
PUGET SOUND ENERGY
Electric Tariff G

SCHEDULE 448
POWER SUPPLIER CHOICE

1 ELIGIBILITY FOR SERVICE

All Special Contract Customers, and all Schedule 48 Customers as of March 6, 2001 who have paid Transition Payments to PSE, are eligible for service under this Schedule 448. Any Schedule 448 Customer must take service under Schedule 448 for all loads at its Locations served under Schedule 48 or a Special Contract and new Loads at such Locations served through the same meter. New or newly acquired facilities and new separately metered loads, within a ten mile radius of any Location of the Schedule 448 Customer, owned or operated by the Schedule 448 Customer or its affiliates, that exceed 5.0 aMW on an annual basis, will become Locations at which the Schedule 448 Customer must take service under Schedule 448. New or newly acquired facilities of any Schedule 448 customer, at sites outside such ten mile radius, or with load less than 5.0 aMW, are not permitted to take service under this Schedule 448 and must take service under an otherwise applicable tariff. Upon the sale of real property with facilities taking service under this Schedule to an entity not affiliated with the Schedule 448 Customer, if the load of the facilities served under Schedule 448 at the sold property is equal to or greater than 7.5 aMW on an annual basis, the buyer of the property shall take service under Schedule 448. Upon the sale or transfer of real property with facilities taking service under Schedule 448 to an entity not affiliated with the Schedule 448 Customer, if the load of the facilities served under Schedule 448 at the sold property is less than 7.5 aMW on an annual basis, the buyer of the property shall take service under an otherwise applicable tariff. However, if a Schedule 448 Customer sells or otherwise transfers control of all of its facilities served under Schedule 448, or leases all or some of its facilities served under Schedule 449, and the new owner or lessor continues the same or similar operations as were performed by such Schedule 448 Customer, the new owner, lessor, successor, or assign must take service under Schedule 448 whether or not such facilities have a load in excess of 7.5 aMW and regardless of affiliate status.

2 CUSTOMER POWER SUPPLIES

2.1 Form of Buy/Sell Supply Contracts. For Buy/Sell Transactions, each Customer has discretion to negotiate the price, duration and other commercial terms (which terms shall be commercially reasonable as to the Company) of Buy/Sell Supply Contracts with one or more Power Suppliers (both concurrent and sequential) for delivery of Supplied Power. Upon Customer's request, the Company will assist Customer in locating one or more potential Power Suppliers (other than the Company) of Supplied Power in amounts and durations designated by Customer; provided, that the identity of any Power Supplier and the price, duration and other commercial terms of Buy/Sell Supply Contracts shall be subject to the approval of Customer. In any event, however,

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the Buy/Sell Supply contracts shall include certain required provisions as described in Customer's Schedule 448 Service Agreement.

- 2.2 Power Suppliers and Supplied Power. During the Term, Customer shall arrange to purchase Supplied Power from one or more Power Suppliers (other than the Company). The Power Supplier or Suppliers shall make available each hour Supplied Power to the Company at the Point(s) of Receipt at a rate not less than the product of Customer's Contract Demand multiplied by the Loss Factor and in amounts sufficient to meet Load (net of Load served by self-generation). Customer shall arrange for such Supplied Power through Buy/Sell Supply Contracts with Power Suppliers in Buy/Sell Transactions. The Company shall perform its obligations pursuant to such Buy/Sell Supply Contracts by purchasing and accepting Supplied Power from Power Suppliers under such Buy/Sell Supply Contracts and selling and delivering Customer Metered Energy to Customer as a bundled retail service pursuant to the terms and conditions of this Schedule. Such service at the rates under this Schedule shall (except as provided in this Schedule with respect to back-up, load following or ancillary services) include end user services (load following and ancillary services) for Customer's Load that are provided to bundled retail service customers under the Company's Electric Tariff G. Any Power Supplier may provide Supplied Power, under one or more Buy/Sell Supply Contracts, for more than one Location and for more than one Schedule 448 Customer; provided, that Supplied Power under any Buy/Sell Supply Contract may be allocated by the Company among such Locations and Customers, and charges under this Schedule shall be calculated separately for each Location. Subject to applicable regulatory requirements and available transmission and distribution capability, a Customer may obtain power from its own generation (regardless of location).
- 2.3 Security. In recognition of the obligations assumed or to be assumed under any Buy/Sell Supply Contract for delivery of Supplied Power to Customer, Customer shall, as may be requested by the Company from time to time, provide to the Company at Customer's sole expense one or more forms of commercially reasonable credit facilities (e.g., letter of credit; cash prepayment; guarantee agreement executed by a credit-worthy entity; or posting of acceptable collateral, security or payment bond) in form and content acceptable to the Company to secure reimbursement to the Company of all Power Supply Charges under any such Buy/Sell Supply Contract.
- 2.4 Aggregation of Loads. Any Power Supplier may provide Supplied Power, under one or more Buy/Sell Supply Contracts, for more than one Location and for more than one Schedule 448 Customer. The terms and billing arrangements for any such aggregation of loads shall be

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specified in the Schedule 448 Service Agreement(s). Customers who have aggregated Loads for the purpose of power supply may aggregate Loads for purposes of determining charges for Retail Load Following Service.

- 2.5 Losses. Supplied Power shall in each hour also include an amount of energy sufficient to provide for losses from the Point of Receipt(s) to Customer's Location. Losses shall be determined by multiplying the hourly quantities of energy delivered by Company to Customer (as metered at the Customer's Location) from all sources (other than self-generation at the Location of the Load) by the quantity Loss Factor minus 1.0.
- 2.6 Retail Load Following Service. In any hour, Customer Metered Energy may be different from Supplied Power because of hourly variations in Supplied Power. Deviations between Customer Metered Energy and Supplied Power within the Deviation Band shall be settled at 100% of the Mid-Columbia Firm Index price for the hour in which the deviation occurred for negative or positive imbalances. Deviations outside the Deviation Band will be accounted for as Imbalance Energy and charges or credits for Imbalance Energy will as specified in the Rates and Charges section of this Schedule. Customers shall have the right to aggregate their Loads and Supplied Power for purposes of determining the hourly Imbalance Energy. Company has no obligation to provide excess energy required for retail load following using its own generation resources, but shall make commercially reasonable efforts to obtain in the market such excess energy.
- 2.7 Supplier Failure to Deliver. If a Power Supplier does not deliver Supplied Power as scheduled, the Company shall make reasonable efforts to give Customer notice of such non-delivery within four (4) hours after the hour in which such non-delivery began. Company has no obligation to replace such energy using its own generation resources, but shall make commercially reasonable efforts to obtain in the market replacement energy for such delivery failure. Any difference between Customer Metered Energy and the Supplied Power as a result of failure to deliver will be subject to the same market-index charge as for Retail Load Following Service.
- 2.8 Remarketing of Purchased Power. Customer may arrange with its Power Suppliers suitable arrangements for remarketing of Supplied Power in excess of that needed to serve Load.
- 2.9 Power Supply Taxes The charges to Customer for Supplied Power will be grossed up for applicable taxes.

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3 SELF-GENERATION

- 3.1 Self-generation. Nothing in this Schedule shall prohibit Customer from constructing and relying upon self-generation to supplement or replace Customer Metered Energy at a Location. The Company shall not impose any penalty on or discourage such Customer from, or otherwise discriminate against such Customer for constructing or relying on self-generation. Specifically, upon reasonable prior written notice to the Company specifying nameplate rating and proposed date of initial operation, Customer may install self-generation to meet all or part of its power requirements. If Customer intends to operate such facility in synchronism with the Company's electric system, the Company shall offer to interconnect and back-up the self-generation facility under a separate agreement that includes the rates, terms and conditions generally applicable to such service under a separate schedule in the Company's Electric Tariff Schedule 80. Notwithstanding any provision of such tariff, the charge for back-up energy as a result of failure of such self-generation will be as provided in Section 3.2 of Schedule. Any interconnection or operation of self-generation in parallel with the Company's system shall only be pursuant to a separate, prior-written agreement between Customer and Company. Customer is responsible for ensuring that any self-generation meets and complies with all applicable legal requirements and nothing in this Schedule shall be interpreted as changing the application of environmental laws, energy facilities siting requirements, OATT provisions regarding system upgrades, or regulatory approvals. If Customer constructs and relies upon self-generation as described in this Section, then Customer shall be subject to applicable charges under the Back-up Distribution Service Schedule.
- 3.2 Back-up Energy for Self-generation. If Customer's self-generation fails to operate as scheduled, Company has no obligation to replace such energy using its own generation resources, but shall make commercially reasonable efforts to obtain in the market replacement energy for such failure. Any difference between Customer Metered Energy and Supplied Power as a result of failure to deliver will be subject to the same market-index charge as for Retail Load Following Service.
- 3.3 Delivery of Self-generation. If self-generation is not at the Location of the Load it is serving, Customer must specify such generation in its Schedule 448 Service Agreement or Network Operating Agreement pursuant to the Company's OATT. Delivery on the Distribution System shall be provided for in the Schedule 448 Service Agreement to this Schedule.
- 3.4 Remarketing of Self-generation. Subject to applicable legal requirements, a Schedule 449 Customer may arrange with its Power Supplier(s), or other purchasers, suitable arrangements

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for remarketing of self-generation. If Customer operates its self-generation so that it is producing more power than needed to serve Load, or to meet any scheduled deliveries to any entity other than the Company from such generation, the Company will either purchase or remarket such excess power, subject to any applicable legal and operational requirements. The Company will credit Customer for any such power that is purchased or remarketed at a rate of 95% of Index or such other rates as the Company and Customer may mutually agree consistent with applicable legal and operational requirements. Energy that is purchased or remarketed under this section shall not be subject to transmission or distribution charges for use of the Company's electric system, unless the Company determines pursuant to a system impact study that such purchase or remarketing will require system Upgrades, in which case applicable charges, including charges for such system impact study, shall be determined pursuant to the OATT.

- 3.5 Termination of Service Due to Self-generation. Customer may terminate service under this Schedule because it has installed self-generation, and will not be subject to Distribution Stranded Costs, except for remaining costs for Dedicated Facilities identified in the Schedule 448 Service Agreement so long as that Customer takes Backup Distribution Service from the Company, and such Backup Distribution Service includes an appropriate allocation of distribution costs. Nothing in this Schedule alters the rights of Customer or the Company to argue that Customer is or is not obligated to pay other distribution stranded costs if it terminates service during or after the term.

4 TRANSMISSION SERVICE

- 4.1 Transmission Service. The Company shall purchase for Customer transmission service and ancillary services pursuant to the OATT. To the extent permitted under the OATT, Customer may arrange to have the Company acquire required ancillary services from Power Suppliers or from self-generation, and the Company shall facilitate the delivery of such services.
- 4.2 Successor Tariffs. In the event that the Company transfers control of its facilities to a Regional Transmission Organization, Customer shall take service under the rate schedules of such successor organization for the use of the Company's Transmission System; provided, however, that until the completion of the Company's next general rate case, the rates charged to Customer for distribution service shall not exceed those allowed under the Rates and Charges section of this Schedule, plus additions or excess charges imposed by the RTO.

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5 DISTRIBUTION SERVICE

- 5.1 Service Quality Standards and Distribution System Connection. The Company shall be obligated to maintain its distribution facilities consistent with applicable standards, including service quality standards, required by the Commission. Each Customer, regardless of the voltage at which its distribution service is provided, shall be deemed to be connected to the Distribution System during the Term of its Schedule 448 Service Agreement. Except as otherwise provided in this Schedule, distribution service shall be provided under the terms and conditions set forth in the Company's Electric Tariff Schedule 80.
- 5.2 Service Voltages. Unless otherwise specified in the Schedule 448 Service Agreement, high voltage service is defined as three-phase delivery voltage of at least 50 kV. Primary voltage service is defined for purposes of this Schedule as three-phase delivery voltage of at least 600 Volts but less than 50 kV.
- 5.3 Customer's Facilities. Customer is responsible for procuring, installing and maintaining all necessary wiring, transformers, switches, cut-outs and protection equipment beyond the Distribution Point(s) of Delivery, and such service facilities and equipment shall be of types and characteristics reasonably acceptable to the Company. The entire service installation, protection coordination, and the balance of the load between phases shall be subject to approval by the Company, which shall not be unreasonably refused.
- 5.4 Special Facilities. Any new or existing facilities owned by the Company and dedicated to use by Customer shall be specified in the Schedule 448 Service Agreement and covered by a separate special-facility lease. Charges to Customer, over and above the charges specified in the Rates and Charges section of this Schedule, shall be as specified in the lease.

6 SCHEDULING AND COORDINATION

- 6.1 Estimated Loads. Upon the Company's reasonable request from time to time, Customer shall provide its best written estimate of anticipated amounts of hourly Loads for the next thirty (30) days. Customer shall request that Contract Demand be increased whenever Contract Demand is less than anticipated maximum Demand, and Company shall agree to such increase, subject to available Company facilities and Customer's bearing the cost of additions to or upgrades of the Company's facilities necessary due to such increase in Contract Demand.

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- 6.2 Buy/Sell Supply Contract Scheduling. The Company shall schedule Supplied Power made available under the Buy/Sell Supply Contracts arranged by a Customer to meet the estimated Load at Customer's Location. If a Power Supplier does not deliver power as scheduled under a Buy/Sell Supply Contract, the Company shall make reasonable efforts to give Customer notice of such non-delivery within four (4) hours after the hour in which such non-delivery began.
- 6.3 Transfer of Load Control. The Company shall make a good faith effort to accommodate, upon Customer's advance written notice and at Customer's expense, the necessary arrangements between Customer and a third party for metering and communication facilities to allow the third party to remove Customer's Load and self-generation from the Company's control area through dynamic scheduling. The respective rights and obligations between the Company and Customer with respect to any arrangements for such dynamic scheduling shall be set forth in the Schedule 448 Service Agreement or other written agreement between the Company and Customer.

7 METERING AND BILLING

- 7.1 Metering. Load served under this Schedule shall be separately metered by meters capable of measuring and recording kW demands (and kVAR demands) on a fifteen (15) or thirty (30) minute integrated basis and measuring energy on a kWh basis. Metering equipment shall be furnished, installed, read, maintained and owned by the Company. At the request of Customer, the Company shall transmit, or cause to be transmitted, to Customer or its Scheduling Agent information concerning electric power delivered at any Location, subject to payment by Customer for any additional costs incurred to provide such information. Customer may install a meter or metering equipment at its own expense.
- 7.2 Monthly Billing. The Company will bill Customer each Month for distribution and any applicable ancillary services under this Schedule. The Company will also bill Customer (either in the same bill or separately) for transmission and ancillary services taken pursuant to the Company's OATT, such billings to be in accordance with the OATT. Customer may have its Power Supplier pay the Company all or part of Customer's Transmission and Ancillary Services Charges.

8 SCHEDULE 448 SERVICE AGREEMENT

- 8.1 Execution of Schedule 448 Service Agreement. Customer shall execute a Schedule 448 Service Agreement with the Company prior to the initiation of its service under this Schedule. Any

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Customer taking service under this Schedule assumes all risks and consequences of variability in power prices and availability of energy for delivery by the Power Supplier to the Transmission Points of Receipt.

- 8.2 General Rules and Provisions. Service under this Schedule and Schedule 448 Service Agreements is subject to the General Rules and Provisions in the Company's Electric Tariff G as they may be modified from time to time ("Schedule 80") and other schedules of such tariff that may from time to time apply as they may be modified from time to time. Except as provided in Section 13 of this Schedule, Customers shall have all rights of redress before the Commission that are normally accorded the Company's retail customers regarding these general tariff provisions.
- 8.3 Facility Shut-Down. Upon written notification by the Customer to the Company that the facilities at a Location have been permanently shut down and have ceased all operations, Customer shall have the right to terminate service under the Schedule 448 Service Agreement as to such Location, effective at the end of the first full calendar month following the Company's receipt of written notice of such shut-down, subject to payment of any remaining costs for Dedicated Facilities identified in the Schedule 448 Service Agreement and subject to payment of any amounts owed under the OATT. Any then-existing rights and obligations of the Company under any Buy/Sell Supply Contract for Customer shall be assigned or liquidated as provided in Section 12.3 of this Schedule
- 8.4 Successors and Assigns. Unless otherwise provided in this Schedule, each Schedule 448 Service Agreement shall be binding upon and shall inure to the benefit of the Company and Customer and their respective successors, assigns, purchasers, and transferees.
- 8.5 Confidentiality. The Company and Customer shall each use reasonable efforts to not disclose to third parties (other than the Power Supplier) any information or documents furnished by the Company or Customer to the other that are confidential or proprietary to the furnishing party, if and to the extent that such information and documents are conspicuously marked as confidential or proprietary when furnished. The foregoing provisions of this section shall not apply to (A) any information or documents which are in the public domain, known to the receiving party prior to receipt from the other party, or acquired from a third party without a requirement of protection; (B) any use or disclosure required by any law, rule, regulation, order or other requirement of any governmental authority having jurisdiction; (C) any disclosure to the Commission with a request for confidential treatment pursuant to WAC 480-09-015; (D) any disclosure to FERC with a request for confidential treatment; or (E) any use that is

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necessary to carry out each party's respective obligations under this Schedule but that is inconsistent with the obligations set forth above in this section. All other information and documents furnished under this Schedule shall be furnished on a nonconfidential basis.

9 RATES AND CHARGES

9.1 Description of Charges. The rate paid by Customer to the Company for each Month during the Term shall equal an amount equal to the sum of the following components for such Month:

Monthly Rate:

Component	Primary Voltage	High Voltage
Energy	Provided by Power Supplier pursuant to separate agreement	Provided by Power Supplier pursuant to separate agreement
Imbalance Energy Credit ^(a)	The sum for all hours of such Month: (1.0 * INDEX * positive Imbalance Energy within Deviation Band) + (0.95 * INDEX * positive Imbalance Energy in excess of Deviation Band)	The sum for all hours of such Month: (1.0 * INDEX * positive Imbalance Energy within Deviation Band) + (0.95 * INDEX * positive Imbalance Energy in excess of Deviation Band)
Imbalance Energy Surcharge ^(a)	The sum for all hours of such Month: (1.0 * INDEX * negative Imbalance Energy within Deviation Band) + (1.05 * INDEX * negative Imbalance Energy)	The sum for all hours of such Month: (1.0 * INDEX * negative Imbalance Energy within Deviation Band) + (1.05 * INDEX * negative Imbalance Energy)
Distribution Service ^(b)	\$4.99 / kVa Month	\$2.25 / kVa Month
Customer Charge	\$646 / Month per metered customer site	\$646 / Month per metered customer site
DSM Charge ^(c)	\$0.61 / kVa Month	\$0.74 / kVa Month
Ancillary Services Charge	Ancillary Services Charge	Ancillary Services Charge
Transmission Charge	Transmission Charge * Utility Factor	Transmission Charge * Utility Factor
Electric Conservation Service Rider ^(d)	\$0.218 / MWh	\$0.210 / MWh
Ancillary Services Charge	\$0.00235/kWh	\$0.00235/kWh

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- (a) INDEX is hourly Index Firm price, as set forth below.
- (b) Until the earlier of (1) the date that the Distribution Service rates are modified in a general rate case or (2) the operational date of a regional transmission organization (RTO) that encompasses the Company's Transmission System, Distribution Service Charges will be capped at the level of the Schedule 48 Transportation Charge and Customer Charge as of the date of the Stipulation, less amounts paid under the Company's OATT for Transmission and Ancillary Services. If Customer is required to pay for Upgrades, Direct Assignment Costs, or other Transmission Charges in excess of the base charges for Transmission and Ancillary Services under the OATT, such additional Transmission Charges will not be credited against the Distribution Service charge. In the event of the operation of an RTO that encompasses the Transmission System, the distribution charge cap shall be increased as necessary to recover any additional or excess charges imposed by the RTO. In addition to the Distribution Service charge, Customer will be subject to charges for Dedicated Facilities as specified in the Schedule 448 Service Agreement.
- (c) Based upon historic demands; subject to adjustment in accordance with Table DSM below, with adjustments effective as of the date identified in Table DSM. For purposes of calculating the Distribution Service charge, the billed demand is the highest average 30 minute demand recorded in the billing period

Table DSM. Schedule of DSM (Conservation) Charges for Existing DSM

<u>Date</u>	<u>High Voltage</u>	<u>Primary Voltage</u>
Jan. 1, 2001	\$0.74 / kVa – Month	\$0.61 / kVa – Month
Oct. 2001	\$0.57 / kVa – Month	\$0.46 / kVa – Month
Oct. 2002	\$0.39 / kVa – Month	\$0.27 / kVa – Month
Oct. 2003	\$0.15 / kVa – Month	\$0.12 / kVa – Month
Oct. 2004 and beyond	\$0.00 / kVa – Month	\$0.00 / kVa – Month

- (d) As such rider or change may be modified from time to time pursuant to modifications to Schedule 120.

9.2 Replacement Index. If Dow Jones permanently ceases to report any of the Mid-Columbia indices referenced in the definition of INDEX, or if the methodology used to determine any of said reported indices is materially modified or changed, Customer and the Company shall select a mutually agreeable permanent replacement, reported by a reputable third party, that reflects actual same day firm transactions at the Mid-Columbia. If, after thirty (30) days, Customer and the Company are at impasse, the determination of the replacement index that best replicates the INDEX as described above in this definition based on Mid-Columbia energy prices as they

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were reported for such INDEX on the effective date of this Schedule, shall be made consistent with the Dispute Resolution provisions of this Schedule.

10 STRANDED COSTS

- 10.1 Power Supply Stranded Costs. A Customer under this Schedule will not be obligated to pay any additional charge for power (i.e., energy or capacity or both) supply stranded costs as a condition of service under this Schedule.
- 10.2 Transmission Stranded Costs. A Customer under this Schedule will not be obligated to pay transmission stranded costs. However, Customer is subject to all transmission charges as required under the Company's OATT.
- 10.3 Distribution Stranded Costs. A Customer that terminates service under this Schedule during or after the Term will be liable for remaining costs for Dedicated Facilities identified in the Schedule 448 Service Agreement. Nothing in Schedule 448 alters the rights of the Company and Customer to argue that a Customer who terminates service during or after a Term is or is not obligated to pay other Distribution Stranded Costs. Customer may terminate service, including transmission service pursuant to Section 3.5 of this Schedule, because it has installed self-generation, and will not be subject to Distribution Stranded Costs, except for remaining costs for Dedicated Facilities identified in the Schedule 448 Service Agreement so long as that Customer takes Back-up Distribution Service from the Company, and such Back-up Distribution Service includes an appropriate allocation of distribution costs.

11 DISPUTE RESOLUTION

- 11.1 Prior to commencing any complaint or court proceedings regarding any dispute between Company and Customer arising under this Schedule, (i) the Company and Customer shall each make good faith efforts to resolve such dispute pursuant to alternative dispute resolution (ADR) procedures consistent with WAC 480-09-465 and (ii) pursuant to the foregoing, the Company and Customer shall make use of ADR procedures to the maximum extent practicable in resolving such dispute.

12 TERM AND COMMENCEMENT OF SERVICE

- 12.1 Term. The initial Term of service under this Schedule shall be a minimum of five years or, at the option of Customer, a longer period as specified in the Schedule 448 Service Agreement.

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The term of any Buy/Sell Supply Contract shall be negotiated by Customer and Power Supplier as provided in Section 2.1 of this Schedule. Service under this Schedule and the Schedule 448 Service Agreement will be renewed for a minimum of five year terms after the initial Term so long as Customer remains attached to the Company's Transmission or Distribution System. Nothing in this Schedule alters the rights of Company and Customer to argue that Customer may or may not bypass the Company's Transmission System or Distribution System at the end of a Term or may terminate service as provided in Section 10.3 of this Schedule.

12.2 Conditions to Commencement of Service. Service to Customer shall not commence unless and until all of the following conditions have been satisfied to the reasonable satisfaction of the Company:

12.2.1 metering has been installed as specified in this Schedule or the Schedule 448 Service Agreement;

12.2.2 the Company shall have entered into one or more Buy/Sell Supply Contracts with one or more Power Suppliers in accordance with the terms of this Schedule;

12.2.3 Customer and the Company shall have each duly executed and delivered a Schedule 448 Service Agreement in substantially the form attached to this Schedule.;

12.2.4 Customer shall have performed and complied with all the terms and conditions of this Schedule and the Stipulation to be complied with and performed by Customer at or before the commencement of service as provided in this Schedule.;

12.3 Assignment or Liquidation of Buy/Sell Supply Contracts Upon Termination of Term. Upon any termination of the Term of a Customer's Schedule 448 Service Agreement pursuant to the section entitled "Facility Shut-Down", any then existing rights and obligations of the Company under any Buy/Sell Supply Contract for such Customer shall at the Company's option be (i) assigned to and assumed by such Customer or (ii) liquidated by the Company by comparing

(A) the Power Supply Charge that would be incurred by the Company under such Buy/Sell Supply Contract during its then remaining term, to

(B) the cost that would be incurred to purchase quantities of power equivalent to those available under such Buy/Sell Supply Contract during its then remaining term, based on prices either quoted by a bona fide third-party offer or which are reasonably

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expected would be available in the market under a replacement contract for such then remaining term for the transaction quantities under such contract.

Upon any such liquidation, Customer shall pay to the Company any net amount by which the costs of item (A) above exceed the value of item (B) above, or, the Company shall reimburse Customer any net amount by which the costs of item (A) above are less than item (B) above.

13 NON-CORE STATUS OF CUSTOMER

13.1 Acknowledgement of Status as Non-Core Customer. A Customer taking service under this Schedule is and will be a "Non-core Customer", and is bound by the following acknowledgement of non-core status; provided that such Non-core Customer status and such acknowledgement shall not apply to such facilities of Customer that are not required by Section 1 of this Schedule to be served under this Schedule. Notwithstanding its status as a Non-core Customer, a Customer taking service under this Schedule will only have its power curtailed in accordance with the provisions of PSE's Schedule 80. Customer agrees that this acknowledgement is just, reasonable, fair, and in the public interest.

13.2 Release and Waiver of Claims. Notwithstanding any and all claims that any Non-core Customer has made, or could have made, with respect to the Company's generation resources before, during, or after service on the Company's Schedule 48 or Special Contract, each Non-core Customer now forever releases and waives any claim to the following: (i) resources that the Company owns or may choose in its discretion to own or acquire for the purpose of generating electric energy to serve the Company's Core Customers; (ii) eligibility to receive electric energy service (but not distribution and transmission service) under the Company's Rate Schedule 49 or any other tariff or service schedule that may be in effect from time to time, and for which the Commission sets an energy rate based in whole or in part on the costs of the Company's embedded generation resources; (iii) eligibility for electric energy supply service based on the Company's obligation to serve customers as provided by applicable Washington law; and (iv) any and all other statutory, contractual, or other claims of eligibility for service by the Company's generation resources, whether or not based on the cost of such resources. Non-core Customers are never entitled to return to core electric energy supply service by the Company, and are never entitled to return to service from the Company's generation resources, under any circumstances. Such waiver is not intended to limit the rights of Customer as provided in the Stipulation and in this Schedule, including the right to have service curtailed only pursuant to the provisions of Schedule 80.

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- 13.3 Risk of Market Prices. Each Non-core Customer understands that availability and price of power are both subject to significant, material, unpredictable risk. There is no guarantee whatsoever that power will be available on the market, or that it will be available at reasonable prices. The electric power markets have turned out to be highly volatile. Prices and availability of power can vary by orders of magnitude in short periods of time. Such volatility, whether or not the resulting price levels were contemplated in the planning of a Non-core Customer, will not constitute a grounds for return to core status, will not entitle a Non-core Customer to service from the Company's generation resources, and will not entitle a Non-core Customer to service based on the Company's cost of generation.
- 13.4 Impossibility Due to Pricing or Power Availability Not Grounds For Return to Core Status. Prices of power and availability of power may reach levels that make it impossible for a Non-core Customer to carry on its business. Even if pricing or availability of power make it impossible for a Non-core Customer to carry on its business, and even if such pricing or availability endangers the public health, safety, and welfare, that will not constitute a grounds for return to core status, will not entitle a Non-core Customer to service from the Company's generation resources, and will not entitle a Non-core Customer to service based on the Company's cost of generation.
- 13.5 Actions by Market Participants. A determination that actions by market participants were in violation of federal, state, or local law will not impact the obligations of Customer and the Company under this Schedule.
- 13.6 Power Costs Not Grounds For Return to Core Status. The Company may use resources to supply Customer with power in certain circumstances, and the costs of that power may be significantly different from the market price. Such difference will not constitute a grounds for return to core status, will not entitle a Non-core Customer to service from the Company generation resources, and will not entitle a Non-core Customer to service based on the Company's cost of generation.
- 13.7 Customer Accepts Risks. Each Non-core Customer has employed energy experts and counsel with experience in energy issues to provide advice and assistance in making the decision to accept service as a Non-core customer that is never entitled to return to core service under any circumstances. Each Non-core Customer fully understands all of the risks of that choice, and has considered and accepted those risks in accepting service as a Non-core Customer under this Schedule.

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14 DEFINITIONS

14.1 Certain terms are defined in the text of this Schedule. In addition, terms that appear with their initial letters capitalized and are not otherwise defined shall have the meanings ascribed to such terms in Schedule 80 or, if defined below, shall have the following meanings for purposes of Schedule 448 unless the context otherwise requires:

“Ancillary Services” means those services specified by Section 1.1 of the OATT.

“Ancillary Services Charges” means for any Month the amounts, in dollars, equal to the actual charges incurred for such Month in the delivery of Ancillary Services to Customer by the Company (i) under the Company's OATT or (ii) if ownership or control of regional transmission becomes centralized in a single entity, then under that entity's OATT instead.

“Back-up Distribution Service” means distribution service to customers under a different tariff whose electrical energy and/or capacity service is met in whole or in part by self-generation.

“Buy/Sell Supply Contract” means any Buy/Sell Supply Contract as described in Sections 2.1 and 2.2 of this Schedule.

“Buy/Sell Transaction” means a wholesale transaction and a retail transaction (or alternatively a single, three-party transaction) pursuant to which (i) Company, pursuant to Buy/Sell Supply Contracts as described in Sections 2.1 and 2.2 of this Schedule, purchases and accepts Supplied Power at wholesale from a Power Supplier at the prices, duration and terms negotiated by a Schedule 448 Customer, and (ii) sells and delivers Supplied Power as a bundled retail service to that Schedule 448 Customer pursuant to the terms and conditions of this Schedule.

“Commission” means the Washington Utilities and Transportation Commission.

“Company” means Puget Sound Energy, Inc.

“Contract Demand” means an amount of capacity, as specified in Customer's Schedule 448 Service Agreement, sufficient to meet the maximum Demand at a Location.

“Core Customer” has the meaning set forth in Section 4.3.1 of the Stipulation.

“Customer” or “Schedule 448 Customer” means any retail customer that satisfies the eligibility criteria of this Schedule and enters into a Schedule 448 Service Agreement under this Schedule.

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“Customer Metered Energy” means the metered hourly quantities of energy delivered by Company to a Customer for a Location from all sources (other than self-generation as described in Section 3 of this Schedule), grossed-up for losses by multiplying the metered quantities by the Loss Factor.

“Dedicated Facilities” means (1) existing facilities identified as direct assignment or leased facilities in the Schedule 448 Service Agreement of Customer and Company under Schedule 48 or the Special Contract; and (2) any new facilities built or upgraded specifically to serve Customer and identified as Dedicated Facilities in an amendment to the Schedule 448 Service Agreement.

“Deviation Band” means, for Imbalance Energy during any hour, +/- 7.5 percent of the scheduled hourly Supplied Power or +/-1 MW, whichever is greater.

“Direct Assignment Costs” means the unrecovered cost of any facility that the Company constructs for Customer, and which satisfies the definition of Section 1.10 of the OATT as of the effective date of this Schedule.

“Distribution Point(s) of Delivery” means that location or locations on the Customer’s Premises where the Company’s circuit and Customer’s system are interconnected.

“Distribution System” means facilities operated or controlled by the Company for the purpose of delivering electric energy that are subject to the jurisdiction of the Commission.

“FERC” means the Federal Energy Regulatory Commission.

“Imbalance Energy” means, for each hour, the Supplied Power minus Customer Metered Energy. For each hour in which Imbalance Energy is a positive number, Customer receives a billing credit, derived according to the Rates and Charges section of this Schedule. For each hour in which Imbalance Energy is a negative number, Customer pays a surcharge, derived according to the Rates and Charges section of this Schedule.

“INDEX” means, for each hour of any Month, an index price for such hour, expressed in dollars/MWh, equal (i) to the following index for such hour: the Dow Jones Mid-Columbia Electricity Index reporting “Firm On-Peak,” “Firm Off-Peak” and “Sunday & NERC Holidays 24 Hour Firm” energy prices (in dollars per megawatt-hour) for the period in which such hour occurs or (ii) any replacement INDEX selected pursuant to the Replacement Index section of this Schedule. For purposes of this Schedule “Firm On-Peak,” “Firm Off-Peak” and “Sunday & NERC Holidays 24 Hour Firm” have the respective meanings ascribed to such terms by Dow Jones in connection with the Dow Jones Mid-Columbia

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Electricity Index. If Dow Jones reports none of the indices at Mid-Columbia referenced above in this definition of INDEX for any given period, or if any permanent replacement index established pursuant to the following sentence is not reported for any given period, then the INDEX for each hour of such unreported period shall be equal to the quantity-weighted average of the prices of energy delivered or received by the Company during such hour under short-term (twenty-four (24) hours or less) wholesale sales and purchases by the Company.

“Load” means the amount of Customer Metered Energy and Demand at a Location.

“Location” means a Customer facility (whether owned or leased) where service was taken under Schedule 48 or a Special Contract. Location also includes any new and newly acquired facilities and loads, within a ten mile radius of any Location of Customer, that exceed 5.0 aMW on an annual basis. For purposes of service under this Schedule, the Location for a Customer shall be as specified in Customer's Schedule 448 Service Agreement. Any new Location as provided in this Schedule will be added to the Schedule 448 Service Agreement. A Customer may historically have taken service under Schedule 48 or a Special Contract for some Loads at a facility, but may have received service as a Core Customer for other loads at the facility, served by a separate meter, or for other facilities owned by such Customer. For such Customers, Loads that have historically been served through a separate meter under rate schedules applicable to Core Customers shall remain on such rate schedules, notwithstanding other provisions of this Schedule.

“Loss Factor” means the product of (i) 1 plus the transmission loss factor specified in the OATT, times (ii) 1 plus the applicable distribution loss factor, which is 0.0158 for High-Voltage Customers and 0.0588 for Primary Voltage Customers.

“Network Operating Agreement” means the agreement required to be executed by any customer requesting network transmission service under the OATT.

“Open Access Transmission Tariff” or **“OATT”** means the open access transmission tariff on file with the Federal Energy Regulatory Commission (as it may be amended from time to time) of the Company or any Regional Transmission Entity.

“Power Supplier” means any public or private entity authorized under applicable law to sell Supplied Power.

“Power Supply Charge” means, for any Month, the amounts, in dollars, equal to the actual amounts paid or payable for such Month by the Company under any Buy/Sell Supply Contract.

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“Ratcheted Demand” for any Month at a Location means the highest fifteen (15) or thirty (30) minute integrated demand in kW at such Location in that Month or any of the then most recent November, December, January or February.

“Retail Load Following Service” has the meaning set forth in Section 2.6 of this Schedule.

“Schedule” or **“Schedule 448”** means this Schedule Power Supplier Choice (as it may be amended from time to time).

“Schedule 80” means the General Rules and Provisions contained in the Company's Electric Tariff G as they may be modified from time to time.

“Schedule 448 Service Agreement” means an agreement (as it may be amended from time to time) between the Company and Customer that is substantially in the form attached hereto (and may include additional terms and conditions as agreed upon between the Company and Customer) and that provides for service under this Schedule to Customer by the Company.

“Schedule 449” means the Retail Wheeling Service Schedule (as it may be amended from time to time).

“Scheduling Agent” means the entity designated by Customer to have responsibility for notifying, requesting and (as necessary) confirming to the Company the quantities of Supplied Power to be delivered under this Schedule.

“Stipulation” means the Stipulation of Settlement entered in Docket No. UE-001952 and –001959, executed on March 9, 2001.

“Supplied Power” means, for any hour, the amount of energy (expressed in MWh) scheduled and delivered by the Power Supplier to the Company for a Location.

“Transmission Charge” means for any Month the amounts, in dollars, equal to the actual charges incurred for such Month in the delivery of Customer Metered Energy to Customer by the Company (i) under the Company's OATT or (ii) if ownership or control of regional transmission becomes centralized in a single entity, then under that entity's OATT instead.

“Point of Receipt” means the point on the Transmission System at the Rocky Reach hydroelectric project where the Company has the right to receive energy or any other point on the Company's electric system as specified in the Schedule 448 Service Agreement. If ownership or control of regional

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transmission becomes centralized in a single entity, then Transmission Points of Receipt on the Transmission System shall be determined, instead, in accordance with that entity's OATT.

“Transmission System” means facilities operated or controlled by the Company for the purpose of delivering electric energy that are subject to the jurisdiction of the Federal Energy Regulatory Commission.

“Upgrades” means modifications or additions to distribution facilities that are integrated with and support the Company’s overall distribution and transmission system for the general benefit of all users of the Company’s distribution system.

“Utility Factor” means, for any Month, a fraction equal to the following:

$$1 / (1 - (\text{Utility Tax} + \text{WUTC Fee}))$$

Where “Utility Tax” means a decimal fraction equal to the Washington State utility tax as then in effect and payable by the Company for such Month; and “WUTC Fee” means a decimal fraction equal to the fee imposed by the WUTC and then in effect and payable by the Company for such Month. (As of the effective date of this Schedule, the “Utility Factor” equals 1.0425.)

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