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**PUGET SOUND ENERGY**  
**Electric Tariff G**

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**SCHEDULE 449**  
**RETAIL WHEELING SERVICE**

1 ELIGIBILITY FOR SERVICE

All Special Contract Customers, and all Schedule 48 Customers as of March 9, 2001 who have paid Transition Payments to PSE, are eligible for service under this Schedule. A Schedule 449 Customer must take service under Schedule 449 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 and newly acquired facilities and new separately metered loads within a ten mile radius of any Location of the Schedule 449 Customer, owned or operated by the Schedule 449 Customer or its affiliates, that exceed 5.0 aMW on an annual basis, will become Locations at which the Schedule 449 Customer must take service under this Schedule. New and newly acquired facilities of any Schedule 449 customer at sites outside such ten mile radius, or with load less than 5.0 aMW, are not permitted to take service under Schedule 449 and must take service under an otherwise applicable tariff. Upon the sale of real property occupied by facilities taking service under Schedule 449 to an entity not affiliated with the Schedule 449 Customer, if the load of the facilities served under Schedule 449 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 449. Upon the sale of real property occupied by facilities taking service under Schedule 449 to an entity not affiliated with the Schedule 449 Customer, if the load of the facilities served under Schedule 449 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. If a Schedule 449 Customer sells or otherwise transfers control of all of its facilities served under Schedule 449, 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 449 Customer, the new owner, lessor, successor, or assign must take service under Schedule 449 whether or not such facilities have a load in excess of 7.5 aMW and regardless of affiliate status.

2 PURCHASED POWER SUPPLIES

- 2.1 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 in amounts sufficient to meet Load (net of Load served by self-generation). Subject to applicable regulatory requirements and available transmission and distribution capability, a Customer may obtain power from self-generation (regardless of location).
- 2.2 Aggregation of Loads. Any Power Supplier may provide Supplied Power, under one or more Power Supply contracts, for more than one Location and for more than one Customer. Additional terms and billing arrangements that may be necessary to implement such aggregation

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of loads shall be specified in the Schedule 449 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.

- 2.3 Losses. Supplied Power shall in each hour also include an amount of energy sufficient to provide for losses from the Point(s) of Receipt 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.
- 2.4 Retail Load Following Service. In any hour, Customer Metered Energy may be different from the 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 be as specified in the Rates and Charges section of this Schedule. Customers who have aggregated their Loads for the purpose of power supply shall have the right to aggregate their Loads and Supplied Power for purposes of determining the hourly Imbalance Energy. The 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.
- 2.5 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 Supplied Power as a result of a failure to deliver will be subject to the same market-index charge as for Retail Load Following Service.
- 2.6 Remarketing of Supplied Power. Customer may arrange with its Power Suppliers suitable arrangements for remarketing of Supplied Power in excess of that needed to serve Load.
- 2.7 Power Supplier Charges. Customer is subject to charges from its serving Power Supplier for Energy, for delivery to the Point of Receipt, and any other charges specified in the agreement between Customer and the Power Supplier. Any such charges will be paid directly by Customer to the Power Supplier and are not the responsibility of Company.

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2.8 Power Supply Taxes. The Company is not responsible for any Taxes due as a result of the purchase of Supplied Power by Customer. Customer will reimburse the Company for any properly assessed Taxes that any applicable governmental entity assesses against the Company for such Supplied Power purchased by Customer from a Power Supplier other than the Company.

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 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 this 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, which shall not be unreasonably refused by 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 requirements. 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 the Supplied Power as a result of failure of a Customer's self-generation to operate as scheduled will be subject to the same market-index charge as for Retail Load Following Service.

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- 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 449 Service Agreement or Network Operating Agreement pursuant to the Company's OATT. Delivery on the Distribution System shall be provided for in the Schedule 449 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 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 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 449 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. 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. Customer, or its Power Supplier (subject to applicable creditworthiness requirements as provided in the OATT), shall take transmission service and required ancillary services pursuant to the OATT; and a Customer and its Power Supplier shall be Eligible Customers under the OATT for service under this Schedule. Transmission service used in delivering Supplied Power to Customer shall be provided on a non-discriminatory basis, pursuant to the OATT. Customer or its Power Supplier shall enter into service agreements under the OATT as a network or point-to-point customer and shall be responsible for complying with the terms of the OATT and applicable service agreements, including payment for transmission and ancillary services consistent with and as required by the OATT. To the extent permitted

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under the OATT, Customer may 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 (RTO), 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 lawfully imposed by the RTO.

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 449 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. Distribution service under this Schedule shall be provided on a non-discriminatory basis, which is comparable to the distribution service used by the Company to serve its Core Customers.
- 5.2 Service Voltages. Unless otherwise specified in the Schedule 449 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 449 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.

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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.
- 6.2 Scheduling by Customer or Scheduling Agent. Customer shall follow all applicable WSCC power scheduling and interchange procedures, including but not limited to the WSCC General Scheduling Provisions, attached as Exhibit A. Unless otherwise specified in the Schedule 449 Service Agreement, Customer shall submit schedules for delivery of power to Company in accordance with the scheduling terms of the Company's OATT and the Network Operating Agreement. Such schedules must provide for delivery of power sufficient to meet the Estimated Loads of Customer. Customer may choose to have scheduling provided by its Power Supplier or another third party. Such Scheduling Agent shall be designated by written notice to the Company.
- 6.3 Scheduling by Company. Customer may choose to have scheduling provided by the Company. If Customer chooses this option, it shall be indicated in the Schedule 449 Service Agreement. In such case, Customer shall provide the Company with full information about its Supplied Power and/or self-generation arrangements sufficient for the Company to perform such scheduling. Customer must submit any Supplied Power information to Company by at least 12:00 on the day prior to which service is to be taken. The Company shall schedule Supplied Power arranged by a Customer to meet the estimated Load at Customer's Location, based on the estimated Loads and Supplied Power information provided by Customer.

7 TRANSFER OF LOAD CONTROL

- 7.1 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, including any 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 449 Service Agreement or other written agreement between the Company and Customer. A Customer who elects to transfer its Load to another control area through dynamic scheduling will not be subject to energy imbalances with the Company and will thus not incur Retail Load Following Charges. However, if the dynamic scheduling fails so that the Company does provide Load following to a dynamically scheduled customer, then such Customer will pay for such service at the rates specified for Retail Load Following Service, unless a different remedy is provided in an

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agreement for dynamic scheduling service between the Company, Customer, and the control area operator who provides dynamic scheduling.

**8 METERING AND BILLING**

8.1 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 or Power Supplier 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.

8.2 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. However, Customer may have its Power Supplier pay the Company all or part of Customer's Transmission and Ancillary Service Charges.

**9 SCHEDULE 449 SERVICE AGREEMENT**

9.1 Execution of Schedule 449 Service Agreement. Customer shall execute a Schedule 449 Service Agreement with the Company prior to the initiation of its service under this Schedule, attached as Exhibit B. Any 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 Points of Receipt.

9.2 General Rules and Provisions. Service under this Schedule and Schedule 449 Service Agreements are subject to the General Rules and Provisions in the Company's Electric Tariff 80 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 14 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.

9.3 Facility Shut-Down. Upon written notice from the Customer to the Company that the facilities at a Location have been permanently shut down and have ceased all operation, Customer shall have

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the right to terminate service under the Schedule 449 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 449 Service Agreement and subject to payment of any amounts owed under the OATT.

- 9.4 Successors and Assigns. Each Schedule 449 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.
- 9.5 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 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 non-confidential basis.

10 RATES AND CHARGES

- 10.1 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:

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Monthly Rate:

<b>Component</b>	<b>Primary Voltage</b>	<b>High Voltage</b>
Energy	Provided by Power Supplier pursuant to separate arrangement.	Provided by Power Supplier pursuant to separate arrangement.
Imbalance Energy Credit <sup>(a)</sup>	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 <sup>(a)</sup>	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 <sup>(b)</sup>	\$4.99 / kVa Month	\$2.25 / kVa Month
Customer Charge	\$646 / Month per metered customer site	\$646 / Month per metered customer site
DSM Charge <sup>(c)</sup>	\$0.61 / kVa Month	\$0.74 / kVa Month
Electric Conservation Service Rider <sup>(d)</sup>	\$0.218/MWh	\$0.210/MWh
Ancillary Services Charge	\$0.00235/kWh	\$0.00235/kWh

(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 RTO that encompasses the Company's Transmission System, Distribution Service charges shall be capped at the level of the Schedule 48 Transportation Charge and Customer Charge as of the date the Stipulation was executed, less amounts paid by Customer 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 449 Service Agreement.

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(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

Date	High Voltage	Primary Voltage
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.

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

## 11 STRANDED-COSTS

11.1 **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.

11.2 **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 and Customer's Schedule 449 Service Agreement or Network Operation Agreement pursuant to the OATT.

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11.3 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 449 Service Agreement. Nothing in this Schedule 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 4 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 449 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.

12 DISPUTE RESOLUTION

12.1 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.

13 TERM AND COMMENCEMENT OF SERVICE

13.1 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 449 Service Agreement. Service will be renewed for a minimum of five year terms thereafter 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 Transmission System or Distribution System at the end of a Term or may terminate service as provided in Section 11.3 of this Schedule.

Notwithstanding the term of the Schedule 449 Service Agreement, upon ninety (90) days written notice, a Customer may terminate its Schedule 449 Service Agreement and begin taking service pursuant to Schedule 448, or may terminate service as provided in Section 11.3 of this Schedule.

13.2 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:

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- 13.2.1 metering has been installed as specified in this Schedule or the Schedule 449 Service Agreement;
- 13.2.2 Customer and the Company shall have each duly executed and delivered a Schedule 449 Service Agreement in substantially the form attached to this Schedule;
- 13.2.3 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.

**14 NON-CORE STATUS OF CUSTOMER**

- 14.1 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.
- 14.2 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 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 (but not distribution or transmission 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 such Non-core Customers to services as provided in this Schedule, including the right to have service curtailed only pursuant to the provisions of Schedule 80.

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- 14.3 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.
- 14.4 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.
- 14.5 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.
- 14.6 Power Costs Not Grounds for Return to Core Status. The Company may use resources to supply a Non-core 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's generation resources, and will not entitle a Non-core Customer to service based on the Company's cost of generation.
- 14.7 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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**Electric Tariff G**

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**SCHEDULE 449**  
**RETAIL WHEELING SERVICE**

15 DEFINITIONS

15.1 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 449 unless the context otherwise requires:

“**Ancillary Services**” means those services specified by Section 1.1 of the Company’s OATT.

“**Ancillary Services Charge**” 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 provided under a different tariff to customers whose electrical energy and/or capacity service is met in whole or in part by self-generation.

“**Commission**” means the Washington Utilities and Transportation Commission.

“**Company**” means Puget Sound Energy, Inc.

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

“**Customer**” or “**Schedule 449 Customer**” means any retail customer that satisfies the eligibility criteria of this Schedule and enters into a Schedule 449 Service Agreement.

“**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 at the Location of the Load), 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 449 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 449 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.

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“**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 Receipt**” 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 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 449 Service Agreement. Any new Location as provided in this Schedule will be

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added to the Schedule 449 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.

**“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 449 Service Agreement. If ownership or control of regional transmission becomes centralized in a single entity, then Points of Receipt on the Transmission System shall be determined, instead, in accordance with that entity’s OATT.

**“Power Supplier”** means any public or private entity authorized under applicable law to sell Supplied Power and may include power marketers, merchant plants, other Schedule 448 or 449 Customers or their affiliates.

**“Retail Load Following Service”** has the meaning as set forth in Section 2.4 of this Schedule.

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

**“Schedule 448”** means the 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.

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“**Schedule 449 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.

“**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 -001952 and 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 the 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.

“**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.

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