.1 General.

Transmission Provider may take whatever actions or inactions with regard to the Transmission System or Transmission Provider's Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Transmission System or Transmission Provider's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

Transmission Provider shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Transmission Provider may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking actions necessary and

limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.5.2; directing Interconnection Customer to assist with blackstart (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of Transmission Provider's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.5.2 Reduction and Disconnection.

Transmission Provider may reduce Interconnection Service or disconnect the Large Generating Facility or Interconnection Customer's Interconnection Facilities, when such, reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of Transmission Provider pursuant to Transmission Provider's Tariff. When Transmission Provider can schedule the reduction or disconnection in advance, Transmission Provider shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or

disconnection during periods of least impact to Interconnection Customer and Transmission Provider. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the Transmission System to their normal operating state as soon as practicable consistent with Good Utility Practice.

13.6 Interconnection Customer Authority.

Consistent with Good Utility Practice and the LGIA and the LGIP, Interconnection Customer may take actions or inactions with regard to the Large Generating Facility or Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Transmission System and Transmission Provider's Interconnection Facilities. Transmission Provider shall use Reasonable Efforts to assist Interconnection Customer in such actions.

13.7 Limited Liability.

Except as otherwise provided in Article 11.6.1 of this LGIA, neither Party shall be liable to the other for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

Article 14. Regulatory Requirements and Governing Law

14.1 Regulatory Requirements.

Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

14.2.2 This LGIA is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

Article 15. Notices.

15.1 General.

Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or

permitted to be tendered or delivered by either Party in writing to the other shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F, Addresses for Delivery of Notices and Billings.

Either Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments.

Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice.

Any notice or request required or permitted to be given by a Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F.

15.4 Operations and Maintenance Notice.

Each Party shall notify the other Party in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

Article 16. Force Majeure

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 Neither Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 4), other than the

obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

Article 17. Default

17.1 Default

17.1.1 General.

No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act of omission of the other Party. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.1.2, the breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the breaching Party shall commence such cure within thirty (30)

Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate.

If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a Default and terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this LGIA, to recover from the breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this LGIA.

Article 18. Indemnity, Consequential Damages and Insurance

18.1 Indemnity.

The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

18.1.1 Indemnified Person.

If an Indemnified Person is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party.

If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 18, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures.

Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action

include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

18.2 Consequential Damages.

Other than the Liquidated Damages heretofore described, in no event shall either Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance.

Each party shall, at its own expense, maintain in force throughout the period of this LGIA, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

18.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage,

coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

18.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.

18.3.4 Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.

18.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance

written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

18.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

18.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

18.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.

18.3.9 Within ten (10) days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance

policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.

18.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade or better by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

18.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

Article 19. Assignment

19.1 Assignment.

This LGIA may be assigned by either Party only with the written consent of the other; provided that either Party may assign this LGIA without the consent of the other

Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that Interconnection Customer shall have the right to assign this LGIA, without the consent of Transmission Provider, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that Interconnection Customer will promptly notify Transmission Provider of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify Transmission Provider of the date and particulars of any such exercise of assignment right(s), including providing the Transmission Provider with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

Article 20. Severability

20.1 Severability.

If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if Interconnection Customer (or any third party, but only if such third party is not acting at the direction of Transmission

Provider) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

Article 21. Comparability

21.1 Comparability.

The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

Article 22. Confidentiality

22.1 Confidentiality.

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article 22 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.1.1 Term.

During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

22.1.2 Scope.

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of the LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

22.1.3 Release of Confidential Information.

Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

22.1.4 Rights.

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

22.1.5 No Warranties.

By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter

into any further agreements or proceed with any other relationship or joint venture.

22.1.6 Standard of Care.

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this LGIA or its regulatory requirements.

22.1.7 Order of Disclosure.

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement.

Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party, use

Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

22.1.9 Remedies.

The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to FERC, its Staff, or a State.

Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 CFR § 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is

otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this LGIA prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

22.1.11 Subject to the exception in Article 22.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this LGIA (“Confidential Information”) shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service

provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

Article 23. Environmental Releases

23.1 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 Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

Article 24. Information Requirements

24.1 Information Acquisition.

Transmission Provider and Interconnection Customer shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.

24.2 Information Submission by Transmission Provider.

The initial information submission by Transmission Provider shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include Transmission System information necessary to allow Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise agreed to by the Parties. On a monthly basis Transmission Provider shall provide Interconnection Customer a status report on the construction and installation of Transmission Provider's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission by Interconnection Customer.

The updated information submission by Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. Interconnection Customer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to Transmission Provider for the Feasibility and Facilities Study. Information in this submission shall be the most

current Large Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with Transmission Provider standard models. If there is no compatible model, Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If Interconnection Customer's data is materially different from what was originally provided to Transmission Provider pursuant to the Interconnection Study Agreement between Transmission Provider and Interconnection Customer, then Transmission Provider will conduct appropriate studies to determine the impact on Transmission Provider Transmission System based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

24.4 Information Supplementation.

Prior to the Operation Date, the Parties shall supplement their information submissions described above in this Article 24 with any and all "as-built" Large Generating Facility information or "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit "step voltage" test on the Large Generating Facility to verify proper operation of the Large Generating Facility's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control

mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Large Generating Facility's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to Transmission Provider for each individual generating unit in a station.

Subsequent to the Operation Date, Interconnection Customer shall provide Transmission Provider any information changes due to equipment replacement, repair, or adjustment. Transmission Provider shall provide Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Transmission Provider-owned substation that may affect Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

Article 25. Information Access and Audit Rights

25.1 Information Access.

Each Party (the "disclosing Party") shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for

the other Party to: (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA.

25.2 Reporting of Non-Force Majeure Events.

Each Party (the “notifying Party”) shall notify the other Party when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this LGIA.

25.3 Audit Rights.

Subject to the requirements of confidentiality under Article 22 of this LGIA, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at its own expense the other Party’s accounts and records pertaining to either Party’s performance or either Party’s satisfaction of obligations under this LGIA. Such audit rights shall include audits of the other Party’s costs, calculation of invoiced amounts, Transmission Provider’s efforts to allocate responsibility for the provision of reactive support to the Transmission System, Transmission Provider’s efforts to allocate responsibility for interruption or reduction of generation on the Transmission System, and each Party’s actions in an Emergency Condition. Any audit

authorized by this article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party's performance and satisfaction of obligations under this LGIA. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records.

Accounts and records related to the design, engineering, procurement, and construction of Transmission Provider's Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four months following Transmission Provider's issuance of a final invoice in accordance with Article 12.2.

25.4.2 Audit Rights Period for All Other Accounts and Records.

Accounts and records related to either Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

25.5 Audit Results.

If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

Article 26. Subcontractors

26.1 General.

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

26.2 Responsibility of Principal.

The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall Transmission Provider be liable for the actions or inactions of Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance.

The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

Article 27. Disputes

27.1 Submission.

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

27.2 External Arbitration Procedures.

Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel.

The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.

27.3 Arbitration Decisions.

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it

affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

27.4 Costs.

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

Article 28. Representations, Warranties, and Covenants

28.1 General.

Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing.

Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

28.1.2 Authority.

Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is

a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict.

The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval.

Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

Article 29. Joint Operating Committee

29.1 Joint Operating Committee.

Except in the case of ISOs and RTOs, Transmission Provider shall constitute a Joint Operating Committee to coordinate operating and technical considerations of

Interconnection Service. At least six (6) months prior to the expected Initial Synchronization Date, Interconnection Customer and Transmission Provider shall each appoint one representative and one alternate to the Joint Operating Committee. Each Interconnection Customer shall notify Transmission Provider of its appointment in writing. Such appointments may be changed at any time by similar notice. The Joint Operating Committee shall meet as necessary, but not less than once each calendar year, to carry out the duties set forth herein. The Joint Operating Committee shall hold a meeting at the request of either Party, at a time and place agreed upon by the representatives. The Joint Operating Committee shall perform all of its duties consistent with the provisions of this LGIA. Each Party shall cooperate in providing to the Joint Operating Committee all information required in the performance of the Joint Operating Committee's duties. All decisions and agreements, if any, made by the Joint Operating Committee, shall be evidenced in writing. The duties of the Joint Operating Committee shall include the following:

29.1.1 Establish data requirements and operating record requirements.

29.1.2 Review the requirements, standards, and procedures for data acquisition equipment, protective equipment, and any other equipment or software.

29.1.3 Annually review the one (1) year forecast of maintenance and planned outage schedules of Transmission Provider's and Interconnection Customer's facilities at the Point of Interconnection.

29.1.4 Coordinate the scheduling of maintenance and planned outages on the Interconnection Facilities, the Large Generating Facility and other facilities that

impact the normal operation of the interconnection of the Large Generating Facility to the Transmission System.

29.1.5 Ensure that information is being provided by each Party regarding equipment availability.

29.1.6 Perform such other duties as may be conferred upon it by mutual agreement of the Parties.

Article 30. Miscellaneous

30.1 Binding Effect.

This LGIA and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

30.2 Conflicts.

In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.

30.3 Rules of Interpretation.

This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if

applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix to this LGIA, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) “hereunder”, “hereof”, “herein”, “hereto” and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, “from” means “from and including”, “to” means “to but excluding” and “through” means “through and including”.

30.4 Entire Agreement.

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

30.5 No Third Party Beneficiaries.

This LGIA 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.

30.6 Waiver.

The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this LGIA. Termination or Default of this LGIA for any reason by Interconnection Customer shall not constitute a waiver of Interconnection Customer's legal rights to obtain an interconnection from Transmission Provider. Any waiver of this LGIA shall, if requested, be provided in writing.

30.7 Headings.

The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.

30.8 Multiple Counterparts.

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

30.9 Amendment.

The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by the Parties.

30.10 Modification by the Parties.

The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

30.11 Reservation of Rights.

Transmission Provider shall have the right to make a unilateral filing with FERC to modify this LGIA with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this LGIA shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership.

This LGIA 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.

IN WITNESS WHEREOF, the Parties have executed this LGIA in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

PUGET SOUND ENERGY, INC. - TRANSMISSION

By: _____

Title: _____

Date: _____

ELECTRON HYDRO, LLC

By: _____

Title: _____

Date: _____

1.	2.		3.		4.	5.
Generating Facility	Interconnection Customer's Interconnection Facilities	Point of Change of Ownership	Transmission Provider's Interconnection Facilities	Point of Interconnection	Trans. Provider's Transmission System (Network Upgrades)	Other

Appendix A to LGIA

Interconnection Facilities, Network Upgrades and Distribution Upgrades

1. Generating Facility – LGIA -1:

The Electron Hydroelectric Project is a run-of-river electric generating facility (the “Project” or “Generating Facility”) located in the western foothills of Mount Rainier, about 42 miles southeast of Seattle along the Puyallup River, near Kapowsin, Pierce County, Washington as shown in Figure 1.

The Generating Facility is connected via a 115 kV transmission line that extends from the Generating Facility to the Transmission Provider’s Electron Heights Substation.

The Project consists of four generating units with a maximum generating capability of 25.8 MW. A location map for the Generating Facility is shown in Figure 1 and a one line diagram of the Generating Facility is shown in Figure 2.

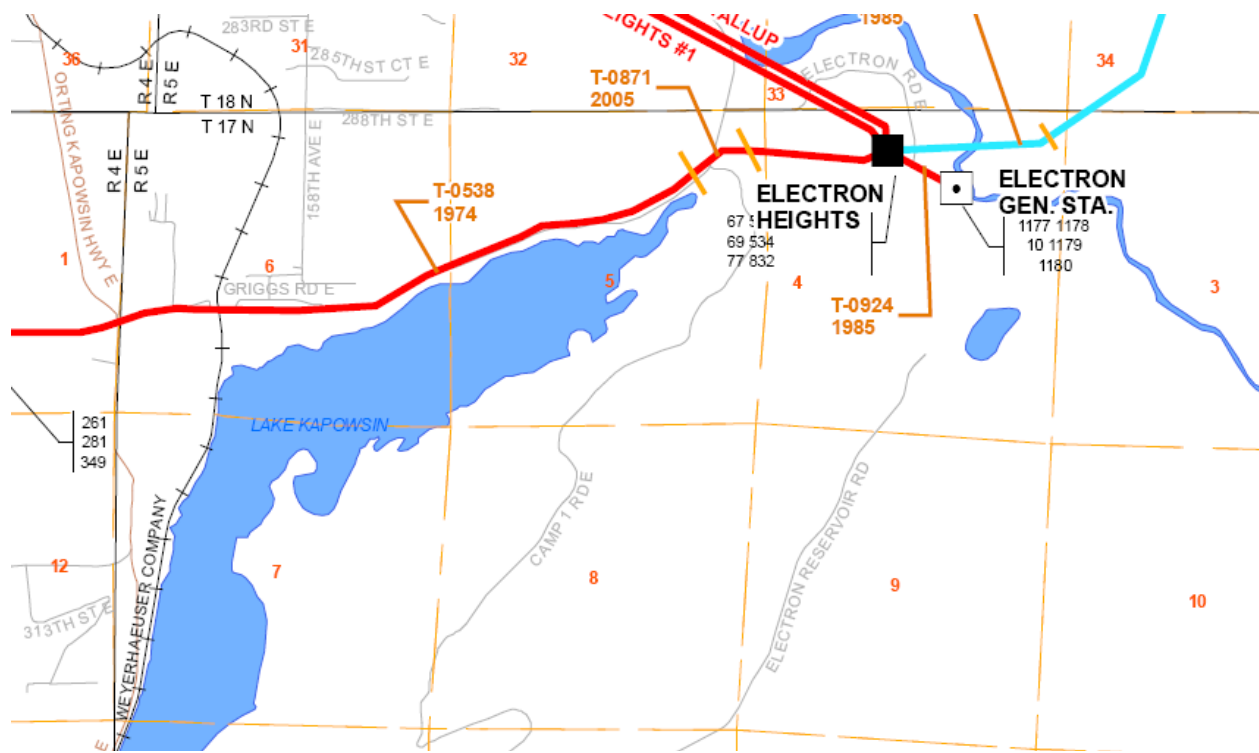
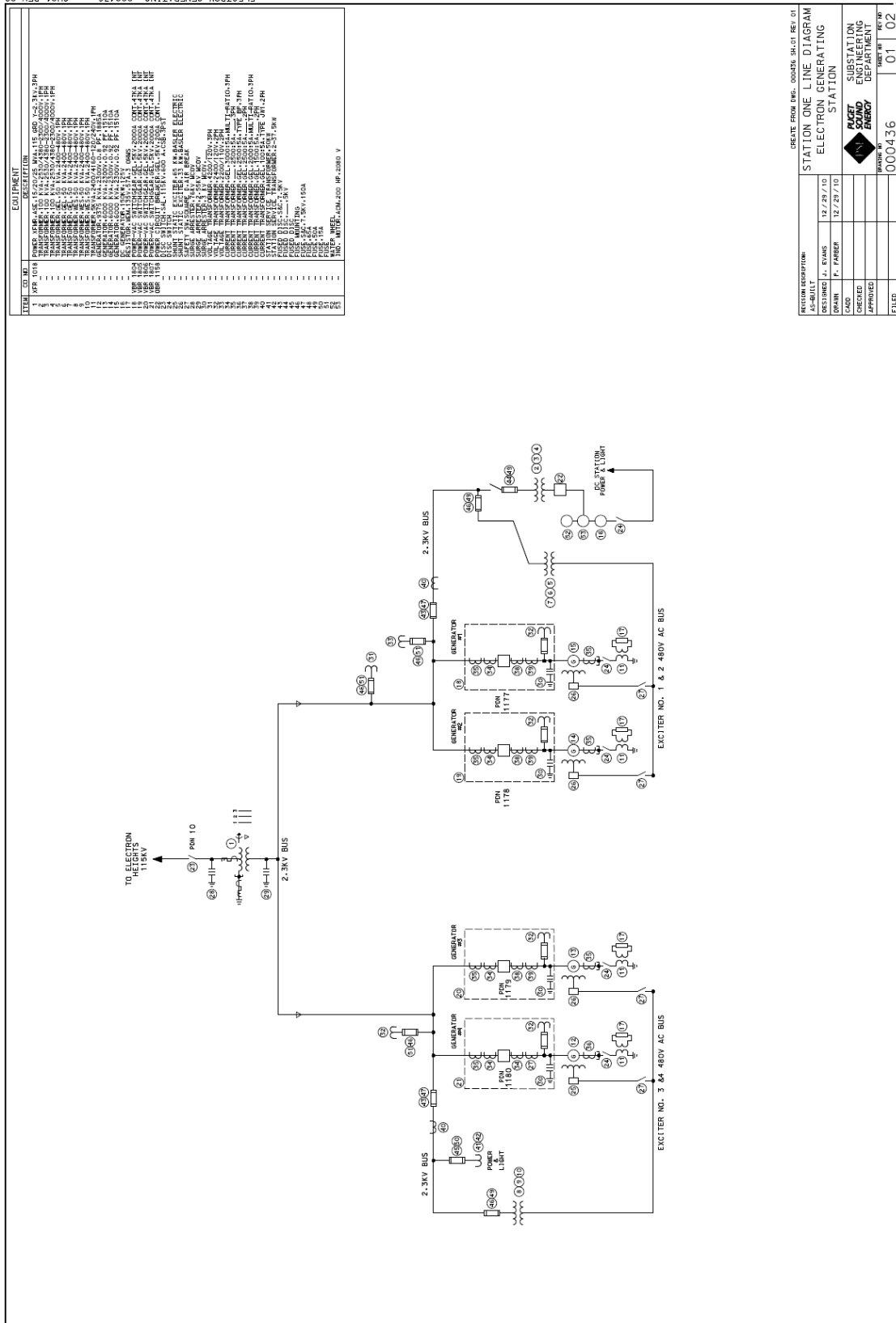


Figure 1 – Location Map of Electron Generating Facility



Interconnection Facilities LGIA -2:

1. Interconnection Customer's Interconnection Facilities:

Electron-Electron Heights 115 kV Line

Electron-Electron Heights 115 kV Line - Interconnection Customer Interconnection Facilities include a 115 kV transmission line from the Generating Facility to the Transmission Provider's Electron Heights Substation with a length of approximately 0.365 miles with 397.5 ASCR Chickadee conductor.

Interconnection Customer will operate and maintain the Electron - Electron Heights 115 kV line and Interconnection Customer Interconnection Facilities in accordance with Good Utility Practice and all applicable reliability and security standards of NERC and WECC.

Transmission Provider shall perform any necessary maintenance or repair associated with the last span of the Electron-Electron Heights 115 kV line where the last span of wire connects to the Transmission Providers' dead end structure in the Transmission Providers' Electron Heights Substation. Such work shall be performed at Interconnection Customer's sole direction and expense (as contemplated by Section 10.5 of this Agreement). Interconnection Customer acknowledges that Transmission Providers performance of such work will be undertaken solely for Transmission Providers benefit in securing its Electron Heights Substation, and Transmission Provider shall not be understood or deemed by the performance of such work to make any representation or warranty as to the correctness, accuracy, compliance with applicable law or any other quality, or to undertake any duty to Interconnection Customer or any third parties, and Interconnection Customer waives all claims against Transmission Provider relating to same.

Transmission Provider shall perform any necessary maintenance or repair associated with the last span of the Electron-Electron Heights 115 kV line where the last span of wire connects to the Transmission Providers' dead end structure in the Transmission Providers' Electron Heights Substation. Such work shall be done at Interconnection Customer's sole direction and expense Interconnection Customer acknowledges that Transmission Provider's performance of such work will be undertaken solely for Transmission Provider's benefit in securing its Electron Heights Substation, and Transmission Provider shall not be understood or deemed by the performance of such work to make any representation or warranty as to the correctness, accuracy, compliance with applicable law or any other matter, or to undertake any duty to Interconnection Customer or any third parties, and Interconnection Customer waives all claims against Transmission Provider relating to same.

An overview of the Electron-Electron Heights line is shown in Figure 3 and an overview of the system one line of the Generating Facilities and Transmission Providers Electron Heights Substation is shown in Figure 4.

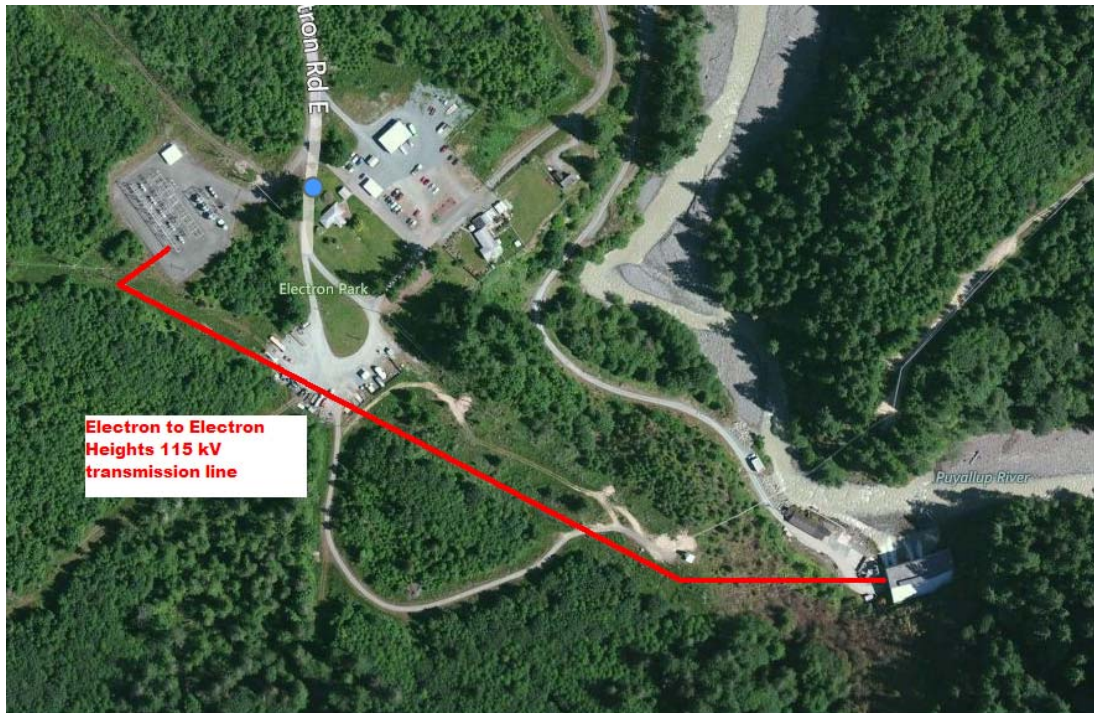


Figure 3 – Electron-Electron Heights 115 kV Line

Communications, Substation Controls, Protection and Relay Improvements

Generator Owner is responsible for maintaining protection, relaying and controls schemes to ensure relaying and protection is adequate to protect the Generating Facility. Any changes to the Generating Facility protection and relaying will need to be coordinated with the Transmission Provider. Generating Facility relay setting data will be transmitted to the Interconnection Customer upon execution of the power purchase agreement between Generator Owner and Puget Sound Energy, Inc.

Such data from the Interconnection Customer will include, but will not be limited to, voltage, MW, MVAR, MWhr, MVARhr, volts, amps, breaker status.

Interconnection Customer shall be responsible for meeting and adhering to the Transmission Provider's Technical Specifications and Operating Protocols and Procedures for Large Generator Interconnections, PSE-ET-160.50 as posted on Transmission Providers OASIS website.

Upon the Transmission Provider removing radios and communications facilities from the existing Conex (shipping container) Building, the building ownership will be transferred to the Interconnection Customer. The Conex Building will be moved at Interconnection Customer's expense to a staging area and then installed at Interconnection Customer's expense at a location determined by the Interconnection Customer.

Sharing agreements will be required between the Transmission Provider and Interconnection Customer to establish interim operating plans and associated agreements in the event that the Interconnection Customer's request to operate the Generating Facility is in advance of the completion of Network Upgrades.

Temporary operating agreements would include arrangements and agreements for the sharing of the communications room, cable sharing, escort agreements, physical security and system agreements.

Transmission credits are not available for Interconnection Customer's Interconnection Facilities.

2. Point of Change of Ownership

The Point of Change of Ownership is the point where the Interconnection Customer's 115 kV transmission line connects to the Transmission Provider's dead end structure at Bay E of the Transmission Provider's Electron Heights Substation as shown in Figure 5.

3. Transmission Provider's Interconnection Facilities LGIA-3:

Transmission Provider's Interconnection Facilities include the following facilities at Transmission Provider's Electron Heights Substation:

- One 115 kV power circuit breaker;
- One 115 kV 1200 amp disconnect switch
- Two potential transformer and two current transformers
- Associated supports and dead-end structures;
- Generation metering and station service metering for the Generating Facility
- Modifications to Transmission Provider's Energy Management System to make necessary revisions and updates reflecting the Large Generator Interconnection
- SCADA at Electron Heights Substation. Data from the Interconnection customer will include, but will not be limited to, voltage, MW, MVAR, MWhr, MVARhr, volts, amps, breaker status.

- EMS data at Transmission Providers Operation Center(s)

Metering

Generation metering will be installed at Electron Heights Substation to monitor plant output. Real time metering data (telemetry) for the Generating Facility will be provided on the actual real and reactive generator output for operational purposes (i.e., reserves, AGC, etc.).

Metering will be compensated through the GSU transformers to the Point of Interconnection. Meter Engineering will need the transformer manufacturer's original test sheets to perform the calculations. The station service metering will be at Electron Heights Substation. Backup station service will be measured at the Lower Electron primary meter.

Figure 6 shows the proposed Generating Facility Metering One-Line Diagram.

4. Point of Interconnection

The Point of Interconnection is the point where the Transmission Provider's Interconnection Facilities interconnect with the Transmission Provider's network facilities at the 115 kV bus of Transmission Provider's Electron Heights Substation. See Figure 5.

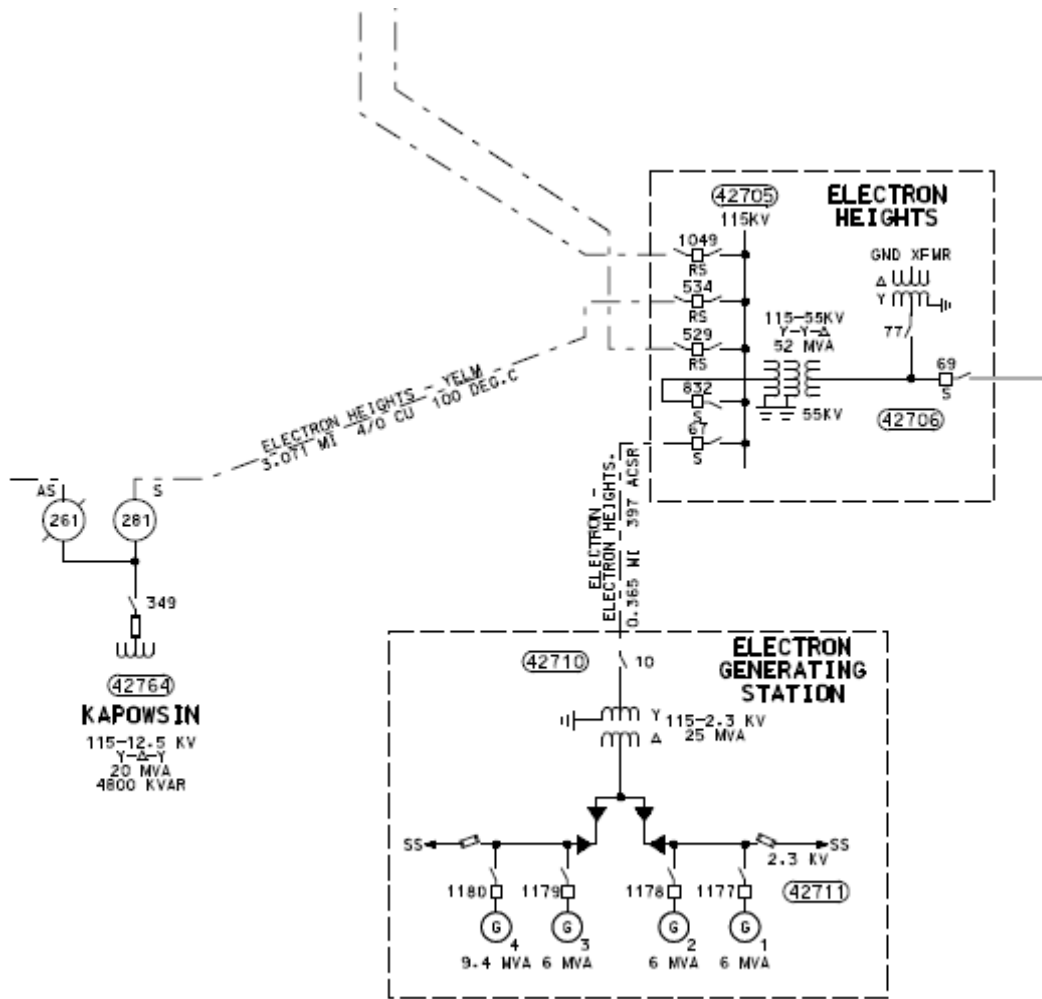


Figure 4 - System One-Line Diagram

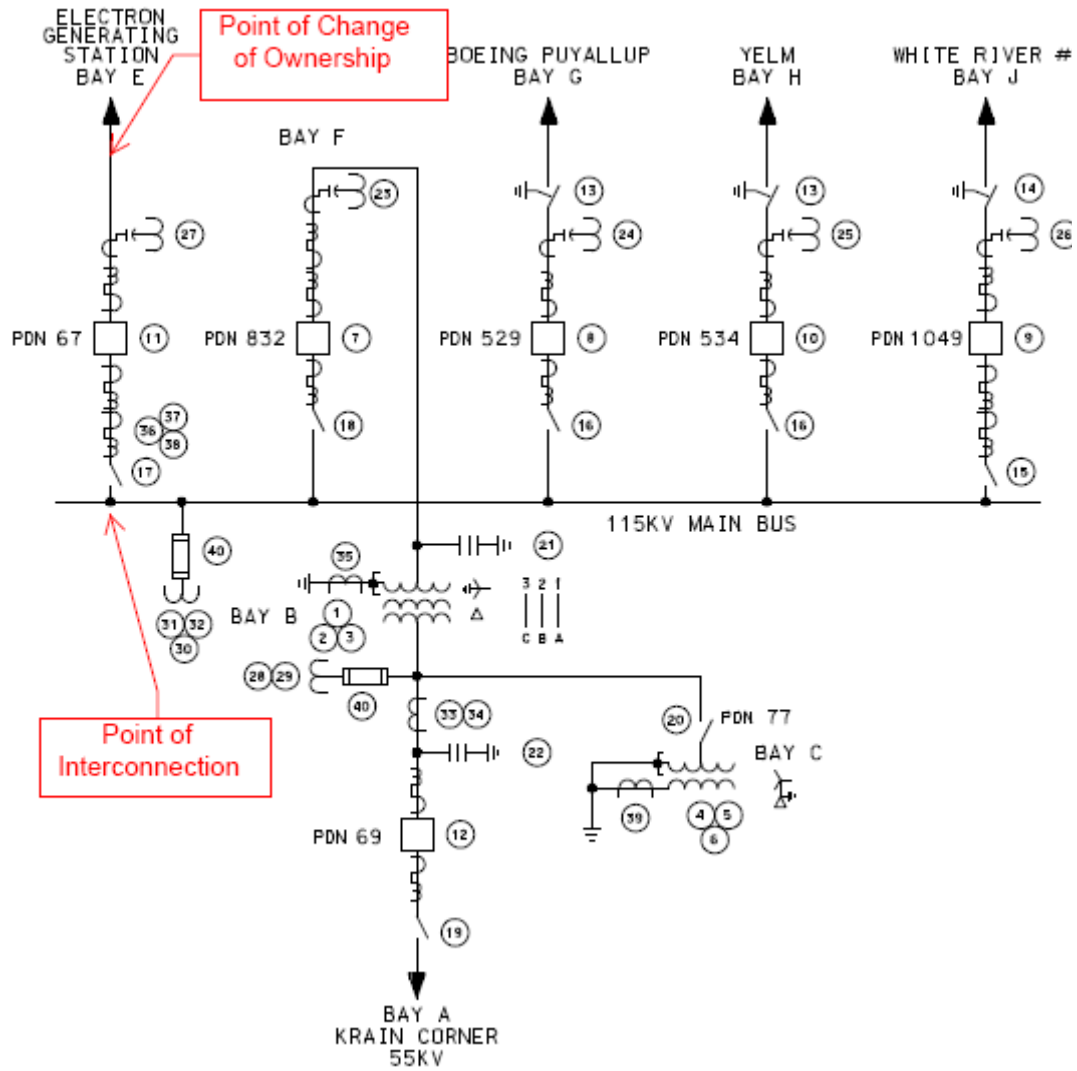


Figure 5 - System One-Line Diagram Electron Heights Substation

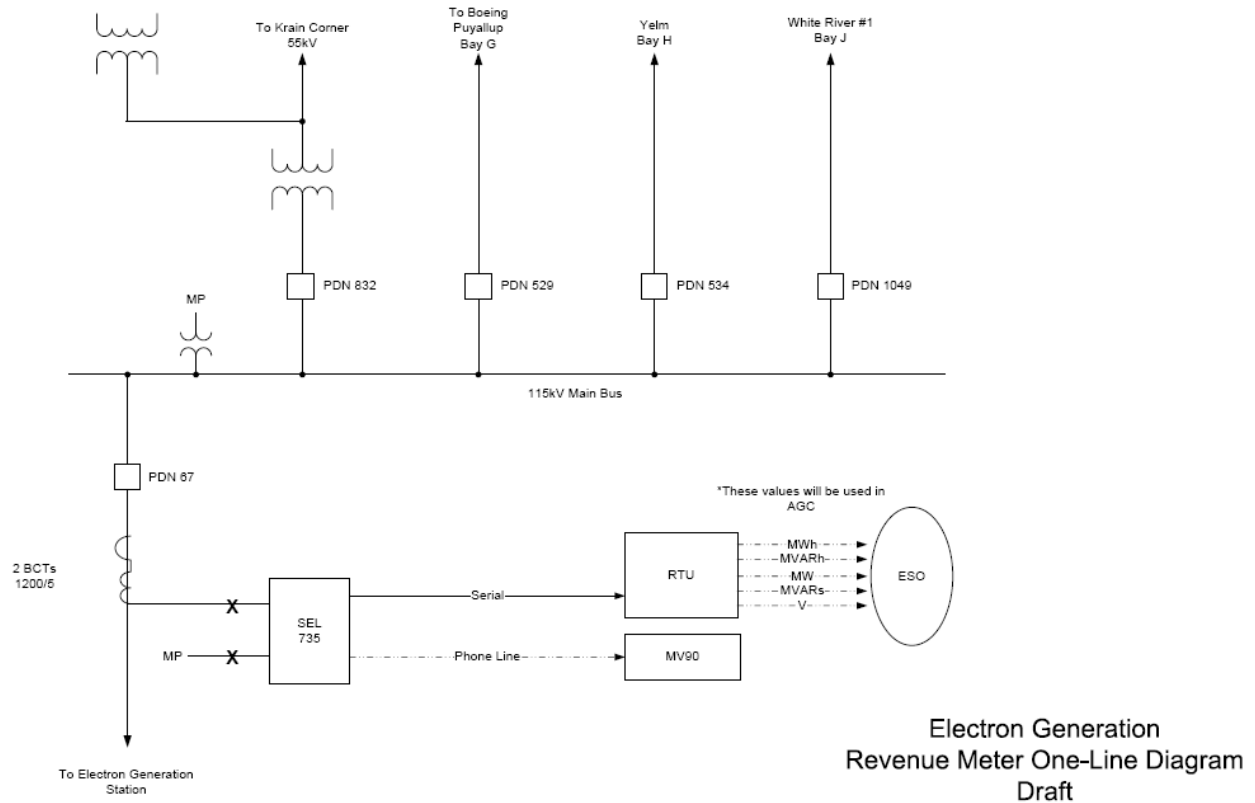


Figure 6 - Generating Facility Metering One Line Diagram

5. Network Upgrades LGIA -4:

Network Upgrades required as part of this Large Generator Interconnection include the following:

- Establishing a new microwave link from the Transmission Provider’s Electron communications tower to Olympia and from Electron communications tower to White River paths
- Establishing a new communications link between the Electron communications tower and Electron Heights Substation
- Procuring and installing microwave radios and antennas for the new microwave path between the microwave tower and Electron Heights Substation
- Modifying the existing control house at Electron Heights Substation
- Installing a new RTU at Electron Heights Substation and a second RTU at the new Transmission Provider Fiberbond communications building located at the Electron microwave site

- Configuring RTU's and installing of data and alarm points at Transmission Provider's Operations Center(s)
- Designing, permitting and constructing a new communications building (Fiberbond building) near the existing Electron communications tower site. Radio and communications equipment will be moved from the existing Conex building and transferred to the new Transmission Provider's communications building
- Upon the completion of Network Upgrades, Transmission Provider will transfer ownership of the existing Conex building to the Interconnection Customer and will transition to an Interconnection Customer Interconnection Facility
- Installing DC battery backup system for the Electron microwave tower for the new Transmission Providers Fiberbond building and Electron Heights Substation
- Configuring a new T-1 circuit from the Electron Heights Substation control house to the Transmission Providers Fiberbond building
- Establishing new physical security that separates the Generating Facility form the Transmission Provider's network. Access Control shall be maintained by the Transmission Provider until all Network Upgrades are completed

6. Other Network Upgrades To be Paid For By Transmission Provider LGIA -5:

None.

7. Temporary Network Upgrades and Transmission Provider Interconnection Facilities:

None.

8. Affected System Network Upgrades

There are no Affected System Network Upgrades.

9. Stand Alone Network Upgrades

None.

10. Distribution Upgrades

In order to facilitate the sale of the Electron Generating Facility, the Transmission Provider will need to remove and install a number of distribution facilities in order to

separate the Generating Facility's distribution system from the Transmission Provider's electric system.

Distribution Upgrades include the installation of primary metering for the various loads on the Project site at upper Electron as well as at lower Electron. The Interconnection Customer will own the distribution facilities beyond the two metering points at upper and lower Electron.

Transmission Provider will install primary metering at Upper and Lower Electron, and will install any necessary secondary metering facilities. The distribution facilities will be connected to isolate the communications tower at upper Electron from the Generating Facility.

Transmission Provider will be responsible for costs associated with the distribution upgrades with the exception of the secondary and primary metering costs which will be the cost responsibility of the Interconnection Customer.

Upon completion of the installation of the primary meters at Upper and Lower Electron, the Transmission Provider remove all secondary meters downstream of the new primary meters.

11. Interconnection Customer's Estimated Cost For Work Performed by Transmission Provider

Total estimated cost payable by Interconnection Customer for Transmission Provider's Interconnection Facilities is summarized in Table 1 – "Total Estimated Costs for Work Performed by Transmission Provider."

Estimated Cost Description	Cost
Interconnection Customer Facilities	
Transmission Provider's Interconnection Facilities	
Metering, SCADA and radios to facilitate generation metering and SCADA	\$176,000
Network Upgrades	
Relocation of microwave and reestablishing a new microwave path that is independent from the Generating Facility	\$658,000
Distribution Upgrades	
Transmission Provider Distribution Upgrades (Upper and Lower Electron). Interconnection Customer is responsible for Meter costs which are estimated to be \$25,000)	\$56,000
Total*	\$890,000

Table 1 – Total Estimated Cost for Work Performed by Transmission Provider

The preceding conceptual estimate is for the required Transmission Provider's Interconnection Facilities and Network Upgrades. Transmission Provider in this situation has agreed to pay for the network upgrades coincident with the sale of Electron to the Interconnection Customer. This estimate does not include any costs for Interconnection Customer-owned, supplied or installed equipment and associated design and engineering for the Interconnection Customer's facilities (e.g., distribution metering equipment). This estimate includes Contribution in Aid of Construction ("CIAC") charges to the Interconnection Customer as well as other applicable Transmission Provider overheads.

Within six (6) months after completion of construction of Transmission Provider's Interconnection Facilities, Transmission Provider will provide an invoice of the final cost of construction of the Transmission Provider's Interconnection Facilities pursuant to Article 12.2 of this LGIA. Transmission Provider shall refund Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction, within thirty (30) Calendar Days of the issuance of such final construction invoice, pursuant to Article 12.2 of this LGIA.

12. O&M Costs Assigned to Interconnection Customer

As provided in this LGIA, including, without limitation, Article 10.5 hereof, O&M costs include O&M activities associated with Transmission Provider Interconnection Facilities and Interconnection Customer's Interconnection Facilities as well as any modifications needed for the Transmission Provider to obtain billing and meter data, energy management system displays, plant information database information, schedule data and any additional plant information that is required by the Reliability Coordinator, as well as any additional Project-related information that is needed at the Transmission Provider's control center for operational and reliability purposes.

Without limiting the applicable provisions of this LGIA, Interconnection Customer will be responsible for the payment of all reasonable expenses associated with the following:

- External communications costs
- Costs for generation metering, primary and backup station service
- Maintenance costs for Transmission Provider's Interconnection Facilities
- Any ongoing permitting, right-of-way or mitigation costs associated with the Transmission Provider's Interconnection Facilities
- Any modifications to Transmission Provider's EMS System associated with the Generating Facility.

13. Revisions

This Appendix A may be revised or replaced from time to time by the mutual agreement of the Parties.

14. Tax Gross-Up Amount

There is currently no tax gross-up anticipated for the Network Upgrades and Transmission Provider's Interconnection Facilities installed under this Agreement.

15. Station Service

The station service metering will be at Electron Heights Substation. Backup station service will be measured at the Lower Electron primary meter.

Appendix B to LGIA

Milestones

Within 15 business days from receipt of final LGIA, Interconnection Customer shall provide one of the following:

(A) reasonable evidence of continued Site Control or

(B) posting of \$250,000 non-refundable additional security, which shall be applied toward future construction costs. Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at Interconnection Customer election, has been achieved:

(i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility;

(ii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility;

(iii) execution of a contract for the sale of electric energy or capacity from the Large Generation Facility; or

(iv) application for an air, water, or land use permit

Within 30 Days Prior to Commencement of Construction the Interconnection Customer shall provide Certificate(s) of Insurance.

Schedule Milestones

The Interconnection Customer and the Transmission Provider mutually agree to the following dates:

Execution of LGIA	
Provision of Financial Security	
Provision of Insurance (Within ten (10) days following execution of this LGIA)	
Begin Construction	
Completion of metering installation (3 weeks)	
Completion of installation of overexcitation limiters at Generating Facility	May 2014
Construction Completion*	May 2014

* Back-feed power dates are contingent upon Interconnection Customer having all Interconnection Facilities and Network Upgrades completed to allow Transmission Provider to complete final inspection and testing. Sharing agreements will be required between the Transmission Provider and Interconnection Customer to establish interim operating plans and associated agreements in the event that the Interconnection Customer’s request to operate the Generating Facility is in advance of the completion of Network Upgrades.

Temporary Operating agreements would include arrangements and agreements for the sharing of the communications room, cable sharing, escort agreements and the physical security system agreements.

* Back-Feed power and Station Service – Interconnection Customer is responsible for back-feed power and station service arrangements prior to In-Service Date.

* Interconnection Customer must request back-feed power and station service from Transmission Provider in writing.

Initial Synchronization Date _____

Interconnection Customer must request Initial Synchronization from Designated Operator in writing.

Appendix C to LGIA

Interconnection Details

1. Identification of the Generating Facility

- Project Name – Electron Hydroelectric Project
- Size (Rating) – 25.8 MW maximum total
- Generation Type – Run-of-River Hydroelectric
- Interconnection Type – Network Resource Interconnection Service (NRIS)
- Location – On the Puyallup River, near Kapowsin, Pierce County, Washington
- Power Factor – .95 leading and .95 lagging power factor requirements at the Point of Interconnection. Interconnection Customer will complete installation of over excitation limiters to meet the .95 power factor requirements within one year after executing this LGIA.

Generating Facility Description

The Electron Generating Facility is located on the Puyallup River near Kapowsin, in Pierce County Washington. The river above the diversion dam is located ten and a half miles from the powerhouse. Ten miles of wooden flume feeds the man-made reservoir.

The Generating Facility consists of four generating units. The breakdown of unit capacities for the Electron Generating Facility is outlined in Table 1.

Table 1: Breakdown Unit Capacities Electron Generating Facility

	Installed Capacity (MW) ¹ (Real Power FAC- 009 Ratings)	Power Factor Lagging (at POI)	Power Factor Leading (at POI)	Facility Study Data Drawings (Nameplate)
Unit 1	5.7	.95	.95	6,000 KVA @1.0 PF
Unit 2	5.9	.95	.95	6,000 KVA @1.0 PF
Unit 3	6.3	.95	.95	6,000 KVA @1.0 PF
Unit 4	7.9	.95	.95	9375 KVA @.0.8 PF
1-4 Total	25.8			
Operational Limit	Electron Units 1-3 are each limited to 5.7 MVA due to an alarm limit for the current transformer.			

Note 1: Real Power is based on past operational data

Unit capacities assume that Interconnection Customer shall complete installation of over excitation limiters within one year of execution of this LGIA.

2. Reliability Obligations For The Interconnection Customer

As specified in Article 9 of this LGIA, the Interconnection Customer is responsible for compliance with all applicable reliability requirements. This includes, without limitation, all WECC and NERC Reliability Criteria, Standards, policies and requirements referenced (as an Applicable Reliability Standard) in Article 4.3 of this LGIA. The Joint Operating Committee described in Article 29 of this LGIA will address coordinated operation and technical considerations of the Interconnection Service. Supplemental information to assist Interconnection Customer in complying with such policies and requirements is detailed below.

a. Metering:

(i) Generation Metering:

Generation metering will be installed at Electron Heights Substation to monitor net plant output. Metering will be compensated to the Point of Interconnection.

Voltage: 115 kV

Metering will be compensated through the GSU transformers to the Point of Interconnection. Meter Engineering will need the transformer manufacturer's original test sheets to perform the calculations.

(ii) Station Service Metering:

The station service metering will be at Electron Heights Substation

Backup station service metering is provided through the primary metering at Lower Electron.

Real time Metering Data (Telemetry):

Real time metering data (telemetry) for the generating Facility will be provided on the actual real and reactive generator output for operational purposes (i.e., reserves, AGC, etc.).

Voltage: 115 kV

(iii) Distribution Metering:

Transmission Provider Customer will install primary metering at Upper and Lower Electron.

Interconnection Customer is responsible for the coordination and installation of secondary metering at the gate and for isolating the distribution to the communications tower. The Interconnection Customer will be responsible for the costs of the meters.

b. Power System Stabilizer

- (i) Generating Facility will have power system stabilizer on at all times when operating.
 - (ii) Power system stabilizer will be tested and to standards contained in the WECC Reliability Management System.
- c. The Interconnection Customer will be responsible for ensuring that requirements for interconnections are met. Transmission Provider's requirements are outlined in Transmission Provider's Technical Specifications and Operating Protocols and Procedures for Large Generation Interconnections which has been provided to the Interconnection Customer and posted on Transmission Provider's OASIS.

d. Additional Requirements to Article 9.4

- (i) Notification of Unplanned Change in Generation Level:

Whenever generation changes by an amount greater than or equal to five (5) megawatts, the Designated Operator and the Balancing Authority of the Balancing Authority Area in which the Generating Facility is located will be notified immediately by the Interconnection Customer at phone numbers supplied to the Interconnection Customer.

- (ii) Notification of Planned Change of Generation On-Line/Off-Line Status:

Designated Operator and the Balancing Authority of the Balancing Authority Area in which the Generating Facility is located will be notified by the Interconnection Customer when generation is going off-line and when generation will be coming on-line. Reasons for either event will also be given. At least 48 hours advance notification will be given for planned events.

e. Additional Requirements to Article 9.8

If disconnecting the Interconnection Customer Interconnection Facilities from the Transmission Provider's Interconnection Facilities, the Interconnection Customer shall perform such disconnection in accordance with Good Utility Practice and in compliance with Designated Operator's transmission facility clearance procedures provided to the Interconnection Customer, as such procedures may be amended, reasonably and without discrimination to the Interconnection Customer, by Designated Operator in its sole discretion from time to time. If Designated Operator amends its transmission facility clearance procedures, it will notify the Interconnection Customer as soon as practicable thereafter.

f. Other Additional Operating Requirements

- (i) The Transmission Provider reserves the right to reasonably establish minimum acceptable settings for any installed System Protection Facilities. If the Large Generating Facility's System Protection Facilities are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify the Designated Operator.
- (ii) Interconnection Customer shall be responsible for meeting and adhering to the Transmission Provider's Technical Specifications and Operating Protocols and Procedures for Large Generator Interconnections, PSE-ET-160.50 as posted on Transmission Provider's OASIS website.

3. Voltage Schedules and Reactive Control Requirements

The following (as set forth in Article 9.6.2 of this LGIA) provides the Interconnection Customer the information for voltage schedules.

- a.** The Interconnection Customer will operate the Generating Facility under continuous automatic voltage regulation at voltage set points as directed by Transmission Provider. Excitation limiters should allow the generator to use its full reactive capability.
- b.** Transmission Provider shall provide the voltage set points to operate the automatic voltage regulator (AVR). Transmission Provider shall provide Interconnection Customer, in writing, with a contact for any questions concerning voltage schedules.
- c.** When necessary to maintain the reliability of the Transmission System and any affected transmission system, Transmission Provider may temporarily suspend the voltage schedule and prepare and send to Interconnection Customer a replacement voltage schedule. In such case, Interconnection Customer shall operate the Generating Facility at the replacement voltage schedule for as long as such replacement voltage schedule is in effect. Transmission Provider will determine the period during which such replacement voltage schedule shall be in effect.
- d.** The Electron local plant control system at the Generating Facility will be used on all four units to achieve a combined continuous 0.95 power factor with VAr flow from the Electron Generating Facility into the Transmission System at the Point of Interconnection. The control is described as follows:

Each unit will be equipped with an overexcitation limiter (OEL). This device limits the field current from damaging the generator rotor windings. When the field current threshold is exceeded a signal from the OEL will be sent to the governor to cause a reduction in MW loading. Such a MW reduction from the operating units will allow additional reactive power to be provided to the Transmission System while remaining within the generator rotor thermal limits.

Interconnection Customer will have 1 year from the time the LGIA is executed to complete the installation of the overexcitation limiter control scheme. The Transmission Provider shall approve the proposed control scheme design as well as installation.

(i) During a low voltage transmission event the voltage regulator requests excitation current of the exciter to increase generator voltage to the voltage set point at the generator stator terminals. The exciter, rotor and stator are protected against over excitation (excessive current) by an OEL and by Over Excitation Protection (OEP). The OEL restricts the exciter current output to less than the OEP so that the OEP will only trip the generator if the OEL fails to limit the current. The OEL and OEP are set for time periods and levels allowed by IEEE Standard C50.13-2005.

a. For a fixed exciter current amount, the generator MVAR output increases as the MW output of the generator decreases. By decreasing or ramping down the MW output of the generator, the MVAR output of the generator will increase for the same exciter current.

(ii) When the OEL inverse time/current curve element is activated a control program will ramp down the generator MW output of any units at Electron that are online. Ramping generator MW output down will increase the MVAR output for the same exciter current. The MW ramp down of the online units will be sufficient so that when summed with the OEL inverse time/current curve limit reduction, the resultant sum of all units online at Electron can maintain a minimum of 0.95 power factor VARs into Electron Heights Substation.

When the sum of Electron generation is 25.8 MW, the required VAR flow is 15.86 MVAR lagging (VARs out of the generator) as measured at the generator terminals, or 8.4 MVAR into the Electron Heights Substation.

The MW ramp down speed will be a minimum of 20% of full rating per minute. A two to three second delay from when the OEL is initiated to when the runback occurs is permissible to allow external faults to clear

(iii) The MW unloading/ramping will occur until the unit's OEL threshold is deactivated or the units are at or less than 3 MW each. The unit will maintain operation within its generator capability curve.

(iv) Once the voltage condition that caused the OEL to operate has passed, the units may be returned to the desired loading.

(v) The units will immediately be responsive to subsequent voltage events, should they occur. This will include the MW ramping down scheme if the OEL is again activated.

e. The Transmission Provider may determine necessary changes to preserve Transmission System safety and reliability.

4. Low Voltage Ride Through (LVRT) Capability

As set forth in Article 9.1 of this LGIA, the Generating Facility shall comply with NERC and WECC low voltage ride-through requirements. At a minimum, the Interconnection Customer's Generating Facility shall be able to remain online during voltage disturbances and corresponding voltage excursions anticipated in the NERC and WECC Planning Standards.

5. Generating Testing and Model Data

Periodically the Generating Facility's generating units must be tested to determine reactive limits and dynamic data in accordance with the WECC Generating Unit Model Validation Policy and other applicable WECC generator testing requirements. Data for WECC-approved dynamic models (generator, exciter, governor, PSS, etc.) must be submitted to the Transmission Provider and WECC. The Generating Facility must obtain a Generator Certification from WECC certifying that the data meet WECC generator testing guidelines.

6. Required Control Area Services

As provided in Article 4.4 of this LGIA, the execution of the LGIA does not constitute a request for, or the provision of, any transmission delivery service under the Transmission Provider's Tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery. In that regard, this Agreement does not provide for Ancillary Services, including, but not limited to, Generation Imbalance Service, Operating Reserves - Spinning Reserves, and Operating Reserves - Supplemental Reserves.

7. LGIA Section 9.8 Requirements:

Each Party shall provide the other Party a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

8. Revisions

This Appendix C may be revised or replaced from time to time by the mutual agreement of the Parties.

Appendix D to LGIA

Security Arrangements Details

Infrastructure security of Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day Transmission System reliability and operational security. FERC will expect all Transmission Providers, market participants, and Interconnection Customers interconnected to the Transmission System to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

Additional Data. Interconnection Customer shall, at its sole expense, provide any additional Generating Facility data, forecasts, or other information reasonably required and necessary for any Transmission Provider to operate its Transmission System in accordance with Good Utility Practice and any other applicable operating requirements.

Automatic Data Transfer. Throughout the term of this Agreement, Interconnection Customer shall provide the data specified below by automatic data transfer to the Control Center specified by Designated Operator or to a Third-Party System Operator designated by Transmission Providers (or both):

MW and MVAR of each generator and total MW and MVAR for the generating facility;

Billing Meter Data. Bi-directional revenue meters at the Point of Interconnection shall be configured to allow direct dial-up access by Interconnection Customer.

Additional Data. Interconnection Customer shall, at its sole expense, provide any additional Generating Facility data, forecasts, high speed wind cutout indication and associated MW, or other information reasonably required and necessary for any Transmission Provider to operate its Transmission System in accordance with Good Utility Practice and any other applicable operating requirements.

Appendix E to LGIA
Commercial Operation Date

This Appendix E is a part of the LGIA between Transmission Provider and Interconnection Customer.

[Date]

Puget Sound Energy, Inc.
Transmission Contracts
355 110th Avenue NE EST-06E
Bellevue, WA 98004

Re: Electron Hydroelectric Large Generating Facility

Dear _____:

On **[Date]** **[Interconnection Customer]** has completed Trial Operation of Unit No. _____. This letter confirms that **[Interconnection Customer]** commenced Commercial Operation of Unit No. _____ at the Large Generating Facility, effective as of **[Date plus one day]**.

Thank you.

[Signature]

[Interconnection Customer Representative]

Appendix F to LGIA

Addresses for Delivery of Notices and Billings

Notices:

Transmission Provider:

Puget Sound Energy, Inc. – Transmission Contracts
355 110th Avenue NE, EST-06E
Bellevue, WA 98004

Attention: John Phillips
Manager Transmission Contracts and OASIS Trading
Phone: (425) 462-3579

Interconnection Customer:

Electron Hydro, LLC
Attention: Thom Fisher
3633 Alderwood Avenue
Bellingham, WA 98225
<mailto:thom@tollhouseenergy.com>

Phone: (360) 738-9999

Cell: (360)739-9777

Fax: (360)733-3056

E-mail: thom@tollhouseenergy.com

Billings and Payments:

Transmission Provider:

Puget Sound Energy, Inc.
355 110th Avenue NE, EST-06E
Bellevue, WA 98004

Attention: John Phillips
Manager Transmission Contracts and OASIS Trading
Phone (425) 462-3579

Interconnection Customer:

Electron Hydro, LLC
Attention: Steve Marmon
s.marmon@Tollhouseenergy.com

Phone: (360) 738-9999

Fax: (360) 733-3056

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

Transmission Provider:

Puget Sound Energy, Inc.
355 110th Avenue NE, EST-06E
Bellevue, WA 98004

Attention: John Phillips
Manager Transmission Contracts and OASIS Trading
Phone (425) 462-3579

Interconnection Customer:

Electron Hydro, LLC
Attention: Thom Fisher
3633 Alderwood Avenue
Bellingham, WA 98225
<mailto:thom@tollhouseenergy.com>

Phone: (360) 738-9999

Cell: (360)739-9777

Fax: (360)733-3056

E-mail: thom@tollhouseenergy.com

Operational Contacts:

Transmission Provider:

Puget Sound Energy, Inc.
3635 NE 80th Street
Redmond, WA 98052

Primary Contact:

Attention: Rick Lindner - Manager Load Office
Phone: (425) 861-4828

Interconnection Customer:

Electron Hydro, LLC
Attention: Electron Hydroelectric Operations Manager
Steve Schmidt
Phone: (253) 878-2278
Email: To be provided to Interconnection Customer
Address: 19318 Electron Road East
Orting, WA 98360

Appendix G to LGIA

Interconnection Requirements for a Wind Generating Plant

Not Applicable

Appendix H to LGIA

Reliability Management System

The provisions of this Appendix H shall apply if and at such time as Transmission Provider has become a party to and is bound by the Reliability Management System Agreement. In the event this Appendix H applies and there is any conflict between this Appendix H and any other provision of this LGIA, the terms of this Appendix H shall prevail and shall be deemed to be the final intent of the Parties.

1. Purpose. In order to maintain the reliable operation of the transmission grid, the WECC Reliability Criteria Agreement sets forth reliability criteria adopted by the WECC to which Interconnection Customer and Transmission Provider shall be required to comply.

2. Compliance. Interconnection Customer shall comply with the requirements of the WECC Reliability Criteria Agreement, including the applicable WECC reliability criteria set forth in Section IV of Annex A thereof, and, in the event of failure to comply, agrees to be subject to the sanctions applicable to such failure. Such sanctions shall be assessed pursuant to the procedures contained in the WECC Reliability Criteria Agreement. Each and all of the provisions of the WECC Reliability Criteria Agreement are hereby incorporated by reference into this Appendix H as though set forth fully herein, and Interconnection Customer shall for all purposes be considered a Participant, and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Participant, under and in connection with the WECC Reliability Criteria Agreement, including, but not limited to, the rights, privileges and obligations set forth in Sections 5, 6 and 10 of the WECC Reliability Criteria Agreement.

3. Payment of Sanctions. Interconnection Customer shall be responsible for payment of any monetary sanction assessed against Interconnection Customer by WECC

pursuant to the WECC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WECC Reliability Criteria Agreement.

4. Transfer of Control or Sale of Generation Facilities. In any sale or transfer of control of the Generating Facility, Interconnection Customer shall as a condition of such sale or transfer require the acquiring party or transferee with respect to the transferred facilities either to assume the obligations of Interconnection Customer with respect to this LGIA or to enter into an agreement with Transmission Provider imposing on the acquiring party or transferee the same obligations applicable to Interconnection Customer pursuant to this Appendix H.

5. Publication. Interconnection Customer consents to the release by the WECC of information related to Interconnection Customer's compliance with this LGIA only in accordance with the WECC Reliability Criteria Agreement.

6. Third Parties. Except for the rights and obligations between the WECC and Interconnection Customer specified in this Appendix H, this LGIA creates contractual rights and obligations solely between the Parties. Nothing in this LGIA shall create, as between the Parties or with respect to the WECC: (1) any obligation or liability whatsoever (other than as expressly provided in this LGIA) or (2) any duty or standard of care whatsoever. In addition, nothing in this LGIA shall create any duty, liability or standard of care whatsoever as to any other party. Except for any rights, as a third-party beneficiary under this Appendix H, of the WECC against Interconnection Customer, no third party shall have any rights whatsoever with respect to enforcement of any provision of this LGIA. Transmission Provider and Interconnection Customer expressly intend that the WECC is a third-party beneficiary of this Appendix H, and the WECC shall have the right to seek to enforce against Interconnection Customer any provision of this Appendix H, provided, that specific performance shall be the sole remedy available to the WECC pursuant to this Appendix H, and Interconnection Customer shall not be

liable to the WECC pursuant to this LGIA for damages of any kind whatsoever (other than the payment of sanctions to the WECC, if so construed), whether direct, compensatory, special, indirect, consequential or punitive.

7. Reserved Rights. Nothing in the RMS or the WECC Reliability Criteria Agreement shall affect the right of Transmission Provider, subject to any necessary regulatory approval, to take such other measures to maintain reliability, including disconnection, which Transmission Provider may otherwise be entitled to take.

8. Severability. If one or more provisions of this Appendix H shall be invalid, illegal or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability shall not affect the validity of the other provisions of this LGIA.

9. Termination. Interconnection Customer may terminate its obligations pursuant to this Appendix H:

(a) if after the effective date of this Appendix H, the requirements of the WECC Reliability Criteria Agreement applicable to Interconnection Customer are amended so as to adversely affect Interconnection Customer, provided that Interconnection Customer gives fifteen (15) days' notice of such termination to Transmission Provider and the WECC within forty-five (45) days of the date of issuance of a FERC order accepting such amendment for filing, provided, further, that the forty-five (45) day period within which notice of termination is required may be extended by Interconnection Customer for an additional forty-five (45) days if Interconnection Customer gives written notice to Transmission Provider of such requested extension within the initial forty-five (45) day period; or

(b) for any reason on one year's written notice to Transmission Provider and the WECC.

10. Mutual Agreement. This Appendix H may be terminated at any time by mutual agreement of Transmission Provider and Interconnection Customer.

Appendix 7 to LGIP (Also referred to as APPENDIX G)

Appendix 7 sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plan interconnections.

A. Special Procedures Applicable to Wind Generators

The wind plant Interconnection Customer, in completing the Interconnection Request required by Section 3.3 of this LGIP, may provide to the Transmission Provider a set of preliminary electrical design specifications depicting the wind plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind plant may enter the queue and receive the base case data as provided for in this LGIP. No later than six months after submitting an Interconnection Request completed in this matter, the wind plant Interconnection Customer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the Transmission Provider to complete the System Impact Study.

EXHIBIT K

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this “**Assignment**”) dated this ___ day of _____, 20___, is made by and between ELECTRON HYDRO, LLC, a Delaware limited liability company (“**Buyer**”), and PUGET SOUND ENERGY, INC., a Washington corporation (“**Seller**”). Buyer and Seller are referred to herein each individually as a “**Party**,” and collectively as the “**Parties**.”

Buyer and Seller are parties to that certain Asset Purchase Agreement, dated May 30, 2013 (the “**Agreement**”), pursuant to which Seller agreed to sell and Buyer agreed to buy the Transferred Assets related to the Electron Facility. Terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

Pursuant to the Agreement, Seller agreed to assign and Buyer agreed to assume the following liabilities, rights and obligations of Seller: (1) all continuing liabilities, rights and obligations of Seller under the assigned Contracts, Permits and the FCC License (collectively, the “**Contracts and Permits**”); and (2) all liabilities, rights and obligations set forth on Exhibit A (collectively, the “**Assumed Liabilities**”).

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other valuable consideration paid by Buyer to Seller, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I ASSIGNMENT AND ASSUMPTION.

Section 1.1. Contracts and Permits. Seller does hereby assign and transfer to Buyer all of Seller’s right, title, and interest to the Contracts and Permits. Buyer hereby accepts this assignment, expressly assumes Seller’s interest in such Contracts and Permits agrees to be bound by all the terms, conditions and covenants thereof and agrees to assume all of the obligations of Seller under the Contracts and Permits arising after the date hereof.

Section 1.2. Assumed Liabilities. Seller does hereby assign and transfer to Buyer all of Seller’s right, title and interest in the Assumed Liabilities. Buyer does hereby assume and undertakes to pay, perform and discharge any and all of Seller’s obligations of any kind or nature under the Assumed Liabilities that accrue after the date hereof.

Section 1.3. Project Materials. Seller does hereby assign and transfer to Buyer the Books and Records, all general intangibles relating primarily to the design, development, operation and use of the Electron Facility, and all goodwill related to the Electron Facility (collectively, the “**Project Materials**” and together with the Contracts and Permits and the Assumed Liabilities, the “**Assigned Assets**”); provided, however, that Seller shall retain access to the Books and Records as further described in the Agreement. Subject to the terms, conditions and limitations of the Agreement, Buyer does hereby assume any and all of Seller’s obligations of any kind or nature under the Assigned Assets that accrue after the date hereof.

Section 1.4. Further Assurances. At any time or from time to time after the date hereof, at Buyer's request and without further consideration, Seller shall use commercially reasonable efforts to execute and deliver to Buyer such other instruments of transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Buyer may reasonably deem necessary in order to effectuate the transactions contemplated by this Assignment. Each Party shall bear its own reasonable costs and expenses in compliance with this Section 1.4.

Section 1.5. Buyer Indemnification. Buyer agrees to indemnify, defend and hold Seller harmless from and against any and all claims, losses, expenses, liabilities, damages, including, without limitation, interest and penalties, attorneys' fees, and all amounts paid in settlement of any claim, which may be asserted against Seller, or which Seller may incur or suffer, and which results from or relates directly or indirectly to the performance or nonperformance of Buyer's obligations under or related to the Assigned Assets after the date hereof.

Section 1.6. Seller Indemnification. Seller agrees to indemnify, defend and hold Buyer harmless from and against any and all claims, losses, expenses, liabilities, damages, including, without limitation, interest and penalties, attorneys' fees, and all amounts paid in settlement of any claim, which may be asserted against Buyer, or which Buyer may incur or suffer, and which results from or relates directly or indirectly to the performance or nonperformance of Seller's obligations under or related to the Assigned Assets prior to and on the date hereof.

ARTICLE II REPRESENTATIONS AND WARRANTIES.

Each Party hereto represents and warrants that it has all necessary power, capacity and authority to enter into this Assignment, it has taken all necessary action to execute and has duly executed this Assignment and this Assignment constitutes its legal, valid and binding obligation, enforceable in accordance with its terms.

ARTICLE III GOVERNING LAW; DISPUTE RESOLUTION; ATTORNEYS' FEES.

Section 3.1. Governing Law; Dispute Resolution. This Assignment shall be governed by and construed in accordance with the laws of the State of Washington without regard to conflicts-of-laws principles that would require the application of any other law. Disputes arising out of this Assignment shall be addressed by the Parties pursuant to Article 11 of the Agreement.

Section 3.2. Attorneys' Fees. Notwithstanding Section 3.1 of this Assignment, in the event of litigation between the Parties hereto, declaratory or otherwise, in connection with this Assignment, the prevailing party shall recover its costs and attorneys' fees actually incurred, which shall be determined and fixed by the court as part of the judgment. The Parties covenant and agree that they intend by this Section to compensate for attorneys' fees actually incurred by the prevailing party to the particular attorneys involved at such attorneys' then normal hourly rates and that this Section shall constitute a request to the court that such rate or rates be deemed reasonable.

ARTICLE IV BINDING NATURE; SUCCESSORS AND ASSIGNS.

This Assignment shall inure to the benefit of and be binding upon the successors and permitted assigns of the Parties hereto. This Assignment shall not be assigned by either Party (whether pursuant to a merger, by operation of law or otherwise) without the prior written consent of the other Party.

**ARTICLE V
MISCELLANEOUS.**

Section 5.1. Incorporation. Exhibit A attached hereto is incorporated herein by this reference.

Section 5.2. Severability. If any term or other provision of this Assignment is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Assignment shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to either Party.

Section 5.3. Notices. All notices under this Assignment shall be given to the Parties in the manner prescribed in Section 13.1 of the Agreement.

Section 5.4. Counterparts. This Assignment may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, and delivered electronically or by facsimile, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

[remainder of page left intentionally blank]

IN WITNESS WHEREOF, this Assignment has been duly executed and delivered by each Party as of the date first above written.

ELECTRON HYDRO, LLC

PUGET SOUND ENERGY, INC.

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT A
to
Assignment and Assumption Agreement

**EXHIBIT L
FORM OF BILL OF SALE**

BILL OF SALE

This Bill of Sale (the “**Bill of Sale**”), dated _____, 20 ____, is made and entered into by and between ELECTRON HYDRO, LLC, a Delaware limited liability company (“**Electron**”), and Puget Sound Energy, Inc., a Washington corporation (“**PSE**”).

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, PSE does hereby sell, transfer, convey, assign and deliver to Electron, and Electron hereby accepts, all of PSE’s right, title and interest in and to the Personal Property, Fleet Vehicles and the Facility Line, as those terms are defined in that certain Asset Purchase Agreement (the “**Agreement**”) between PSE and Electron dated May 30, 2013, which is incorporated herein by this reference.

This Bill of Sale is being delivered in connection with the Agreement and is subject to, and is entitled to the benefits of, the Agreement.

This Bill of Sale shall be binding upon and inure to the benefit of Electron and PSE and their respective successors and assigns.

IN WITNESS WHEREOF, this Bill of Sale has been duly executed and delivered by the duly authorized officer of each party as of the date first above written.

PSE:

Puget Sound Energy, Inc.,
a Washington corporation

By: _____
Its: _____

Electron:

Electron Hydro, LLC,
a Delaware limited liability company

By: _____
Its: _____

**EXHIBIT M
BUYER EMPLOYEES**

Electron Employees
Electron Hydro, LLC will be offering employment to 12 hourly, and 2 salary personnel who are currently working for PSE at Electron

	M/D/S	Pers.No.	Personnel Number Text	Employment Status	Employee Group	Employee Subgroup	Job
Hourly							
1				Active	IBEW A Group	Full-Time	Appr Hydro M
2				Active	IBEW A Group	Full-Time	EP Helper
3				Active	IBEW A Group	Full-Time	Hydro Mechanic
4				Active	IBEW A Group	Full-Time	Hydro Mechanic
5				Active	IBEW A Group	Full-Time	Hydro Mechanic
6				Active	IBEW A Group	Full-Time	Hydro Mechanic
7				Active	IBEW A Group	Full-Time	Hydro Mechanic
8				Active	IBEW A Group	Full-Time	Hydro Mechanic
9				Active	IBEW A Group	Full-Time	Hydro Mechanic
10				Active	IBEW A Group	Full-Time	Hydro Mechanic
11				Active	IBEW A Group	Full-Time	Hydro Mechanic
12				Active	IBEW A Group	Full-Time	EP Helper
Salary							
S1				Active	IBEW A Group	Full-Time	Hydro Tech IV
S2				Active	Exempt	Full-Time	Sr Asset Maintenance Planner

**REDACTED
VERSION**

EXHIBIT N

KNOWN PRE-EXISTING RELEASE ZONES

1. The lesser of one hundred (100) feet on either side of the centerline of the flume in its existing location as of the date of this Agreement, and the property line.
2. Property within the redbox and red-hatched area as shown on the attached diagrams.

