EXHIBIT NO. ___(RG-5)
DOCKET NO. UE-11___/UG-11___
2011 PSE GENERAL RATE CASE
WITNESS: ROGER GARRATT

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **PUGET SOUND ENERGY, INC.,** **Respondent.**	**Docket No. UE-11____** **Docket No. UG-11____**

FOURTH EXHIBIT (NONCONFIDENTIAL) TO THE PREFILED DIRECT TESTIMONY OF ROGER GARRATT ON BEHALF OF PUGET SOUND ENERGY, INC.

JUNE 13, 2011

2010 RFP for All Generation Sources and Demand Side Resources

Request For Proposals **January 2010**

PSE.com

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The Energy To Do Great Things

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January 12, 2010

VIA OVERNIGHT COURIER

Mr. David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: ***In the Matter of Puget Sound Energy, Inc.'s Proposed Request for Proposals*, Docket No. UE-091618**
Request for Proposals for All Generation Sources
Request for Proposals for Electric and Gas Demand-Side Resources

Dear Mr. Danner:

Consistent with the Commission's Order No. 01 Approving Requests for Proposals in Docket No. UE-091618, enclosed for the Commission's records are thirteen (13) copies of Puget Sound Energy, Inc.'s ("PSE") Request for Proposals for All Generation Sources (the "All-Source RFP") and the Request for Proposals for Electric and Gas Demand Side Resources (the "Demand-Side Resources RFP"). Also enclosed is an electronic copy of this filing on the enclosed CD-ROM.

PSE is submitting as Attachment A to this letter a number of minor revisions made by PSE to the proposed All-Source RFP. These revisions are tracked to show the revisions that PSE has made to the proposed All-Source RFP filed in Docket No. UE-091618 on October 12, 2009. Several of the proposed changes resulted from PSE's consideration of requests for clarification provided in response to the proposed All-Source RFP. Other revisions represent "clean up" revisions that PSE discovered after the filing on October 12, 2009.

PSE is submitting as Attachment B to this letter a number of minor revisions made by PSE to the proposed Demand-Side Resources RFP. These revisions are tracked to show the revisions that PSE has made to the proposed Demand-Side Resources RFP filed in Docket No. UE-091618 on October 12, 2009. Several of the proposed changes resulted from PSE's

consideration of requests for clarification provided in response to the proposed Demand-Side Resources RFP. Other revisions represent "clean up" revisions that PSE discovered after the filing on October 12, 2009.

PSE's Integrated Resource Plan ("IRP"), filed in 2009, estimates that the utility will need the equivalent of about 1,600 megawatts (MW) of new electricity supply by winter 2016-17 to meet customers' needs. In part, the IRP examined the treatment of operating reserve obligations and whether such operating reserves should be accounted for as part of the planning reserve margin or in addition to the planning reserve margin. The 2009 IRP identified this uncertainty could make a difference of approximately +/- 250 MW of resource need by 2012. (See Figure 5-2 in Chapter 5, page 5-4, of the IRP.) The IRP was based on the lower resource need to avoid risk of overstating PSE's need for resources. Since the 2009 IRP was filed, PSE has refined its resource need analysis and concluded its resource need is more consistent with the higher end of that range. PSE plans to file an addendum to the IRP by the end of January 2010 and will present the updated resource need at the proposal conference scheduled for January 28, 2010.

The Demand-Side Resources RFP invites qualified firms to offer services in 2010 and 2011 that complement or improve upon PSE's existing energy-saving programs for residential, commercial and industrial customers. Consistent with the IRP and the updated estimated needs of the utility discussed above, the All-Source RFP for new power supplies invites outside power producers, marketers, and power-plant developers to help PSE procure approximately 1,250 MW of new electric-resource capacity by 2016.

PSE has provided notice of its filing to more than 300 power marketing companies, utilities, energy efficiency companies and other entities involved in development or provision of electric energy resources, including representatives of stakeholders who participated in PSE's 2009 IRP process. Each of the All-Source RFP and the Demand-Side Resources RFP issued today can be viewed on PSE's Web site (www.pse.com) by clicking on the "Energy & Environment" tab, then "Energy Supply" and "Resource Acquisition." PSE will also be providing notice of the filing to a variety of trade publications.

Candidates must submit their proposals to PSE by the first week of March 2009. PSE plans to review the power-supply proposals and develop a final short list of candidate projects by July 2010, then commence contract negotiations with the selected finalists. Short-listing and evaluation of the energy-efficiency proposals is expected by May 2010.

PSE will host a proposal conference for both the All-Source RFP and the Demand-Side Resources RFP on January 28, 2010 at 10:00 a.m. at PSE's Bellevue campus.

Questions regarding the All-Source RFP should be addressed to Chris Bevil, Manager, Resource Acquisition, at 425-456-2757, and questions regarding the Demand-Side Resources RFP should be addressed to Rich Hazzard, Energy Efficiency Services, at 425-456-2317.

Thank you for your assistance.

Very truly yours,

Jason T. Kuzma

Attachment A

Figure 1. Capacity Need[5]

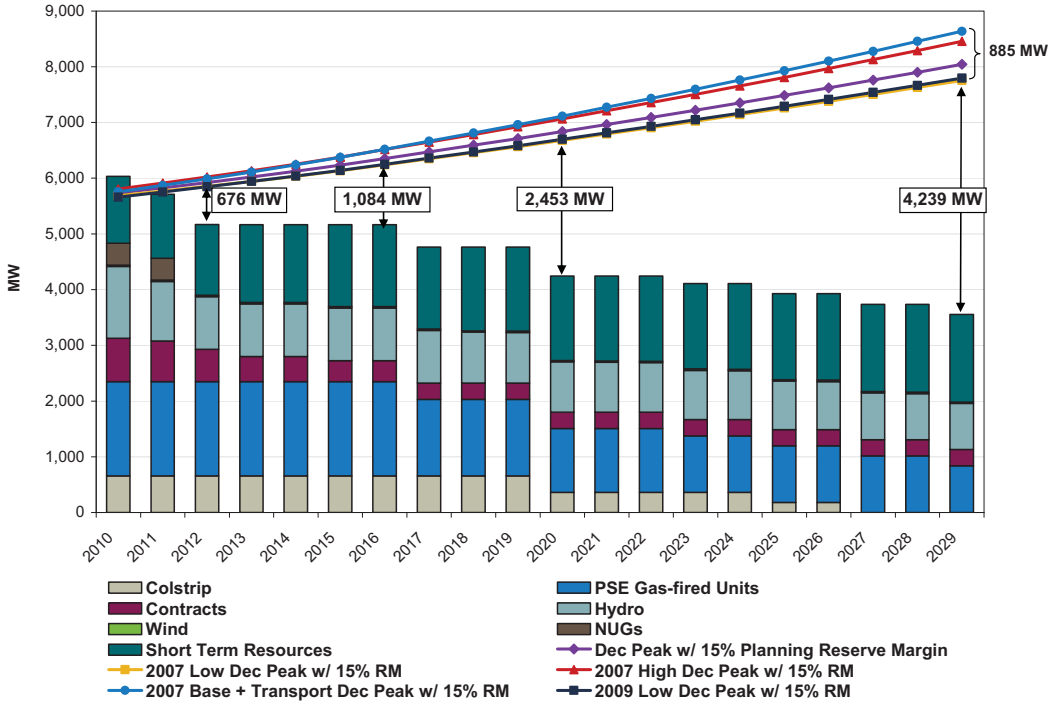


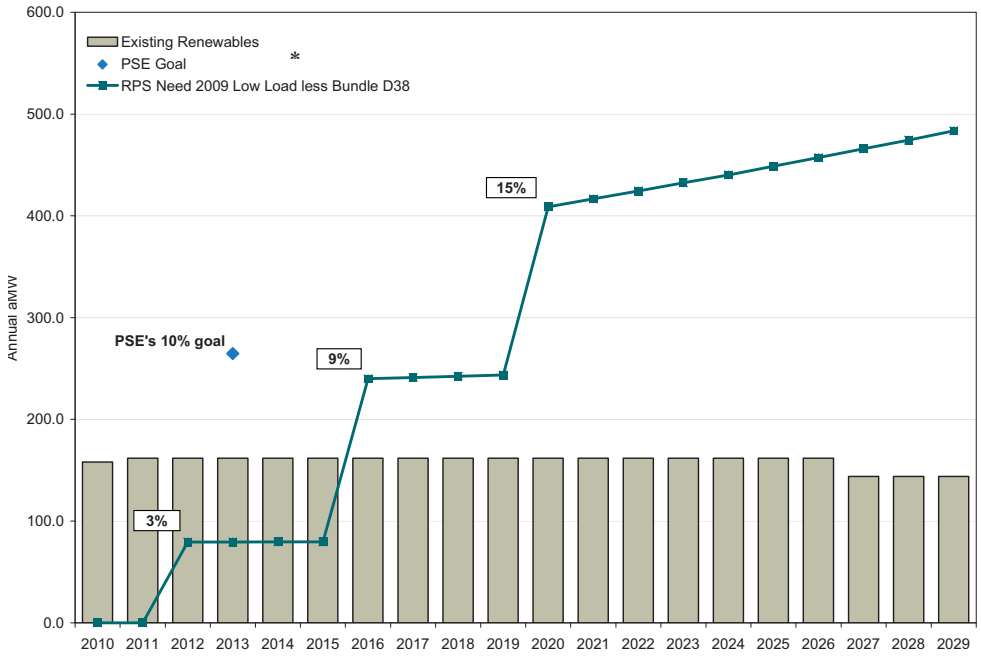
Table 1. Capacity Need (MW) 2010-2016[6]

2010	2011	2012	2013	2014	2015	2016
0	42	676	776	874	976	1084

The following figure depicts the Company's renewable energy need for 2012 through 2029. These values are based on PSE's July 2009 Integrated Resource Plan.

[5] January capacity need as defined in the 2009 Integrated Resource Plan (~~conservation not included~~before accounting for the effect of conservation).
[6] Table numbers are based on the 2009 Low Load December Peak demand forecast with 15% reserve margin from the 2009 Integrated Resource Plan, as depicted in Figure 1.

Figure 2. Renewable Energy Need (MW) 2012-2029*



* Includes all PSE-owned or contracted renewable resources including facilities from which RECs have been sold.

Table 2 identifies the cumulative nameplate resource additions and timing of such additions from the 2009 IRP. While the IRP recommends this resource acquisition strategy, decisions to acquire resources and the timing, quantity of capacity of such additions will be made based on actual resource availability and cost in the marketplace, and on PSE's ongoing need.

Table 2. 2009 IRP, Cumulative Nameplate Resource Additions (MW)

	2012	2016	2020	2029
Demand-Side Resources[7]	205	597	917	1064
Wind[8]	300	600	1000	1100
Biomass	0	0	20	40
CCCT w/ Duct Firing	275	275	825	1100
Peakers	160	160	480	1760

3. RFP Schedule

[7] PSE is issuing an eEnergy eEfficiency RFP concurrent with the release of this All Generation Sources RFP. The energy efficiency RFP is available for review online at http://www.pse.com/energyEnvironment/energysupply/Pages/pse2010RFP.aspx.

[8] To meet PSE's capacity need in the 2009 IRP, PSE is using 5% of plant nameplate capacity for wind capacity credit when evaluating wind resources.

5. Post-Proposal Negotiations and Contracts

PSE may elect to negotiate both price and non-price factors during post-proposal negotiations with any respondent whose proposal has been selected to the final short list for further discussions. During this process, PSE will update its economic and risk evaluation on an ongoing basis until such time as PSE and the respondent might execute Definitive Agreements. Such updates will include any additional factors that may impact the total cost of a project.

PSE has no obligation to enter into Definitive Agreements with any respondent to this RFP and may terminate or modify the RFP at any time without liability or obligation to any respondent. This RFP shall not be construed as preventing PSE from entering into any agreement that it deems appropriate at any time before, during, or after the RFP process is complete. PSE reserves the right to negotiate only with those respondents and other parties who propose transactions that PSE believes, in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed.

Evaluation Criteria

1 Compatibility with Resource Need

Evaluation Criteria	Description
1. Timing	PSE prefers proposals that offer: • energy and/or capacity in a time frame consistent with PSE's needs • substantial assurance of being commercially available according to the schedule proposed • flexibility in development schedule to accommodate PSE's timing needs
2. Match to need through ownership	Proposals that offer generation from an underlying asset that closely matches PSE's annual capacity requirements, or that offer output which can be controlled by PSE are preferred ~~over~~ to those that rely on shaping through short- or long-term arrangements.
3. Match to need through contract	PSE prefers proposals that provide a fixed annual price and closely match PSE's annual capacity requirements. PSE also prefers proposals that provide fixed transmission capacity from BPA's system to PSE's system and closely match PSE's annual capacity requirements.
4. RPS requirement	Proposals in which qualified renewable generation or RECs are closely aligned with PSE's renewable need as mandated by the Energy Independence Act, Chapter 19.285 RCW.

Evaluation Criteria	Description
8. Environmental and permitting risk	PSE's evaluation process will include an assessment of the following criteria: • status in acquiring needed permits, • risk associated with future environmental regulation and taxes, including greenhouse gas emissions • compliance with regional RPS • compliance with regional generator performance standards and import standards
9. Respondent risk	PSE will consider information received in response to Part II of the RFP document and Exhibit B, sections 4, 5 and 6 in determining risk associated with the financial condition and performance of a respondent and any third parties relied upon by the respondent. Lower-risk respondents are preferred.
10. Ability to deliver as proposed	An important consideration in judging a respondent's ability to provide a commercially operable project in the time frame proposed is the experience and qualifications of the entire project team. PSE will use the information provided in response to Exhibit B, Section 8 to evaluate the respondent team for this criterion. PSE prefers providers with proven track records. Information submitted in response to Exhibit B, Section 9, which addresses project development status and schedule, will also be used to evaluate the respondent's ability to meet the proposed commercial operation date.

4 Public Benefits

Evaluation Criteria	Description
1. Environmental impacts	Proposals with lower environmental impacts are preferred. Environmental impacts refer to the full range of issues evaluated in an environmental impact statement (EIS) or environmental assessment (EA). PSE will consider information supplied in response to Exhibit B, sections 2 and 7 in its evaluation of the environmental impacts of a proposed acquisition.
2. Resource location	~~Proposals~~ Proposed resources ~~that are~~ located such that they provide benefits to the regional and PSE transmission systems, or require minimal or no transmission upgrades are preferred. Proposals that are not dependent upon constrained transmission or fuel transportation paths are preferred. ~~Proposals~~ Proposed resources ~~that are~~ located ~~such that they are~~ within PSE's service territory are preferred.
3. Community impacts	Proposals that demonstrate support from public, local, state and federal government entities and Native American nations, if applicable, as well as other stakeholders, are preferred.

5 Strategic and Financial

Evaluation Criteria	Description
1. Capital structure impacts	PSE's quantitative analysis will impute the anticipated equity cost needed to offset any adverse effects on its capital structure associated with accounting requirements (e.g., FASB ASC 810) that may require PSE to consolidate the respondent's balance sheet. All else being equal, PSE prefers proposals that avoid risks associated with ~~the potential of PSE having to~~a requirement to consolidate ~~the~~ a respondent's financials with PSE's financials (e.g., pursuant to FASB ASC 810). All else being equal, proposals are preferred that would not increase PSE's exposure to adverse impacts on its financial position (e.g., by requiring PSE to impute debt, to account for the transaction as a capital lease (e.g., under FASB ASC 840), to account for or report the transaction as a financial derivative transaction (e.g., pursuant to FASB ASC 815), by otherwise adversely affecting PSE's financial leverage, operating leverage, credit rating, cash flow, income statement or balance sheet, or by imposing credit requirements or increasing liquidity risk).
2. Future exposure to environmental regulations and/or taxes	Proposals for resources with lower potential exposure to future environmental regulations and/or taxes are preferred.

Attachment B

Conservation Cost Effectiveness Standard (CCES)

Conservation Cost Effectiveness Standard (CCES) shows the full "avoided cost" to PSE of the energy saved, for the Type of Savings (defined by end use load shape and customer class) and life of the energy savings, or Measure Life. The CCES is based on the market costs projected by a power costing model, which would otherwise be incurred to provide energy from a generation source either directly or by contract plus credits for transmission and distribution system benefits, environmental externalities, and line losses. This value is expressed as the levelized value per kWh saved of future energy savings over the life of the measure. The CCES is based on Aurora forecast power costs at Mid-Columbia, and adds 35% for a power planning adjustment, 10% for environmental credits, 7.6% Residential and 6.1% Commercial/Industrial for avoided transmission and distribution losses, a valuation for avoided peak capacity, and $31.87/kW-year distribution benefit. Load factors from the analysis in PSE's 2009 IRP are used for end-use load shapes that define Type of Savings. Each Type of Savings has a CCES, or a value per kWh or Therm per Measure Life, up to 30 years. The values for the natural gas and electric CCES that will be used to evaluate PSE's 2010-2011~~08 – 2009~~ programs are shown in ***Table F-1 and F-2***.

Cost effectiveness of projects will allow for PSE administrative costs. PSE's costs are expected to vary, depending upon the proposal content. At a minimum, PSE costs include some project management activities, coordination with customer data, and conducting customer satisfaction surveys for the respondent's program activity.

1. Description of Tests

Puget Sound Energy will evaluate the cost effectiveness of proposals using a standard Utility Cost Test and a Total Resource Cost Test.

Total Resource Cost Test (TRC Test) measures the net value of energy efficiency programs to society as a whole. The TRC Test is a cost-effectiveness calculation which demonstrates if the total benefits, including electricity (defined by the ***Conservation Cost Effectiveness Standard***) and other savings benefits, exceed total costs including those

Measure Life	SF Space Heat	MF Space Heating	Residential Water Heat	Residential Lighting	Residential Heat Pump	Residential Plug Load	Commercial Cooking	Commercial Cooling	Commercial Heating	Commercial Lighting	Commercial Refrigeration	Flat
	SFSH	MFSH	WH	LIGHTING	HP	PLUG	CICOOK	CICOOL	CIHEAT	CILTG	CIREF	FLAT
1	$ 0.140	$ 0.113	$ 0.109	$ 0.092	$ 0.167	$ 0.094	$ 0.084	$ 0.060	$ 0.183	$ 0.112	$ 0.096	$ 0.091
2	$ 0.143	$ 0.115	$ 0.111	$ 0.093	$ 0.170	$ 0.096	$ 0.086	$ 0.061	$ 0.186	$ 0.114	$ 0.098	$ 0.093
3	$ 0.153	$ 0.125	$ 0.120	$ 0.102	$ 0.180	$ 0.105	$ 0.095	$ 0.069	$ 0.196	$ 0.124	$ 0.107	$ 0.102
4	$ 0.159	$ 0.130	$ 0.125	$ 0.107	$ 0.185	$ 0.110	$ 0.100	$ 0.074	$ 0.202	$ 0.129	$ 0.113	$ 0.107
5	$ 0.164	$ 0.134	$ 0.129	$ 0.110	$ 0.189	$ 0.114	$ 0.103	$ 0.077	$ 0.206	$ 0.133	$ 0.116	$ 0.111
6	$ 0.168	$ 0.137	$ 0.132	$ 0.113	$ 0.193	$ 0.116	$ 0.106	$ 0.079	$ 0.210	$ 0.136	$ 0.119	$ 0.114
7	$ 0.172	$ 0.140	$ 0.134	$ 0.115	$ 0.196	$ 0.119	$ 0.108	$ 0.080	$ 0.213	$ 0.138	$ 0.121	$ 0.116
8	$ 0.175	$ 0.142	$ 0.136	$ 0.117	$ 0.199	$ 0.120	$ 0.109	$ 0.082	$ 0.216	$ 0.140	$ 0.123	$ 0.117
9	$ 0.178	$ 0.144	$ 0.138	$ 0.118	$ 0.201	$ 0.122	$ 0.111	$ 0.083	$ 0.219	$ 0.142	$ 0.125	$ 0.119
10	$ 0.181	$ 0.146	$ 0.140	$ 0.120	$ 0.204	$ 0.124	$ 0.112	$ 0.084	$ 0.222	$ 0.144	$ 0.126	$ 0.121
11	$ 0.184	$ 0.148	$ 0.141	$ 0.121	$ 0.206	$ 0.125	$ 0.114	$ 0.085	$ 0.224	$ 0.145	$ 0.128	$ 0.122
12	$ 0.186	$ 0.149	$ 0.143	$ 0.123	$ 0.208	$ 0.127	$ 0.115	$ 0.086	$ 0.227	$ 0.147	$ 0.129	$ 0.124
13	$ 0.189	$ 0.151	$ 0.144	$ 0.124	$ 0.210	$ 0.128	$ 0.116	$ 0.087	$ 0.229	$ 0.149	$ 0.130	$ 0.125
14	$ 0.191	$ 0.152	$ 0.146	$ 0.125	$ 0.212	$ 0.129	$ 0.118	$ 0.087	$ 0.231	$ 0.150	$ 0.132	$ 0.126
15	$ 0.194	$ 0.154	$ 0.147	$ 0.126	$ 0.214	$ 0.131	$ 0.119	$ 0.088	$ 0.234	$ 0.151	$ 0.133	$ 0.128
16	$ 0.197	$ 0.155	$ 0.149	$ 0.128	$ 0.216	$ 0.132	$ 0.120	$ 0.089	$ 0.236	$ 0.153	$ 0.134	$ 0.129
17	$ 0.199	$ 0.157	$ 0.150	$ 0.129	$ 0.218	$ 0.133	$ 0.121	$ 0.090	$ 0.238	$ 0.154	$ 0.135	$ 0.130
18	$ 0.201	$ 0.158	$ 0.151	$ 0.130	$ 0.220	$ 0.134	$ 0.122	$ 0.091	$ 0.240	$ 0.155	$ 0.137	$ 0.131
19	$ 0.203	$ 0.159	$ 0.152	$ 0.131	$ 0.221	$ 0.135	$ 0.123	$ 0.091	$ 0.242	$ 0.157	$ 0.138	$ 0.132
20	$ 0.206	$ 0.161	$ 0.154	$ 0.132	$ 0.223	$ 0.136	$ 0.124	$ 0.092	$ 0.244	$ 0.158	$ 0.139	$ 0.133
21	$ 0.208	$ 0.162	$ 0.155	$ 0.133	$ 0.225	$ 0.137	$ 0.125	$ 0.093	$ 0.245	$ 0.159	$ 0.140	$ 0.134
22	$ 0.210	$ 0.163	$ 0.156	$ 0.133	$ 0.226	$ 0.138	$ 0.125	$ 0.093	$ 0.247	$ 0.160	$ 0.141	$ 0.135
23	$ 0.212	$ 0.164	$ 0.157	$ 0.134	$ 0.228	$ 0.139	$ 0.126	$ 0.094	$ 0.249	$ 0.161	$ 0.142	$ 0.136
24	$ 0.214	$ 0.165	$ 0.158	$ 0.135	$ 0.229	$ 0.140	$ 0.127	$ 0.094	$ 0.250	$ 0.162	$ 0.142	$ 0.136
25	$ 0.215	$ 0.166	$ 0.158	$ 0.136	$ 0.230	$ 0.140	$ 0.127	$ 0.095	$ 0.252	$ 0.163	$ 0.143	$ 0.137
26	$ 0.217	$ 0.167	$ 0.159	$ 0.136	$ 0.232	$ 0.141	$ 0.128	$ 0.095	$ 0.253	$ 0.164	$ 0.144	$ 0.138
27	$ 0.219	$ 0.168	$ 0.160	$ 0.137	$ 0.233	$ 0.142	$ 0.129	$ 0.095	$ 0.254	$ 0.165	$ 0.145	$ 0.138
28	$ 0.220	$ 0.168	$ 0.161	$ 0.138	$ 0.234	$ 0.142	$ 0.129	$ 0.096	$ 0.256	$ 0.165	$ 0.145	$ 0.139
29	$ 0.222	$ 0.169	$ 0.161	$ 0.138	$ 0.235	$ 0.143	$ 0.130	$ 0.096	$ 0.257	$ 0.166	$ 0.146	$ 0.140
30	$ 0.223	$ 0.170	$ 0.162	$ 0.139	$ 0.236	$ 0.144	$ 0.130	$ 0.096	$ 0.258	$ 0.167	$ 0.146	$ 0.140

Table F-1. Electric Conservation Cost Effectiveness Standard – 20~~09-2011~~10-2011~~0~~
(Levelized $/kWh) (Includes avoided energy and avoided capacity)

Measure Life	SF Space Heat	MF Space Heating	Residential Water Heat	Residential Lighting	Residential Heat Pump	Residential Plug Load	Commercial Cooking	Commercial Cooling	Commercial Heating	Commercial Lighting	Commercial Refrigeration	Flat
	SFSH	MFSH	WH	LIGHTING	HP	PLUG	CICOOK	CICOOL	CIHEAT	CILTG	CIREF	FLAT
1	$ 0.139	$ 0.114	$ 0.110	$ 0.092	$ 0.168	$ 0.095	$ 0.085	$ 0.061	$ 0.184	$ 0.113	$ 0.097	$ 0.092
2	$ 0.142	$ 0.116	$ 0.112	$ 0.095	$ 0.171	$ 0.097	$ 0.087	$ 0.062	$ 0.187	$ 0.116	$ 0.099	$ 0.094
3	$ 0.153	$ 0.127	$ 0.122	$ 0.104	$ 0.182	$ 0.107	$ 0.097	$ 0.072	$ 0.198	$ 0.126	$ 0.109	$ 0.104
4	$ 0.159	$ 0.133	$ 0.128	$ 0.110	$ 0.188	$ 0.113	$ 0.103	$ 0.077	$ 0.204	$ 0.132	$ 0.115	$ 0.110
5	$ 0.164	$ 0.138	$ 0.133	$ 0.114	$ 0.193	$ 0.117	$ 0.107	$ 0.081	$ 0.210	$ 0.136	$ 0.119	$ 0.114
6	$ 0.168	$ 0.141	$ 0.136	$ 0.117	$ 0.197	$ 0.121	$ 0.110	$ 0.083	$ 0.214	$ 0.140	$ 0.123	$ 0.118
7	$ 0.171	$ 0.145	$ 0.139	$ 0.120	$ 0.201	$ 0.123	$ 0.112	$ 0.085	$ 0.218	$ 0.143	$ 0.126	$ 0.120
8	$ 0.175	$ 0.148	$ 0.142	$ 0.122	$ 0.204	$ 0.126	$ 0.115	$ 0.087	$ 0.222	$ 0.145	$ 0.128	$ 0.123
9	$ 0.178	$ 0.150	$ 0.144	$ 0.125	$ 0.208	$ 0.128	$ 0.117	$ 0.089	$ 0.226	$ 0.148	$ 0.131	$ 0.125
10	$ 0.181	$ 0.153	$ 0.147	$ 0.127	$ 0.211	$ 0.131	$ 0.119	$ 0.091	$ 0.229	$ 0.150	$ 0.133	$ 0.127
11	$ 0.184	$ 0.155	$ 0.149	$ 0.129	$ 0.214	$ 0.133	$ 0.121	$ 0.092	$ 0.232	$ 0.153	$ 0.135	$ 0.130
12	$ 0.186	$ 0.158	$ 0.151	$ 0.131	$ 0.216	$ 0.135	$ 0.123	$ 0.094	$ 0.235	$ 0.155	$ 0.137	$ 0.131
13	$ 0.189	$ 0.160	$ 0.153	$ 0.133	$ 0.219	$ 0.137	$ 0.125	$ 0.095	$ 0.238	$ 0.157	$ 0.139	$ 0.133
14	$ 0.191	$ 0.162	$ 0.155	$ 0.135	$ 0.222	$ 0.139	$ 0.127	$ 0.097	$ 0.241	$ 0.159	$ 0.141	$ 0.135
15	$ 0.194	$ 0.164	$ 0.157	$ 0.136	$ 0.224	$ 0.140	$ 0.128	$ 0.098	$ 0.244	$ 0.161	$ 0.143	$ 0.137
16	$ 0.196	$ 0.166	$ 0.159	$ 0.138	$ 0.227	$ 0.142	$ 0.130	$ 0.099	$ 0.246	$ 0.163	$ 0.144	$ 0.139
17	$ 0.199	$ 0.168	$ 0.161	$ 0.140	$ 0.229	$ 0.144	$ 0.132	$ 0.100	$ 0.249	$ 0.165	$ 0.146	$ 0.140
18	$ 0.201	$ 0.170	$ 0.163	$ 0.141	$ 0.232	$ 0.146	$ 0.133	$ 0.102	$ 0.252	$ 0.167	$ 0.148	$ 0.142
19	$ 0.203	$ 0.172	$ 0.164	$ 0.143	$ 0.234	$ 0.147	$ 0.135	$ 0.103	$ 0.254	$ 0.169	$ 0.149	$ 0.144
20	$ 0.205	$ 0.174	$ 0.166	$ 0.144	$ 0.236	$ 0.149	$ 0.136	$ 0.104	$ 0.256	$ 0.170	$ 0.151	$ 0.145
21	$ 0.208	$ 0.175	$ 0.168	$ 0.146	$ 0.238	$ 0.150	$ 0.137	$ 0.105	$ 0.259	$ 0.172	$ 0.152	$ 0.147
22	$ 0.210	$ 0.177	$ 0.169	$ 0.147	$ 0.240	$ 0.151	$ 0.139	$ 0.106	$ 0.261	$ 0.173	$ 0.154	$ 0.148
23	$ 0.212	$ 0.178	$ 0.171	$ 0.148	$ 0.242	$ 0.153	$ 0.140	$ 0.107	$ 0.263	$ 0.175	$ 0.155	$ 0.149
24	$ 0.213	$ 0.180	$ 0.172	$ 0.150	$ 0.244	$ 0.154	$ 0.141	$ 0.108	$ 0.265	$ 0.176	$ 0.156	$ 0.150
25	$ 0.215	$ 0.181	$ 0.173	$ 0.151	$ 0.246	$ 0.155	$ 0.142	$ 0.109	$ 0.267	$ 0.177	$ 0.158	$ 0.151
26	$ 0.217	$ 0.182	$ 0.174	$ 0.152	$ 0.247	$ 0.156	$ 0.143	$ 0.110	$ 0.269	$ 0.179	$ 0.159	$ 0.153
27	$ 0.218	$ 0.184	$ 0.176	$ 0.153	$ 0.249	$ 0.157	$ 0.144	$ 0.110	$ 0.270	$ 0.180	$ 0.160	$ 0.154
28	$ 0.220	$ 0.185	$ 0.177	$ 0.154	$ 0.251	$ 0.158	$ 0.145	$ 0.111	$ 0.272	$ 0.181	$ 0.161	$ 0.155
29	$ 0.222	$ 0.186	$ 0.178	$ 0.155	$ 0.252	$ 0.159	$ 0.146	$ 0.112	$ 0.274	$ 0.182	$ 0.162	$ 0.156
30	$ 0.223	$ 0.187	$ 0.179	$ 0.156	$ 0.253	$ 0.160	$ 0.147	$ 0.112	$ 0.275	$ 0.183	$ 0.163	$ 0.156

1. 2010 Start Year 2. Discount rate: 8.25%

Measure Life	Res Space Heat Existing	Res Water Heat/ Appliances	Com Space Heat	Com Water Heat & Cooking	Industrial Flat
	SH	WH	CISH	CiWH	FLAT
1	$ 0.953	$ 0.862	$ 0.978	$ 0.865	$ 0.862
2	$ 1.021	$ 0.926	$ 1.047	$ 0.928	$ 0.925
3	$ 1.097	$ 1.003	$ 1.123	$ 1.006	$ 1.003
4	$ 1.150	$ 1.056	$ 1.176	$ 1.059	$ 1.056
5	$ 1.189	$ 1.092	$ 1.215	$ 1.095	$ 1.092
6	$ 1.216	$ 1.117	$ 1.242	$ 1.120	$ 1.117
7	$ 1.242	$ 1.140	$ 1.270	$ 1.143	$ 1.140
8	$ 1.268	$ 1.162	$ 1.296	$ 1.165	$ 1.162
9	$ 1.291	$ 1.183	$ 1.319	$ 1.186	$ 1.183
10	$ 1.313	$ 1.204	$ 1.342	$ 1.207	$ 1.204
11	$ 1.333	$ 1.223	$ 1.362	$ 1.226	$ 1.223
12	$ 1.352	$ 1.241	$ 1.382	$ 1.245	$ 1.241
13	$ 1.372	$ 1.260	$ 1.401	$ 1.264	$ 1.260
14	$ 1.389	$ 1.278	$ 1.419	$ 1.282	$ 1.278
15	$ 1.408	$ 1.296	$ 1.438	$ 1.299	$ 1.296
16	$ 1.426	$ 1.312	$ 1.456	$ 1.316	$ 1.312
17	$ 1.442	$ 1.328	$ 1.473	$ 1.332	$ 1.328
18	$ 1.461	$ 1.346	$ 1.494	$ 1.350	$ 1.346
19	$ 1.477	$ 1.362	$ 1.513	$ 1.366	$ 1.362
20	$ 1.492	$ 1.377	$ 1.532	$ 1.381	$ 1.377
21	$ 1.508	$ 1.392	$ 1.549	$ 1.396	$ 1.392
22	$ 1.522	$ 1.406	$ 1.566	$ 1.410	$ 1.406
23	$ 1.536	$ 1.420	$ 1.582	$ 1.424	$ 1.420
24	$ 1.549	$ 1.433	$ 1.597	$ 1.437	$ 1.433
25	$ 1.562	$ 1.445	$ 1.611	$ 1.449	$ 1.445
26	$ 1.574	$ 1.457	$ 1.625	$ 1.461	$ 1.457
27	$ 1.586	$ 1.468	$ 1.639	$ 1.472	$ 1.468
28	$ 1.597	$ 1.479	$ 1.651	$ 1.483	$ 1.479
29	$ 1.608	$ 1.489	$ 1.664	$ 1.494	$ 1.489
30	$ 1.618	$ 1.499	$ 1.675	$ 1.504	$ 1.499

Measure Life	Res Space Heat	Res Water Heat/ Appliances	Com Space Heat	Com Water Heat/ Cooking	Industrial Flat
	SH	WH	CISH	CIWH	FLAT
1	$ 0.95	$ 0.86	$ 0.98	$ 0.85	$ 0.86
2	$ 1.02	$ 0.93	$ 1.05	$ 0.91	$ 0.93
3	$ 1.10	$ 1.00	$ 1.12	$ 0.99	$ 1.00
4	$ 1.15	$ 1.06	$ 1.18	$ 1.04	$ 1.06
5	$ 1.19	$ 1.09	$ 1.21	$ 1.08	$ 1.09
6	$ 1.22	$ 1.12	$ 1.24	$ 1.10	$ 1.12
7	$ 1.24	$ 1.14	$ 1.27	$ 1.12	$ 1.14
8	$ 1.27	$ 1.16	$ 1.30	$ 1.15	$ 1.16
9	$ 1.29	$ 1.18	$ 1.32	$ 1.17	$ 1.18
10	$ 1.31	$ 1.20	$ 1.34	$ 1.19	$ 1.21
11	$ 1.33	$ 1.22	$ 1.36	$ 1.21	$ 1.22
12	$ 1.35	$ 1.24	$ 1.38	$ 1.22	$ 1.24
13	$ 1.37	$ 1.26	$ 1.40	$ 1.24	$ 1.26
14	$ 1.39	$ 1.28	$ 1.42	$ 1.26	$ 1.28
15	$ 1.41	$ 1.30	$ 1.44	$ 1.28	$ 1.30
16	$ 1.43	$ 1.31	$ 1.46	$ 1.29	$ 1.31
17	$ 1.44	$ 1.33	$ 1.47	$ 1.31	$ 1.33
18	$ 1.46	$ 1.35	$ 1.49	$ 1.33	$ 1.35
19	$ 1.48	$ 1.36	$ 1.51	$ 1.34	$ 1.36
20	$ 1.49	$ 1.38	$ 1.53	$ 1.36	$ 1.38
21	$ 1.51	$ 1.39	$ 1.55	$ 1.37	$ 1.39
22	$ 1.52	$ 1.41	$ 1.57	$ 1.39	$ 1.41
23	$ 1.54	$ 1.42	$ 1.58	$ 1.40	$ 1.42
24	$ 1.55	$ 1.43	$ 1.60	$ 1.41	$ 1.43
25	$ 1.56	$ 1.44	$ 1.61	$ 1.43	$ 1.45
26	$ 1.57	$ 1.46	$ 1.63	$ 1.44	$ 1.46
27	$ 1.59	$ 1.47	$ 1.64	$ 1.45	$ 1.47
28	$ 1.60	$ 1.48	$ 1.65	$ 1.46	$ 1.48
29	$ 1.61	$ 1.49	$ 1.66	$ 1.47	$ 1.49
30	$ 1.62	$ 1.50	$ 1.68	$ 1.48	$ 1.50

1. 2010 Start Year

2. Discount Rate 8.25%

I. Introduction and Process

II. Information Requested from Respondents

I. Introduction and Process

This document constitutes a Request for Proposals (RFP) from qualified third parties (respondents) to supply electric resources to Puget Sound Energy, Inc. (PSE or Company). It is an "All Generation Sources" RFP[1] in that any electric generation source will be considered, consistent with the requirements described herein. The RFP may be found on our Web site at http://www.pse.com/energyEnvironment/energysupply/Pages/pse2010RFP.aspx.

PSE is seeking the following resources with this RFP:

- Energy generation resources,
- Capacity generation resources,
- Renewable Energy Credits ("REC")[2] – compliant with the Energy Independence Act, Chapter 19.285 RCW, and
- Transmission products – from BPA's system to PSE's system

The Company will consider existing and yet-to-be constructed generation resources with commercial operation dates through 2015, thereby allowing proposals for resources with longer-lead times and associated potential transmission solutions to participate.

This RFP solicitation seeks ownership opportunities (e.g., a transfer of development assets, a build-and-transfer, or sale of an existing asset), power purchase agreements of varying contract lengths, temporal exchange agreements (e.g., seasonal), as well as capacity products (including operating reserves) to meet PSE's winter peak requirements. Additionally, this RFP seeks opportunities to purchase REC-only products beginning in 2011 and transmission-only products from Bonneville Power Administration's system (BPA's system) to PSE's system. In keeping with the Company's desire to continue to build a diversified portfolio of resources, PSE encourages qualified

[1] PSE is issuing an Energy Efficiency RFP concurrent with the release of this All Generation Sources RFP.
[2] The Energy Independence Act defines a "renewable energy credit as a tradable certificate of proof of at least one megawatt-hour of an eligible renewable resource, where the generation facility is not powered by fresh water, the certificate includes all of the nonpower attributes associated with that one megawatt-hour of electricity, and the certificate is verified by a renewable energy credit tracking system selected by the department of community, trade and economic development."

respondents representing small-[3] or large-scale projects from all fuel types and technologies to participate in this RFP.

PSE is required to submit an RFP after filing the Integrated Resource Plan (IRP); however, this is not the sole manner in which PSE may acquire new resources.[4] PSE evaluates unsolicited proposals outside of the RFP on an ongoing basis. Given PSE's demonstrated resource need and its obligation to provide the lowest reasonable cost to its customers, the Company actively seeks and evaluates external proposals and in-house development and construction projects that provide the greatest benefit to our customers at the lowest reasonable cost. PSE evaluates all resources in a consistent manner, using the same evaluation criteria and economic analysis methodology.

1. Resource Strategy

This RFP is consistent with guidance provided by PSE's most recent Integrated Resource Plan (IRP), as filed with the Washington Utilities and Transportation Commission (WUTC) on July 30, 2009. A downloadable copy of the IRP is available to all interested parties on PSE's Web site at http://www.pse.com/energyEnvironment/energysupply/Pages/pse IRPview.aspx .

PSE's overall strategy for integrated resource planning is described below.

- Examine PSE's electric and gas resource needs over the next twenty years, and analyze the mix of conservation programs and supply resources that might best meet those needs.
- Provide the strategic direction to acquire a diversified, balanced electric resource portfolio that meets customer needs, results in reasonable energy supply costs and mitigates market risks.
- Identify key factors related to various resource decisions and provide a method for evaluating a resource acquisition in terms of cost, risk, and other factors at

[3] For projects 2 MW or less, respondents may elect to sell power pursuant to electric tariff rate Schedule 91.
[4] WAC 480-107-001 states that PSE must submit an RFP when the Company's IRP shows a need for new resources within three years, but the RFP rules "do not establish the sole procedures utilities must use to acquire new resources. Utilities may construct electric resources, operate conservation programs, purchase power through negotiated contracts, or take other action to satisfy their public service obligations."

the time a decision needs to be made. The IRP does not commit to or preclude the acquisition of a specific resource type, project or facility.

2. Capacity and Renewable Energy Need

The 2009 IRP analysis and acquisition guidance is based on a loss of load probability planning standard for electric resources. PSE's electric peak demand is based on a demand forecast at a temperature of 23° F (a normal winter peak for PSE), plus a 15% planning margin. The 15% planning reserve margin translates to a 5% loss of load probability, a standard reliability metric used in the energy industry. PSE's *peak deficit*, as shown below, is the difference between PSE's electric peak energy demand plus a 15% reserve margin, minus the peak capacity of existing resources – generation, transmission and contracts. A more detailed description of this planning standard is provided in PSE's 2009 IRP.

In addition to its capacity need, PSE has a legal obligation to meet the requirements of the Energy Independence Act, Chapter 19.285 RCW. The Energy Independence Act requires PSE to acquire qualifying renewables to meet the following targets: 3%, 9% and 15% of load by 2012, 2016 and 2020 respectively. PSE will evaluate whether it will meet this obligation by acquiring additional renewable resources, by purchasing RECs, or by acquiring a combination of renewable resources and RECs. PSE has also set a voluntary, internal goal to achieve a higher level of renewable resources in its portfolio, 10% of load by 2013, to the extent these renewable resources are reasonably commercially available, necessary to meet load, and cost effective.

The Energy Independence Act is posted on the Washington State Legislature's Web page at http://apps.leg.wa.gov/RCW/default.aspx?cite=19.285.

Figure 1. Capacity Need[5]

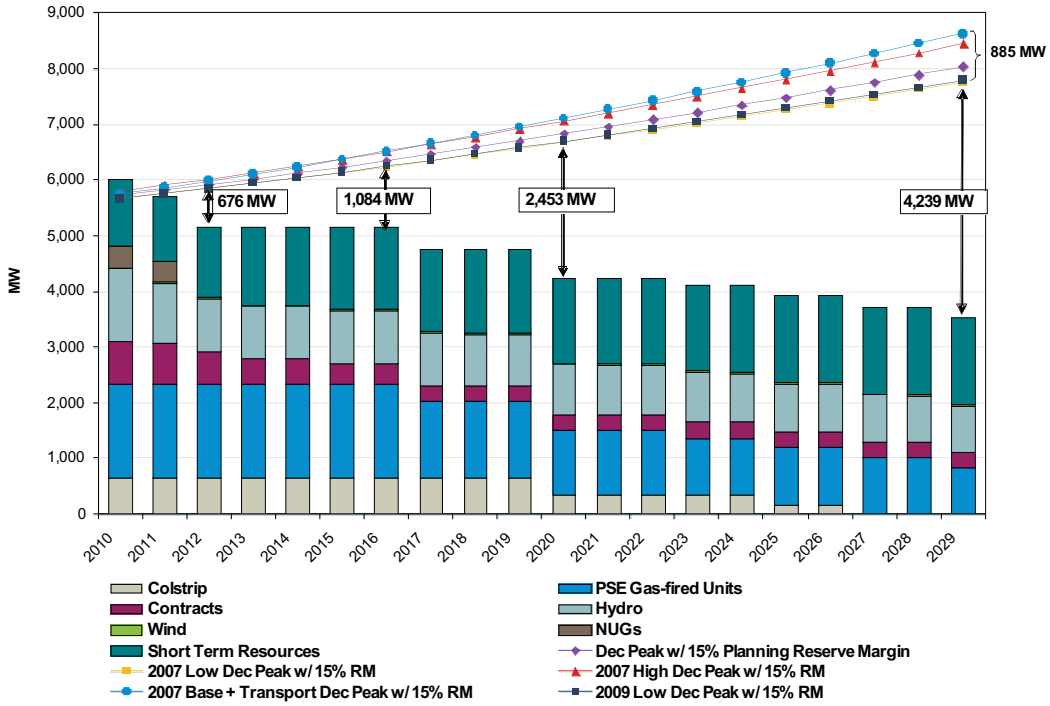


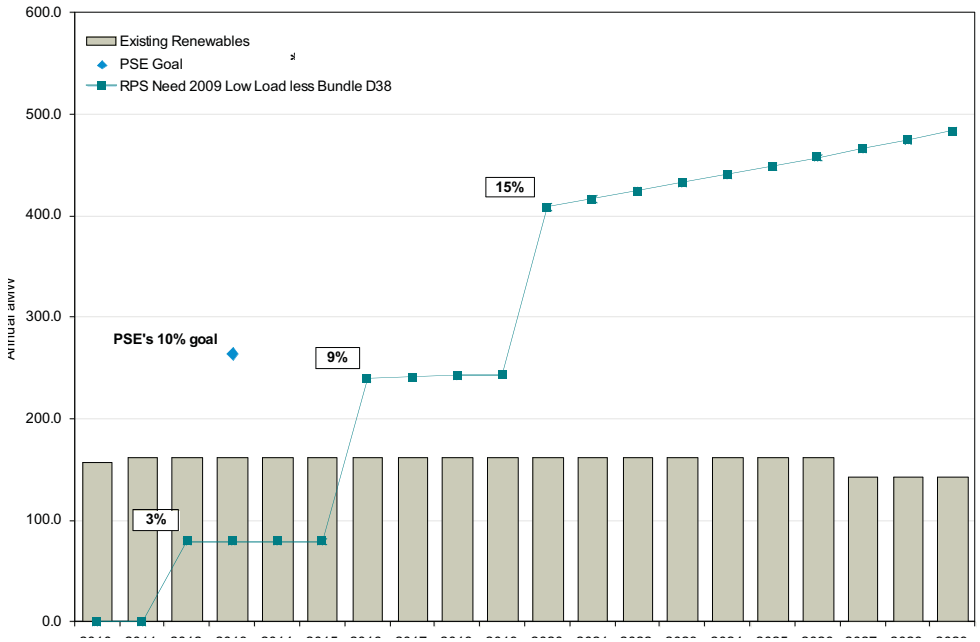
Table 1. Capacity Need (MW) 2010-2016[6]

2010	2011	2012	2013	2014	2015	2016
0	42	676	776	874	976	1084

The following figure depicts the Company's renewable energy need for 2012 through 2029. These values are based on PSE's July 2009 Integrated Resource Plan.

[5] January capacity need as defined in the 2009 Integrated Resource Plan (before accounting for the effect of conservation).
[6] Table numbers are based on the 2009 Low Load December Peak demand forecast with 15% reserve margin from the 2009 Integrated Resource Plan, as depicted in Figure 1.

Figure 2. Renewable Energy Need (MW) 2012-2029*



* Includes all PSE-owned or contracted renewable resources including facilities from which RECs have been sold.

Table 2 identifies the cumulative nameplate resource additions and timing of such additions from the 2009 IRP. While the IRP recommends this resource acquisition strategy, decisions to acquire resources and the timing, quantity of capacity of such additions will be made based on actual resource availability and cost in the marketplace, and on PSE's ongoing need.

Table 2. 2009 IRP, Cumulative Nameplate Resource Additions (MW)

	2012	2016	2020	2029
Demand-Side Resources[7]	205	597	917	1064
Wind[8]	300	600	1000	1100
Biomass	0	0	20	40
CCCT w/ Duct Firing	275	275	825	1100
Peakers	160	160	480	1760

[7] PSE is issuing an energy efficiency RFP concurrent with the release of this All Generation Sources RFP. The energy efficiency RFP is available for review online at http://www.pse.com/energyEnvironment/energysupply/Pages/pse2010RFP.aspx.
[8] To meet PSE's capacity need in the 2009 IRP, PSE is using 5% of plant nameplate capacity for wind capacity credit when evaluating wind resources.

3. RFP Schedule

The following schedule is subject to adjustment based on WUTC review and the actual pace of PSE's evaluation process.

October 12, 2009	Draft RFP filed with WUTC
October 29, 2009	PSE public meeting on draft RFP
December 11, 2009	Public comments due
January 11, 2010	WUTC comments expected
January 12, 2010	PSE releases final RFP solicitation
January 28, 2010	PSE hosts proposal conference
February 15, 2010	Mutual Confidentiality Agreements due to PSE
March 2, 2010	Offers due to PSE
May 2010	“Candidate” short list selected
July 2010	Final short list selected, respondents notified
Summer 2010	PSE hosts live solicitation for market PPAs
	Post-proposal negotiations

4. Evaluation Process

PSE will follow a structured evaluation process to assess the merits of proposals with regard to meeting its need. The process is intended to screen and rank individual proposals. PSE will consider a number of quantitative and qualitative factors designed to reasonably compare proposals with diverse attributes. Each proposal will be evaluated based on its compliance with this RFP (including the term sheet and contractual provisions exhibited to this RFP) and according to the following set of primary criteria.

- Compatibility with Resource Need
- Cost
- Risk Management,
- Public Benefits
- Strategic and Financial Considerations

Each of the primary criteria is further delineated with sub-criteria as detailed in Exhibit A. Initially, proposals will be evaluated based on an individual proposal cost, on a portfolio evaluation designed to assess the interaction of the resource within PSE's power portfolio, and on the qualitative criteria described in Exhibit A. At the close of this initial evaluation, PSE will select a candidate short list made up of the most attractive proposals. Selected proposals will move on to the second phase of the evaluation process for individual and portfolio risk evaluation, as well as additional due diligence based on the same five primary criteria. The portfolio risk evaluation in the second phase is designed to assess the interaction and risk levels of the most promising resources and combinations of resources within PSE's power portfolio.

Proposals that provide the lowest reasonable cost and least risk to PSE's portfolio will be placed on the final short list for further discussion with the respondent(s). Such proposals may potentially move forward to negotiations of the terms and conditions of Definitive Agreements.

5. Post-Proposal Negotiations and Contracts

PSE may elect to negotiate both price and non-price factors during post-proposal negotiations with any respondent whose proposal has been selected to the final short list for further discussions. During this process, PSE will update its economic and risk evaluation on an ongoing basis until such time as PSE and the respondent might execute Definitive Agreements. Such updates will include any additional factors that may impact the total cost of a project.

PSE has no obligation to enter into Definitive Agreements with any respondent to this RFP and may terminate or modify the RFP at any time without liability or obligation to any respondent. This RFP shall not be construed as preventing PSE from entering into any agreement that it deems appropriate at any time before, during, or after the RFP process is complete. PSE reserves the right to negotiate only with those respondents and other parties who propose transactions that PSE believes, in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed.

II. Information Requested from Respondents

1. Resources Requested

PSE is seeking electric generation proposals from a wide variety of technologies and fuel sources, as well as proposals for REC-only and transmission-only products, consistent with the evaluation criteria described in Exhibit A.

PSE's capacity needs are greatest in winter. Therefore, capacity resources will be shaped through various means to fill winter deficits, while minimizing summer surpluses. PSE will consider the seasonality of the basic electric energy resource's production, PSE's ability to control the project's output to match its needs (up to and including real-time dispatch and displacement), and contractual mechanisms to shape project output to PSE's need.

As described in the following tables, PSE is looking for a diverse mix of resources to meet its requirements. PSE prefers delivery of all generation resources to PSE's system.

Table 3. Energy Resources Sought by PSE

Energy Resource	Delivery Description
As Produced	E.g. wind, run-of-river hydro, solar, tidal, etc.
Baseload	7x24, delivered as firm
Intermediate	Dispatchable
On Peak or Heavy Load Hours	6x16 (Mon-Sat) (HE[9] 0700-2200); seasonal (Nov-Feb, Dec-Feb or Nov-Mar)
Temporal Exchanges	Seasonal or year round; temporal exchange with delivery to PSE on west side of Cascades

[9] hour ending (HE)

Table 4. Capacity Resources Sought by PSE

Capacity Resource	Delivery Description
Dispatchable/On Peak or Heavy Load Hours	6x16 (Mon-Sat) (HE 0700-2200); winter only Nov-Feb or Dec-Feb
Super Peak Products	HE 0700-1000 and HE 1800-2100, Nov-Jun; or a super peak for shoulder peak hours exchange, where PSE would take the super peak power (HE 0700-1000 and HE 1800-2100) and return an equivalent amount of energy over the shoulder peak hours (HE 1100-1700 and HE 2200), Nov-Jun
Operating Reserves (regulating or contingency)	Automatic Generation Control (spinning reserve)
Temporal Exchanges	Temporal exchanges (e.g., seasonal, or super peak for shoulder peak power exchange (described above)), November-February; 7x16, 7x24, or 6x16 product with delivery to PSE on west side of Cascades

Table 5. Other Resources Sought by PSE

Other Resource	Description
REC-only product	RECs that will be produced beginning in year 2011 or later; minimum quantity of RECs that will be considered is 25,000 RECs per year (volume can be fixed or tied to the actual quantity of RECs generated from an eligible renewable resource); RECs must meet the requirements of the Energy Independence Act (RCW 19.285).
Transmission-only product	Reassignment of firm BPA transmission from POR Mid-Columbia trading hub to POD PSE system. Full calendar year or Nov-Feb.

This All Generation Sources RFP process may result in none, one or multiple transactions by PSE, depending on the economic and qualitative benefits such transaction(s) may provide to our ratepayers. PSE reserves the right to modify this RFP to comply with changes to federal, state or local laws, or regulatory policy.

2. Proposals/Contract Type

PSE will consider the acquisition of generation from proposals under the following mechanisms: (1) ownership arrangements, including co-ownership arrangements in which PSE retains adequate dispatchability and rights of control; (2) Power Purchase Agreements of varying lengths (>2 years), including Power Bridging Agreements, defined as short-term "bridges" to long-lead resources, (collectively, "PPAs"); (3) Temporal Exchange Agreements; (4) REC-only product Agreements; and (5) Transmission-only product Agreements.

When submitting proposals for either a PPA or ownership arrangement, PSE is interested in alternatives in which the respondent fully assumes the risk of fuel supply, fuel price, and environmental cost, and which quantify the cost for assuming those risk factors.

Ownership

The PSE ownership mechanism anticipates a proposal pursuant to which PSE would ultimately own the resource or a significant interest therein. This may be accomplished at various stages of development using a variety of approaches such as sale of development rights, joint development by the respondent and PSE, development by the respondent followed by transfer to PSE, initial purchase of power by PSE with transfer of ownership occuring later, or other approaches that may be mutually beneficial and result in PSE's ownership of the resource. Although PSE is willing to consider a wide range of arrangements, the prototype term sheet included as Exhibit H to this RFP presumes that PSE would acquire its ownership interest in the project prior to the commencement of construction and would fund its ownership share on a pro rata basis.

Power Purchase Agreements

Any proposal for a Power Purchase Agreement (PPA) must specify the generation asset or system assets underlying the agreement, and provide assurances of its commercial availability on or before December 31, 2015. A prototype term sheet for Gas Tolling Agreements is included as Exhibit I and a prototype term sheet for Wind PPAs is included as Exhibit J to this RFP.

In considering unit-contingent PPAs, PSE requires proposals pursuant to which the respondent owns and operates or would acquire, construct, own and operate the

generation asset, with PSE purchasing the output (energy and capacity) at an agreed-upon delivery point.

Market PPAs (Non-Unit Contingent)

Given the time-sensitive nature of pricing Market Power Purchase Agreement proposals (PPAs that are not unit-contingent), such proposals will be evaluated separately from other unit-contingent proposals.

Following the 2008 RFP evaluation process for Market PPAs, PSE recognized that it would be more efficient for all parties involved for the Company to identify the Market PPA structures that best fit its resource portfolio and to solicit offers for those structures, rather than ask respondents to prepare specific bids for a variety of possible structures. To address this, PSE will identify up to four structures for shorter-term Market PPAs during Phase 2 of the RFP. Also during Phase 2, the Company may seek indicative price quotes for these structures. PSE will ask pre-authorized bidders to submit bids for the specified structures during a live solicitation in summer 2010, following Phase 2 of the RFP. The date of the solicitation will be determined during the RFP process. PSE will choose a winner if the pricing evaluates attractively.

During the RFP process, PSE will provide interested bidders with PSE's required modifications to the ISDA and WSPP Agreements. To gain pre-approval to bid into the live solicitation, bidders must accept PSE's modifications to the agreements.

Bidders interested in submitting a market PPA proposal during the Phase 2 analysis should respond to PSE's 2010 RFP by submitting the Confidentiality Agreement by February 15, 2010. Bidders will also be required to complete sections one and two of the online Summary Data Form (Exhibit C) by March 2, 2010, by providing contact information and selecting "Market PPA" from the "Commercial Structure" drop down menu.

PURPA Qualifying Facility Agreements

With regard to any proposal for the purchase and sale of power from a qualifying facility under PURPA, the respective rights and obligations of PSE and the seller of such power under any agreement that may be entered into by PSE and the respondent will be subject

to any federal enactments (e.g., the EPAct 2005 energy bill) that will by their terms apply to the purchase and sale of such power.

Temporal Exchange Agreements

The Company's obligations under any such exchange will be subject to Federal Energy Regulatory Commission (FERC) acceptance. Any transmission service component of the exchange would be pursuant to the applicable transmission provider's Open Access Transmission Tariff or reciprocal agreement and would be payable by respondent.

REC-only Product Agreements

Beginning in 2012, PSE will be subject to the renewable energy requirements of the Energy Independence Act, Chapter 19.285 RCW. Therefore, the Company seeks proposals for REC-only products of varying lengths that PSE could use to meet these requirements.

Unlike the developed power and gas markets, an industry standard agreement does not exist with respect to the purchase of a REC-only product. A definitive agreement for the purchase of a REC-only product would be negotiated between PSE and the seller, should PSE elect to enter into any agreements as a result of this solicitation.

Transmission-only Product Agreements

PSE is also requesting a transmission-only product with this RFP. The Company seeks additional transmission capacity from the Mid-Columbia to improve market flexibility to meet peak loads. Any proposal for a firm point-to-point transmission-only product should identify the term of the transmission assignment, Point of Delivery (POD) and Point of Receipt (POR), quantity, start and stop times, price, and any ancillary service provisions. While PSE is not limiting the request to a specific POR, the Company is most interested in products that can be redirected to alternate PORs and PODs, such as COLUMBIAMKT POR and BPAT.PSEI POD.

3. Eligible Respondents

This RFP will accept proposals from all third-party project developers or owners, marketing entities, or other utilities that meet the project requirements and comply with the process guidelines described herein. PSE believes that consideration of proposals from other utilities and/or their affiliates may increase the number of qualified respondents and thus increase the overall creativity and competitiveness of responses to this RFP. Subsidiaries or affiliates of PSE are not eligible to respond to this RFP and the Company shall not consider any response it receives from any such subsidiary or affiliate. Affiliates of the Company include any entity, corporation or person in any chain of successive ownership of PSE or any entity affiliated with such entity in a successive chain of ownership.

4. Proposal Requirements

The Confidentiality Agreement **(Exhibit F)** ***must be submitted by February 15, 2010, approximately two weeks prior to the proposal due date. Proposals are due no later than March 2, 2008.***

To ensure that all proposals are thorough and complete, PSE requests that respondents present their bid information as outlined below.

Summary Data Form (***Exhibit C***)
Proposal Requirements (***Exhibit B***) ~ Project Description ~ Interconnection and Transmission ~ Price ~ Legal and Financial ~ Accounting Regulation ~ Environmental Inspections, Orders, Suits and Other ~ Experience and Qualifications of the Project Team ~ Development Status and Project Schedule
Other Requirements (***Section 5***, as follows)

Respondents indicating an interest in participating in the Market PPA solicitation (as described in Part II, Section 2) must submit the Confidentiality Agreement (Exhibit F) and the Summary Data Form (Exhibit C) by the due dates specified above.

Respondents are expected to provide complete information in their original submittals. Failure to provide all of the requested information will not disqualify a respondent, but may result in lower prioritization during the evaluation process. If the respondent elects not to provide the requested information, PSE requests that an explanation be included.

5. Other Requirements

Signatures and Certifications

The proposal must contain the signature of a duly authorized officer or agent of the respondent submitting the proposal.

The respondent's duly authorized officer or agent shall certify in writing that:

- The respondent's proposal is genuine; not made in the interest of, or on behalf of, any undisclosed person, firm, or corporation; and is submitted in conformity with any anti-competitive agreement or rules.
- The respondent has not directly or indirectly induced or solicited any other respondent to submit a false or sham proposal.
- The respondent has not solicited or induced any other person, firm, or corporation to refrain from proposing.
- The respondent has not sought by collusion to obtain for itself any advantage over any other respondent.

Tax-Incentive Risk and Environmental Attributes

Each proposal shall acknowledge and state that PSE disclaims and shall not assume any risk associated with the potential expiration of the Federal Production Tax Credit (PTC), Investment Tax Credit, America Recovery and Reinvestment Act ("ARRA") Investment Cash Grant, or the respondent's or other project entity's ability to utilize these or other applicable federal or state tax incentives, if relevant to the resource proposed.

All proposals must state that all Environmental Attributes[10] associated with the proportionate share of the subject project, if any, will accrue to the ownership and beneficial use of PSE.

No Assignment

All proposals shall state that there will be no assignment of proposals during the evaluation or negotiation stage of this RFP and that in the event the respondent and PSE negotiate and execute Definitive Agreements based on the respondent's proposal, the Definitive Agreements and obligations thereunder shall not be sold, transferred or assigned or pledged as security or collateral for any obligation without the prior written permission of PSE. Any project lender who takes an assignment of the Definitive Agreements for security and exercises any rights under such agreements will be bound to perform such agreements to the same extent.

Conflict of Interest Disclosure

All respondents shall disclose in their proposals any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, officers, directors, subsidiaries, or affiliates (as defined in Part II, Section 3 herein).

Validity, Deadlines and Regulatory Approval

Each proposal shall specify the date through which the proposal is valid. Proposals must also state the dates by which Definitive Agreements must be completed and approved by the boards of directors or other management bodies of PSE and the respondent, and applicable regulatory approvals must be provided to support the proposed project schedule. Respondents should note that regulatory approvals for resources to be acquired may not be obtained until some time after the first quarter of 2011 or later. PSE may seek regulatory review of its anticipated resource purchases, exchanges, or acquisitions as a condition precedent to any transaction. Such regulatory review could include receipt by PSE from the WUTC of approvals and orders, as applicable (for example, through a power cost-only rate proceeding), pertaining to and confirming the inclusion of the full amount of any asset purchase price plus PSE's transaction costs and

[10] "Environmental Attributes" means generally credits, benefits, reductions, offsets and other beneficial allowances with respect to fuel, emissions, air quality, or other environmental characteristics, resulting from the use of certain resource generation or the avoidance of emissions.

other amounts allocable to the construction, start-up, testing and commissioning of the project, as applicable, in PSE's rate base; such approvals and/or orders to be in form and substance satisfactory to PSE in its sole discretion. In this regard, any proposed price may not be unilaterally changed by the respondent prior to the finalization of such agreements and approvals. It is preferred that the respondent provide proposals that remain valid for a period that allows for negotiation of Definitive Agreements and applicable management and regulatory approvals.

In addition to being subject to the jurisdiction of the Washington Utilities and Transportation Commission, PSE is also regulated by the Federal Energy Regulatory Commission (FERC). FERC's jurisdiction and authority over the activities of PSE are defined in the Federal Power Act and include certain aspects of the acquisition of electric power. In particular, Sections 203 and 205 of the Federal Power Act require: (1) approval by FERC prior to transferring FERC-jurisdictional assets; and (2) certain filings by PSE to support its authorization to sell power and related products at market-based rates.

Pursuant to Section 203 of the Federal Power Act, FERC has approval authority over any acquisition by PSE of public utility facilities subject to FERC jurisdiction. In reviewing filings under Section 203, FERC considers the effect on competition, rates and regulation. FERC's approval of such an acquisition will be based on a finding that it is "consistent with the public interest."

FERC has authorized PSE to sell power at market-based rates pursuant to Section 205 of the Federal Power Act. As a condition of its authority to sell power at market-based rates, PSE must demonstrate to FERC that it does not possess market power in the relevant markets. Acquisition by PSE of generation or power resources may require PSE to demonstrate that it continues to lack market power after the resource acquisition.

Accordingly, PSE will evaluate all proposals in light of the requirements of the Federal Power Act and the effect that such regulatory requirements and review may have on PSE's overall corporate position.

6. Credit Requirements

PSE will not accept collateral thresholds, credit ratings triggers, general adequate assurances language or similar language that might require the Company to provide performance assurance. However, PSE's credit risk department may require the seller to provide performance assurance. With few exceptions, PSE will expect sellers with subinvestment-grade credit ratings (or being of similar creditworthiness) to provide performance assurance acceptable to the Company.

PSE may require negative control provisions (covenants restricting respondent business practices that could jeopardize respondent's ability to perform its obligations) in the Definitive Agreements that the respondent and PSE might execute in connection with the respondent's proposal, in addition to any that may be included in the prototype term sheet for ownership agreements (Exhibit H), prototype term sheet for gas tolling agreements (Exhibit I), or prototype term sheet for wind power purchase agreements (Exhibit J).

7. Confidentiality/Disclosure

Respondents are required to provide two (2) signed originals of the Mutual Confidentiality Agreement (Exhibit F) no later than February 15, 2010. PSE will countersign and return one fully executed agreement to the respondent.

To the extent required by law or regulatory order, PSE will make available to the public a summary of all proposals received and the final ranking of all such proposals.

PSE may retain all information pertinent to this RFP process for a period of 4 years or until PSE concludes its next general electric rate case, whichever is later. PSE shall have no obligation under this RFP to provide the models and data used in its evaluation process to respondents or other third parties except to the extent required by law or regulatory order. PSE may provide such models and data to the extent consistent with its business needs.

8. Contact Information and Submission of Proposals

Mutual Confidentiality Agreements
must be received no later than February 15, 2010.

Respondents shall submit two signed originals of the Mutual Confidentiality Agreement (Exhibit F) no later than February 15, 2010.

Proposals
must be received no later than 5:00 PM Pacific Time on March 2, 2010.

Respondents shall submit their proposals, along with all attachments and electronic files, as described below:

- one bound execution copy with an original signature (as described in Part II, Section 4 herein),
- four additional bound copies, and
- one electronic copy (on CD-ROM).

Proposals may be submitted to PSE via U.S. mail, courier service, or hand delivery at the following address.

Contact for proposal submittals, questions and requests:

Mr. Chris Bevil, Manager, Resource Acquisition
425-456-2757
425-457-5385 Fax
chris.bevil@pse.com

Address for U.S. Mail:	**Address for courier or hand delivery:**
Puget Sound Energy P.O. Box 90868, PSE-04S Bellevue, WA 98009-0868	Puget Sound Energy 355 110th Ave. NE, PSE-04S Bellevue, WA 98004

All costs to participate in this RFP process, including preparation of proposals, negotiations, etc., are the responsibility of the respondent.

9. List of Exhibits

Exhibit A	Evaluation Criteria
Exhibit B	Proposal Requirements
Exhibit C	Project Summary Data Form
Exhibit D	Energy Delivery (12x24) – Wind, Solar, Tidal and Wave
Exhibit E	Capital Costs and Operating Expenses
Exhibit F	Mutual Confidentiality Agreement
Exhibit G	Schedule of Estimated Avoided Cost
Exhibit H	Prototype Ownership Agreement Term Sheet
Exhibit I	Prototype Gas Tolling Agreement Term Sheet
Exhibit J	Prototype Wind Power Purchase Agreement (PPA) Term Sheet

Evaluation Criteria

1 Compatibility with Resource Need

Evaluation Criteria	Description
1. Timing	PSE prefers proposals that offer: • energy and/or capacity in a time frame consistent with PSE's needs • substantial assurance of being commercially available according to the schedule proposed • flexibility in development schedule to accommodate PSE's timing needs
2. Match to need through ownership	Proposals that offer generation from an underlying asset that closely matches PSE's annual capacity requirements, or that offer output which can be controlled by PSE are preferred to those that rely on shaping through short- or long-term arrangements.
3. Match to need through contract	PSE prefers proposals that provide a fixed annual price and closely match PSE's annual capacity requirements. PSE also prefers proposals that provide fixed transmission capacity from BPA's system to PSE's system and closely match PSE's annual capacity requirements.
4. RPS requirement	Proposals in which qualified renewable generation or RECs are closely aligned with PSE's renewable need as mandated by the Energy Independence Act, Chapter 19.285 RCW.

Evaluation Criteria	Description
5. Operational flexibility	PSE prefers proposals that offer control of project output whereby the Company may respond to seasonal and real-time fluctuations in load/resource balance and system reliability events. This includes, for example, dispatch or displacement of the project in real time and, for jointly-owned projects, the ability for PSE to elect to use generation output that would otherwise have been displaced by the other owner for reliability purposes. Additionally, PSE prefers proposals that provide the ability to carry operating reserves.
6. Performance within existing PSE generation portfolio	Analyses will include such factors as: • impact on system reliability • system dispatch and displacement • termination rights • location with respect to the regional transmission system and PSE's electric system • impacts on system reserves, load following, integration costs and other factors
7. Resource mix / diversity	The diversity of resource technology and fuel types will be considered in a manner consistent with PSE's Integrated Resource Plan. Specific considerations shall include: • technology type • fuel supply type • fuel supply source • fuel supply reliability, including control and deliverability

2 Cost Minimization

Evaluation Criteria	Description
1. Resource cost	PSE prefers proposals that provide the lowest reasonable cost throughout the project life, taking into account the price of the proposal and other factors that impact PSE's overall cost. Such factors include, but are not limited to: • capital cost • financing cost • operation and maintenance cost • fuel and fuel transportation cost • fixed and variable power purchase agreement cost • transmission cost • ancillary services • integration costs • transmission system upgrades • cost to rebalance debt/equity ratio for imputed debt and consolidated debt • cost of credit facilities • transaction costs and other management costs, etc. • cost to meet environmental compliance, including capital improvements and/or capacity limitations and restrictions • renewable energy credits

Evaluation Criteria	Description
2. Transmission	PSE prefers firm delivery of energy to its service area. In the absence of the assurance of firm delivery at the time of proposal, PSE prefers proposals that provide a high likelihood of acquiring adequate transmission rights. Proposals that do not include firm transmission to PSE's service area, that would produce congestion or that would increase PSE's transmission costs will be compared unfavorably with other proposals and/or will be assessed the additional cost to PSE as part of the evaluation process.
3. Portfolio cost impact	PSE prefers proposals and combinations of proposals that result in the lowest impact on PSE's revenue requirements and rates when included in PSE's existing generation resource portfolio.

3 Risk Management

Evaluation Criteria	Description
1. Status and schedule	All other things being equal, PSE prefers operating projects first, projects under construction second, and development projects third. With respect to development projects, PSE prefers proposals which demonstrate that the respondent has the experience and financial resources to complete the project and has made significant progress in securing necessary permits, property rights, equipment, regulatory approvals, water rights, wastewater and disposal rights, project agreements and all other rights or arrangements necessary for a completely commercially operational project within the time frame proposed for commercial operation.
2. Price volatility	Proposals that provide significant long-term control of fixed and variable costs are preferred.
3. Resource flexibility and stability	PSE prefers proposals that provide flexibility for expansion to meet PSE's growing needs as required. Proposals that include project agreements and all other rights and arrangements coterminous with power purchase delivery periods or project life are preferred.
4. Resource technology	Proposals that are based on commercially-proven technology with demonstrated long-term reliability and performance history are preferred. Proposals that are based on technologies whose output may be controlled are preferred.

Evaluation Criteria	Description
5. Long-term flexibility	PSE prefers proposals that offer the Company the flexibility to adjust its position in a resource long term, up to and including termination.
6. Project risk	Proposals that involve minimal risk for timely plant completion within cost projections are preferred. Proposals that minimize exposure to environmental risk or other potential liability, including expected or potential carbon control or mitigation costs, are preferred.
7. Impact on PSE's overall risk position	Proposals and combinations of proposals will be evaluated to determine the impact of the proposal(s) on PSE's overall risk position with respect to PSE's generation portfolio. Risk scenarios will include such factors as hydroelectric production variation, wind generation variability, fuel price volatility, carbon control costs, and power market price volatility. Additional risk scenarios will examine the correlation between fuel prices and power market prices, and alternative market price scenarios. Other considerations will include exposure to transmission congestion and costs. All other factors being equal, PSE prefers proposals that result in lower generation portfolio performance risk.

Evaluation Criteria	Description
8. Environmental and permitting risk	PSE's evaluation process will include an assessment of the following criteria: • status in acquiring needed permits • risk associated with future environmental regulation and taxes, including greenhouse gas emissions • compliance with regional RPS • compliance with regional generator performance standards and import standards
9. Respondent risk	PSE will consider information received in response to Part II of the RFP document and Exhibit B, sections 4, 5 and 6 in determining risk associated with the financial condition and performance of a respondent and any third parties relied upon by the respondent. Lower-risk respondents are preferred.
10. Ability to deliver as proposed	An important consideration in judging a respondent's ability to provide a commercially operable project in the time frame proposed is the experience and qualifications of the entire project team. PSE will use the information provided in response to Exhibit B, Section 8 to evaluate the respondent team for this criterion. PSE prefers providers with proven track records. Information submitted in response to Exhibit B, Section 9, which addresses project development status and schedule, will also be used to evaluate the respondent's ability to meet the proposed commercial operation date.

Evaluation Criteria	Description
11. Status of transmission rights	The ability to transmit power from the project site to one or more points on PSE's electric system is a requirement (particularly to points on its system at which the deliveries may be used to serve load with limited or no transmission congestion). PSE will use information provided in Exhibit B, Section 3 of the RFP, and, if necessary, the PowerWorld software tools, to assess whether and to what extent the required transmission will be available, and whether and to what extent the necessary transmission paths are constrained.
12. Managerial control	PSE prefers proposals that provide control of key elements of the value chain.
13. Security and control	Proposals that supply firm, fixed price fuel supply are preferred. Proposals that offer other methods of managing price volatility will be favorably considered. Proposals that supply firm energy and capacity are preferred.
14. Federal regulatory approvals	Proposals will be evaluated to determine the effect of any federal regulatory approvals that would result from accepting the proposal, including, but not limited to, requirements under Sections 203 and 205 of the Federal Power Act. Proposals that eliminate or minimize the effect of any such federal regulatory approval are preferred.

4 Public Benefits

Evaluation Criteria	Description
1. Environmental impacts	Proposals with lower environmental impacts are preferred. Environmental impacts refer to the full range of issues evaluated in an environmental impact statement (EIS) or environmental assessment (EA). PSE will consider information supplied in response to Exhibit B, sections 2 and 7 in its evaluation of the environmental impacts of a proposed acquisition.
2. Resource location	Proposed resources located such that they provide benefits to the regional and PSE transmission systems, or require minimal or no transmission upgrades are preferred. Proposals that are not dependent upon constrained transmission or fuel transportation paths are preferred. Proposed resources located within PSE's service territory are preferred.
3. Community impacts	Proposals that demonstrate support from public, local, state and federal government entities and Native American nations, if applicable, as well as other stakeholders, are preferred.

5 Strategic and Financial

Evaluation Criteria	Description
1. Capital structure impacts	PSE's quantitative analysis will impute the anticipated equity cost needed to offset any adverse effects on its capital structure associated with accounting requirements (e.g., FASB ASC 810) that may require PSE to consolidate the respondent's balance sheet. All else being equal, PSE prefers proposals that avoid risks associated with a requirement to consolidate a respondent's financials with PSE's financials (e.g., pursuant to FASB ASC 810). All else being equal, proposals are preferred that would not increase PSE's exposure to adverse impacts on its financial position (e.g., by requiring PSE to impute debt, to account for the transaction as a capital lease (e.g., under FASB ASC 840), to account for or report the transaction as a financial derivative transaction (e.g., pursuant to FASB ASC 815), by otherwise adversely affecting PSE's financial leverage, operating leverage, credit rating, cash flow, income statement or balance sheet, or by imposing credit requirements or increasing liquidity risk).
2. Future exposure to environmental regulations and/or taxes	Proposals for resources with lower potential exposure to future environmental regulations and/or taxes are preferred.

Evaluation Criteria	Description
3. Guarantees and security	PSE will consider the information provided in response to Exhibit B, Section 5 to determine whether it will require any additional guarantees or credit support pursuant to Part II, Section 6 of the RFP document. All else being equal, PSE prefers proposals that do not require PSE to post collateral. If posting collateral is required, PSE's quantitative analysis will include an estimated cost of credit for those proposals.

Proposal Requirements

Mutual Confidentiality Agreement

Two signed copies of the Mutual Confidentiality Agreement (Exhibit F) must be submitted by February 15, 2010, roughly two weeks prior to the proposal due date.

Market Power Purchase Agreements (non-unit contingent)

Given the time-sensitive nature of pricing Market Power Purchase Agreement (Market PPA) proposals, such proposals will be evaluated separately from other unit-contingent proposals.

Following the 2008 RFP evaluation process for Market PPAs, PSE recognized that it would be more efficient for all parties involved for the Company to identify the Market PPA structures that best fit its resource portfolio and to solicit offers for those structures, rather than ask respondents to prepare specific bids for a variety of possible structures. To address this, PSE will identify up to four structures for shorter-term Market PPAs during Phase 2 of the RFP. Also during Phase 2, the Company may seek indicative price quotes for these structures. PSE will ask pre-authorized bidders to submit bids for the specified structures during a live solicitation in summer 2010, following Phase 2 of the RFP. The date of the solicitation will be determined during the RFP process. PSE will choose a winner if the pricing evaluates attractively.

During the RFP process, PSE will provide interested bidders with PSE's required modifications to the ISDA and WSPP Agreements. To gain pre-approval to bid into the live solicitation, bidders must accept PSE's modifications to the agreements.

Bidders interested in submitting a market PPA proposal during the Phase 2 analysis should respond to PSE's 2010 RFP by submitting the Confidentiality Agreement by February 15, 2010. Bidders will also be required to complete sections one and two of the online Summary Data Form (Exhibit C) by March 2, 2010, by providing contact information and selecting "Market PPA" from the "Commercial Structure" drop down menu.

All Other Proposals

PSE requests that respondents submit their proposals in the following format. Proposals are due to PSE by 5:00 p.m., March 2, 2010.

1. Summary Data Form

Complete the Summary Data Form (Exhibit C) online at
http://www.pse.com/energyEnvironment/ energysupply/Pages/pse2010RFP.aspx.
Submit printed copies with your proposal.

2. Project Description

The proposal should include a detailed description of the project, including the project's features and all development work completed to date. Include the following information, as applicable, or indicate if requested information is not known.

Complete one of the following sections based on the type of resource proposed: hydroelectric power, thermal power, wind power, power generated from other renewables or emerging technologies, a REC-only product, or a transmission-only product.

For power generated from hydroelectricity:

Project Location and Size

- Identify the site where the project will be located. Provide a map showing the project area and neighboring parcels. Please provide maps that show anticipated layout of all project facilities, including all linear facilities such as generation tie lines and natural gas laterals. Also indicate the location of the transmission line with which the project will interconnect.
- Describe the project size (in acreage) and the land area controlled relative to project facilities. If the project can be expanded, describe the potential scope and conditions for additional development at the site.
- Provide a list of leases, easements, and/or other ownership documents demonstrating that the respondent has control of the intended project properties and the legal rights to construct, interconnect, operate and maintain the project as described throughout the life of the project.

Site Description

- Provide a description of the site, including flora and fauna, proximity to inhabited structures, proximity to areas that may be sensitive from an environmental, cultural, commercial, security and any other perspective.
- Include environmental factors such as the known or expected presence of protected, endangered or economically important fish and wildlife. Describe any existing fish passage facilities in place, fish protection programs, etc., if applicable.

Project Capability and Availability

- Provide the nameplate capacity and net capacity (in MW), new and clean, at ISO conditions. If the project can be expanded, describe the potential scope and conditions.
- Include the estimated annual unit availability, and any guaranteed minimum annual availability and level of production. Specify planned outage duration.
- In an Excel spreadsheet and graph, show the distribution of the expected annual and monthly output of the project (MWh), including heavy load hour and light load hour production.

Operating Limits

- Describe any known or likely flow constraints (such as minimum instream flows for fish, wildlife, aesthetics or other purposes) that would affect overall water availability or constrain facility operations (such as minimum turbine releases or ramping rates).
- Provide any existing or proposed procedures for, or limitations on, dispatching or displacing the project (or individual units, if applicable), on a prescheduled basis or in real time, throughout its full operating range, for economic reasons or for system reliability.
- Include a description of the automatic generation control (AGC) ramp rate (rate at which the unit responds to frequency changes while on control (MW/minute)), normal ramp rate (rate at which the unit can increase output while on manual control (MW/minute)), and emergency ramp rate (rate at which the unit can increase output only for emergency situations (MW/minute)).

Technical Specifications

- Provide the water exceedance curve.
- Include a statement as to the availability of water rights for the project and the nature of any potentially conflicting uses.
- Include the number, type and characteristics of proposed or existing turbines including efficiency curves; minimum, most efficient and maximum generation outputs; and the corresponding turbine discharges.
- Provide commissioning date of the units.
- Provide details of all applicable federal, state, and/or other licenses including water rights and operating licenses. Provide FERC license, exemption or settlement agreement.
- Provide an estimate of the average generation expected to be produced for at least a thirty- to fifty-year time period, including a spreadsheet showing the total expected generation by month, for each year of the time period.
- For the period of record cited above, include a hydrological record, observed or synthesized, showing the total daily average flows available each day and including flow duration curves for daily flows by month.
- For projects where a synthesized hydrological record has been used, please provide a description of the methodology used to create and calibrate the record. For projects where observed flow records are used, please provide the source of the information and a brief description of how the record was collected.
- For projects employing a reservoir, please provide a physical description of the reservoir and its expected operation. Indicate any known or anticipated constraints on water surface elevations and operation.

For power generated from thermal fuels:

Project Location and Size

- Identify the site where the project will be located. Provide a map detailing the layout of the project including neighboring parcels. Show also the anticipated placement of all project facilities, and the routes of all linear facilities. Include a map that identifies the location of the transmission line with which the project will interconnect.

- Describe the project size (in acreage) and the land area controlled relative to project facilities. If the project can be expanded, describe the potential scope and conditions for additional development at the site.
- Provide a list of leases, easements, and/or other ownership documents demonstrating that the respondent has control of the intended project properties and the legal rights to construct, interconnect, operate and maintain the project as described.

Site Description

Provide a description of the site, including flora and fauna, proximity to inhabited structures, proximity to areas that may be sensitive from an environmental, cultural, commercial, security and any other perspective.

Project Capability, Availability and Heat Rate

- Provide the nameplate capacity, duct firing (if applicable), and net capacity (in MW), new and clean, at ISO conditions. If the project can be expanded, describe the potential scope and conditions.
- Provide the net capability rating and net heat rates at full load, 90%, 80%, 75%, 50% and minimum sustainable load (if possible, attach a curve). Heat rates shall be plant electric heat rate and not adjusted for cogeneration, if applicable. If output will vary with ambient temperature, respondents shall specify the net capacities and net heat rates at average annual site conditions and 95°F, 80°F, 40°F, and 20°F. Include any "must run" information as appropriate. Separately state the heat rate(s) for duct firing, if applicable.
- Include the estimated annual unit availability, and any guaranteed minimum annual availability and level of production. Specify planned outage duration.
- In an Excel spreadsheet and graph, show the distribution of the expected annual and monthly output of the project (MWh), including heavy load hour and light load hour production.

Operating Limits

- Describe any limits imposed on the number of starts that may be performed per year or per unit of time, any limits on the number of hours that a unit may be operated per year or unit of time, and any minimum run times or ramp rates.

Regulatory constraints must also be stated, including operating constraints that are either implicitly or explicitly embedded in the permit application or final permit conditions.

- Provide any existing or proposed procedures for, or limitations on, dispatching or displacing the project (or individual units, if applicable), on a prescheduled basis or in real time, throughout its full operating range, for economic reasons or for system reliability.
- Provide start-up time for cold, warm, and hot starts including respondent's definition of those terms. Include, in tabular format, the ramp profile for each of these cases. Respondent shall also specify any specific costs and maintenance penalties associated with starting the unit.
- Include a description of the AGC[1] ramp rate (rate at which the unit responds to frequency changes while on control (MW/minute)), normal ramp rate (rate at which the unit can increase output while on manual control (MW/minute)), and emergency ramp rate (rate at which the unit can increase output only for emergency situations (MW/minute)). For combined cycle plants, provide the gas turbine ramp rate (MW/minute) and overall plant ramp rate (MW/minute).

Generation and Pollution Control Technology

- Specify the type of generation equipment and provide a description, including the manufacturers of major equipment, date of manufacture or age of major equipment, hours of operation and major maintenance performed for any previously owned/operated equipment.
- Include type of heat rejection equipment (cooling towers, ponds, etc.) and manufacturer, age, hours of operation and major maintenance, as applicable.
- Specify the type of pollution control equipment, manufacturer, age, hours of operation and major maintenance, as applicable.
- State the terms of warranties and/or guarantees on major equipment.
- Specify maintenance plans, extended purchase plans, major maintenance plans (MMP), long-term service agreements (LTSA) or other contracts. Include termination date, cost benefit of the plan/contract and early termination penalties.

[1] AGC is an acronym for automatic generation control.

Permitting

- Identify any required environmental siting permits, stormwater permits, wastewater disposal permits, air permits, or waste disposal permits.
- Describe source of process and/or cooling water; wastewater disposal plan, equipment and underlying contracts; or permits for wastewater services.
- Outline waste disposal plan, if applicable, and indicate underlying contracts or permits for waste disposal.
- Describe any permitting disputes with stakeholders or litigation.

Fuel Supply

For proposals dependent upon a fuel source such as natural gas, coal, biomass, or others, respondents may propose a long-term stable price and firm supply of fuel. Any proposal for fuel supply must be made in conjunction with a specific proposal that satisfies the criteria of this RFP (i.e., stand-alone or independent fuel supply proposals do not meet such criteria). Also, any fuel supply provisions should be optional, to be included at PSE's election during the proposal selection process. If the price is "indicative", then an explanation of how the price would move up or down during the process should be included in the proposal.

The proposal should specify the source and pricing of fuel to be supplied to the project including backup alternatives. Respondents should describe and document (including copies of applicable agreements) their fuel supply plan and the extent to which they propose to provide fuel, transportation and other fuel-related services, including physical and/or financial hedges. Alternatively, respondents may propose a variable cost payment or tolling fee in which PSE would be responsible for all fuel and fuel-related costs. With respect to fuel supply proposals, PSE's preference is for proposals that address its need for reliability, mitigation of fuel price risk, and flexibility for fully-dispatchable plant operations.

For proposals in which natural gas supply is acquired and managed by the respondent:

- Identify the maximum hourly and daily gas requirements of the plant at its rated capacity, with and without duct firing, if applicable.
- Identify the location of the proposed pipeline interconnection point and/or lateral.

- Provide a description of the pipeline interconnection, lateral facilities (size, length, capacity, etc.) and compression facilities.
- Provide an estimate of the costs of the pipeline interconnection, lateral facilities, and compression facilities.
- State whether such costs are included in the proposal price.
- Describe the supply plan (source, terms, pipeline route, etc.).
- Identify all pipeline capacity contracts that support the provision of firm transportation to the plant, including any extension options, if applicable.
- Identify all gas supply contracts that support the provision of firm gas to the plant. Provide copies of the contracts with any confidential information redacted.
- Identify the type and quantity of back-up fuel on site, if relevant.

For proposals in which natural gas supply is acquired and managed by PSE:

- Identify the maximum hourly and daily gas requirements of the plant at its rated capacity, with and without duct firing, if applicable.
- Identify the minimum and maximum gas pressure requirements at the plant inlet.
- Identify the location of the proposed pipeline interconnection and/or lateral.
- Provide a description of the interconnection and/or lateral facilities (size, length, capacity, etc.).
- Identify the minimum and maximum gas pressure commitments provided by the interconnecting pipeline at the interconnection facilities, and pressure requirement at the plant inlet.
- Provide an estimate of capital costs and annual operating costs of the pipeline interconnection and/or lateral facilities.
- State whether the costs of the pipeline interconnection and/or lateral facilities are included in the proposal price.
- State whether compression will be required at either the pipeline interconnection or the plant site, given the pipeline pressure commitments.
- Provide an estimate of compression capital and operating costs.
- State whether the costs of compression are included in the proposal price.
- Identify and describe all pipeline capacity contracts included in the proposal price, including any extension options, if applicable.
- Identify and describe all gas supply contracts included in the proposal price. Provide copies of the contracts with any confidential information redacted.

- Identify and describe any pipeline capacity contracts that are available through the respondent (but not included in the proposal price), and the pricing available for such contracts.
- Identify and describe any gas supply contracts that are available through the respondent (but not included in the proposal price), and the pricing available for such contracts.
- Identify and describe any gas supply pricing options available through the respondent or known by the respondent to be available through another party that, if exercised, would reduce the volatility of the gas supply pricing.
- Identify the type and quantity of back-up fuel on site, if relevant, and any special operational limits to the use of this fuel.

Emissions

Include estimates of emissions (air, liquid and solid wastes) in pounds per hour per pollutant and/or waste product at 100% load, and tons per year per pollutant and/or waste product at a specified capacity factor selected by the respondent. Any limits on emissions must be stated.

For each unit boiler or combustor (combustion turbine or reciprocating engine):

- ***In an Excel spreadsheet and graph,*** show the CO2 emissions rate distribution (lbs/MWh and lbs/MMBtu) at full load, 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20% and 10% capacity.
- Describe raw materials used in process.

    - Describe primary and secondary fuel type and consumption (mass flow rate/hr/day/year). Specify natural gas, propane, waste gas (landfill gas, sewage digester gas, process gas), gasoline, coal, coke, biomass, waste-derived fuel, syngas, kerosene (#1 fuel oil), diesel (#2 fuel oil), or residual fuel (#6 fuel oil).
    - Estimate how many million cubic feet of gaseous fuel or thousands of gallons of liquid fuel will be burned annually. Alternatively, specify how many billion British thermal units per year (Btu/yr).
    - Specify upper heating value or heat content of any gas or syngas burned (in British thermal units per million feet (Btu/million ft)).

- Include the chemical composition of any waste gas or process gas burned (%, ppmv). Specify the principle components in percent, and the trace constituents (H_2S, ammonia, hydrogen chloride, vinyl chloride, etc.) in parts per million by volume.

- Describe unit technologies and specific manufacturer-provided data:

  - List rated heat input (MMBtu/hr). The heat input is equal to the maximum fuel firing rate multiplied by the upper heating value of the fuel.
  - Specify the heat rate (Btu/kWh) and include the output (MW) at base and peak loads.
  - List stack exhaust flow rate (scf/min), exhaust temperature (F), exhaust stack height and diameter.
  - List make and model of unit. Specify the date when the boiler, combustor turbine or reciprocating engine was built by the manufacturer.
  - Describe the type of internal combustion engine. For turbines, specify the operating cycle (simple, regenerative, cogeneration or combined) and the type of combustor (annular, can-annular or silo). For reciprocating engines, specify the ignition system (compression or spark ignition), the air scavenging cycle (2-stroke or 4-stroke), the fuel delivery system (injection or carburetor), the air-to-fuel ratio (rich burn or lean burn), the total cubic inch displacement and the number of cylinders. For steam cycles, specify combustor type, operating temperature and pressure, steam flow rate, and any pre- or post-combustion emission control devices.
  - Describe preventive maintenance including, but not limited to, the periodic maintenance recommended by the manufacturer and its frequency.
  - Describe emission rates under different fuels and different run rates as appropriate. Estimate the emissions of each pollutant and include your calculations. Include all criteria pollutants (NOx, SO_2, CO, PM, VOC, CO_2) and any toxic air pollutants. Provide projected lbs/hr and parts per million (ppm) concentration (corrected to 15% Oxygen at ISO conditions); potential to emit at 8760 hours per year in tons per year. Emissions should be based on the manufacturer's warranties or measurements. For other pollutants, use emission factors from http://www.epa.gov/ttn/chief/ap42/index.html.

- Include Flow Diagram of Unit:

    - Flow diagram may be schematic. All equipment should be shown with existing equipment indicated as such.
    - Show flow diagram of process starting with all raw materials used.
    - If more than one process is involved to generate energy, show each process and where they merge.
    - Indicate all points in process where gaseous liquid or particulate pollutants are emitted.
    - Show pick-up and discharge points for handling or conveying equipment.

- Describe emission controls:

    - For all submittals, include type, manufacturer, technology methods, degree of redundancy or spares, pollutant removal rates or efficiencies (include pre- and post-emissions in ppm and lb/hr), emission rate guarantees by manufacturer, expected maintenance schedule and costs (including consumables).
    - For combustion turbines, specify if using water or steam injection, dry controls such as 2-stage lean/lean or 2-stage rich/lean combustors(DLN, DLE, SoLoNOx), or add-on controls such as selective catalytic reduction or other catalytic reduction systems (SCONOx, XONON).
    - For reciprocating engines, specify if using exhaust gas recirculation, ignition timing retard, pre-ignition combustion chambers, air-to-fuel ratio adjustments, engine derating, nonselective catalytic reduction (3-way catalyst), or selective catalytic reduction.

For power generated from wind:

Project Location and Size

- Identify the site where the project will be located. Provide a topographical map showing the location of key facilities. Show anticipated placement of all project facilities including turbines, substations, roads, transmission tie lines, collection systems, met towers and service buildings. Include a map that indicates the location of the transmission line with which the project will interconnect.

- Describe the project size (in acreage) and the land area controlled relative to the project facilities. If the project can be expanded, describe the potential scope and conditions for additional development at the site.
- Provide a list of leases, easements, and/or other ownership documents demonstrating that the respondent has control of the intended project properties and the legal rights to construct, interconnect, operate and maintain the project as described.

Site Description

Provide a description of the site, including flora and fauna, proximity to inhabited structures, proximity to areas that may be sensitive from an environmental, cultural, commercial, security and any other perspective.

Project Capability and Availability

- Provide nameplate capacity and number of wind turbine generators planned or installed on site. If the project can be expanded, please describe the potential scope and conditions.
- Include the estimated annual unit availability, and any guaranteed minimum annual availability and level of production. Specify planned outage duration.
- In an Excel spreadsheet and graph, show the distribution of the expected annual and monthly output of the project (MWh), including heavy load hour and light load hour production.
- As applicable, provide typical hourly energy production from the project for a one-year period in electronic format. This will be used to evaluate the hourly variability of the resource.

Operating Limits

- Describe any operating constraints that would be required by the interconnecting transmission organization.

Generation Technology

- Specify the type of generation equipment and provide a description, including the manufacturers of major equipment, date of manufacture or age of major

equipment, hours of operation and major maintenance performed for any previously owned/operated equipment.

- State the terms of warranties and/or guarantees on major equipment.
- Wind turbine supply

    - Indicate the preferred wind turbine vendor or vendors.
    - Describe the status of the turbine vendor review of site suitability.
    - Indicate the status of negotiations with the turbine vendor(s), including the date of the most recent pricing proposal and the date through which the vendor's proposal remains valid.
    - Describe the operations, maintenance, and warranty plans, and all associated costs.

- Provide the indicative site annual mean wind speed at hub height.
- Provide the projected average net output in MWh in an Excel 12x24 matrix (Exhibit D); that is, for each hour of each month, indicate the number of MWh expected to be generated in a typical hour.
- Provide in an Excel spreadsheet a representative year of energy production for each of 8760 hours of the MWh expected to be produced in each hour. The 8760 hours should be representative of the expected long-term behavior and, thus, be consistent with the 12x24 matrix.

Permitting

- Identify any required environmental siting permits, stormwater permits, wastewater disposal permits, air permits, or waste disposal permits.
- Describe source of process and/or cooling water, wastewater disposal plan, equipment and underlying contracts or permits for wastewater services.
- Outline waste disposal plan, if applicable, and indicate underlying contracts or permits for waste disposal.

Wind Resource Assessment

- Provide the location of all meteorological towers and instruments used for wind resource assessment and the locations of all turbines or proposed turbines on a site topographic map, and provide the corresponding coordinates.

- Provide a table illustrating the measurements made at each on-site anemometer. Include the parameters measured at each height, the date each mast was commissioned, the date each mast was decommissioned, the data recovery rate from each instrument, and the period of record used for the wind resource assessment.
- Describe the method for extrapolating wind data from anemometer measurement height to turbine hub-height, including wind shear values.
- Describe the method of estimating the long-term energy resource characteristics of the site. If an off-site, long-term record or other technique, such as a long-term numerical modeling study, is used for the adjustment, provide details of the long-term record (location, measurement configuration, period of record, data recovery rate) and correlation or other study method, and indicate the amount that such method raised or lowered an energy estimate based on on-site data alone.
- Provide a summary report of the energy estimate for the site, at P50 and P90 exceedance levels, developed either by independent meteorological consultant or using in-house analysis. If in-house resources are used, provide a summary of qualifications of the organization and résumé(s) of the analyst(s) performing such work, and identify the software application used to calculate the energy production at each turbine.
- Provide a table that quantifies the adjustment factors used to adjust a gross energy estimate to the net energy estimate. Include estimates for the following:

    - topographic adjustments
    - availability
    - substation and infrastructure maintenance and downtime
    - array (wake) losses
    - turbine performance including power curve adjustment, high wind hysteresis, turbulence and controls losses, etc.
    - electrical losses between the turbines and the point of project revenue metering, and specify clearly the point of metering (e.g., on the low side of the project transformer, or the point of interconnection with the transmission provider)
    - environmental losses including icing and blade soiling and degradation, weather losses, vegetation growth, etc.
    - curtailment including grid curtailment, wind sector management, etc.

- other losses

- Provide a summary of uncertainty analysis, if performed.
- In a table, a graph, and in Excel, provide an annual hub-height wind speed distribution in 0.5 m/s intervals. Such distribution should be consistent with the energy data supplied pursuant to the above requests.

For power generated from other renewable resources or emerging technologies:

Project Location and Size

- Identify the site where the project will be located. Provide a map showing the location of key facilities. Show anticipated placement of all project facilities. Include a map that identifies the location of the transmission line with which the project will interconnect.
- Describe the project size (in acreage) and the land area controlled relative to the project facilities. If the project can be expanded, describe the potential scope and conditions for additional development at the site.
- Provide a list of leases, easements, and/or other ownership documents which demonstrate that the respondent has control of the intended project properties and the legal rights to construct, interconnect, operate and maintain the project as described.

Site Description

Provide a description of the site, including flora and fauna, proximity to inhabited structures, proximity to areas that may be sensitive from an environmental, cultural, commercial, security and any other perspective.

Specifically, list all avian, mammal, human, and aquatic life affected by the project, and all measures or planned measures to mitigate or minimize the impact. List all generation restrictions associated with the same.

Project Capability, Availability and Heat Rate

- Provide the nameplate capacity and net capacity (in MW), new and clean, at ISO conditions. If the project can be expanded, describe the potential scope and conditions.
- If applicable, provide the net capability rating and net heat rates at full load, 90%, 80%, 75%, 50% and minimum sustainable load. If possible, attach a curve. If output will vary with ambient temperature, respondent shall specify the net capacities and net heat rates at average annual site conditions and 95°F, 80°F, 40°F, and 20°F. Include any "must run" information as appropriate.
- Include the estimated annual unit availability and any guaranteed minimum annual availability and level of production. Specify planned outage duration.
- In an Excel spreadsheet and graph, show the distribution of the expected annual and monthly output of the project (MWh) including heavy load hour and light load hour production.
- As applicable, provide typical hourly energy production from the project for a one-year period in electronic format. This will be used to evaluate the hourly variability of the resource.

For proposals that use Solar Energy:

- Provide the location of all solar data collection sites and the locations of all solar arrays on a site topographic map.
- Provide a description of proposed civil improvements and installation methods.
- Provide data on site wind speed, including maximum and planned design wind speed.
- Provide a table illustrating the irradiation measurements at each on-site location or location used for estimating project energy output. Include a description of the measurement technique and the technology used for the measurement.
- Describe the method used to estimate the long-term energy resource characteristics of the site. If an off-site, long-term record or other technique, such as a long-term numerical modeling study, is used for the adjustment, provide details of the correlation or other study method and indicate the amount that such method raised or lowered an energy estimate based on on-site data alone.
- Provide a summary report of the energy estimate for the site generated either by an independent meteorological consultant or using in-house analysis. If in-house

resources are used, provide a summary of the organization's qualifications and the résumé(s) of the analyst(s) performing the work.

- List the commissioning date and manufacturer's rated "expected life" of all equipment, including pumps, generators, switching mechanisms, etc.
- Provide details on degradation curves of performance. List all major maintenance milestones to be performed for optimal operation.
- Provide a table that quantifies the adjustment factors used to adjust a gross energy estimate to a net energy estimate. Include estimates for the following:

    - adjustment of on-site data to reflect a projected long-term resource
    - topographic adjustments
    - array losses
    - availability/maintenance outages

- Solar generation equipment supply

    - Identify the preferred vendor or vendors.
    - State whether equipment meets the made in Washington requirements for solar projects sited in Washington state.
    - Indicate the status of negotiations with the equipment vendor(s), including the date of the most recent pricing proposal and the date through which the vendor’s proposal remains valid.
    - Describe the operations, maintenance, and warranty plans and schedules, and the estimated costs.

- Installation, operations and maintenance

    - Identify the preferred vendor or vendors, and the costs for initial equipment installation.
    - Identify the preferred vendor or vendors for system commissioning.
    - Identify the preferred vendor or vendors, schedules and costs for operations and maintenance.

- Provide the projected average net output in MWh in an Excel 12x24 matrix (Exhibit D); that is, for each hour of each month, indicate the number of MWh expected to be generated in a typical hour.

- Provide a description of the method used to collect solar energy and the technologies used to convert it to electricity.

  For concentrating solar power (CSP) provide:

  - concentrating solar technology proposed (trough, dish/engine, power tower)
  - concentration ratio, including supporting calculations
  - a description of the power conversion unit
  - tracking system description
  - thermal storage technology, if appropriate, including size and medium
  - backup energy source, in the case of a hybrid system
  - array monitoring system
  - type and characteristics of heat transfer fluid

  For photovoltaic systems (PV) provide:

  - specification sheets for panels, mounting structures and inverter devices
  - a quantification of string output, number of panels, panel efficiency, panel mounting structures, etc.
  - a description of the array monitoring system
  - a description of electrical losses between the solar panels and the point of project revenue metering, as well as a clearly specified point of metering (e.g., on the low side of the project transformer, or the point of interconnection with the transmission provider)
  - a quantification of losses due to panel efficiency loss over the expected panel life

For proposals that use Solid Fuel:

- Provide a system description and drawings of the energy conversion process from solid fuel to electricity. Include all electrical components, including converters, inverters, transformers, etc.
- Provide data or efficiency calculations on conversion of fuel to electricity.
- Provide the following fuel specifications: fuel type, heat content, moisture content, sulfur content, ash content, ash fusion temperature and a description of any pre-use processing or conditioning required to make the fuel usable.

- Describe the type(s) and source(s) of the fuel. Is fuel source dependent on other contracts or purchasers?
- Describe the fuel procurement plan in terms of the percentage of total fuel that will be procured from the spot market versus total fuel that will be procured under a contract term of 5 or more years.
- Describe the fuel transportation/supply plan, including all railroad(s), truck routes, quantities and frequencies. Explain any highway or rail improvements that may be necessary to accommodate proposed transportation plan, such as paving, bridges, new rail spurs, etc., as well as plans for accomplishing such improvements.
- Identify all rail carriers and describe the status of any transport negotiations or agreements, including any known or anticipated freight rates.
- Describe any governmental approvals or permits required to complete fuel supply and transportation.
- List date or expected date of commissioning equipment and manufacturer's rated "expected life" for all equipment, including turbines, pumps, generators, switching mechanisms, etc.

For proposals that use Tidal Energy:

- Identify and provide the source of the tidal tables used as the basis for estimating the energy production at a given tidal energy location.
- Provide a general description of the project and the project area. Include environmental factors such as the known or expected presence of protected, endangered or economically important fish and wildlife. This should also include an evaluation of the bathymetry at the site.
- Include a statement as to the availability of a license from the Federal Energy Regulatory Commission (FERC) for this specific tidal energy location. Detail any license application steps that have been completed toward either a preliminary permit and/or a formal license application.
- Provide details on degradation curves of performance.
- List all major maintenance milestones to be performed for optimal operation.
- Include the number, type and characteristics of the proposed tidal energy turbines including their efficiency curves; the minimum, most efficient and maximum generation outputs; and the corresponding tidal velocities required to operate the tidal turbine in each of these modes.

- Provide an estimate of the average generation expected to be produced for at least a thirty- to fifty-year period. This must include a spreadsheet showing the total expected generation by month for each year of the time period.
- Include the tidal record, observed or synthesized, showing the total daily average tidal flows each day for the period of record cited above, and including flow duration curves for daily tidal flows by month for the period of the record.
- Describe any known or likely flow constraints (such as minimum tidal flows for fish, wildlife, aesthetics, environmental or other purposes) that would affect overall water availability or constrain facility operations.
- For projects where a synthesized tidal flow record has been used, please provide a description of the methodology used to create and calibrate the record. For projects where observed tidal flow records are used, please provide the source of the information and a brief description of how the record was collected.
- Identify the local electric service provider and the location of the interconnection to the existing utility grid. Describe the equipment required for interconnection and the steps by which an interconnection agreement shall be achieved.
- Describe required equipment monitoring and maintenance, including methods, schedules, costs and preferred vendors.
- Describe any environmental monitoring programs required by the license or to be proposed as part of the licensing process, including methods, schedules, costs and preferred vendors.
- Describe proposed installation technique(s) for equipment placement, including anchoring systems and designs.
- Identify the project permitting pathway, requirements, agencies and schedule.
- Indicate the preferred vendors for engineering, installation, and equipment maintenance.
- Provide the projected average net output in MWh an Excel 12x24 matrix (Exhibit D); that is, for each hour of each month, state the number of MWh expected to be generated in a typical hour.
- List the commissioning date or proposed commissioning date and manufacturer's rated "expected life" of all equipment, including turbines, pumps, generators, switching mechanisms, etc.

For proposals that use Wave Energy:

- Identify and provide the source of the information used to characterize the wave energy resource as the basis for estimating energy production at a given wave energy location.
- Include a statement as to the availability of a license from the Federal Energy Regulatory Commission (FERC) and/or the Materials Management Service (MMS) at this specific wave energy location. Detail any license application steps that have been completed toward either a preliminary permit and/or a formal license application.
- Include the number, type and characteristics of the proposed wave energy devices, including their efficiency curves; the minimum, most efficient and maximum generation outputs; and the corresponding wave spectrum required to operate the device in each of these modes.
- Provide details on degradation curves of performance.
- List all major maintenance milestones to be performed for optimal operation.
- Describe how the wave energy device operates to convert wave energy to electrical energy, the characteristic resonant frequency of the device to maximize energy conversion from the wave energy resource, and if the device can change this resonant frequency to match the naturally occurring changes in the wave energy spectrum.
- Provide an estimate of the average generation expected to be produced for at least a thirty- to fifty-year period. This must include a spreadsheet showing the total expected generation by month for each year of the time period.
- Include a record of wave data, observed or synthesized, showing the wave height and period measurements, the resulting “representative” wave (based upon this data), and the calculated wave spectrum for the given location.
- Describe any known or likely conditions that could impact the successful deployment of a commercial scale wave energy plant at this location. This may include competing uses of the location, such as shipping lanes, submarine cables and pipelines, ocean disposal sites, military exclusion areas, commercial and sport fishing grounds, environmentally sensitive areas and existing national parks or marine sanctuaries.
- For projects where synthesized wave records have been used, provide a description of the methodology used to create and calibrate the record. For

projects where observed wave records are used, provide the source of the information and a brief description of how the record was collected.

- Identify the local electric service provider and the location of interconnection to the existing utility grid. Describe the equipment required for interconnection and the steps by which an interconnection agreement shall be achieved.
- Describe required equipment monitoring and maintenance, including methods, schedules, costs and preferred vendors.
- Describe any environmental monitoring programs required by the license or to be proposed as part of the licensing process, including methods, schedules, costs and preferred vendors.
- Describe the proposed installation technique(s) for equipment placement, including anchoring systems and designs.
- Describe how system design and installation ensures survival of equipment in severe storm conditions.
- Identify the project permitting pathway, requirements, agencies, and schedule.
- Indicate the preferred vendors for engineering, installation, and equipment maintenance.
- Provide the projected average net output in MWh in an Excel 12x24 matrix (Exhibit D); that is, for each hour of each month, state the number of MWh expected to be generated in a typical hour.
- List commissioning date or an expected commissioning date and manufacturer's rated "expected life" of all equipment, including turbines, pumps, generators, switching mechanisms, etc.

For Proposals that use Geothermal Energy:

- Provide geothermal source description (natural steam, steam from water injection, etc.).
- Include steam flow measurements or calculations, including supporting documentation and/or software.
- Describe the project area, including any nearby areas potentially impacted (national parks or monuments).
- Provide a well development plan, including any access issues to the well sites.
- Provide a re-injection well plan, if appropriate.
- Describe the energy conversion technology, number and type of units, and specifications.

- Describe water and/or subsurface rights to resource.
- Geothermal generation equipment supply

    - Indicate the preferred vendor or vendors.
    - Indicate the status of negotiations with the equipment vendor(s), including the date of the most recent pricing proposal and the date through which the vendor's proposal remains valid.
    - Describe the operations, maintenance, and warranty plans, and the estimated costs.

- Provide the projected average net output in MWh in an Excel 12x24 matrix (Exhibit D); that is, for each hour of each month, state the number of MWh expected to be generated in a typical hour.
- Describe the method of estimating the long-term energy resource characteristics of the site. If an off-site, long-term record or other technique is used for the adjustment, such as a long-term numerical modeling study, provide details of the correlation or other study method and indicate the amount that such method raised or lowered an energy estimate based on on-site data alone.
- Provide a summary report of the energy estimate for the site generated either by an independent geotechnical consultant or in-house analysis. If in-house resources are used, provide a summary of the organization's qualifications and the résumé(s) of the analyst(s) performing the work.
- Provide the location of all geothermal data collection sites and the locations of all wells and generating equipment on a site topographic map.
- List commissioning date or expected commissioning date and manufacturer's rated "expected life" of all equipment, including turbines, pumps, generators, switching mechanisms, etc.
- Provide details on degradation curves of performance, both for the geothermal resource and mechanical systems.
- List all major maintenance milestones to be performed for optimal operation.

For a REC-only product:

Any proposal for a REC-only product should provide the following information:

- Product must meet the requirements of RCW 19.285 (the Energy Independence Act), which include but are not limited to the following:

- RECs must be sourced from a facility that meets the definition of an "eligible renewable resource" and that comes from a "renewable resource" as defined in RCW 19.285.
- The facility must commence operation after March 31, 1999. Alternatively, for incremental generation produced from hydroelectric projects as a result of efficiency improvements to units owned by a qualifying utility and located in the Pacific Northwest or to hydroelectric generation in irrigation pipes and canals located in the Pacific Northwest (where the additional generation in either case does not result in new water diversions or impoundments), such improvements must be completed after March 31, 1999.
- The facility must be located in the Pacific Northwest.
- REC-only product must comply with the definition of "renewable energy credit" in RCW 19.285.

- State whether the volume of RECs will be a fixed quantity or tied to the actual output of the facility. The minimum quantity that will be considered is 25,000 RECs per year.
- State the term for REC purchases offered in the proposal. PSE is interested in RECs produced from year 2011 and later.
- All RECs must be fully transferable to PSE, free from any rights of others.
- The provider will be responsible for covering all expenses associated with registering the eligible renewable resource with the Western Renewable Energy Generation Information System (WREGIS), or its successor, and in addition, the WREGIS certificate creation and transfer fees.
- Describe the source of the RECs, whether from market purchases and contracts or from owned or shared generation resources.
- Identify the facility(ies) from which the RECs will be sourced, including renewable resource type, commercial operation date, and facility location. Briefly describe the facility(ies), including how it meets the requirements of RCW 19.285.
- PSE is receptive to offers containing varying term lengths, quantities, and pricing options.

For a transmission-only product:

Any proposal for a firm point-to-point transmission-only product should provide the following information:

- transmission provider
- term of the transmission assignment
- point of delivery (POD) and point of receipt (POR)
- quantity
- term of the transmission assignment including start and stop dates
- price
- any ancillary service provisions

Additional requirements for all proposals with a transmission component are included in Section 3, Interconnection and Transmission.

3. Interconnection and Transmission

Planned Interconnection

Proposals should include a clear statement of the proposed interconnection point (IP), the name of the transmission provider, whether or not the proposal contemplates delivery to PSE, the proposed entity to manage control area responsibilities, and any agreements to self-supply some or all of the ancillary services. For the purposes of this RFP, the term "interconnection point" shall refer to the point at which the project is connected to the high voltage transmission system.

Proposals should also include all details of planned electrical interconnections including, but not limited to, the following information:

- interconnection requests along with submittal date and/or queue number
- feasibility studies
- system impact studies
- facility studies
- required upgrades
- interconnection and related agreement(s)
- list of affected systems
- potential alternatives to interconnection arrangements, if any
- information to identify persons at the interconnecting utility who may be contacted by the review team
- one-line diagram of the interconnection
- any ancillary service arrangements with an entity other than the transmission provider

Based on the identified interconnection point to the transmission system, discuss all related construction plans, status and schedule for any required interconnection facilities, network upgrades, affected system upgrades and distribution upgrades including:

- new lines and facilities
- line and facilities upgrades
- switchyards and substation work required to complete the interconnection
- metering and communications, both by the developer and the interconnecting utility

- easements, rights of way, or property controlled for any new transmission facility, etc., to interconnect the project

Include the status of control over required rights-of-way for any new interconnection facility/ transmission upgrade required. Include information about ownership and maintenance responsibility, and the availability of long-lead electrical equipment, such as transformers, that will be required to support the project. Metering information should include a detailed description of how the metering of actual project output shall be determined and how the metering configuration was included in the determination of project output.

Planned Transmission Services

Please provide the status of transmission service and ancillary services secured and/or requested by respondent including, but not limited to:

- transmission service requests and queue numbers
- any ancillary service arrangements with an entity other than transmission provider
- system impact studies
- facility studies
- expected availability of the transmission
- detailed cost estimates of transmission services with supporting detail
- loss factor from each transmission provider
- availability of credits against transmission costs from the transmission provider for the capital costs of upgrades
- information to identify representatives of the transmission provider who may be contacted by the review team concerning transmission arrangements

Also, include copies of any completed studies performed by and agreements signed with applicable transmission providers. Provide all other information/correspondence obtained from those transmission providers as a result of interconnection and transmission requests and discussions that have been held to date. In the absence of formal studies, any information available concerning transmission/interconnection availability, costs and reliability should be provided with as much supporting documentation as possible. All available information should be provided regarding whether and to what extent firm

transmission will be available, whether and to what extent the necessary transmission is subject to constraint, and the projected cost to relieve any transmission constraints.

For remote and long lead-time resources, which may require a long-term transmission solution, creative options may be proposed and will be considered. The developer may provide its own capital and transmission solution, or may work with PSE to determine how best to develop the needed transmission. Options could include participant funding to build transmission or the issuance of a separate RFP for transmission.

Delivery Points

PSE's acceptance of project energy and capacity delivery at the respondent-proposed interconnection point will depend, in part, on the project meeting all of the required interconnection standards. PSE prefers delivery to its system. Bonneville transmission requests that do not include delivery to PSE's system should ask for point of delivery (POD) on the BPA network.

In evaluating proposals that exclude delivery to PSE's system, PSE will assess the likelihood of acquiring adequate transmission rights and a quantification of the costs to deliver project output to its system.

4. Price

Generally

- Price proposals must specify by month fixed and variable payments, escalation rates to be applied, if any, and all other pricing information necessary for PSE to fully evaluate the proposal.
- PSE's current allowed regulatory return is 8.25%. Proposals will be evaluated based on the most current weighted average cost of capital at the time the evaluation phase begins.
- Respondents should be aware that the prototype ownership agreement term sheet for purchase of an interest in a project, the prototype gas tolling agreement term sheet and the prototype wind power purchase agreement term sheet (Exhibits H, I and J, respectively), as applicable, will be the basis for any potential Definitive Agreement with PSE.
- As an option, respondents are requested to provide a proposal that requires the respondent to fully assume the present and future costs of environmental mitigation required under existing or future local, state, or federal law. If provided, such proposal should specify the environmental risks that the respondent is assuming and the cost for assuming each one. Failure to provide such an alternative will not disqualify the respondent; however, if the respondent elects not to provide a proposal for assuming such risks, PSE requests that an explanation as to the reason be provided. Also, any such environmental risk provisions should be optional, to be included at PSE's election.

Power Purchase Agreements

For power purchase agreements (PPAs), respondents should provide the following information by month, at a minimum, as applicable.

- Provide a flat or escalating price per MWh for energy and environmental attributes produced.
- Include a fixed or escalating demand price in $/kW month, start charges in $/start, and contract heat rate, if applicable.
- State whether the price offer includes environmental attributes, operating reserves, and whether respondent assumes all environmental risk. If available as separate options, specify the price of each option.

- Include respondent's fixed annual or monthly payments associated with operation, maintenance and ownership costs.
- For project PPAs, state respondent's underlying fixed and variable cost of production.
- Propose a combination of the above or other suitable alternatives, as applicable.
- All other things being equal, PSE prefers a pricing structure that closely mirrors the actual cost structure of the project. In this way, the developer's and PSE's interests with respect to scheduling and dispatch would be aligned.
- In addition to project pricing, please provide a schedule of termination amounts, based on the year in which termination occurs for each contract year of the PPA based on the assumption that upon a notice of termination provided by PSE and PSE's exercise of such election, seller shall immediately transfer to PSE (i) all of seller's rights, title and interests in and to the project (including all project equipment), the permits, all rights of seller to real property included in or benefiting the site and (ii) all of seller's rights, title and interests in, to and under any agreements related to the project to which seller is a party.
- PPA price offers must be provided in an electronic Excel spreadsheet with formulas intact. Respondents must provide a separate Excel spreadsheet for each offer, if multiple offers are proposed.

Respondents should be aware that the quantitative cost screening of proposals received in response to the RFP will include costs associated with delivering the energy to PSE's system as well as the costs associated with financial and accounting regulations. An imputed debt component will be calculated for all PPAs pursuant to the methodology of Standard and Poor's rating agency, as described below:

Calculating Imputed Debt for PPAs

The debt rating agencies consider long-term take-or-pay and take-and-pay contracts debt-like in nature and have historically capitalized these obligations on a sliding scale known as a risk spectrum. Hence there is a cost associated with issuing equity to rebalance the Company's debt/equity ratio in response to imputed debt, if PSE is to maintain a current credit rating. Imputed debt in the Integrated Resource Plan and in the evaluation of responses to the RFP is calculated using a similar methodology to that applied by the Standard and Poor's ("S&P") rating agency. The calculation begins with the determination of the fixed obligations that are equal to the actual demand payments, if so defined

in the contract, or 50% of the expected total contract payments. This yearly fixed obligation is then multiplied by a risk factor. PSE's current contracts have a factor of 30% along the S&P risk spectrum. Imputed debt is the sum of the present value (using a 6.7% discount rate and a mid-year cash flow convention) of this risk-adjusted fixed obligation. The cost of imputed debt is the equity return on the amount of equity that would be required to offset the level of imputed debt to maintain the Company's capital and interest coverage ratios.

Sensitivity of Imputed Debt Cost

The cost impact of imputed debt on PPAs varies with the term of the contract, the proportion of the PPA associated with demand payment, and with the escalation of the PPA rate or demand payments. Assuming a flat, un-escalated PPA rate and PSE's allowed cost of capital, the imputed debt cost will increase the levelized cost of the PPA by approximately 1.4% on a 3-year PPA, 2.0% on a 5-year PPA, 3.5% on a 10-year PPA and 6.0% on a 20-year PPA.

PSE Ownership

For PSE ownership arrangements, respondents should address the following, as applicable:

- PSE purchases the development rights at completion of the development stage. Design, procurement and construction are the responsibility of PSE, with the possibility of a limited continuing role for the respondent.
- PSE purchases and operates the project outright at the date of commercial operation (respondent to provide training to PSE operating personnel).
- PSE and the respondent jointly develop and own the project.
- PSE purchases the project. Respondent retains principle responsibility for continued development and operation.
- PSE purchases the project at commercial operation. Respondent operates the project for a specified time period while providing training to PSE operating personnel.
- Propose a combination of the above or other alternatives, as applicable.
- As an option, respondents are requested to provide a proposal which requires respondent to fully assume the present and future costs of environmental mitigation required under existing or future local, state, or federal law. If provided, such proposal should specify the environmental risks that the respondent is

assuming and the cost for assuming each one. Failure to provide such an alternative will not disqualify the respondent; however, if the respondent elects not to provide a proposal for assuming such risks, PSE requests that an explanation as to the reason be provided. Also, any such environmental risk provisions should be optional, to be included at PSE's election.

REC-only Product

REC-only product proposals should address the following, as applicable:

- State the price per REC (1 REC is equivalent to 1 MWh of generation from an eligible renewable resource).
- PSE is receptive to offers containing varying term lengths, quantities, and pricing options.

5. Legal and Financial

At a minimum, the proposal should contain the following information:

- Describe the structure and status of project financing, the significant conditions on which the financing depends and the milestones that must be achieved to secure both construction and term financing (as required) to support the project schedule.
- Provide identification and contact information for all legal advisors, financial advisors and capital providers (debt and equity) for the project to the extent now known or anticipated.
- Describe the project structure and capitalization during development, construction and commercial operation phases. Describe all anticipated credit support arrangements and appropriate parental, subsidiary and venture relationships pertinent to the proposal.
- Describe any dependence on another entity (e.g., a fuel supplier or a steam host).
- Provide a deal diagram that shows all contractual parties, listed by their legal names, and their relationship with the project.
- Include commitment letters or letters of undertaking from corporations, investment bankers and/or commercial bankers indicating that the project has or is able to obtain the construction and permanent financing it will require. Describe any caveats and conditions to financing commitments that such parties may require.
- Describe the qualifications of such parties to provide, arrange or assist in obtaining necessary financing and credit support arrangements.
- Provide audited financial statements, if available, or if unavailable, provide unaudited financial statements for the most recent 12-month period for all entities, including affiliates involved in the proposed transaction and all entities that may provide credit support, credit enhancement, guarantees, or other security. This information is intended to provide an indication of the ability and willingness of the respondent to negotiate in good faith (and to cause its lenders and equity partners to do the same). The types of financial and control requirements PSE may require are listed in the Evaluation Criteria (Exhibit A).
- Clearly identify the respondent's investment advisor. Use of the term "financial advisor" or "investment advisor" in this RFP refers to third-party advisors, such as

investment bankers or others assisting the project developer in the placement of debt and/or equity financing. If a proposal is selected by PSE for further discussion and possible negotiation towards a Letter of Intent and potentially a Definitive Agreement, PSE will require that the investment advisor be available to meet and discuss with PSE all aspects of project financing.

- Include major project capital and operating expenses, and documentation to support the reasonableness of the projections discussed below. This should include an itemized budget with a breakdown of projected capital costs, operating and maintenance costs, all costs associated with site acquisition and improvement, permitting, project construction, testing and commissioning, compliance with environmental and other applicable regulations (federal, state and local), and security. Project costs must be provided in an electronic Excel spreadsheet with formulas intact (with detail generally in the form set forth in Exhibit E).
- Provide pro forma financial projections for both PSE ownership offers and PPAs showing the project cash flow, income statement, balance sheet, sources and uses of funds, construction draw schedule, and including all financing assumptions. PSE prefers a pricing structure that closely mirrors the actual cost structure of the project. In this way, the developer's and PSE's interests with respect to scheduling and dispatch would be aligned. At a minimum, the pro forma should include the following:

    - annual energy production and assumed revenue
    - annual operating expenses including turbine and balance-of-plant operations and maintenance costs, general and administrative (G&A) expenses, asset management fees, land leases, property taxes, insurance and other expenses
    - transmission and ancillary services costs, if any
    - debt service requirements
    - debt coverage ratios (highest year, lowest year, average)
    - depreciation (tax and book)
    - income taxes and tax credits
    - other taxes
    - working capital requirements
    - net income
    - book rate of return to average equity

- after tax unlevered internal rate of return to capital
- after tax levered internal rate of return to capital

The pro forma must be provided in an electronic Excel spreadsheet with formulas intact.

- Describe any pertinent legal issues, such as suits, disputes, administrative investigations or permitting issues.

6. Accounting Regulations

To evaluate the various accounting effects of a proposed power purchase agreement (PPA), PSE may require additional information from the respondent. A description of each of the accounting regulations and the required information is provided below.

Accounting for Variable Interest Entities

The FASB Accounting Standards Codification (the Codification) provides guidance on the identification of, and consolidated financial reporting for, variable interest entities. Entities proposing PPAs or power bridging agreements (PBAs) may be variable interest entities. Tolling arrangements may also fall under the consolidation requirements of the Codification, depending upon the power purchase term and the organizational structure of the responding entity. Pursuant to requirements regarding such consolidated financial reporting, respondents must provide their detailed financial information for determination of applicability. PSE will make a preliminary assessment as to whether or not the respondent's entity must be consolidated and the impact of consolidation on PSE's financial statements using the required information listed below**.**

Required Information to be Submitted with Offer

- Provide current ownership structure (by respondent entity along with respondent's ultimate parent).
- List all generation resources owned by respondent entity. Include location and ownership structure of each generation resource.
- State megawatt capacity of each generation resource owned by respondent entity and proportion of ownership.
- State megawatt capacity of the generation resources that would be sold to PSE.
- State remaining design life of generation resource proposed to PSE.
- Include information about all ownership and capitalization changes from respondent entity from inception to date.
- If respondent entity is a Partnership, LLP or LLC , provide information regarding activities of the respondent entity that resulted in any of the following from inception to date:
    - changes in entity’s governing documents or contractual arrangement which result in change in partner investment at risk

  - return of equity investment or some part thereof to the equity investors, and other interests becoming exposed to expected loss of the respondent entity
  - respondent entity undertaking additional business activities or acquiring additional assets

- Include 2008 annual and quarterly financial statements and notes of respondent entity.
- Include 2009 quarterly financial statements and notes of respondent entity.
- Provide a list of derivatives instruments and treatment on the current financial statements and a description of any intended derivative instruments as a result of the RFP by respondent entity.

Additional Compliance Information Required at Time of Contractual Agreement and Quarterly Thereafter until Termination:

- Describe the following obligations for the latest quarter:

  - on-balance-sheet obligations
  - gas purchase obligations
  - lease obligations and commitments
  - off-balance-sheet commitments
  - contingent obligations

- Provide all material contracts (or summaries, if the original contracts are not immediately available) in place since inception including side agreements, if any, but not limited to:

  - equity-related agreements
  - debt and other borrowing documents
  - material asset or stock acquisitions or dispositions

- Provide documents under which guarantees or indemnities have been provided, such as:

  - material supplier and customer contracts
  - related party contracts
  - documents related to material hedging activities

- contingent obligations and financial commitments
- leasing arrangements and off-balance sheet obligations
- management and outsourcing contracts

Accounting for Leases

The Codification found that arrangements or contracts that traditionally have not been viewed as leases may contain features that would require them to be accounted for as leases. Power supply agreements in which PSE has the right to control the use of the underlying property, plant or equipment may be considered to constitute a lease for accounting purposes and will require lease accounting. Such right to control is to be assessed with respect to, among other things, the amount of power PSE may purchase from the generating facility; PSE's right to operate or direct the operation of the underlying property, plant or equipment; PSE's right to control access to the underlying property, plant or equipment; and the relevant contract pricing structure. Each PPA and PBA offered in response to the RFP will be evaluated to determine the impact on reporting. A list of the information required from each respondent for the purpose of such evaluation is contained below.

Required Information to be Submitted with Offer

- Does PSE have the right to operate the underlying property, plant and equipment (PP&E) or direct others to operate the PP&E while obtaining or controlling more than a minor amount of the output or other utility of the PP&E?
- Does PSE have the right to control physical access to the PP&E while obtaining or controlling more than a minor amount of the output or other utility of the PP&E?
- State proportion of generation output to PSE and proportion to others during the term of the arrangement.
- Clarify offer terms to specify whether the price paid by PSE for the output is fixed or equal to current market price per unit of output at the time of delivery.

Accounting for Derivative Instruments and Hedging Activities

Established accounting and reporting standards for derivative contracts and hedging activities, defines derivative financial instruments very broadly and requires all derivative instruments not exempted from the statement to be recorded at "fair value" as either assets or liabilities in the company's financial statements.

The Codification additionally requires an energy marketing company to have the capacity to back a forward sales contract for normal purchase normal sale (NPNS) treatment, and evidence must be obtained which demonstrates that the seller has the available capacity either through direct ownership of a generating plant or by contract. For example, if the seller is a power broker which does not have access to a pool, the buyer would have to obtain evidence supporting a conclusion that the seller has access to capacity at or near the delivery point (e.g., a long-term power purchase contract or tolling agreement) to back the contract. Similarly, such evidence would have to be obtained if the seller or a sister company is a known owner of generation but the delivery point in the contract is a location that cannot be served by their owned capacity. Each PPA offered in response to the RFP will be evaluated to determine if there are any derivative/hedging impacts on reporting.

PSE recommends that respondents consult with their accounting professionals with respect to the above accounting guidelines.[2]

[2] FASB Pre-Codification Standards: http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1218220137031, FASB Accounting Standards Codification: http://asc.fasb.org/home

7. Environmental

Inspections, Orders and Suits

- Provide copies of any state/federal environmental inspection reports or audits from the last three (3) years.
- Provide a list of all notices of violations, non-compliance violations, environmental fines or penalties paid by the company during the last three (3) years.
- Provide a summary of any active enforcement orders, audits, notices of violations, consent decrees or other enforcement actions relating to environmental regulations, site cleanup or liability.

Air

- Provide copies of active air permits or permit applications (Title V, Acid Rain, etc.), and any corresponding statement of basis and/or technical support documents.
- Provide any annual emissions inventories, annual compliance certifications, semi-annual monitoring reports, etc. required under the Title V Air Operating Permit Program, as well as associated air permit reporting required by local or state agencies.
- Provide emissions data for the last three (3) years. Include emission rates under different fuels and different run rates and/or electrical generation loads, as appropriate.
- Indicate consent decrees, orders and/or agreements that are still in effect. Provide copies of these orders and related correspondence, including applications and design documents.
- List any reportable and non-reportable air incidents that have occurred in the last two (2) years, including correspondence describing the incident(s) and resolution(s).
- Has the facility been audited for compliance with new source review (NSR) and/or prevention of significant deterioration (PSD) compliance? If so, provide a copy of any relevant written audit results, or electronic or written correspondence between the facility and the auditing agency.

- Does the facility meet required operation and maintenance requirements for installed continuous emission monitoring system (CEMS), and is it following a compliance assurance monitoring plan? Provide associated documentation, including monitoring plans, quality assurance manuals, data acquisition and handling system (DAHS) Specification Manual, certification testing results and correspondence, etc.
- Has the facility undertaken an analysis of the impact of the Clean Air Mercury Rule (CAMR) on its operations? If so, provide a copy of this analysis.
- What are the facility's plans for implementation or adherence to the regional haze rule?
- What kind of operational changes are planned or contemplated at the facility that may increase production or emissions?
- Is the facility subject to the United States Environmental Protection Agency (USEPA) Acid Rain Program? Explain why or why not. If so, provide documentation of the history of SO_2 allowances held under this program.
- Is the facility subject to limits on greenhouse gas emissions or other greenhouse gas performance standards? If so, describe.

Solid Waste

- Provide a description of the solid wastes produced by the project and the disposal plan for these wastes. Include a copy of the permits for solid waste disposal. The plan should include estimated costs of the disposal, including transportation and tipping fees.

Wastewater and Stormwater

- Indicate the type of wastewater treatment system used by the facility.
- Provide a description of the wastewater disposal plan and include a copy of the permits for wastewater disposal, including any applicable Clean Water Act permits (NPDES or POTW) and/or underground injection permits, publicly owned treatment works (POTW) permits or authorizations, discharge to groundwater permits, underground injection permits or land application authorization. The plan should include the estimated costs of the wastewater disposal. Also include any discharge monitoring reports (DMRs) or violations of the permits.
- Provide a copy of the facility drainage routes for stormwater and wastewater.

- Provide a copy of any stormwater permits, associated fact sheets, applications, and discharge monitoring reports, along with the plans and manuals required by the permit(s) (solid waste disposal plan, stormwater pollution prevention plan (SWPPP), O&M manual, etc.).
- Provide a copy of any water rights.

Emergency Planning (CERCLA[3]/EPCRA[4])

- Provide the most recent Form R report (TRI report).
- Provide a copy of the most recent Tier I/II hazardous chemical inventory.
- Provide a copy of the facility's risk management plan (RMP) and indicate any changes to facility processes or operations that have changed conditions described in the RMP.

Spills and Spill Prevention Control and Countermeasures

- Provide a copy of the facility's spill prevention control and countermeasures (SPCC) plan and any other oil spill plans (including facility response plans) required under state or federal regulations.
- Provide a list of reportable spills at the facility or associated facilities during the past five (5) years. Indicate the status of any cleanup actions associated with those spills.
- Indicate the types of dikes and dike liners used for tank farm secondary containment areas.
- Provide copies of any drainage systems.

[3] CERCLA is an acronym for the Comprehensive Environmental Response, Compensation and Liability Act.
[4] EPCRA is an acronym for the Emergency Planning and Community Right to Know Act.

Environmental Siting, Land-Use and Construction

- Provide a copy of any final or draft environmental impact study (DEIS), environmental assessment or environmental checklist related to the project.
- Provide a copy of any local (county or city) land-use permit (such as a conditional use permit or development agreement) and application.
- Provide a copy of any energy facility site evaluation council (EFSEC) site certification and application.
- Provide a copy of any federal permit and application related to project siting or construction (such as a special use permit or a Clean Water Act permit) and application.
- Provide copies of all wildlife and other environmental studies, assessments or reports related to the site or project.
- Provide copies of any other permits or other governmental approvals and applications or requests related to project siting or construction.
- Provide copies of any wetland delineations or biological assessments performed at the site.

8. Experience and Qualifications of the Project Team

The proposal should contain the following minimum information indicating the qualifications of the proposed project team to implement and execute a proposal in response to this RFP.

- Identify the organizations (including organization charts) and key personnel responsible for implementing the project. Include the project manager, his/her tenure and scope of responsibility.
- Provide a legal entity organization chart.
- Identify all existing projects owned, developed and/or operated by the respondent.
- Identify the personnel or organizations responsible for the following activities:
    - energy resource assessment and projections
    - project financing
    - design, engineering, procurement and construction specifications
    - interconnection and substation design
    - environmental assessments
    - environmental management, including a management organizational chart for the facility's environmental functions and the name of the environmental manager for the facility (If project uses consultants to supplement environmental staffing, specify their responsibilities.)
    - land use and zoning approval
    - permits and related approvals
    - regulatory compliance
    - construction and commissioning
    - risk management and insurance
    - asset management and operations
    - maintenance
- Provide a brief description of the relevant experience of key personnel and organizations for their responsibility area listed above.
- Include contacts and references (name, title, address, telephone, e-mail and fax numbers), who are knowledgeable about the previous project experience of the key project participants.

9. Development Status and Schedule

The proposal should provide the following information concerning the status of project development activity.

Schedule

Provide, in a format such as a Gantt chart, the most accurate schedule estimates available on the various project activities covering the period from the initiation of development activities through the project's proposed commercial operation date. Include a schedule item for each significant activity including:

- project development
- permitting
- interconnection
- engineering
- construction
- startup
- testing
- commissioning

Include any additional timelines applicable to the project that will demonstrate its status and plans.

Indicate all actions taken to ensure the schedule is met (such as placing orders for equipment with long lead times) and potential opportunities to improve the schedule.

Site Control

Provide documentation demonstrating all necessary site control needed to construct, interconnect and operate the facility. Examples of required documentation include copies of deeds, leases, easements, options, water rights or other such documents, as applicable, that evidence ownership and control of the existing or proposed project site. Include any easements necessary to transmit generated power to the point of interconnection. Provide a copy of a current title report as well as scaleable maps of the project site and any easement corridor(s).

Environmental Siting (for projects under development)

Discuss known environmental issues relative to the development and operation of the project, including impacts to air, water, flora and fauna, energy and natural resources, environmental health, shoreline use, housing, aesthetics, recreation, historic and cultural preservation, transportation, public service and utilities. Describe measures that will be taken to mitigate all impacts of the project.

Provide copies of all wildlife or other environmental studies and assessments that have been performed related to the site and the project (including, but not limited to, wildlife monitoring reports, biological assessments, environmental assessments, environmental impact statements, environmental media sampling reports (air, soil or groundwater)). Describe methodologies for such studies and identify the person(s) or firm(s) who conducted and completed the work. If such studies are planned or in progress, describe the scope and schedule for completion, identify the person(s) or firm(s) performing the studies, and identify the methodologies to be employed. Describe measures that have or will be taken to mitigate all impacts of the project.

Discuss plans to engage community and environmental stakeholders to support the proposed project or existing projects. Discuss ongoing community relations and environmental stakeholder relations.

Identify and provide copies of all project permits and any other government approvals or authorizations required to build and operate the project, as well as all permit or other government approval applications and requests. Discuss the current status of applications and proceedings, the schedule and the approach to be used to obtain necessary permits and approvals. For existing projects, also discuss any permits that will be up for renewal in the next five (5) years. Outline the process planned to involve local residents and other affected parties in the planning and/or permitting process or the permit renewal process.

Permits

Identify and provide copies of all project permits and applications with special emphasis on the key discretionary permits (such as a conditional use permit, site certificate and major air, wastewater and/or waste permits) required to build and operate the project. Discuss the current status of applications and proceedings, the schedule for obtaining or renewing key permits and approvals, and the approach to be used.

Outline the process planned to involve local residents and other affected parties in the planning and/or permitting process.

If the project is located in an area that is ceded land, may have been historically used by a Native American tribe, or if the project may impact tribal interests, describe any contacts that have been made with the tribe (include names and phone numbers) or plans to consult the tribe regarding the project.

Construction

Describe arrangements and commitments (contracts, letters of intent, memoranda of understanding) that have been made, if any, for the construction of the project.

Describe the contractual structure (including any existing agreements or forms of agreement) proposed for project design, procurement, and construction (e.g., turnkey; engineering, procurement and construction (EPC); multiple lump-sum purchase, etc.). For any approach other than turnkey, provide information on the organization and individual responsible for project management during this phase. If construction is completed, identify all open warranty issues.

Testing

Summarize the testing to be conducted prior to acceptance of equipment from the manufacturer and completion of the project, and the testing to be conducted prior to commercial operation of the project. Possible tests should include, without limitation, power performance, SCADA[5] acceptance, distribution system acceptance, emission and others that demonstrate performance of the project and associated facilities in accordance with applicable laws, regulations, permits and any applicable power purchase agreements.

[5] SCADA is an acronym for supervisory control and data acquisition, referring to the electronic system that collects, manages and controls data at the facility.

Operation and Maintenance

The proposal should clearly describe the operations and maintenance plan for the project including the identity of the entities or persons responsible for key activities; a list of initial spares and their value; procedures to assure the availability of spares and other operations; maintenance and logistics issues, including whether a long-term service agreement is contemplated and, if so, the principal commercial terms associated with such an agreement.

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EXHIBIT C. SUMMARY DATA

INSTRUCTIONS

Please fill out this form as completely as possible. There are 14 sections covered in 8 form pages. Refer to the table below to determine which sections are necessary for your proposal type.

Section(s)	Commercial Structure types
1 – General Information 2 – Proposed Commercial Arrangement	All (This page of the form must be completed first)
3 – Project Information	Asset Purchase Development Asset Purchase Project PPA Tolling PPA REC-only
4 – Technical Information	Asset Purchase Development Asset Purchase Project PPA Tolling PPA
*5 – Generation Information *6 – Capacity Information	Asset Purchase Development Asset Purchase Project PPA Tolling PPA
*7 – Fuel Supply	Asset Purchase Development Asset Purchase Project PPA Tolling PPA
8 – Interconnection and Transmission	Asset Purchase Development Asset Purchase Project PPA Tolling PPA Exchange Transmission-only
9 – Capital Cost Summary	Asset Purchase Development Asset Purchase
10 – Pricing and Delivery	Project PPA Tolling PPA Exchange REC-only Transmission-only

** Data from these pages are combined into one summary report.

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EXHIBIT C. SUMMARY DATA

SECTION 1 – GENERAL INFORMATION

Is the respondent a subsidiary or affiliate of PSE? (as defined in the All-Source RFP, in Section II.3 under *Information Requested from Respondents*)*

PRIMARY CONTACT

CONTACT NAME*	CONTACT TITLE*	
NAME OF COMPANY*		
MAILING ADDRESS*	CITY*	
STATE / PROVINCE* UNITED STATES ☐ :	CANADA ☐ BC	ZIP*
BUSINESS PHONE*	CELL PHONE	
E-MAIL*		

ALTERNATE CONTACT

CONTACT NAME	CONTACT TITLE	
NAME OF COMPANY		
MAILING ADDRESS	CITY	
STATE / PROVINCE UNITED STATES ☐ :	CANADA ☐ BC	ZIP
BUSINESS PHONE	CELL PHONE	
E-MAIL		

SECTION 2 – PROPOSED COMMERCIAL ARRANGEMENT

COMMERCIAL STRUCTURE*

- ☐ ASSET PURCHASE
- ☐ DEVELOPMENT ASSET PURCHASE
- ☐ PROJECT – PPA
- ☐ MARKET – PPA – NON-UNIT CONTINGENT
- ☐ TOLLING PPA
- ☐ EXCHANGE AGREEMENT – TEMPORAL
- ☐ REC ONLY
- ☐ TRANSMISSION ONLY

BRIEFLY DESCRIBE OFFER*

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EXHIBIT C. SUMMARY DATA

SECTION 3 – PROJECT INFORMATION

PROJECT NAME*

LOCATION – CITY* | COUNTY*

STATE / PROVINCE* | ZIP*

UNITED STATES ☐ : | CANADA ☐ BC

OWNERS(S) *

DEVELOPER(S) *

PROJECT STATUS*

☐ CONSTRUCTION ☐ DEVELOPMENT ☐ OPERATING

PROJECT NAMEPLATE CAPACITY | MW

CONSTRUCTION START DATE (IF APPLICABLE) | COMMERCIAL OPERATION DATE

Note: Start and end dates will be entered in Section 10 (Pricing and Delivery) as applicable..

SECTION 4 – TECHNICAL INFORMATION

PROPOSAL TECHNOLOGY TYPE

☐ BIOMASS	☐ IGCC	☐ SOLAR – CSP
☐ COAL	☐ GAS TURBINE – CCCT	☐ SOLAR – PV
☐ HYDRO – RUN-OF-RIVER	☐ GAS TURBINE – SCCT	☐ WIND
☐ HYDRO – TIDAL	☐ GAS TURBINE – OTHER, SPECIFY BELOW	☐ OTHER – DESCRIBE BELOW
☐ HYDRO – WAVE	☐ GEOTHERMAL	

DESCRIPTION OF OTHER

NOMINAL PRIME MOVER / TURBINE GENERATOR

*If a CCCT, enter gas turbine information on line **a.**, steam turbine information on line **b.**,and duct firing in incremental section below.*

	MAKE	MODEL	NUMBER OF UNITS	MW / UNIT**
a.				MW
b.				MW

***Nominal capacity of generation source**, new and clean at ISO conditions or specify temperature and elevation below, if applicable.*

ISO conditions? ☐ YES; IF NO:	○F	feet	
***Nominal heat rate,** new and clean at ISO conditions or specify temperature and elevation below, if applicable.*			Btu / KwH (HHV)
ISO conditions? ☐ YES; IF NO:	○F	feet	
If Hydro, efficiency at best gate	%		

INCREMENTAL PRIME MOVER

MAKE	MODEL	NUMBER OF UNITS

***Incremental capacity (e.g., duct fire),** new and clean at ISO conditions or specify temperature and elevation below, if applicable.*			MW
ISO conditions? ☐ YES; IF NO:	○F	feet	
***Incremental heat rate,** new and clean at ISO conditions or specify temperature and elevation below, if applicable.*			Btu / KwH (HHV)
ISO conditions? ☐ YES; IF NO:	○F	feet	

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EXHIBIT C. SUMMARY DATA

SECTION 5 – GENERATION INFORMATION

FACILITY INFORMATION

Estimated annual generation	MWh	***Net capacity factor***	%
Expected annual forced outage rate *(forced outages and planned maintenance)*			%
Expected average annual planned maintenance requirements			days per year

MONTHLY GENERATION AFTER SCHEDULED MAINTENANCE

Download the Excel spreadsheet to document monthly generation and projected monthly planned maintenance outages. Please submit this spreadsheet as part of your printed and electronic (CD) proposal submission.

SECTION 6 – CAPACITY INFORMATION

START UP TIME FOR HOT, WARM AND COLD STARTS (HOURS):

HOT	WARM	COLD
Minimum online time (hours)	***Minimum online time (hours)***	

If Hydro, synchronus condense operation (seconds)	
If Hydro, turbine startup time from standstill to full load (minutes)	
If applicable, minimum operating load allowable by permits	MW

Ten minute start capability? ☐ YES ☐ NO

TEN MINUTE START AND EMISSION RATES

Download the Excel spreadsheet to document monthly generation and projected monthly planned maintenance outages. **Please submit this spreadsheet as part of your printed and electronic (CD) proposal submission.**

SECTION 7 – FUEL SUPPLY

FUEL REQUIREMENTS AT NOMINAL CAPACITY

Select unit of measurement

☐ cf/s ☐ feet (head) ☐ MMBtu / hr ☐ MMBtu / lb

ISO conditions? ☐ YES; IF NO:		○F	feet

FUEL TYPE

Primary

☐ BIOMASS – WOOD	☐ GEOTHERMAL	☐ TIDAL
☐ BIOMASS – OTHER	☐ HYDRO	☐ WAVE
☐ COAL	☐ NATURAL GAS	☐ WIND
☐ DIESEL	☐ SOLAR	☐ OTHER – SPECIFY BELOW

SPECIFY PRIMARY OTHER

Backup, if any

☐ BIOMASS – WOOD	☐ GEOTHERMAL	☐ TIDAL
☐ BIOMASS – OTHER	☐ HYDRO	☐ WAVE
☐ COAL	☐ NATURAL GAS	☐ WIND
☐ DIESEL	☐ SOLAR	☐ OTHER – SPECIFY BELOW

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EXHIBIT C. SUMMARY DATA

SPECIFY BACKUP OTHER

FUEL TRANSPORTATION

Primary

☐ PIPELINE ☐ TRUCK ☐ FLUME
☐ RAIL ☐ PENSTOCK ☐ OTHER – SPECIFY BELOW

DESCRIBE PRIMARY OTHER

Backup, if any

☐ PIPELINE ☐ TRUCK ☐ FLUME
☐ RAIL ☐ PENSTOCK ☐ OTHER – SPECIFY BELOW

DESCRIBE BACKUP OTHER

Transportation secured? ☐ YES ☐ NO *Specify % secured:* %

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EXHIBIT C. SUMMARY DATA

SECTION 8 – INTERCONNECTION AND TRANSMISSION

Transmission secured? ☐ YES ☐ NO	*If no, provide interconnection and transmission request queue numbers below.*
DATE TRANSMISSION SERVICE BEGINS	CAPACITY OF TRANSMISSION MW

Point of interconnection

Point of receipt (if different from interconnection)

Point of delivery

☐ BELLINGHAM SUBSTATION	☐ C.W. PAUL SUBSTATION	☐ NW MARKET HUB (MID-COLUMBIA)
☐ BEVERLY PARK SUBSTATION	☐ FAIRMONT SUBSTATION	☐ OLYMPIA SUBSTATION
☐ CHRISTOPHER TAP	☐ KITSAP SUBSTATION	☐ SEDRO WOOLEY TAP
☐ COVINGTON SUBSTATION	☐ MAPLE VALLEY SUBSTATION	☐ WHITE RIVER SUBSTATION
☐ CUSTER SUBSTATION	☐ MONROE SUBSTATION	☐ OTHER

IF OTHER, SPECIFY

TRANSMISSION PROVIDER(S)

INTERCONNECTING UTILITY

DATE OF LGIA, SIGNING OR EXPECTED SIGNING	EXPECTED DATE OF INTERCONNECTION CAPITALIZATION

Transmission and interconnection studies available? ☐ YES ☐ NO

SECTION 9 – CAPITAL COST SUMMARY

CAPITAL COSTS (TOTAL $)

In USD$; specify valuation year

☐ 2010 $ ☐ 2011 $ ☐ 2012 $ ☐ 2013 $ ☐ 2014 $ ☐ 2015 $

Asset Purchase (for existing Plant in Service)	$
Development assets purchase price	$
Total Capital Cost to Project Build-Out (excludes development assets)	$

SECTION 10 – PRICING AND DELIVERY

REC-ONLY OFFER

APPROXIMATE START DATE	APPROXIMATE END DATE
PRICE PER REC	QUANTITY OF RECS PER YEAR

FIXED VOLUME OR ACTUAL OUTPUT (QUANTITY MUST BE 25,000 RECS PER YEAR OR MORE)

☐ FIXED ☐ AS PRODUCED$

TRANSMISSION-ONLY OFFER (COMPLETE THE DELIVERY SCHEDULE BELOW)

START DATE	END DATE
PRICE $ perw ☐ kw / month ☐ kw / year	CAPACITY MW

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EXHIBIT C. SUMMARY DATA

TEMPORAL EXCHANGE OFFER (COMPLETE THE DELIVERY SCHEDULE BELOW)	
CONTRACT START DATE	CONTRACT END DATE
Delivery to PSE:	
START DATE	END DATE
PSE returns energy:	
START DATE	END DATE
ENERGY MWh	PRICE $ per MWh
PRICE INCLUDES (CHECK ALL THAT APPLY) ☐ OPERATING RESERVES ☐ EMISSION COSTS ☐ TRANSMISSION TO PSE SYSTEM	
PPA OR TOLLING OFFER (COMPLETE THE DELIVERY SCHEDULE BELOW)	
START DATE	END DATE
PRICE $ per MWh	DELIVERY PERIOD ☐ kw / month ☐ kw / year
DESCRIBE OTHER	
CONTRACT CAPACITY MW	
Price includes (check all that apply)	
☐ Enviromental attributes ☐ Operating reserves	☐ Emission costs ☐ Transmission to PSE system
☐ Seller will provide all scheduling for the wind project.	☐ Seller will be responsible for all wind integration costs for the project.
☐ Seller will be responsible for all balancing charges for the project.	☐ PSE will recompense seller only for those curtailments requested by PSE. PSE will not recompense seller for any other curtailment of the project ordered by the interconnecting transmission provider.
DELIVERY SCHEDULE	
Annual delivery; or select months of deleivery below:	
☐ January ☐ February	☐ March ☐ April
☐ May ☐ June	☐ July ☐ August
☐ September ☐ October	☐ November ☐ December

2010 All Source RFP • Exhibit D

Energy Delivery

Project	
Net Project Capacity (MW)	
Annual Generation (MWh)	

	Project Megawatt Hours (MWh) in AC											
Hour Ending	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
21													
22													
23													
24													
Total													

Project Capital Cost

Project Buildout Capital Costs (as applicable) *How firm are these costs?*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	.....	Last Year
Land Acquisition															
Engineering															
Permitting															
Development Fees															
Other Development Costs															
Generation Facility															
O&M Building															
Project Substation															
Generation Equipment:															
Wind Turbines															
Solar Array(s)															
Combustion Turbine / Generator															
Steam Turbine															
Spare Parts															
Pipeline Build-out															
Environmental Management / Containment															
Remaining Balance of Plant Construction															
Other (Taxes, Insurance, Etc)															
Contingency															
Initial Working Capital															
Start Up Power Credit: Sales of Test Power															
Ongoing Capital Costs During Project Operation (as applicable)															
Incremental Capital Needs *(Please list)*															
Major Maintenance															
Combustion Inspection															
Hot Gas Path															
Turbine Refurbishments															
Plant Upgrades															

Operating Costs

Generation Statistics *(as applicable per resource type)*		*How firm are these costs?*	*Year 1*	*Year 2*	*Year 3*
Nameplate Capacity (same as form)	MW				
Forced Outage Rate	%				
Planned Outage Rate	%				
Annual Availability Factor	%				
Net Capacity Factor	%				
Net Annual Generation (AC)	GWh				
Fixed Operating Expenses *(as applicable per resource type)*					
O&M - General	$/kW-yr				
Transmission - Electric to Point of Delivery	$/kW-yr				
Insurance	$				
Property Tax	$				
Asset Management Fee	$				
Environmental Monitoring	$				
Outside Services	$				
Other	$				
Fuel:					
Primary Fuel Source	$/kW-yr				
Secondary Fuel Source	$/kW-yr				
Primary Fuel Transportation	$/kW-yr				
Secondary Fuel Transportation	$/kW-yr				
Service Agreements:					
Agreement	$/kW-yr				
Remaining Plant O&M - Service Agreement	$/kW-yr				
Capacity Payment	$/kW-yr				
Water / Wastewater Treatment	$/kW-yr				
Spare Parts	$/kW-yr				
Parasitic Power	MWh / yr				
Permit Requirements	$				
O&M Service Agreement - Wind	Total $				
Development Fee	$				
Land Leases	$				
Variable Operating Expense *(as applicable per resource type)*					
O&M - General	$ / MWh				
Transmission - Electric to Point of Delivery	$ / MWh				
Fuel:					
Primary Fuel Transportation	$ / MMBtu				
Secondary Fuel Transportation	$ / MMBtu				
Service Agreements:					
Agreement	$ / MWh or $/FFH				
Remaining Plant O&M - Service Agreement	$ / MWh or $/FFH				
Chemicals	$ / MWh				
Production Payments to Developer	$ / MWh				
Landowner Royalties	$ / MWh				
Fuel Cost Per Unit	$ / Bone Dry Ton				
Emissions Cost	$ / MWh				

Capital Structure

	% of Total	$ 000	Rate	Term
Construction Financing ($ in thousands):				
Senior Debt	-	-	-	-
Equity	-	-	-	-
Total Project Cost	-	-	-	-
Permanent Financing ($ in thousands):				
Senior Debt	-	-	-	-
Equity	-	-	-	-
Total Project Cost	-	-	-	-

Mutual Confidentiality Agreement

This Agreement, dated as of _____, 2010, is entered into between Puget Sound Energy, Inc. ("PSE") and _____ ("_____"). PSE and _____ are sometimes referred to in this Agreement as "Party," and collectively as "Parties."

1. The Parties intend to enter into discussions regarding one or more potential transactions between the Parties involving the acquisition of electrical generation output or an interest in power generation facilities in _____ (or both). In the course of these discussions, each Party may disclose Confidential Information to the other. For the purposes of this Agreement, "Confidential Information" means any information or data disclosed in connection with such discussions in any form or media whatsoever by either Party (the "Disclosing Party") to the other Party (the "Receiving Party") which (a) if in tangible form, or other media that can be converted to readable form, is clearly and conspicuously marked as proprietary, confidential or private on each page thereof when disclosed; or (b) if oral or visual, is identified in writing as proprietary, confidential or private at the same time it is disclosed. "Confidential Information" includes all originals, copies, notes, correspondence, conversations and other manifestations, derivations and analysis of the foregoing.

2. Confidential Information shall not include information that (a) is or becomes generally available to the public other than by reason of the Receiving Party's breach of this Agreement; (b) the Receiving Party can reasonably demonstrate (i) was known by the Receiving Party, prior to its disclosure by the Disclosing Party, without any obligation to hold it in confidence, (ii) is received from a third party free to disclose such information without restriction, (iii) is independently developed by the Receiving Party without the use of Confidential Information of the Disclosing Party; (c) is approved for release by written authorization of the Disclosing Party, but only to the extent of such authorization; or (d) is related to the transmission of power, including but not limited to, any information which must be disclosed to the transmission function of a Party as part of any transmission request or information exchange that is required to be made public pursuant to Federal Energy Regulatory Commission or other governmental rules and regulations. Notwithstanding anything to the contrary set forth in this Agreement, the Receiving Party shall not be obligated to keep confidential any Confidential Information that (A) is required

by law or regulation to be disclosed (including, without limitation, any summary or ranking of any proposal by the Disclosing Party constituting Confidential Information that PSE is required by law or regulation to make available to the public), but only to the extent and for the purposes of such required disclosure or (B) is disclosed in response to a valid order or request of a court or other governmental authority having jurisdiction or in pursuance of any procedures for discovery or information gathering in any proceeding before any such court or governmental authority, but only to the extent of and for the purposes of such order, provided that the Receiving Party, who is subject to such order or discovery, gives the Disclosing Party reasonable advance notice (e.g., so as to afford the Disclosing Party an opportunity to appear, object and obtain a protective order or other appropriate relief regarding such disclosure). The Receiving Party, who is subject to such order or discovery, shall, at the Disclosing Party's expense, use reasonable efforts to assist the Disclosing Party's efforts to obtain a protective order or other appropriate relief; provided, that the Disclosing Party acknowledges and agrees that the Receiving Party shall have no obligation or responsibility to appear before, or to make any showing to, any court or any other governmental authority in connection with protecting any Confidential Information from disclosure by such court or governmental authority, and such responsibility shall be solely that of the Disclosing Party.

3. The Parties acknowledge that PSE is a public utility regulated by the Washington Utilities and Transportation Commission ("Commission") and that its decisions regarding one or more potential transactions between the Parties involving the acquisition of electrical generation output or an interest in power generation facilities, together with related Confidential Information, may be subject to review by the Commission. Notwithstanding the provisions of Section 2, in the event that such PSE decisions are at issue in a proceeding before the Commission, PSE will seek, at its own expense, a protective order from the Commission with "highly confidential provisions" to protect against the disclosure of Confidential Information to competitors and the public. Disclosure of Confidential Information by either of the Parties to the Commission, its staff, counsel for the Commission or Public Counsel in the Attorney General's Office, or their internal advisors, in connection with any such proceeding will not violate this Agreement.

4. Each party acknowledges and agrees that it has no proprietary or exclusive right to any tax matter, tax idea, tax structure or tax treatment related to any potential transaction or transaction between the Parties and that no such tax matter, tax idea, tax structure or tax treatment shall be deemed to be the Confidential Information of either Party.

5. The Receiving Party shall, subject to the other provisions of this Agreement, (a) use the Confidential Information only for purposes of evaluating one or more potential transactions between the Parties involving power generation facilities or the output thereof; (b) restrict disclosure of the Confidential Information only to employees, advisors, contractors, agents, representatives and active or potential investors or lenders of the Receiving Party and affiliates ("Representatives") with a "need to know"; (c) advise such Representatives of the confidential nature of the Confidential Information and their obligation to keep such information confidential; and (d) copy the Confidential Information only as necessary for those Representatives who are entitled to receive it, and ensure that all confidential notices are reproduced in full on such copies. A "need to know" means that the Representatives require the Confidential Information to perform their responsibilities in evaluating or pursuing one or more potential transactions between the Parties involving power generation facilities or the output thereof.

6. Confidential Information shall be deemed to be the property of the Disclosing Party. This Agreement shall not be interpreted or construed as granting any license or other right under or with respect to any patent, copyright, trademark, trade secret or other proprietary right. The Receiving Party shall, within 30 days of a written request therefor by the Disclosing Party, either return all of the Disclosing Party's Confidential Information (or any designated portion thereof) to the Disclosing Party or destroy all such Confidential Information (or any designated portion thereof) and provide an officer's certificate as to the destruction of such Confidential Information; provided, that PSE, as a Receiving Party, shall not be obligated to return to the Disclosing Party any proposal by the Disclosing Party, or any information related thereto, constituting Confidential Information, and PSE may retain all such proposals and information for a period of at least 4 years or until PSE concludes its next general electric rate case, whichever is later.

7. Neither this Agreement nor any discussions or disclosure hereunder shall (a) be deemed a commitment to any business relationship or contract for future dealing with another Party or (b) prevent either Party from conducting similar discussions with any third party, so long as such discussions do not result in the use or disclosure by the Receiving Party of Confidential Information protected by this Agreement. If the Parties elect to proceed with any transaction, then all agreements, representations, warranties, covenants and conditions with respect thereto shall be only as set forth in a separate written agreement to be negotiated and executed by the Parties.

8. Each of the Parties acknowledges that the Confidential Information received from another Party constitutes valuable confidential, commercial, business and proprietary

information of the Disclosing Party and serious commercial disadvantage or irreparable harm may result for the Disclosing Party if the Receiving Party breaches its nondisclosure obligations under this Agreement. In such event or the threat of such event, the Disclosing Party shall be entitled to injunctive relief, specific performance and other equitable relief without proof of monetary damages. In any action to enforce this Agreement or on account of any breach of this Agreement, the prevailing Party shall be entitled to recover, in addition to all other relief, its reasonable attorneys' fees and court costs associated with such action.

9. This Agreement may not be assigned by either Party without the prior written consent of the other Party. No permitted assignment shall relieve the Receiving Party of its obligations hereunder with respect to Confidential Information disclosed to it prior to such assignment. Any assignment in violation of this Paragraph 9 shall be void. This Agreement shall be binding upon the Parties' respective successors and assigns.

10. This Agreement shall be deemed to be effective as of the date first above written, and shall continue thereafter for a period of four (4) years or, if later, upon the conclusion of PSE's next general electric rate case.

11. No Party shall be liable to another Party for any consequential, indirect, incidental, special, exemplary or punitive damages arising out of or related to this Agreement.

12. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the state of Washington, without regard to such state's choice of law principles to the contrary. Each of the Parties irrevocably consents to the exclusive jurisdiction and venue of any state or federal court located in King County, Washington, with regard to any legal or equitable action or proceeding related to this Agreement.

13. This Agreement represents the entire understanding between the Parties with respect to the confidentiality, use, control and proprietary nature of any information disclosed by the Disclosing Party to the Receiving Party and the subject matter hereof and supersedes all prior communications, agreements and understandings relating thereto. The provisions of this Agreement shall not be modified, amended or waived, except by a written instrument duly executed by both of the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of _____, 2010.

PUGET SOUND ENERGY, INC.

By _____

Its _____

[OTHER PARTY]

By _____

Its _____

Schedule of Estimated Avoided Cost

Consistent with WAC 480-107-055, this schedule of estimated avoided costs is intended to provide only general information to potential bidders about the cost of new power supplies. It does not provide a guaranteed contract price for electricity.

As provided for in WAC 480-107-055 (2) this schedule of estimated avoided costs is based upon the estimates included in PSE's current integrated resource plan which contains the projected market prices for power.

The schedule below provides the nominal price forecast on a monthly basis for flat load. These forecasts are based on assumptions about natural gas prices, regional demand, new resource cost and development, as used and discussed in PSE's July 2009 Integrated Resource Plan (2009 IRP). The prices are part of PSE's "2009 Trends" scenario from the 2009 IRP. Estimated prices are derived using the AURORA model and do not include system integration, shaping, or transmission costs. To view the range of AURORA price forecasts for the scenarios featured in PSE's current integrated resource plan, refer to Appendix I, page I-27 of the 2009 IRP.

Table G-1. Monthly Prices for Mid-C Market (Nominal $/MWh)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave
2010	42.12	45.91	42.40	36.27	33.78	35.57	40.28	41.86	42.20	41.47	48.75	45.97	41.38
2011	46.42	49.85	45.46	37.57	35.59	37.34	42.49	44.39	44.53	43.45	50.07	46.38	43.63
2012	66.89	70.25	67.03	60.44	59.08	59.73	62.84	64.32	64.58	64.57	69.62	66.01	64.61
2013	69.70	73.13	69.93	63.44	61.80	62.29	65.53	67.52	67.62	66.56	71.50	69.03	67.34
2014	73.17	75.84	70.75	69.91	62.79	61.68	65.19	68.86	66.65	69.28	70.36	74.36	69.07
2015	76.98	77.82	73.21	73.43	64.54	64.23	67.05	71.41	68.82	72.26	73.58	78.99	71.86
2016	78.46	79.53	75.71	74.43	64.90	64.71	67.31	71.81	69.10	72.33	75.09	81.81	72.93
2017	83.75	83.98	79.98	78.21	68.30	67.44	70.56	74.88	72.43	75.43	78.72	85.20	76.57
2018	86.89	86.60	83.63	81.61	72.04	71.13	73.76	78.10	77.01	78.76	81.31	88.15	79.92
2019	89.42	89.71	86.32	84.39	74.98	73.92	76.33	80.83	80.51	82.07	84.00	90.46	82.75
2020	91.99	92.56	87.91	86.37	76.55	75.09	78.25	83.43	83.59	85.03	87.57	93.47	85.15
2021	95.97	96.63	92.83	89.85	80.32	77.83	80.82	87.46	87.60	88.76	91.71	97.28	88.92
2022	99.69	99.79	95.55	93.87	84.22	81.65	84.98	91.57	91.81	93.13	95.87	100.09	92.68
2023	103.36	103.12	98.27	97.25	87.93	85.45	88.52	95.49	95.27	97.59	99.39	103.28	96.24
2024	110.29	110.35	105.17	99.93	90.00	87.86	90.92	98.45	98.83	100.20	105.60	110.38	100.66
2025	113.92	113.77	108.05	102.57	92.87	89.95	93.66	101.44	101.81	103.24	108.26	113.71	103.60
2026	117.15	116.13	109.76	106.14	97.01	94.37	97.77	105.50	106.00	107.96	112.52	116.82	107.26
2027	120.34	119.97	113.79	109.79	100.83	98.06	101.45	109.19	109.31	111.95	118.20	121.97	111.24
2028	125.27	125.36	118.54	113.93	105.18	102.54	106.34	113.99	113.61	117.15	123.51	126.26	115.97
2029	130.30	130.62	123.29	119.60	109.03	106.82	110.92	118.16	118.81	121.12	127.09	131.16	120.58

Prototype Ownership Term Sheet

Background

This Prototype Ownership Term Sheet ("Term Sheet") sets forth the current requirements that PSE wants the Respondent to address or incorporate into any proposal made to PSE that contemplates the ultimate ownership of Respondent's project by PSE. It is intended to identify certain, but not all, of the elements of a potential transaction that would be embodied in Definitive Agreements (defined below).

PSE has endeavored to identify in this Term Sheet those provisions that would be applicable generally to all Respondents and relevant to any potential transaction arising out of a proposed PSE ownership arrangement involving the sale of a project to PSE. PSE recognizes, however, that the particular facts and circumstances relevant to Respondent's project may vary from the transaction structure described in this Term Sheet, so certain proposals may not incorporate all elements of a PSE ownership arrangement outlined in this Term Sheet.

PSE also recognizes that Respondent may have other reasons (whether legal, regulatory or relating to financing) that may cause Respondent to propose that PSE purchase equity interests (such as limited liability company interests or limited partnership interests) in a project company that owns a generation project, rather than sell the project outright to PSE.

PSE prefers proposals consistent with the sort of ownership arrangement described in this Term Sheet. Nevertheless, PSE is willing to review and evaluate alternative ownership structures on the basis set forth in the RFP, taking into consideration the different or additional economic, legal, regulatory, tax, risk management, financing, credit support, contractual and other implications presented by such alternative proposals.

By submitting its proposal, Respondent acknowledges that the RFP, including this Term Sheet, has been prepared by PSE as part of PSE's ongoing process of integrated resource planning and that PSE is considering alternative arrangements for the procurement of generation resources. This Term Sheet is an integral part of, and subject to, the terms and conditions of the RFP. This Term Sheet shall not be interpreted as an offer, agreement or commitment by PSE to acquire any generation resource. Also, this Term Sheet shall not limit, restrict or obligate PSE with regard to the conduct of its integrated resource planning process, the potential implementation of any plan or program of resource procurement or the actual procurement of any generation resources.

PSE reserves the right to reject any and all proposals received in response to the RFP, request the submission of different proposals for other generation resources and/or seek to acquire generation resources from one or more parties other than any Respondent. PSE may also modify, change, supplement or delete any and all provisions of this Term Sheet, or withdraw and cancel the RFP.

General Ownership Structure

"PSE ownership arrangement" means a proposal pursuant to which PSE would ultimately own the resource. Ownership could be transferred to PSE at various stages of development and using a variety of approaches. Possibilities include, for example, joint development by Respondent and PSE, development by Respondent followed by the transfer to PSE, an initial purchase of power by PSE from a generation resource with transfer of ownership later, or other mutually beneficial approaches. Although PSE is willing to consider a variety of arrangements, this Term Sheet presumes that PSE would acquire an ownership interest in a Project (as defined below under "*Respondent and the Project*") either (i) prior to the commencement of its construction or (ii) after it has already commenced commercial operations.

This Term Sheet sets forth certain terms and conditions which would be embodied in a purchase and sale agreement (the "PSA")

pursuant to which PSE would acquire 100% of all assets, properties and rights of the Project from Respondent.[1]

If Respondent's proposal contemplates a PSE ownership arrangement, in addition to containing the other submissions required by the RFP, Respondent will need to set forth in its proposal substantial additional details. PSE will need to review supporting documents, information and data regarding the timing, price, terms and conditions of a proposed sale of the Project to PSE and, in the case of a Project under development, a budget, schedule and other information regarding the funding of construction, operation and maintenance of the Project.

Respondent and the Project

This Term Sheet assumes that Respondent is the owner of a generation project currently operating or under development and having a nameplate capacity of not less than 2 MW (the "Project").

In its response to the RFP, in addition to the other submissions that should accompany a proposal that contemplates the sale of all of the Project to PSE, Respondent needs to specify the date by which the Project can be placed in service, which shall be no later than December 31, 2015. PSE prefers Projects that can be placed in service by December 31, 2011. At the placed in service date, the Project shall be in full compliance with all technical, performance and operating criteria and standards and the requirements of the RFP, applicable laws, regulations, permits and governmental authorities having jurisdiction over the parties or the Project.

Certain Definitive Agreements

PSE expects that the agreements necessary to complete the potential transaction described in this Term Sheet (the "Definitive Agreements") would include, among others: (1) a PSA for the sale by Respondent to PSE of all of the Project, and (2) if PSE deems it

[1] These assets, properties and rights of the Project would include all of the associated real and personal property, tangible and intangible property, assets, equipment, components, facilities, interconnections, systems, spare and replacement parts, permits, intellectual property, and contractual, expansion and other rights currently held or acquired in the future that are necessary, useful, held for use or appropriate for the ownership, planning, development, permitting, design, engineering, construction, interconnection, transmission, use, operation, maintenance, repair and expansion of the Project.

necessary due to the credit position of Respondent, a guaranty by a creditworthy affiliate of Respondent acceptable to PSE (the "Guarantor"), which would guaranty Respondent's obligations and those of Respondent's affiliates under the Definitive Agreements (the "Respondent Guaranty").

The execution and delivery of the Definitive Agreements would be subject, among other things, to PSE's completion of due diligence to its satisfaction and the approval of the transaction by each party's board of directors (or other appropriate management body).

Closing

The Closing would occur after receipt by the parties of all consents, authorizations and approvals and the satisfaction or waiver of conditions precedent specified in the Definitive Agreements. At the Closing, PSE would purchase the Project from Respondent, free and clear of all liens, charges, encumbrances, and conflicting or competing claims.

Transaction Taxes

Respondent would be responsible for the payment of all sales, conveyance, transfer, excise, real estate excise, business and occupation or similar transaction taxes assessed with respect to or imposed on either party relating to PSE's purchase of the Project or otherwise in connection with a potential transaction. PSE would agree to cooperate with Respondent to minimize the parties' respective transaction taxes.

Regulatory Approvals

PSE expects that the following regulatory approvals, among others, might be required prior to Closing to implement a proposed transaction:

(1) Receipt of FERC approval under Section 203 of the Federal Power Act; and

(2) Expiration of any waiting period (or obtaining of any approval required) under Hart-Scott-Rodino.

Representations, Covenants & Warranties

The Definitive Agreements would contain representations, covenants and warranties of each party that are customary for similar transactions.

Terms and Conditions For Projects Under Development

If Respondent's proposal involves an unbuilt Project, PSE is willing to consider contracting to either (i) transfer to PSE the responsibility for its completion, start-up and commissioning, or (ii) having Respondent keep responsibility for its completion, start-up and commissioning pursuant to a separate engineering, procurement and construction or similar contract arrangements (collectively, “EPC”) that would be put in place at the Closing under the PSA.

In either case, the Definitive Agreements would include detailed schedules showing the Project’s design, engineering and construction status. These schedules will need to include:

- performance and technical specifications of the Project;
- performance guarantees;
- major equipment and systems and vendors;
- major subcontractors;
- the status of permit applications;
- the status of contractors' and vendors' obligations and warranties; and,
- the schedule for completion of the Project and other related information and data.

The Definitive Agreements would also require Respondent to provide access to the Project to certain designated PSE employees, representatives and agents so that they can observe and monitor the manufacture, fabrication, assembly, installation, construction, start-up, testing and commissioning of the Project and any parts or components of it. PSE's employees, representatives and agents would also be permitted access to the premises of contractors, vendors and consultants and attend meetings and review and copy information, data and documents in connection with PSE's due diligence review. PSE's employees,

representatives and agents would be required to observe Respondent's (and Respondent's contractors') rules regarding safety, security and confidentiality and would not interfere with or hinder the construction of the Project.

In the event that Respondent plans to retain responsibility for the completion, start-up and commissioning of the Project pursuant to an EPC arrangement, PSE expects that the following additional terms and conditions would apply to the proposed transaction:

Installment Payments

The consideration allocable to the cost of completion of the Facility would be payable in predetermined installment amounts through Final Completion (as defined below) as set forth in a funding schedule to be incorporated in the Definitive Agreements, with the first payment due at Closing. The Definitive Agreements would also set forth the procedure for invoicing and payment of all remaining amounts due.

Respondent's Completion of the Project

Subject to certain approval rights of PSE, Respondent would be responsible for the direction of, and the cost and expense necessary, incidental to or appropriate for, the construction, completion, start-up and commissioning of the Project, including mobilization, design, engineering, procurement, supply, supervision, and testing expenses (with the exception of such expenses related to fuel for certain tests as set forth below). Guarantor would unconditionally guarantee Respondent's payment, performance, warranty and other obligations with respect to the design, engineering, construction and completion of the Project in accordance with the criteria set forth in the Definitive Agreements. Respondent would cause construction of the Project to be performed or supervised by an EPC contractor experienced in the design, engineering and construction of electric generating facilities similar to the Project and in accordance with applicable laws, regulations, permits, the standards and criteria of original

equipment manufacturers, good industry practices and insurance requirements.

Change Orders: In completing the construction of the Project, Respondent would notify PSE, in writing, prior to making any proposed change order or any other modification to the design, component parts or equipment or operational characteristics of the Project that (A) (i) involves individually an amount in excess of $[_____][2] or (ii) is proposed after the aggregate value of prior change orders or modifications is $[_____][3], or (B) which would reasonably be expected to adversely affect the operational characteristics, reliability or costs of operation and maintenance of the Project. PSE would have ten (10) days to notify Respondent in writing that PSE does not consent to the proposed change order or modification described by Respondent in such notice; otherwise PSE would be deemed to concur with the proposed change order or modification.

Otherwise, Respondent shall have the right, without PSE's consent, to make such substitutions of parts, materials and/or equipment in completing the construction of the Project as would not be reasonably expected to adversely affect the operational characteristics, reliability or costs of operation or maintenance of the Project. Respondent agrees to provide PSE with a list of such substitutions on a monthly basis and at Substantial Completion and Final Completion (each as defined below). In the event Respondent fails to provide timely notice to PSE of any proposed change order or modification of the nature or effect described above, and such change order or modification results in a material adverse change to the operational characteristics, reliability or costs of operation and maintenance of the Project, the Definitive Agreements would set forth mutually agreed upon rights and remedies.

[2] Amount to depend on facts pertaining to the particular Project, including but not limited to the Project's size and cost.
[3] Amount to depend on facts pertaining to the particular Project, including but not limited to the Project's size and cost.

For purposes of this Term Sheet, "Substantial Completion" means the completion of the Project, the completion of the facilities necessary to interconnect the Project to the electric grid and to receive water, fuel supplies and other supplies and services, and the delivery of all permits, interim manuals sufficient for interim operations during the period between Substantial Completion and Final Completion, and other deliverables necessary for PSE to operate the Project on a commercial basis in accordance with the requirements of the Definitive Agreements at an electrical output not less than and, if applicable, a heat rate not greater than certain "Minimum Performance Guarantees" to be agreed to in the Definitive Agreements. "Final Completion" shall mean the final completion by Respondent of all items of work remaining at Substantial Completion, delivery of all outstanding deliverables, including manuals and lien releases from contractors and vendors, clean-up of the site and removal of all equipment.

No later than at Final Completion, Respondent would provide PSE with statutory lien releases from the EPC contractor and its subcontractors furnishing services, equipment or goods used in the design, engineering, equipping, construction and completion of the Project, evidencing that all amounts due to such parties have been paid or bonded around, such that PSE and the Project would not be liable for payment of any such amounts owed.

Subsequent to Closing, PSE would be the owner of and receive one hundred percent (100%) of all energy products produced in connection with the start-up, testing and commissioning of the Project.

Liquidated Damages and Performance Bonuses

Respondent would be liable for scheduled liquidated damages if Respondent fails to achieve Substantial Completion of the Project by an agreed upon date, as well as performance liquidated damages for failure to meet the Minimum Performance Guarantees agreed to in the Definitive Agreements.

Additional Representations, Warranties and Covenants of Respondent

PSE expects that the Definitive Agreements would include the following additional representations, warranties and covenants in the event that Respondent retains responsibility for the completion, start-up and commissioning of the Project:

(1) Respondent would cause the Project to be designed, engineered, equipped and constructed in accordance with the provisions of the Definitive Agreements so as to meet the Minimum Performance Guarantees and other criteria set forth in the Definitive Agreements and be Substantially Complete and commercially operable on or before a guaranteed Substantial Completion date;

(2) Respondent will provide a full “wrap” of obligations with respect to the Project and all equipment warranties and cause Guarantor to guarantee Respondent's obligations;

(3) Respondent would at all times maintain sufficient rights and entitlements to such services and facilities as may be necessary to develop, construct and complete the Project so that upon Substantial Completion the Project may be operated on a commercial basis;

(4) Respondent would obtain and maintain during the construction of the Project, at Respondent's cost and expense, builder's risk insurance, the terms, conditions, limits of coverage and other provisions of which are normal and customary;

(5) Respondent, with PSE's commercially reasonable cooperation and assistance, would at Respondent's cost be responsible for applying for, obtaining and maintaining and complying with all permits and other governmental authorizations necessary or appropriate for the construction, start-up, testing, ownership, occupancy, use, operation and maintenance of the Project; and

(6) Respondent would cause all equipment warranties (the terms and conditions of which PSE will have the right to approve) to be in full force with the respective contractors and vendors and fully assignable to PSE, and Respondent will assign such warranties to PSE as of Substantial Completion of the Project.

Project Managers and Independent Engineer

Each of the parties would designate a construction project manager no later than the date of Closing. Notices, correspondence and other communication required or contemplated by the Definitive Agreements relating to the construction of the Project would be made through the parties' respective construction project managers, except as otherwise agreed.

An independent engineer would be retained, at Respondent's expense, to verify Respondent has achieved the performance levels and other criteria required to meet Substantial Completion and Final Completion under the Definitive Agreements. PSE and Respondent would select the independent engineer from a mutually agreed list of qualified engineers included in the Definitive Agreements.

Respondent Guaranty Requirements

If PSE determines that Respondent alone is not sufficiently creditworthy, PSE will require Respondent to have Guarantor provide PSE with the Respondent Guaranty, pursuant to which Guarantor would guarantee the performance by Respondent and Respondent's affiliates of Respondent's obligations to or for the benefit of PSE under the Definitive Agreements. The Guarantor would also guaranty the payment of any damages, losses, liabilities, costs and expenses incurred by PSE and payable by Respondent or Respondent's affiliates) under the Definitive Agreements. The parties would address in the Definitive Agreements the circumstances, if any, in which PSE might require adequate assurance by Respondent or Guarantor of Respondent's performance under the Definitive Agreements, and the nature of such assurance.

Limitations on Liability

The Definitive Agreements shall provide that notwithstanding anything to the contrary, in the event of a breach of the obligations of one of the parties or otherwise, such party would be liable for direct damages only, and under no circumstances shall such party be liable to the other party for consequential (including, without limitation, lost profits, business interruption and the like), incidental, punitive, exemplary or similar damages.

Indemnification

The Definitive Agreements would also set forth provisions by which each party would indemnify, hold harmless and defend the other party and its affiliates, directors, officers, employees, representatives and agents from and against certain losses with respect to false or inaccurate representations and warranties or breaches of covenants and obligations under the Definitive Agreements.

Due Diligence

For a specified period commencing on the date PSE notifies Respondent that Respondent's proposal has been selected as a potential transaction (this period, and any extensions to it that the parties may agree upon, the "Due Diligence Period"), PSE would be entitled to conduct an in-depth due diligence review of the Project, Respondent, Guarantor and any affiliate of Respondent that would be a party to a Definitive Agreement. Respondent agrees to fully cooperate (and cause Respondent's affiliates to fully cooperate) with PSE and to facilitate this process.

PSE expects that PSE's due diligence would include a review of the following, among other things:

- all technical matters relating to the Project;
- construction, engineering and transmission agreements, and any other commercial arrangements relating to the Project;
- legal and regulatory matters (including the availability and terms of all required permits and licenses);
- information systems, human resources (subject to applicable legal confidentiality and other restrictions),

insurance matters; and

- any other matters associated with the development, permitting, design, engineering, construction, interconnection, start-up, commissioning, operation and maintenance of the Project.

PSE agrees that its due diligence review shall not unreasonably disrupt Respondent's (or Respondent's affiliates') business or the business of Respondent's directors, officers, employees and agents. The Due Diligence Period would terminate automatically in the event of the termination of the Term Sheet by either party.

During the Due Diligence Period, Respondent and Respondent's affiliates would provide access to the Project to certain designated PSE employees, representatives and agents so that they could observe and monitor the manufacture, fabrication, assembly, installation, construction, start-up, testing and commissioning of the Project and any of its parts or components. PSE's employees, representatives and agents would also be permitted access to the premises of contractors, vendors and consultants, attend meetings and review and copy information, data and documents in connection with PSE's due diligence review. PSE would be subject to and would be required to observe Respondent's (and Respondent's contractors') rules regarding safety, security and confidentiality and PSE would not interfere with or hinder the construction of the Project.

Dispute Resolution

The Definitive Agreements would contain provisions for the resolution of disputes, and the exclusive forum for the resolution of any dispute arising under or in connection with this Term Sheet or the Definitive Agreements would be King County, Washington.

Expenses

Each party would bear its own legal, accounting, regulatory and other professional fees and expenses and other costs associated with the RFP and a potential transaction, regardless of whether a transaction is consummated.

Assignability	The parties would not be permitted to assign the Definitive Agreements or their respective rights and obligations under them without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.

Prototype Natural Gas Tolling Agreement Term Sheet

Background:

This Prototype Natural Gas Tolling Agreement Term Sheet ("Term Sheet") sets forth the current requirements that PSE wants the Respondent to address or incorporate into any proposal made to PSE that contemplates generating energy products for PSE from a natural gas-fired electric generating facility. It is intended to identify certain, but not all, of the elements of a potential transaction that would be embodied in a definitive Tolling Agreement.

PSE prefers proposals consistent with the terms described in this Term Sheet. However, PSE will consider pricing structures that are different from the structure contained in this Term Sheet, if proposed.

By submitting its proposal, Respondent acknowledges that the RFP, including this Term Sheet, has been prepared by PSE as part of PSE's ongoing process of integrated resource planning and that PSE is considering alternative arrangements for the procurement of energy products. This Term Sheet is an integral part of, and subject to, the terms and conditions of the RFP. This Term Sheet shall not be interpreted as an offer, agreement or commitment by PSE to acquire any energy product. Also, this Term Sheet shall not limit, restrict or obligate PSE with regard to the conduct of its integrated resource planning process, the potential implementation of any plan or program of resource procurement or the actual procurement of any energy product.

PSE reserves the right to reject any and all proposals received in response to the RFP, request the submission of different proposals for other energy products and/or seek to acquire energy products from one or more parties other than any Respondent. PSE may also modify, change, supplement or

	delete any and all provisions of this Term Sheet, or withdraw and cancel the RFP.
Parties:	Puget Sound Energy, Inc. ("Buyer") and [_____] ("Seller").
Generating Facility:	A natural gas-fired electric generation facility with a [planned] nameplate capacity of [____] MW to be [developed and] owned by Seller and located [_____].
Transaction:	Seller shall provide to Buyer the Tolling Services beginning [_____][1] (the "Delivery Date") through the expiration of the Term whereby Buyer shall deliver fuel to the Generating Facility at the Gas Delivery Point, the fuel shall be converted into energy at the Generating Facility by the Seller and the energy generated shall be delivered to Buyer at the Energy Delivery Point pursuant to a Tolling Agreement. Buyer prefers to be the exclusive recipient of Tolling Services from the Generating Facility, but will consider non-exclusive arrangements.[2] All ancillary services from the Generating Facility, as further described and defined below, as well as any associated electrical capacity rights shall accrue to Buyer.
Term:	The Tolling Agreement shall be effective when signed and shall terminate [____] years from the Delivery Date (the "Term").
Gas Delivery Point:	[_____] ("Gas Delivery Point").
Energy Delivery Point:	[_____] ("Energy Delivery Point").

[1] If the Generating Facility is under development, the Delivery Date shall be the Commercial Operation Date.
[2] For purposes of this template, PSE has assumed that it will be the exclusive toller. If Respondent has an alternative proposal, it should cover scheduling issues between the multiple offtakers.

Contract Price:	The Contract Price, and the components thereof, are set forth in Schedule I attached hereto. The Contract Price includes the Monthly Capacity Payment, Variable O&M Charge, Start-Up Charge and Heat Rate Adjustment (as described in "Guaranteed Heat Rate" and Schedule II).
Gas Arrangements:	Buyer will be responsible for making arrangements and paying all costs associated with fuel supply and transportation to the Gas Delivery Point.
Guaranteed Heat Rate:	[_____] MMBtu/MWh. Seller shall be entitled to an adjustment if the Facility exceeds or fails to meet the Guaranteed Heat Rate in any month during the Term after the Delivery Date, as calculated pursuant to Schedule II attached.
Ancillary Services:	All commercial products produced by or related to the Generating Facility, including but not limited to spinning reserves, operating reserves, black start capability, balancing energy, reactive power and regulation service.
Test Power; Test Fuel:	Buyer and Seller shall, as part of the negotiation of the definitive agreements, mutually decide how to allocate responsibilities with respect to test fuel and test power, including, among other things, the provision of test fuel to the Generating Facility by Seller, the purchase of test power by Buyer or third parties, or other appropriate arrangements.
Commercial Operation[3]:	Commercial Operation shall mean, with respect to the Generating Facility, that date designated by Seller and confirmed by Buyer on the Generating Facility has been placed in commercial operation, as evidenced by an officer's certificate of Seller and a confirmation from Buyer (which confirmation shall not be unreasonably withheld or delayed), but such date shall be no earlier than the date upon which the following have occurred: (i) the interconnection agreement for the Generating Facility has been executed, (ii) the Generating Facility has been satisfactorily

[3] To be included if the Generating Facility is under development or construction.

tested and (iii) all related facilities and rights have been completed or obtained, including all interconnection facilities and substations, to allow for continuous operation of the Generating Facility and the sale of energy, capacity and Ancillary Services therefrom ("Commercial Operation").

Seller shall provide a Guaranteed Commercial Operation Date for the Generating Facility. The Guaranteed Commercial Operation Date shall be extended for delays caused by Buyer or force majeure events, subject to compliance by Seller of its obligation to mitigate such delays. In the event Seller fails to achieve Commercial Operation on or before the Guaranteed Commercial Operation Date, Seller shall be required to pay to Buyer liquidated damages for each day of delay beyond the Guaranteed Commercial Operation Date in the amount per day of $[___] per MW of the Generating Facility's expected nameplate capacity. If the Commercial Operation Date has not been achieved within [____] days after the Guaranteed Commercial Operation Date, Seller shall be in default under the Tolling Agreement and Buyer shall be entitled to terminate the Tolling Agreement and seek damages or exercise other remedies at law or equity.

Development Milestones[4]: Seller shall use commercially reasonable efforts to achieve the agreed upon Development Milestones for the Generating Facility, which shall include "interim" major milestones, such as receipt of all necessary permits, achieving financial closing, the commencement of physical construction, etc. The guaranteed Development Milestone dates shall be subject to extension for delays caused by Buyer or force majeure events, subject to compliance by Seller of its obligation to mitigate such delays. In the event Seller fails to achieve the agreed upon major Development Milestones on or before the prescribed guaranteed date therefor, Seller shall be required to pay to Buyer "interim" liquidated damages for each day of delay beyond the prescribed date in the amount per day of $[___] per MW of the Generating Facility's expected nameplate capacity. If the Guaranteed

[4] To be included if the Generating Facility is under development.

	Commercial Operation Date ultimately is achieved despite Seller's failure to satisfy one of more of the other major Development Milestones, Buyer shall refund such interim liquidated damages to Seller.
Standard of Operation	Seller shall operate the Generating Facility in accordance with the practices, methods, acts, guidelines, standards and criteria of relevant system operators or reliability councils, and all applicable Laws. Seller shall obtain all certifications, permits, licenses and approvals necessary to construct, operate and maintain the Generating Facility and to perform its obligations under the Tolling Agreement.
Transmission Services; Interconnection:	During the Term, Seller shall be responsible for delivery of the energy generated by the Generating Facility (less applicable transmission losses) to the Energy Delivery Point and Buyer shall be responsible for arranging, at Buyer's expense, all transmission services from the Energy Delivery Point. Seller shall be responsible for all costs of interconnection of the Generating Facility and any associated network upgrades required by Buyer's transmission function or any other transmission provider. It shall be the specific responsibility of Seller to have secured transmission necessary to deliver the energy to Buyer's system. Buyer shall consider arrangements whereby Seller secures such transmission rights from the Generating Facility to Buyer's system and assigns those transmission rights to Buyer, with Buyer taking on responsibility for the costs of transmitting such energy to Buyer's system.
Capacity Tests:	Prior to the Delivery Date, Seller shall establish the tested capacity (the "Tested Capacity") of the Generating Facility pursuant to a performance test conducted in accordance with procedures to be agreed upon by the Parties. Each Party shall have the right to request a limited number of additional performance tests at the expense of the requesting party to redetermine the Generating Facility's Tested Capacity. If as the result of any performance test, the Tested Capacity of the Generating Facility is less than [____] MW (the "Minimum

Capacity"), the Monthly Capacity Payment shall be appropriately reduced until such time that Seller shall have demonstrated, to Buyer's reasonable satisfaction, that the Tested Capacity shall have been restored.

Metering: Subject to the requirements of the interconnection agreement for the Generating Facility, Seller shall be responsible for the provision, maintenance, reading and testing of all electric and natural gas metering equipment in conformance with all applicable regulatory requirements, with Buyer having rights to inspect, observe tests and conduct its own tests in its reasonable discretion.

Scheduling Coordinator; Imbalances: Buyer shall be responsible for arranging all scheduling services necessary to ensure compliance with applicable regional power scheduling regulations and protocols. Buyer and Seller shall prepare and put in place certain mutually acceptable scheduling protocols to be followed by Buyer, including the nature and extent of information to be utilized to prepare schedules and the policies and practices to be applied to such information by Buyer in connection therewith ("Agreed Scheduling Practices").

Seller shall arrange and be responsible for any transmission services required to deliver energy to the Energy Delivery Point and shall schedule or arrange scheduling services with its transmission providers to so deliver the energy to the Energy Delivery Point. Buyer shall arrange and be responsible for transmission services at and from the Energy Delivery Point and shall schedule or arrange for scheduling services with its transmission providers to receive energy at the Energy Delivery Point.

Buyer shall arrange and be responsible for the costs of any fuel transportation required to deliver fuel to the Gas Delivery Point and shall schedule or arrange scheduling services with its fuel transporters to so deliver the fuel to the Gas Delivery Point.

Buyer shall be responsible for all transmission charges, ancillary service charges, electrical losses and any other transfer-related charges (collectively, "Charges") attributable to or assessed for energy delivered to Buyer at and after the Energy Delivery Point. Seller shall be responsible for all Charges applicable to the Generating Facility's output prior to the Energy Delivery Point.

Buyer shall be obligated to pay, or reimburse Seller for the payment of, any pipeline imbalance charges related to an imbalance of natural gas scheduled to be delivered to the Gas Delivery Point. Seller shall be obligated to pay, or reimburse Buyer for the payment of, any generation imbalance charges related to the over-generation or under-generation of energy scheduled to be generated by the Generating Facility to the extent that such imbalance was caused by the operation of the Generating Facility, the failure of the Generating Facility to operate or Seller's failure to comply with the Agreed Scheduling Practices.

Taxes

Seller shall be responsible for and shall pay all taxes incurred by Seller or Buyer on the energy, capacity and Ancillary Services produced and sold prior to the Delivery Point. Buyer shall be responsible for and shall pay all taxes incurred by Seller or Buyer on energy, capacity and Ancillary Services produced and sold at and beyond the Delivery Point. Buyer shall be responsible for and shall pay all taxes incurred by Seller or Buyer associated with the acquisition and delivery of fuel to the Facility.

Operation and Maintenance:

Seller and Buyer shall endeavor to develop written operating procedures ("Operating Procedures") for the Generating Facility before the Delivery Date which shall set forth the protocol under which the Parties shall perform their respective obligations under the Tolling Agreement and shall include, without limitation, procedures concerning the following: (i) the method of day-to-day communications, (ii) key personnel lists for Seller and Buyer, including an appointed authorized representative for each Party, and (iii) forced outage and planned outage reporting.

During the Term, the Generating Facility shall be operated and maintained by Seller or its designee in accordance with those practices, methods, and acts, that are commonly used by a significant portion of the natural gas powered electric generation industry in prudent engineering and operations to design and operate such electric equipment lawfully and with safety, dependability, efficiency, and economy, including any applicable practices, methods, acts, guidelines or standards and criteria of governing regulatory bodies and reliability councils and all applicable requirements of law.

Outages:

No later than ninety (90) days prior to the beginning of each calendar year during the Term, Seller shall provide Buyer with a non-binding detailed planned outage schedule for the forthcoming year and Seller shall be excused from providing electricity during any planned outage.

Seller shall furnish Buyer with as much advance notice as practicable of any proposed or necessary maintenance outages. The Parties shall work to plan such outage to mutually accommodate, as practicable, the reasonable requirements of Seller and the reasonable requests of Buyer, taking into account the desire of Buyer to have the Generating Facility available during peak periods.

Seller shall promptly provide written notice to Buyer, to the extent information is available, of the reason, timing, expected duration and the impact upon the energy output of any forced outage. Seller also shall provide to Buyer, in a form reasonably acceptable to Buyer, a monthly report of forced outages.

Availability Guarantee:

Seller shall provide Buyer with a guarantee that the Generating Facility availability shall be no less than the percentages indicated on Schedule III for each month after the Delivery Date (the "Minimum Monthly Availability"). Generating Facility availability shall be calculated using a methodology agreed to by the Parties that is generally consistent with the method prescribed by the Generating Facility's equipment manufacturers.

If the Generating Facility fails to meet the Minimum Monthly Availability in any month after the Delivery Date, the Monthly Capacity Payment for such month shall be reduced as determined pursuant to Schedule III.

Credit Support: Upon execution of the Tolling Agreement, if Buyer deems it necessary due to the credit position of Seller, Seller shall provide Buyer with a guaranty, cash collateral and/or letter of credit in forms and amounts acceptable to Buyer. In addition to the foregoing security, Seller shall furnish Buyer with a lien on its interest in the Generating Facility to secure Seller's obligations to Buyer. Buyer shall agree to subordinate such lien as may be reasonably necessary to accommodate Seller's first lien construction and/or permanent financing of the Generation Facility. Buyer shall not be required to provide credit support or performance assurance of any kind to Seller.

Default: The Tolling Agreement shall include customary events of default ("Events of Default") including for failure to make payments when due, failure to perform a material obligation, breach of representation or warranty, bankruptcy, failure to maintain required credit support, etc.

In addition to customary Events of Default, the following shall be additional Events of Default:

- Subsequent to the Delivery Date, Seller fails to achieve the Minimum Monthly Availability for any [_____] consecutive contract months or for any [_____] contract months during the Term.
- The Generating Facility fails to demonstrate a Tested Capacity at least equal to the Minimum Capacity in three successive capacity tests performed after the Delivery Date; provided that Seller is provided a reasonable period of time after any failure to achieve the Minimum Capacity in any capacity test to resolve the problem prior to

conducting a subsequent capacity test.

Each Party shall have a duty to mitigate damages and covenants that it shall use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's default or non-performance of the Tolling Agreement.

Termination: Buyer may terminate the Tolling Agreement if Seller fails to achieve Commercial Operation by [_____].[5]

If an Event of Default shall have occurred, the non-defaulting Party shall have the right to terminate the Tolling Agreement and, in such case, each Party shall pay the other all amounts due for all periods prior to termination. In addition, if applicable, the defaulting Party shall make a termination payment to the non-defaulting party.

Any termination payment under the Tolling Agreement shall be based on a comparison of the net present value of the payments that the non-defaulting Party reasonably expects to be applicable in the market under a replacement contract covering the same services to the net present value of the then remaining payments under the Tolling Agreement, plus the reasonable transactional costs of the non-defaulting Party entering into a new tolling arrangement. Any such calculations shall be based on reasonable assumptions as to future Generating Facility operations, differences between a replacement contract and the Tolling Agreement, discount rate and similar considerations, as reasonably determined by the non-defaulting Party.

Indemnification: The Tolling Agreement shall include customary indemnification obligations between the Parties including for liabilities related to fuel prior to delivery to Seller at the Gas Delivery Point and energy once delivered to Buyer at the Energy Delivery Point.

[5] To be included if the Generating Facility is under development

Limitation of Liability:	Unless expressly provided in the Tolling Agreement, a Party's liability shall be limited to direct actual damages only, which direct actual damages shall be the sole and exclusive remedy and all other remedies or damages at law or equity are waived. Neither Party shall be liable to the other Party for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, whether such damages are allowed or provided by statute, in tort, under any indemnity provisions or otherwise except and only to the extent that any actual or liquidated damages expressly provided for in the Tolling Agreement include an element of profit or other type of damages which are otherwise disclaimed and except to the extent required through indemnification on account of third party claims.
Title; Risk of Loss:	Buyer shall retain title to fuel provided by Buyer to Seller to be converted to energy. The title to all energy generated by the Generating Facility as a result of the conversion of such fuel to energy in the Generating Facility shall vest in Buyer immediately upon generation thereof. Notwithstanding the foregoing, risk of loss of fuel supplied by Buyer shall transfer from Buyer to Seller at the Gas Delivery Point and Seller shall bear the risk of loss of energy generated at the Generating Facility until it is transferred from Seller to Buyer at the Energy Delivery Point.
Dispute Resolution:	Certain specified technical disputes shall be referred to a single technical expert (to be designated by the parties in the Tolling Agreement) for expedited, binding resolution; other disputes shall proceed through judicial resolution. The Parties shall waive their rights to jury trial, and shall consent to jurisdiction in King County, Washington.
Governing Law:	The Tolling Agreement shall be governed by the laws of the State of Washington, without regard to conflicts of laws principles. Venue shall be in King County, Washington.

Assignment: Neither Party shall assign any of its rights or obligations under the Tolling Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed, except that either Party may, without the other Party's consent, (i) transfer, sell, pledge, encumber or assign the Tolling Agreement or the revenues or proceeds thereof in connection with any financing, (ii) transfer or assign the Tolling Agreement to an affiliate or (iii) transfer or assign the Tolling Agreement to any person or entity succeeding to all or substantially all of the assets of such Party; provided that in the case of clauses (ii) or (iii) above, the assignee agrees to be bound by all terms and conditions and, in the case of an assignment by Seller, either the assignee or its guarantor possesses the same or better credit rating as Seller or provides credit support reasonably acceptable to Buyer.

Schedule I
Contract Price[6]

Monthly Capacity Payment	**Variable O&M Charge**	**Start-Up Charge**	**Renewal Monthly Capacity Payment**	**Renewal Variable O&M Charge**	**Renewal Start-Up Charge**
($ per MW of Tested Capacity	($ per MWh)	($ per start)	($ per MW of Tested Capacity	($ per MWh)	($ per start)

[6] Illustrative pricing structure only. Respondent may propose an alternative structure.

Schedule II
Heat Rate Adjustment Calculation[7]

[7] To be provided by Respondent.

Schedule III
Availability Guarantee and Liquidated Damages[8]

[8] To be provided by Respondent.

Prototype
Wind PPA Term Sheet

Background:

This Prototype Wind PPA Term Sheet ("Term Sheet") sets forth the current requirements that PSE wants the Respondent to address or incorporate into any proposal made to PSE that contemplates the sale of energy products to PSE from a new wind electric generating facility. It is intended to identify certain, but not all, of the elements of a potential transaction that would be embodied in a definitive power purchase agreement ("PPA").

PSE prefers proposals consistent with the terms described in this Term Sheet. However, PSE will consider pricing structures that are different from the structure contained in this Term Sheet, if proposed.

By submitting its proposal, Respondent acknowledges that the RFP, including this Term Sheet, has been prepared by PSE as part of PSE's ongoing process of integrated resource planning and that PSE is considering alternative arrangements for the procurement of energy products. This Term Sheet is an integral part of, and subject to, the terms and conditions of the RFP. This Term Sheet shall not be interpreted as an offer, agreement or commitment by PSE to acquire any energy product. Also, this Term Sheet shall not limit, restrict or obligate PSE with regard to the conduct of its integrated resource planning process, the potential implementation of any plan or program of resource procurement or the actual procurement of any energy product.

PSE reserves the right to reject any and all proposals received in response to the RFP, request the submission of different proposals for other energy products and/or seek to acquire energy products from one or more parties other than any Respondent. PSE may also modify, change, supplement or delete any and all provisions of this Term Sheet, or withdraw and

cancel the RFP.

Parties:	Puget Sound Energy, Inc. ("Buyer") and [_____] ("Seller").
Generating Facility:	A wind energy generating project with a planned nameplate capacity of [____] MW to be developed by Seller and located [_____].[1]
Product:	Wind generated electrical energy from the Generating Facility as delivered to the Point of Delivery and all renewable energy credits and any and all environmental attributes associated with the wind generated energy, as further described and defined below, as well as any associated electrical capacity rights shall accrue to Buyer.
Term:	The PPA shall be effective when signed and shall terminate [____] years from the Commercial Operation Date (as defined below under "Commercial Operation") (the "Term").
Point of Delivery:	[_____] ("Point of Delivery").
Contract Quantity:	[___]% of the net electrical output of the Generating Facility, and any capacity rights, as well as all Green Attributes (as described below).
Contract Price:	$[____] per MWh of energy delivered by the Generating Facility to the Point of Delivery and all Green Attributes (defined below) associated therewith (the "Contract Price"). The Contract Price shall (i) become applicable on the Commercial Operation Date, (ii) remain in effect for the Term and (iii) not be subject to change by Seller or Buyer for any reason.

[1] This Term Sheet generally contemplates offers for wind generation from facilities to be constructed; however, Buyer shall entertain offers from existing wind facilities as well and, in such case, certain provisions of this Term Sheet pertaining, for example, to construction obligations of Seller, shall not apply.

Green Attributes: All environmental, renewable energy or green attributes of any kind or nature, current or future, whether in the form of renewable energy credits or certificates (RECs), green tags, emissions credits or allowances or other credits or allowances similar to the foregoing ("Green Attributes") shall be conveyed to Buyer and are included in the Contract Price (other than with respect to Test Power, as described below).

Electrical Output: Buyer agrees to buy, at the Point of Delivery, [___]% of the total amount of electrical energy produced by the Generating Facility (the "Net Electricity") at all times during the Term on an "as generated" basis, subsequent to the Commercial Operation Date and also as stipulated in the "Test Power" section below.

Test Power and Green Attributes: Subsequent to the commissioning of the first wind turbine generator included in the Generating Facility, but before the Commercial Operation Date, Buyer shall purchase [___]% of the electric power (and associated Green Attributes)] produced by the Generating Facility prior to the Commercial Operation Date (collectively, "Test Products"). The price for such Test Products shall be equal to 70% of the applicable Intercontinental Exchange Mid-Columbia index price for power at the time of purchase.

Commercial Operation: Commercial Operation shall mean, with respect to the Generating Facility, that date designated by Seller and confirmed by Buyer on which ninety-five percent (95%) of the wind turbines constituting the Generating Facility have been placed in commercial operation, as evidenced by an officer's certificate of Seller and a confirmation from Buyer (which confirmation shall not be unreasonably withheld or delayed), but such date shall be no earlier than the date upon which the following have occurred: (i) the interconnection agreement for the Generating Facility has been executed, (ii) the Generating Facility has been satisfactorily tested and (iii) all related facilities and rights have been completed or obtained, including all interconnection facilities and substations, to allow for continuous operation of the Generating Facility and the sale of energy and

Green Attributes therefrom ("Commercial Operation"). The "Commercial Operation Date" shall be the date that the Generating Facility achieves Commercial Operation. Seller shall use commercially reasonable efforts achieve Commercial Operation for any remaining wind turbines as soon as reasonably possible thereafter.

Commercial Operation shall mean, with respect to any turbine, that the following conditions have been fulfilled: (i) the turbine is able to generate electricity, (ii) the turbine has been satisfactorily tested, as evidenced by an officer's certificate of Seller and a confirmation from Buyer (which confirmation shall not be unreasonably withheld or delayed) and (iii) all related facilities and rights have been completed or obtained, including all interconnecting facilities and substations, to allow for continuous operation of the turbine and the sale of energy and Green Attributes to the Point of Delivery.

Seller shall provide a Guaranteed Commercial Operation Date for the Generating Facility. The Guaranteed Commercial Operation Date shall be extended for delays caused by Buyer or force majeure events, subject to compliance by Seller of its obligation to mitigate such delays. In the event Seller fails to achieve Commercial Operation on or before the Guaranteed Commercial Operation Date, Seller shall be required to pay to Buyer liquidated damages for each day of delay beyond the Guaranteed Commercial Operation Date in the amount per day of $[___] per MW with respect to each wind turbine that does not achieve Commercial Operation by such date. If the Commercial Operation Date has not been achieved within [__] days after the Guaranteed Commercial Operation Date, Seller shall be in default under the PPA and Buyer shall be entitled to terminate the PPA and seek damages or exercise other remedies at law or equity.

Development Milestones: Seller shall use commercially reasonable efforts to achieve the agreed upon Development Milestones for the Generating Facility, which shall include "interim" major milestones, such as

	the receipt of all applicable permits, commencement of physical construction, completion of construction of foundations, etc. The guaranteed major Development Milestone dates shall be subject to extension for delays caused by Buyer or force majeure events, subject to compliance by Seller of its obligation to mitigate such delays. In the event Seller fails to achieve a major Development Milestone on or before the guaranteed date therefor, Seller shall be required to pay to Buyer "interim" liquidated damages for each day of delay beyond the applicable guaranteed date in an amount to be agreed upon in the definitive agreements. If the Commercial Guaranteed Operation Date ultimately is achieved despite Seller's failure to satisfy one of more of the other major Development Milestones, Buyer shall refund such interim liquidated damages to Seller.
Standard of Operation:	Seller shall operate the Generating Facility in accordance with the practices, methods, acts, guidelines, standards and criteria of relevant system operators or reliability councils, and all applicable Laws. Seller shall obtain all certifications, permits, licenses and approvals necessary to construct, operate and maintain the Generating Facility and to perform its obligations under the PPA.
Curtailments:	Under no circumstances shall Buyer have any liability or owe any damages to Seller due to any curtailment of the Generating Facility; provided, however, that if Buyer requests Seller to curtail energy deliveries for economic reasons, Buyer shall pay to Seller the Contract Price for the lost energy production based on actual wind and availability data during the period of curtailment. Seller shall use reasonable efforts to sell energy and Green Attributes generated by the Generating Facility during any such curtailment at the best price reasonably available in the market at the time of sale in order to minimize negative financial impacts to Buyer and such amounts received shall be credited to the account of Buyer and applied as a credit in favor of Buyer in the invoice for the immediately succeeding month. Notwithstanding the forgoeing, in the event that Seller is required to curtail energy deliveries from the Generating Facility in

	response to a force majeure event, an "emergency condition," or any other event or circumstance declared by the Bonneville Power Administration ("BPA") or any other transmission provider (including the transmission function of Buyer), Buyer shall have no liability to Seller on account of any such curtailment.
Transmission Services; Interconnection:	During the Term, Seller shall be responsible for delivery of the energy generated by the Generating Facility (less applicable transmission losses) to the Point of Delivery and Buyer shall be responsible for arranging, at Buyer's expense, all transmission services from the Point of Delivery. Seller shall be responsible for all costs of interconnection of the Generating Facility and any associated network upgrades required by BPA, Buyer's transmission function or any other transmission provider. It shall be the specific responsibility of Seller to have secured transmission necessary to deliver the energy to Buyer's system. Buyer shall consider arrangements whereby Seller secures such transmission rights from the Generating Facility to Buyer's system and assigns those transmission rights to Buyer, with Buyer taking on responsibility for the costs of transmitting such energy to Buyer's system. Buyer shall also consider alternative arrangements where the Point of Delivery shall be at an appropriate point on Buyer's system.
Metering:	Subject to the requirements of the interconnection agreement for the Generating Facility, Seller shall be responsible for the provision, maintenance, reading and testing of all metering equipment in conformance with all applicable regulatory requirements, with Buyer having rights to inspect, observe tests and conduct its own tests in its reasonable discretion.
Scheduling Coordinator; Imbalances; and Wind Integration Charges:	Seller shall be responsible for arranging all scheduling services necessary to ensure compliance with applicable regional power scheduling regulations and protocols. Seller shall prepare and put in place certain mutually acceptable scheduling protocols to be followed by Seller, including the nature and extent of information to be supplied to Buyer in connection with the scheduling of the Generating Facility.

Seller shall arrange and be responsible for any transmission services required to deliver energy to the Point of Delivery and shall schedule or arrange scheduling services with its transmission providers to so deliver the energy to the Point of Delivery. Buyer shall arrange and be responsible for transmission services at and from the Point of Delivery and shall schedule or arrange for scheduling services with its transmission providers to receive energy at the Point of Delivery. Buyer shall be responsible for all transmission charges, ancillary service charges, electrical losses and any other transfer-related charges (collectively, "Charges") attributable to or assessed for energy delivered to Buyer at and after the Point of Delivery. Seller shall be responsible for all Charges applicable to the Generating Facility's output prior to the Point of Delivery.

Seller shall be obligated to pay, or reimburse Buyer for the payment of (in the event any obligation is imposed in this respect on Buyer), any generation imbalance charges related to the over-generation or under-generation of energy scheduled to be generated by the Generating Facility, except if such charges directly result from the unexcused failure of Buyer to receive scheduled energy.

Seller shall be responsible for and obligated to pay any "wind integration charge" or similar charge imposed by BPA or any other transmission provider, including charges resulting from or attributable to the integration of wind generation resources into the transmission system of such transmission provider.

Taxes

Seller shall be responsible for and shall pay all taxes incurred by Seller or Buyer on the energy and Green Attributes produced and sold prior to the Delivery Point. Buyer shall be responsible for and shall pay all taxes incurred by Seller or Buyer on energy produced and sold at and beyond the Delivery Point.

Operation and Maintenance:

Seller shall develop written operating procedures ("Operating Procedures") for the Generating Facility before the applicable initial delivery date which shall set forth the protocol under which the Parties shall perform their respective obligations under the PPA and shall include, without limitation, procedures concerning the following: (i) the method of day-to-day communications, (ii) key personnel lists for Seller and Buyer, including an appointed authorized representative for each Party and (iii) forced outage and planned outage reporting.

During the Term, the Generating Facility shall be operated and maintained by Seller or its designee in accordance with those practices, methods, and acts that are commonly used by a significant portion of the wind powered electric generation industry in prudent engineering and operations to design and operate such electric equipment lawfully and with safety, dependability, efficiency, and economy, including any applicable practices, methods, acts, guidelines or standards and criteria of governing regulatory bodies and reliability councils and all applicable requirements of law.

Outages:

No later than ninety (90) days prior to the beginning of each calendar year during the Term, Seller shall provide Buyer with a non-binding detailed planned outage schedule for the forthcoming year and Seller shall be excused from providing electricity during any planned outage.

Seller shall furnish Buyer with as much advance notice as practicable of any proposed or necessary maintenance outages. The Parties shall work to plan such outage to mutually accommodate, as practicable, the reasonable requirements of Seller and the reasonable requests of Buyer.

Seller shall promptly provide written notice to Buyer, to the extent information is available, of the reason, timing, expected duration and the impact upon the energy output of any forced outage. Seller also shall provide to Buyer, in a form reasonably acceptable to Buyer, a monthly report of forced outages.

Availability/Output Guarantees: Seller shall provide Buyer with a guarantee that the overall Generating Facility availability shall be no less than [__]% (the "Minimum Annual Availability"). Seller shall pay to Buyer liquidated damages if the Generating Facility fails to meet the Minimum Annual Availability in any contract year after the Commercial Operation Date. Annual wind turbine availability shall be calculated using a methodology agreed to by the Parties.

In addition to the availability guarantee, Seller shall provide Buyer with an annual output guarantee (the "Minimum Annual Output") in an amount equal to [_____] MWh, subject to adjustments pertaining to curtailments of the Generating Facility requested by Buyer, Buyer's failure to perform under the PPA and force majeure events. Seller shall pay to Buyer liquidated damages if the Generating Facility fails to meet the Minimum Annual Output in any contract year after the Commercial Operation Date.

Credit Support: Upon execution of the PPA, if Buyer deems it necessary due to Seller's credit position, Seller shall provide Buyer with a guaranty, cash collateral and/or letter of credit in forms and amounts acceptable to Buyer. In addition to the foregoing security, Seller shall furnish Buyer with a lien on its interest in the Generating Facility to secure Seller's obligations to Buyer. Buyer shall agree to subordinate such lien as may be reasonably necessary to accommodate Seller's first lien construction and/or permanent financing of the Generation Facility. Buyer shall not be required to provide credit support or performance assurance of any kind to Seller.

Default: The PPA shall include customary events of default ("Events of Default") including for failure to make payments when due, failure to perform a material obligation, breach of representation or warranty, bankruptcy, failure to maintain required credit support, etc.

In addition to customary Events of Default, the following shall be additional Events of Default:

- Subsequent to the Commercial Operation Date, Seller fails to achieve the Minimum Annual Availability for any [____] consecutive contract years or for any [____] contract years during the Term.
- Subsequent to the Commercial Operation Date, Seller fails to achieve the Minimum Annual Output for any [____] consecutive contract years or for any [____] contract years during the Term.

Each Party shall have a duty to mitigate damages and covenants that it shall use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's default or non-performance of the PPA.

Termination: Buyer may terminate the PPA if Seller fails to achieve Commercial Operation by [_____].

If an Event of Default shall have occurred, the non-defaulting Party shall have the right to terminate the PPA and, in such case, each Party shall pay the other all amounts due for all periods prior to termination. In addition, if applicable, the defaulting Party shall make a termination payment to the non-defaulting party.

Any termination payment under the PPA shall be based on a comparison of the net present value of the payments that the non-defaulting Party reasonably expects to be applicable in the market under a replacement contract covering the same products (e.g., energy and Green Attributes) to the net present value of the then remaining payments under the PPA, plus the reasonable transactional costs of the non-defaulting Party entering into a new supply or sales arrangement. Any such calculations shall be based on reasonable assumptions as to future Generating Facility operations, differences between a

	replacement contract and the PPA, discount rate and similar considerations, as reasonably determined by the non-defaulting Party.
Indemnification:	The PPA shall include customary indemnification obligations between the Parties including for liabilities related to energy once delivered to Buyer at the Point of Delivery.
Limitation of Liability:	Unless expressly provided in the PPA, a Party's liability shall be limited to direct actual damages only, which direct actual damages shall be the sole and exclusive remedy and all other remedies or damages at law or equity are waived. Neither Party shall be liable to the other Party for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, whether such damages are allowed or provided by statute, in tort, under any indemnity provisions or otherwise except and only to the extent that any actual or liquidated damages expressly provided for in the PPA include an element of profit or other type of damages which are otherwise disclaimed and except to the extent required through indemnification on account of third party claims.
Dispute Resolution:	Certain specified technical disputes shall be referred to a single technical expert (to be designated by the parties in the PPA) for expedited, binding resolution; other disputes shall proceed through judicial resolution. The Parties shall waive their rights to jury trial, and shall consent to jurisdiction in King County, Washington.
Governing Law:	The PPA shall be governed by the laws of the State of Washington, without regard to conflicts of laws principles. Venue shall be in King County, Washington.
Assignment:	Neither Party shall assign any of its rights or obligations under the PPA without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed, except that either Party may, without the other Party's consent, (i) transfer, sell, pledge, encumber or assign the

PPA or the revenues or proceeds thereof in connection with any financing, (ii) transfer or assign the PPA to an affiliate or (iii) transfer or assign the PPA to any person or entity succeeding to all or substantially all of the assets of such Party; provided that in the case of clauses (ii) or (iii) above, the assignee agrees to be bound by all terms and conditions and, in the case of an assignment by Seller, either the assignee or its guarantor possesses the same or better credit rating as Seller or provides credit support reasonably acceptable to Buyer.

VII. Post Proposal:

VIII. Supplemental Information 28

X. List of Exhibits 30

I. Introduction

Puget Sound Energy (PSE) currently provides a variety of energy efficiency services to their retail electric and natural gas customers in all market segments. These programs provide energy efficiency resources as part of PSE's resource portfolio and are consistent with PSE's Integrated Resource Plan (IRP). PSE is committed to ensuring that all customers have access to resources by offering a mix of programs and/or services that make energy efficiency available to all customer classes and that address all major end uses.

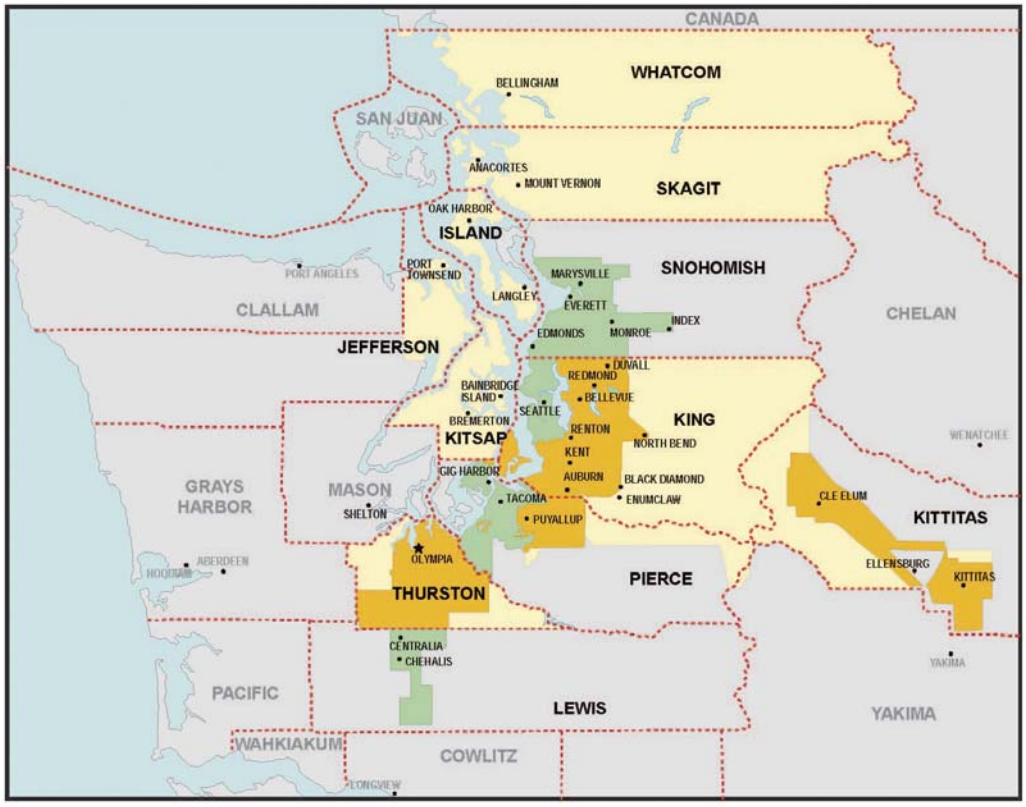
The goal of this Request for Proposal (RFP) is to identify resources and/or program support services that will enable Puget Sound Energy (PSE) to continue the upward trend of energy efficiency for the 2010-11 program years. This RFP is sponsored by Energy Efficiency Services division, the group chartered with delivering energy efficiency services. PSE is seeking proposals for programs and/or program support services that will enhance conservation of electric and gas from retail customers (business and residential) throughout our gas and electric service territory.

This RFP is intended to

- Comply with the requirements of WAC 480-107,
- Supplement and enhance PSE's ongoing energy efficiency efforts,
- Solicit proposed programs/services that can be delivered between January 1, 2010 and December 31, 2011.

1. About Puget Sound Energy

Puget Sound Energy (PSE) is Washington State's largest and oldest energy utility, serving more than one million electric customers and approximately 750,000 natural gas customers, primarily in the vibrant Puget Sound region. More than three million people reside within our 6,000-square-mile service area. We serve more than 100 cities and towns within 11 Washington counties, from South Puget Sound north to the Canadian border, and from Central Washington's Kittitas Valley west to the Olympic Peninsula.



Combined electric and natural gas service
Electric service
Natural gas service

The approval of a merger/acquisition of PSE was recently announced by the Washington State Utilities and Transportation Commission (WUTC); this was the final in a series of regulatory review processes. This final approval means Washington's largest utility is now owned by Puget Holdings LLC, based in New York.

PSE employs a well-defined strategy for meeting its customers' energy needs in a reliable, low-cost way: focus on the traditional, regulated, vertically-integrated utility business model and focus on conservation which includes customer education, resources and promotions to generate energy savings as part of long term energy management. Purchase of energy efficiency resources is integral to PSE plans for the growing energy needs of our customers.

The region has experienced dramatic change during Puget Sound Energy's 134-year history, but one thing has remained constant: PSE's focus on safe, reliable, low-cost energy service. The company's commitment to serving communities and to helping make them better places to live and work is as steadfast as ever. This project shall maintain the tradition of continual evolution, high reliability, and cost effective service.

2. About Energy Efficiency Services

PSE's energy efficiency resources and customers' conservation actions taken in 2008-09 provide customers substantial annual savings on their energy bills through rebates, grants and discounts on energy-saving equipment. Our success to date can be attributed to our customers, employees and partnerships with program service providers. Together, we achieve a remarkable level of energy savings – the highest electricity and natural gas savings ever achieved by Puget Sound Energy. PSE is committed to helping our customers reduce energy costs in this challenging economy and helping to combat climate change.

Some highlights:

- Our savings targets for 2008-2009 are 53.3 aMW and 5.3 million therms. We expect to exceed these targets.
- Electric savings for 2008 exceeded the utility's previous record by 8 percent.
- Natural gas savings were similarly record breaking at more than 30 percent over 2007 savings.
- Based on recent industry studies, PSE estimates that its investments in conservation resources resulted in 450 new jobs throughout Western Washington. While other local employers were forced to cut jobs, the increased

customer interest in energy efficiency has generated new staff positions at the utility and the local contractors and distributors who support its programs.

The key EES stakeholders of this RFP include the:

- Business Energy Management (BEM) group that provides energy efficiency products and services to our Commercial and Industrial (C/I) customers. And the
- Residential Energy Services (REM) group that provides energy efficiency products and services to our residential customers. (This includes Multi-family and Low-Income market segments.)

We are proud of our commitment to energy efficiency and of our achievements.

3. Summary of Solicitation

PSE is seeking proposals for new demand side management products, resources and/or services that will result in direct and measurable gas and/or electric energy savings. This solicitation is intended to comply with the requirements of WAC 480-107 and is separate from the RFPs for specific targeted energy efficiency services issued in March and August 2009.

This Request for Proposals (RFP) is intended to supplement and enhance PSE's ongoing purchase of energy efficiency savings efforts. It is consistent with the electric and gas resource strategies in PSE's 2009 Integrated Resource Plan.
Requested services are to be delivered by year-end 2011.

4. PSE's Integrated Resource Plan (IRP)

This RFP is intended to be consistent with the guidance provided by PSE's most recent IRP. PSE filed its most recent IRP with the WUTC in July, 2009. The July 2009 IRP may be found on the PSE web site at: http://www.pse.com/energyEnvironment/energysupply/Pages/pseIRPview.aspx.

The IRP examines PSE's electric and gas resource needs over the next 20 years, and through technical analysis considers factors such as price, supply, demand and risk.

This analysis generally describes the mix of conservation programs and supply resources that might best meet electric or gas resource needs.

The overall IRP strategy with respect to electric resources is to develop a diversified, balanced electric resource portfolio that meets customer needs, results in reasonable energy supply costs and mitigates market risks. PSE's IRP indicates near-term electric and gas resource needs, which grow over time, due to growing load in its service territory, the loss of existing resources and the expiration of power purchase and non-utility generation contracts. PSE's electric and gas energy needs are greatest in the winter.

The 2009 IRP predicts that rising customer demand for electricity and PSE's expiring purchased-power contracts with other utilities will create a need for PSE to replace, renew and acquire approximately 676 megawatts (MW) of electric resources by 2012, 1,084 MW by 2016, and 2,453 MW by 2020.

In addition to the approximately 750,000 gas retail customers PSE serves, natural gas now fuels approximately 30% of electric generation. By 2029, it is projected to fuel 66% of electrical generation on an annual basis. Fuel for electric generation is now the primary driver of PSE's overall gas resource acquisitions, even though the total amounts required for generation remain lower than the total amounts needed for retail gas sales.

The lowest reasonable cost way for PSE to meet the growing needs of our customers will be to aggressively increase our customer energy efficiency programs, continue acquiring wind resources and meet the balance with natural gas fueled generation.

PSE's IRP provides the general strategic direction for demand-side program planning and resource acquisition targets, but does not commit to or preclude the Company from acquiring specific conservation measures, program types, or specific amounts of energy savings. Similar to supply-side resource acquisitions, specific determinations about actual conservation acquisitions will be based on specific opportunities and near-term implementation considerations.

This RFP seeks proposals for purchase of electric and natural gas energy efficiency resources from all customer classes and end uses, consistent with PSE's 2009 Integrated Resource Plan and the evaluation criteria discussed in Section 5 of this RFP. Proposals are to involve installation of equipment and technologies for any of a wide variety of electricity or gas end-uses. Projects are to be installed at PSE electric or gas

retail customer sites, and may be from any customer class, excluding retail wheeling sites where the customer is responsible for procuring their own power or gas supply (Electric Schedules 448 or 449; Gas Schedule 57).

5. Key Considerations for Bidders:

Although there are no restrictions imposed by this RFP on the size of the energy efficiency savings projects that may be proposed, PSE reserves the right to exercise its discretion to ensure a diverse program mix, reasonable cost levels, and appropriate program scale, and to ask bidders to consider changes to their proposal. Projects must satisfy all requirements of WAC 480-107-065:

- (1) Any conservation supplier may participate in the bidding process. A utility may allow a utility subsidiary to participate as a conservation supplier, on conditions described in WAC 480-107-135 Conditions for purchase of electrical power or savings from a utility's subsidiary or affiliate. A decision to allow a utility subsidiary to participate must be explained in the utility's RFP submittal.
- (2) All conservation measures included in a project proposal must:

    a. (a) Produce electrical savings over a time period greater than five years, or a longer period if specified in the utility's RFP. A measure with an expected life that is shorter than the contract term must include replacements through the contract term;

    b. (b) Be consistent with the utility's integrated resource plan; and

    c. (c) Produce savings that can be reliably measured or estimated with accepted engineering methods.

- Definition of Conservation Supplier:

    d. Conservation Supplier means a third party supplier or utility affiliate that provides equipment of services that save capacity or energy.

- Definition of Conservation:

e. Conservation means any reduction in electric power consumption that results from increases in the efficiency of energy use, production or distribution, or from demand response, load management or efficiency measures that reduce peak capacity demand.

f. http://apps.leg.wa.gove/wac/defalut.aspx?cite=480-107-007

- Eligibility requirements for the Company to purchase conservation savings:

g. (2) All conservation measures included in a project proposal must:

i. Produce electrical and gas savings over a time period greater than five years, or a longer period if specified in the utility's RFP. A measure with an expected life that is shorter than the contract term must include replacements through the contract term:

ii. Be consistent with the utility's IRP: and

iii. Produce savings that can be reliably measured or estimated with accepted engineering methods.

iv. http://apps.leg.wa.gov/wac/default.aspx?cite=480-107-065

In addition:

- Any products bid through this RFP should be available for implementation between January 1, 2010 and December 31, 2011.
- Renewable energy, fuel conversion (electric to natural gas), and demand response pricing programs are excluded from this RFP.
- Renewal of existing PSE programs are excluded from this RFP.
- Vendors submitting proposals under this RFP must ensure that their proposals are complimentary rather than competitive with existing EES resources and services.
- If there is potential for overlap with EES resources and/or services, vendor should address how proposed program will complement or augment existing programs.

- PSE will determine from the list of responding interested parties, those vendors and contractors with whom PSE, in its sole judgment, wishes to engage in further discussion and/or negotiate a contract.
- Eligible respondents must demonstrate experience in operating a utility-sponsored energy efficiency program, or significant experience participating as a contractor on utility program(s).
- PSE-affiliated subsidiaries are excluded from bidding on this RFP. Proposals from other utilities and/or their subsidiaries will be considered, since this may increase the number of qualified respondents and thus increase the overall creativity and competitiveness of responses to this RFP. Proposals from PSE retail customers will also be considered.
- PSE is under no obligation to select any proposal.
- For all awarded contracts, the PSE Program Evaluation group must approve any Measurement and Verification plans.

This RFP is not the sole method by which PSE may purchase new energy efficiency resources. PSE operates conservation programs to acquire the conservation savings from energy efficiency resources and may take other actions to satisfy our public service obligations.

6. Solicitation Timeline

The following represents our initial projected timeline.

Activity	Due Date
Draft RFP Filed with WUTC	October 12, 2009
Public Meeting on Draft RFP	October 29, 2009
60 day Public Comment Period Ends	December 11, 2009
WUTC Comments / Approval Expected	January 11, 2010
RFP Release	January 12, 2010
Proposal Conference hosted by PSE	January 28, 2010
Intent to Bid	February 12, 2010
Bidders Questions	February 12, 2010
PSE Responses to Questions	February 19, 2010
Signed Mutual Confidentiality Agreement	March 5, 2010
Proposal Submission	March 5, 2010

Activity	Due Date
PSE Internal Bid Evaluation	April 2, 2010
Short List Vendor Notification	April 5, 2010
Reference Checks	May, 2010
Short List Vendor Interviews	May 2010
Vendor Selections	May 2010
Scope & Pricing Finalization	June 2010
Contract Finalization	June 2010

- All times are for Pacific daylight time.
- This timetable is provided for planning purposes only and may be modified by PSE as required.

Bidder's Questions

- PSE requires questions on the RFP to be submitted in writing, electronically to EES_IRP_RFP@pse.com.
- All questions received will be scrubbed, answered and delivered to all Responders that have submitted an "Intent to Bid" response.
- All questions will be answered per timeline schedule.
- Bidders will also have the opportunity to ask questions at the Proposal Conference.

Quality

Project impact must match or exceed the quality of the customers' end-use processes or products, or customer satisfaction with equipment operation, comfort, or other amenities that result from using energy. Proposals should demonstrate that adequate quality assurance procedures will be implemented.

II. Potential Programs

This RFP seeks proposals for purchase of electric and natural gas energy efficiency resources from all customer classes and end uses, consistent with PSE's 2009 IRP and the evaluation criteria discussed in Section 5 of this RFP. Proposals are to involve installation of equipment and technologies for a wide variety of end-uses at PSE electric or gas retail customer sites. This excludes retail wheeling sites where the customer is responsible for procuring their own power or gas supply (Electric Schedules 448 or 449, Gas Schedule 57).

Key considerations for bidders:

- Renewable energy, fuel conversion (electric to natural gas), and demand response pricing programs are excluded from this RFP.
- Renewal of existing PSE programs are excluded from this RFP.
- Vendors submitting proposals under this RFP must ensure that their proposals are complimentary rather than competitive with existing EES resources and services.
- If there is potential for overlap with EES resources and/or services, vendor should address how proposed program will complement or augment existing programs.

1. Energy Efficiency Programs and/or Program Support Services

PSE programs and services are designed to meet both our conservation targets and the energy efficiency and energy management needs of our residential and business customers. In 2010-11, we are interested in identifying any program and/or program support services that will enable us to secure more savings or secure savings in more cost effective ways in a changing and dynamic marketplace.

PSE will consider proposals that generate electric and/or gas savings in the residential, commercial and industrial market segments. Serious consideration will be given to proposals that extend PSE program abilities at a competitive cost effective level or that offer unique opportunities outside the scope of present PSE programs.

2. Products of Specific Interest

Building Audit/Tune-up Program

In an effort to deliver comprehensive energy efficiency services to smaller (less than 50,000 sq.ft.) commercial buildings in our service territory, PSE is interested in program models that can identify appropriate buildings and deliver some or all of the following services:

- Basic system optimization services (HVAC & Lighting)
- Energy audits
- Provide energy efficiency guidance to customer and identify specific low cost opportunities
- Identify PSE efficiency service offerings that are appropriate for the site (e.g. rebates, custom grants)
- Provide energy savings estimates and cost estimates for proposed projects
- Assist customer with PSE incentive forms and procedures

This RFP solicitation will not consider:

- Pilot or technology demonstration projects that do not meet or exceed cost effectiveness thresholds.
- Social marketing, behavior modification, and/or marketing initiatives

PSE will consider proposals for any electric or gas energy efficiency projects that meet the general requirements of this solicitation.

III. Completing Your Proposal

The 3 steps involved in the bid process include the following:

1. Submit "Intent to Bid"

Puget Sound Energy requests that any Responder that intends to bid on this RFP, communicate that intention to:
Demand Side Management 2010-2011 IRP - RFP: via email at EES_IRP_RFP@pse.com

Refer to timeline date and time.

2. Submit Bidder's Questions

The release of the RFP begins a quiet period for Bidders participating in this project. Bidders shall not call PSE employees to discuss potential projects or ask questions regarding the RFP.

However, PSE realizes it is critical to provide Bidders with a vehicle to ask questions so that quality responses can be prepared. Responses to all questions will be provided in writing to all Bidders within 5 business days of closing. We will not identify companies or individuals that pose questions. Bidders will also have the opportunity to ask questions at the Proposal Conference.

Refer to timeline date and time.

Questions and requests regarding this RFP should be sent to EES_IRP_RFP@pse.com.

3. Submit Proposals

All proposals must be sealed and received by no later than 5:00 PM Pacific Time on March 5, 2010. In addition, respondents are to provide two signed originals of the Mutual Confidentiality Agreement (Exhibit F) by February 15, 2010.

Bidders must deliver one electronic copy to:
EES_IRP_RFP@pse.com

Bidders must deliver two (2) hard copies to PSE
Proposals may be submitted via US Mail to the following address:

Puget Sound Energy
P.O. Box 97034, EST-10E
Bellevue, WA 98009-9734
Attn: Richard Hazzard

Proposals may be submitted via courier or hand-delivery to the following location:

Puget Sound Energy
355 110th Avenue NE, EST-10E
Bellevue, WA 98004
Attn: Richard Hazzard

All costs to participate in this RFP process are the responsibility of the bidder.

IV. Bidder's Response: Content

Your submission will adopt the following format for presenting bid information. Proposals that do not follow this format are at risk of being disqualified.

Completed Templates and/or Data sheets

Your submission will include:

- Signed Mutual Confidentiality Agreement (MCA) – Exhibit G
- Completed "Proposal Summary" document – Exhibit B
- Completed "Proposal Cost Summary" document-- Exhibit C
- Completed "Measure Metrics Summary" document – Exhibit D

Cover Letter

- Content for this document is included in Exhibit A

***Section 1* Executive Summary**

- Your executive summary will provide highlights of proposal and will be no more than 2 pages.

***Section 2* Company Profile**

Your company profile will include the following items:

- Company Overview
- Company
- Name
- Address
- Contact name, title, phone, email for this project
- Headquarters & number of branches
- Number of employees

History & Overview of Products and Services

- Provide a general description of the organization, background and experience in projects similar to your proposal.

Qualifications

- Provide a list of prior organizations for which key management team members have worked if such organizations have provided services similar to those in the proposal, and specifically note any services provided to PSE or its predecessors.
- Provide resumes of key personnel related to proposal *(1 page maximum per individual)*

Market Differentiation

- Highlight your company's distinguishing factors.
- Describe top 3 (or more) distinctions between your company and others.

Financial Qualification & Full Disclosure

- Provide form of business classification (i.e., sole proprietorship, partnership, or corporation) and Dun's number, if assigned.
- Quick ratio (current assets - current liabilities),
- Corporate Website address (including financial information)
- Identify pending litigation and the final resolution or present status of such matters.

References

- Provide three references from current customers for whom your company has provided similar programs in the last 3 years. *(References will be checked for short-listed bidders.)* References may also include customers for whom the respondent has provided services similar to those included in the proposal.
- Include:
    - Name of Reference Company
    - City/State
    - Type of Business

- Describe relationship to bidder
- Contact name/title
- Contact phone & e-mail
- Brief description of resources/services provided

Conflict of Interest Disclosure

- All respondents shall disclose in their proposal any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, or its customers.

Section 3 Proposal

Your proposal(s) will include the following items:

1. Completed "Proposal Summary" document. (Exhibit B)

To complete this section, you will need to input:

- Project Name
- Bidder organization and contact information
- Proposed start and end dates
- Technical information will include:
  - Targeted customer segments
  - Retrofit or new construction
  - Specific end-uses targeted
  - Type of energy efficiency measures to be installed
  - Target number of customers to be served
  - Target number of energy efficiency measures to be installed
  - Total annualized energy savings for all installed measures
    - kWh
    - therms
- If your proposal is similar to an existing PSE program or service, identify improvements, benefits, and/or synergies.

2. Completed "Proposal Cost Summary" document. (Exhibit C)

To complete this section, you will need to input:

- Measure Installation Costs
  - Measure/equipment costs
  - Labor costs
  - Other materials costs
  - Travel costs
- Program Implementation Costs
  - Incentive costs (e.g., grants, rebates)
  - Marketing/advertising costs
  - Customer Service and complaint resolution costs
  - Quality Assurance costs
  - Tracking and Reporting costs
  - Contractor Administrative costs (e.g., management labor and expenses)
  - Other costs

3. Completed "Measure Metrics Summary" document. (Exhibit D)

To complete this section, you will need to input:

- Measure name
- Measure life (refer to Exhibit E for inputs)
- Number of measure units to be installed
- Annual energy savings by measure
- First year proposal cost
- Anticipated customer cost
- Quantifiable O&M benefits
- Other quantifiable Non-Energy Benefits
- Include ***both*** hard-copy print out of "Measure Metrics Summary" document ***and*** completed Excel worksheets in your proposal submission.

4. Implementation Plan

A detailed implementation plan will include:

- Schedule
  - Key tasks, milestones and benchmarks for the proposed project from the point a contract is awarded through project completion.
  - Schedule Adherence: Indicate actions to be taken to ensure the schedule will be met.
- Implementation Team, Subcontractors, Licensing
  - Provide names and resumes of individuals who will be assigned to this project.
  - Include project roles for each individual,
  - Include any professional relationship with PSE customers.
  - If applicable, list and describe who is to install the measure (including any installation subcontractors) who is responsible for commissioning and verification of installation and/or quality assurance inspection.

5. Evaluation & Savings Verification Plan (1 pg.)

A summary of Evaluation and Savings Verification will include:

- Recommend procedures to verify measure installation, quality assurance and energy savings.
  - For all awarded contracts, final evaluation plans will be defined with, and approved by, the PSE Program Evaluation Group.

6. Marketing Plan (1 pg.)

This section will include:

- Recommended description of the marketing plan that will be used to recruit participants.
- Eligibility and how customers will be contacted and selected/rejected for participation.
- Defined marketing assistance the respondent expects PSE to provide. This may include customer lists, customer billing records, letters of introduction, or support by PSE's customer service representatives.
- PSE reserves the right to coordinate and/or implement all marketing activities.
- Specific and final Marketing Plans will be defined with PSE during contract negotiations.

7. Customer Obligations & Customer Service Plan

This section will include:

- Details of all PSE customer obligations necessary for participation. Include any share of the cost of the installed measure, and other fees or costs for participation, estimates of customer's time involvement, use of customer premises, etc.
- Description of
    - how participant complaints will be addressed
    - Any and all written or implied warranties that will be provided to customers regarding quality of materials and installation.
    - Process to track and report customer information to PSE.

8. Environmental Attributes & Non-Energy Benefits

Environmental Attributes and Non-Energy Benefits associated with the project will accrue to the ownership and beneficial use of PSE. All proposals must state that all kWh, therm and/or carbon savings associated with the project(s) will accrue to the ownership and beneficial use of PSE. *This section will include:*

- Detail the disposal of waste to be removed from customer facilities as part of energy efficiency projects, including the disposal of toxic and contaminated waste. Describe any recycling strategies to be incorporated into disposing of removed materials from the project.
- Detail specific environmental aspects of the project, including any planned utilization of recycled materials in equipment supplied to the project.
- Identify any non-energy benefits that will be realized from program participation over time. These could include benefits associated with quality of life, carbon mitigation, incidental benefits to businesses or customers.

9. Project Data Requirements

Please specify the data you will require of PSE in order for your proposed project to be successful. Include details regarding how data will be accessed and managed.

V. Bid Evaluation

Consistent with the requirements of WAC 480-107-070 and 480-107-165, as well as the Conservation Settlement, PSE will evaluate and rank energy efficiency proposals based on a structured evaluation process. Proposals will be expected to conform to all of the basic requirements in this RFP regarding content, format, and submittal. Any proposal that does not adhere to these requirements is at risk of being disqualified from consideration.

After initial screening for compliance with the basic requirements for this RFP, PSE will evaluate each proposal based upon the understanding of how the proposal meets the objective and satisfies the service requirements.

Criteria include:

Criteria	Value – 100 points
▪ How well does proposal diversify, support, complement and/or improve PSE portfolio	20
▪ Value to customer o Energy savings o Cost o Public and/or Non-energy benefits o Commitment to Quality Assurance	20
▪ Cost	20
▪ Reliability, quality and/or persistence of energy savings	20
▪ Supplier o Industry experience and reputation o Service qualifications o Financial strength o Local presence and/or capabilities	10
▪ Innovation of program/service	10

- Bid Evaluation Criteria may be changed at PSE's sole discretion.
- Compliance with RFP instructions is assumed. Failure to comply with instructions may result in disqualification.
- PSE will be evaluating proposals based on multiple evaluation criteria, as evidenced above.
- Proposals will be ranked and nominated to a short list of potential finalists. If any proposal is deemed unacceptable in any category during the process, PSE may, at its sole discretion, eliminate that proposal from further review. Conversely, PSE may, at its sole discretion, ask a respondent to correct minor deficiencies to their proposal.
- PSE may continue the evaluation analysis and additional due diligence throughout the evaluation and negotiation period based on more current market or financial information, direction from regulatory proceedings, or other guidance.
- At the completion of the evaluation, including any updated analyses, PSE will move forward with finalists from the short list on further discussions and, potentially, further negotiations of terms and conditions of a contract. Contracts are subject to regulatory consent.

VI. Dis-Allowed Programs

PSE will not accept proposals for the existing programs that PSE plans to continue to operate.

- Information regarding PSE Electric Efficiency Programs can be found at: http://www.pse.com/insidePSE/ratereginformation/pages/RatesElecTariffsRules.aspx?tab=3&chapter=1
- Information regarding PSE Gas Efficiency Programs can be found at: http://www.pse.com/insidePSE/ratereginformation/pages/RatesGasTariffsRulesaspx?tab=3&chapter=1

VII. Post Proposal: Negotiations, Conditions and Awarding of Contract(s)

- It is PSE's intent to negotiate both price and non-price factors during any post-proposal negotiations with a respondent whose proposal is selected to a short list.
- It is also PSE's intent to include in ongoing analysis of a proposal any additional factors that may impact the total cost of a project until such time as PSE and respondent might execute a contract.
- A contract, if any, would be based on the outcome of these continuing negotiations. PSE has no obligation to enter into a contract with any respondent to this RFP and may terminate or modify this RFP at any time without liability or obligation to any respondent.
- This RFP shall not be construed as preventing PSE from entering into any agreement that it deems appropriate at any time before, during, or after this RFP process is complete. PSE reserves the right to negotiate only with those respondents and other parties who propose transactions that PSE believes, in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed.
- PSE, with the mutual consent of the respondent, may elect to implement a proposal earlier than 1/1/2010.
- PSE reserves the right to issue subsequent RFPs for purchase of energy efficiency resources, including RFPs for specific, targeted energy efficiency programs.
- To the extent required by law, PSE will make available to the public a summary of all proposals received and the final ranking of all such proposals. (Proposal pricing will not be revealed.) PSE also may make summary information regarding proposals available to the Conservation Resources Advisory Group (CRAG), as necessary to enable this group to carry out its planning and review responsibilities. CRAG members will be required to agree to keep proposal information confidential in order to have access to individual proposal information. If an organization represented on the CRAG elects to bid on this RFP, that organization will resign from the CRAG through 12/31/2011.

- PSE may retain all information pertinent to this RFP process for a period of 7 years or until PSE concludes its next general electric and/or gas rate case, whichever is later.

VIII. Supplemental Information

1. Washington Utility and Transportation Commission (WUTC)

Funding for proposals under this RFP shall be provided by the Company's electric and gas ratepayers, through the *Electric Conservation Service Rider* (Electric Schedule 120) and *Gas Conservation Service Tracker* (Gas Schedule 120) approved by the WUTC. Limited additional funding for residential electric efficiency programs is provided as part of the Conservation and Renewable Discount pursuant to power purchase arrangements with the Bonneville Power Administration. PSE electric and gas tariff schedules may be viewed at http://www.pse.com/InsidePSE/RatesElecTariffsRules.aspx.

2. Current Conservation Programs

Puget Sound Energy, Inc. (PSE) currently provides a variety of energy efficiency services to their retail electric and natural gas customers. These programs provide energy efficiency resources as part of PSE's resource portfolio, and are consistent and complimentary to PSE's Integrated Resource Plans which projects PSE 20 year gas and electric needs and includes conservation as a key resource element.

PSE is committed to ensuring that all customers have access to resources by offering a mix of programs that make energy efficiency services available to all customer classes and that address most major end uses.

- Information regarding PSE Electric Efficiency Programs can be found at:
  - http://www.pse.com/insidePSE/ratereginformation/pages/RatesElecTariffsRules.aspx?tab=3&chapter=1
- Information regarding PSE Gas Efficiency Programs can be found at:
  - http://www.pse.com/insidePSE/ratereginformation/pages/RatesGasTariffsRules.aspx?tab=3&chapter=1

3. Project Funding

Funding for proposals under this RFP shall be provided by PSE's gas & electric ratepayers, through the Electric Conservation Service Rider (Electric Schedule 120) and Gas Conservation Service Tracker (Gas Schedule 120) approved by the WUTC.

PSE electric and gas tariff schedules may be viewed at http://www.pse.com/insidePSE/ratereginformation/Pages/Default.aspx

4. Conservation Resource Advisory Group (CRAG)

Key to the development of PSE's overall energy efficiency targets is the participation of PSE's Conservation Resource Advisory Group ("CRAG"). The CRAG's specific purpose is to work with PSE in the development of conservation plans, targets and budgets and includes ratepayer representatives as well as representatives of select energy efficiency policy organizations.

PSE may consult with the CRAG as part of its process for analyzing proposals submitted in response to this RFP, although the Company retains the full responsibility for decision-making and selection of any successful proposals.

X. List of Exhibits

Exhibit A	Proposal Cover Letter
Exhibit B	Proposal Summary Document
Exhibit C	Proposal Cost Summary Document
Exhibit D	Measure Metrics Summary Document
Exhibit E	Measure Lives Documents
Exhibit F	Conservation Cost Effectiveness Standard (CCES)
Exhibit G	Doing Business with Puget Sound Energy Documents ▪ Mutual Confidentiality Agreement (MCA) ▪ Agreement for Professional Services (sample) ▪ Insurance Requirements ▪ Exceptions

Proposal Cover Letter

Your Cover Letter will include the following items:

Name
Address of the bidder,
RFP contact name, phone and email
Signature of a duly authorized officer or agent of the respondent submitting the proposal.

Bidder's authorized officer or agent shall certify in writing that:

- Proposal is genuine; not made in the interest of, or on behalf of, any undisclosed person, firm, or corporation; and is not submitted in conformity with any anti-competitive agreement or rules.
- Respondent has not directly or indirectly induced or solicited any other respondent to submit a false or sham proposal.
- The respondent has not solicited or induced any other person, firm, or corporation to refrain from proposing, or has not sought by collusion to obtain for himself/herself any advantage over any other respondent.
- No reassignment of proposals will occur during the evaluation or negotiation stage unless authorized by PSE and that in the event respondent and PSE negotiate and execute a contract based on respondent's proposal, the contract and obligations therein shall not be sold, transferred or assigned or pledged as security or collateral for any obligation without the prior written permission of PSE which permission shall not be unreasonably withheld. Any project lender who takes an assignment of the contract for security and exercises any rights under such agreements will be bound to perform such agreements to the same extent.
- Conflict of Interest: All respondents shall disclose in their proposal any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, its customers, or members of PSE's Conservation Resource Advisory Group (CRAG).

- Validity, Deadlines and Regulatory Consent: All proposals shall specify the date through which the proposal is valid. Respondents should note that contracts might not be executed or obtained until near the end of 2010. PSE will seek regulatory consent to revisions of its energy efficiency tariffs consistent with the results of this RFP process, such consent to be in form and substance satisfactory to PSE in its sole discretion. It is preferred that bidder provides proposals that remain valid for a period that allows for negotiation of a contract.
- Proposals shall remain in effect until 12/31/2010.

Proposal Summary Document

Your proposal will include this document:

Project Name: _____
Bidder Organization: _____

Primary Contact Information
Name: _____
Phone: _____
Address: _____
_____

Proposed Start date: _____
Proposed End date: _____

Technical Information

1. Target Customer Segment(s)
___ Residential Single Family ___ Multi-family ___ Mobile Home;
___ Commercial (Specify building or business type)
___ Industrial

2. ___ Retrofit ___ New construction

3. Program end-use(s)
Select one or more:
___ Heating
___ Air Conditioning
___ Water Heating
___ Appliances
___ Lighting
___ Year Round Process
(describe) _____
___ Seasonal Process

(describe) _____

___ Other

(describe) _____

4. Type of Energy Efficiency measures to be installed: _____

5. Total Participating Customers: _____

6. Total Measures to be Installed: _____

7. Total Annualized Energy Savings for all Installed Measures

a. kWh _____

b. Therms _____

Proposal Cost Summary Document

Your proposal will include this document:

Respondent Direct Costs	Rate ($/Unit)	Unit (Hours, etc.)	Proposal Total
Proposed Measure Installation Costs			
Measure/Equipment Costs			
Labor			
Other Material			
Travel, Vehicles			
Project Management Labor			
Support Staff Labor			
Legal			
Travel			
Other (please specify)			
Program Implementation Costs			
Incentives $ (grants, rebates)			
Marketing/Advertising			
Customer Service & Complaint Resolution			
Tracking & Reporting			
Other (please specify)			
TOTAL RESPONDENT COSTS*			

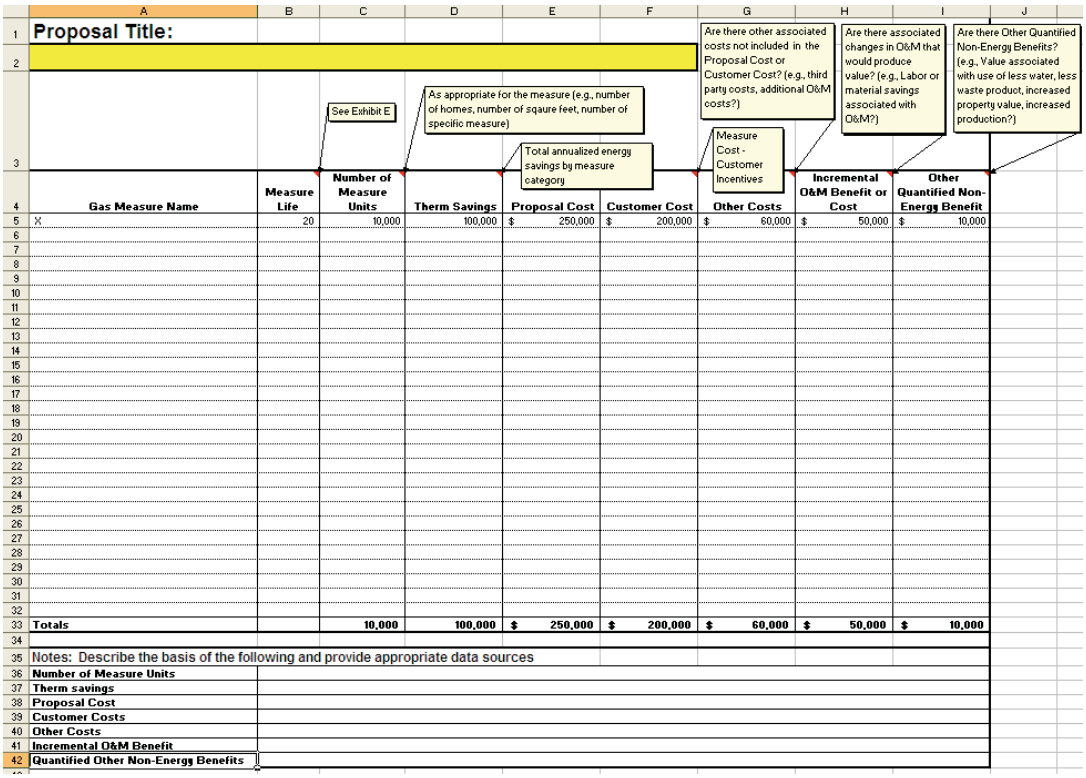
Notes:

Measure Metrics Summary Document

Your proposal will include completed worksheets *for both gas and electric efficiency measures*. Please include:

- Printed copies from your completed worksheets, and
- An electronic copy of your worksheets with your submission.

CEM-RFP-MeasureMetric-2.xls



	A	B	C	D	E	F	G	H	I	J
1	**Proposal Title:**						Are there other associated costs not included in the Proposal Cost or Customer Cost? (e.g., third party costs, additional O&M costs?)	Are there associated changes in O&M that would produce value? (e.g., Labor or material savings associated with O&M?)	Are there Other Quantified Non-Energy Benefits? (e.g., Value associated with use of less water, less waste product, increased property value, increased production?)	
2			See Exhibit E	As appropriate for the measure (e.g., number of homes, number of sqaure feet, number of specific measure)	Total annualized energy savings by measure category		Measure Cost - Customer Incentives			
3										
4	**Gas Measure Name**	**Measure Life**	**Number of Measure Units**	**Therm Savings**	**Proposal Cost**	**Customer Cost**	**Other Costs**	**Incremental O&M Benefit or Cost**	**Other Quantified Non-Energy Benefit**	
5	X	20	10,000	100,000	$ 250,000	$ 200,000	$ 60,000	$ 50,000	$ 10,000	
33	**Totals**		**10,000**	**100,000**	**$ 250,000**	**$ 200,000**	**$ 60,000**	**$ 50,000**	**$ 10,000**	
35	Notes: Describe the basis of the following and provide appropriate data sources									
36	**Number of Measure Units**									
37	**Therm savings**									
38	**Proposal Cost**									
39	**Customer Costs**									
40	**Other Costs**									
41	**Incremental O&M Benefit**									
42	**Quantified Other Non-Energy Benefits**									

Measure Lives Documents

The following tables represent measure life data that should be used for your "Measure Cost" inputs

Commercial and Industrial Measures	Years
Commercial and Industrial HVAC and Refrigeration	
▪ HVAC -Unitary Systems	15
▪ HVAC - Central Systems	15
▪ Heat Recovery Systems	15
▪ Chillers	20
Commercial and Industrial Controls	
▪ HVAC Controls, including Energy Management Systems	15
▪ Lighting Control Systems	15
▪ Process and Other Efficiency Control Systems	10
▪ Commissioning/Retro-commissioning	5
Commercial and Industrial Process Efficiency Improvements	
▪ Refrigeration Systems	19
▪ Motor and Drive Systems	15
▪ Fan, Compressor and Pump Systems	15
▪ ENERGY STAR Qualified Transformers	15
▪ Other Process Modifications	15
▪ Food Storage – Free standing Freezers	19
▪ Food Storage – Free standing Refrigerators	19
▪ Laundry - Commercial ENERGY STAR Qualified Clothes Washer	8
Commercial and Industrial Lighting Improvements	
▪ Fluorescent, Compact Fluorescent, or HID Luminaries/Fixtures	12
▪ LED and EL Exit Signs	10
▪ Low Voltage Halogen	10
Commercial and Industrial Building Thermal Improvements	
▪ Roof, Ceiling and Wall Insulation	15
▪ Exterior Roof Insulation	10

Commercial and Industrial Measures	Years
▪ Duct Insulation	15
▪ Insulated Windows (minimum Class .35 for new construction)	20
Commercial and Industrial Domestic Water Heating Improvements	
▪ Insulation	10
▪ Low Flow Devices	5
▪ Heat Pump Water Heaters	15
▪ Water Heater Tank, not to exceed warranty period	Up to 15

- Measure lives are consistent with PSE's filed Electricity Conservation tariffs and/or Regional Technical Forum (RTF).
- This list may not include all possible measures. For Measures not listed, respondent should recommend a measure life, with supporting data, experience, or evaluation findings.

Residential Measures:

Residential Measures	Years
Residential Lighting	
▪ Screw-in CFLs (ENERGY STAR qualified)	5
▪ CFL Fixtures (ENERGY STAR qualified)	15
Residential HVAC	
▪ Air-source heat pump conversions-Mobile homes (ENERGY STAR qualified & install to RTF specification)	18
▪ Air-source heat pump upgrades-Mobile homes (ENERGY STAR qualified & install to RTF specification)	18
▪ Heating supply duct sealing - Single family (PTCS or qualifying equivalent specification)	20
▪ Heating duct sealing - Mobile home (PTCS or qualifying equivalent specification)	20
▪ Heating supply duct insulation	20
Residential Water Heating	
▪ Domestic water heater (natural gas) = .62 EF or greater	12
▪ Water heater pipe insulation	15

Residential Measures	Years
▪ Shower head & aerator replacement	6
Residential Envelope – Existing & New Construction	
▪ Shell insulation - Single & Multi-family	30
Residential Appliances	
▪ Dishwasher (ENERGY STAR qualified)	9
▪ Washing machine (ENERGY STAR qualified)	14

- Measure lives are consistent with PSE's filed Electricity Conservation tariffs and/or Regional Technical Forum (RTF).
- This list may not include all possible measures. For Measures not listed, respondent should recommend a measure life, with supporting data, experience, or evaluation findings.

Conservation Cost Effectiveness Standard (CCES)

Conservation Cost Effectiveness Standard (CCES) shows the full "avoided cost" to PSE of the energy saved, for the Type of Savings (defined by end use load shape and customer class) and life of the energy savings, or Measure Life. The CCES is based on the market costs projected by a power costing model, which would otherwise be incurred to provide energy from a generation source either directly or by contract plus credits for transmission and distribution system benefits, environmental externalities, and line losses. This value is expressed as the levelized value per kWh saved of future energy savings over the life of the measure. The CCES is based on Aurora forecast power costs at Mid-Columbia, and adds 35% for a power planning adjustment, 10% for environmental credits, 7.6% Residential and 6.1% Commercial/Industrial for avoided transmission and distribution losses, a valuation for avoided peak capacity, and $31.87/kW-year distribution benefit. Load factors from the analysis in PSE's 2009 IRP are used for end-use load shapes that define Type of Savings. Each Type of Savings has a CCES, or a value per kWh or Therm per Measure Life, up to 30 years. The values for the natural gas and electric CCES that will be used to evaluate PSE's 2010-2011 programs are shown in ***Table F-1 and F-2***.

Cost effectiveness of projects will allow for PSE administrative costs. PSE's costs are expected to vary, depending upon the proposal content. At a minimum, PSE costs include some project management activities, coordination with customer data, and conducting customer satisfaction surveys for the respondent's program activity.

1. Description of Tests

Puget Sound Energy will evaluate the cost effectiveness of proposals using a standard Utility Cost Test and a Total Resource Cost Test.

Total Resource Cost Test (TRC Test) measures the net value of energy efficiency programs to society as a whole. The TRC Test is a cost-effectiveness calculation which demonstrates if the total benefits, including electricity (defined by the ***Conservation Cost Effectiveness Standard***) and other savings benefits, exceed total costs including those

incurred by PSE, the Respondent, the customer, and any other contributing party. The benefits and costs not directly associated with electrical energy efficiency in this calculation may be difficult to quantify.

Utility Cost Test (UC Test) measures the net value of energy efficiency programs to the sponsoring utility. The UC Test is a cost-effectiveness calculation which demonstrates that the utility electricity savings benefits (defined by the ***Conservation Cost Effectiveness Standard)***, exceed the costs incurred by the utility.

2. Calculation Methodology

Puget Sound Energy's determination that an energy efficiency project is cost-effective is a two-step process.

Step 1: The ***Total Resource Cost test*** determines that the value of all benefits of doing the project (energy savings plus other benefits like maintenance savings, improved productivity, etc.) is *greater than* the total projects costs. (Note: If the value of the energy benefits alone exceeds the total cost, the equation is satisfied without the need to quantify further benefits.)

Total benefits ($) > Total costs ($)

Step 2: IF Step 1 is satisfied, OR

IF: Total costs < 150% of value of energy benefits, AND there are documented additional benefits which cannot easily be quantified (e.g. improved indoor air quality), then the utility funding is limited by the Utility Cost Test

Utility benefits ($) > Utility costs ($),

also expressed as:

Value of kWh Savings (for measure life) > Utility funding (customer incentives + PSE administrative costs + Respondent costs.

Table F-1. Electric Conservation Cost Effectiveness Standard – 2010-2011
(Levelized $/kWh) (Includes avoided energy and avoided capacity)

Measure Life	SF Space Heat	MF Space Heating	Residential Water Heat	Residential Lighting	Residential Heat Pump	Residential Plug Load	Commercial Cooking	Commercial Cooling	Commercial Heating	Commercial Lighting	Commercial Refrigeration	Flat
	SFSH	MFSH	WH	LIGHTING	HP	PLUG	CICOOK	CICOOL	CIHEAT	CILTG	CIREF	FLAT
1	$ 0.140	$ 0.113	$ 0.109	$ 0.092	$ 0.167	$ 0.094	$ 0.084	$ 0.060	$ 0.183	$ 0.112	$ 0.096	$ 0.091
2	$ 0.143	$ 0.115	$ 0.111	$ 0.093	$ 0.170	$ 0.096	$ 0.086	$ 0.061	$ 0.186	$ 0.114	$ 0.098	$ 0.093
3	$ 0.153	$ 0.125	$ 0.120	$ 0.102	$ 0.180	$ 0.105	$ 0.095	$ 0.069	$ 0.196	$ 0.124	$ 0.107	$ 0.102
4	$ 0.159	$ 0.130	$ 0.125	$ 0.107	$ 0.185	$ 0.110	$ 0.100	$ 0.074	$ 0.202	$ 0.129	$ 0.113	$ 0.107
5	$ 0.164	$ 0.134	$ 0.129	$ 0.110	$ 0.189	$ 0.114	$ 0.103	$ 0.077	$ 0.206	$ 0.133	$ 0.116	$ 0.111
6	$ 0.168	$ 0.137	$ 0.132	$ 0.113	$ 0.193	$ 0.116	$ 0.106	$ 0.079	$ 0.210	$ 0.136	$ 0.119	$ 0.114
7	$ 0.172	$ 0.140	$ 0.134	$ 0.115	$ 0.196	$ 0.119	$ 0.108	$ 0.080	$ 0.213	$ 0.138	$ 0.121	$ 0.116
8	$ 0.175	$ 0.142	$ 0.136	$ 0.117	$ 0.199	$ 0.120	$ 0.109	$ 0.082	$ 0.216	$ 0.140	$ 0.123	$ 0.117
9	$ 0.178	$ 0.144	$ 0.138	$ 0.118	$ 0.201	$ 0.122	$ 0.111	$ 0.083	$ 0.219	$ 0.142	$ 0.125	$ 0.119
10	$ 0.181	$ 0.146	$ 0.140	$ 0.120	$ 0.204	$ 0.124	$ 0.112	$ 0.084	$ 0.222	$ 0.144	$ 0.126	$ 0.121
11	$ 0.184	$ 0.148	$ 0.141	$ 0.121	$ 0.206	$ 0.125	$ 0.114	$ 0.085	$ 0.224	$ 0.145	$ 0.128	$ 0.122
12	$ 0.186	$ 0.149	$ 0.143	$ 0.123	$ 0.208	$ 0.127	$ 0.115	$ 0.086	$ 0.227	$ 0.147	$ 0.129	$ 0.124
13	$ 0.189	$ 0.151	$ 0.144	$ 0.124	$ 0.210	$ 0.128	$ 0.116	$ 0.087	$ 0.229	$ 0.149	$ 0.130	$ 0.125
14	$ 0.191	$ 0.152	$ 0.146	$ 0.125	$ 0.212	$ 0.129	$ 0.118	$ 0.087	$ 0.231	$ 0.150	$ 0.132	$ 0.126
15	$ 0.194	$ 0.154	$ 0.147	$ 0.126	$ 0.214	$ 0.131	$ 0.119	$ 0.088	$ 0.234	$ 0.151	$ 0.133	$ 0.128
16	$ 0.197	$ 0.155	$ 0.149	$ 0.128	$ 0.216	$ 0.132	$ 0.120	$ 0.089	$ 0.236	$ 0.153	$ 0.134	$ 0.129
17	$ 0.199	$ 0.157	$ 0.150	$ 0.129	$ 0.218	$ 0.133	$ 0.121	$ 0.090	$ 0.238	$ 0.154	$ 0.135	$ 0.130
18	$ 0.201	$ 0.158	$ 0.151	$ 0.130	$ 0.220	$ 0.134	$ 0.122	$ 0.091	$ 0.240	$ 0.155	$ 0.137	$ 0.131
19	$ 0.203	$ 0.159	$ 0.152	$ 0.131	$ 0.221	$ 0.135	$ 0.123	$ 0.091	$ 0.242	$ 0.157	$ 0.138	$ 0.132
20	$ 0.206	$ 0.161	$ 0.154	$ 0.132	$ 0.223	$ 0.136	$ 0.124	$ 0.092	$ 0.244	$ 0.158	$ 0.139	$ 0.133
21	$ 0.208	$ 0.162	$ 0.155	$ 0.133	$ 0.225	$ 0.137	$ 0.125	$ 0.093	$ 0.245	$ 0.159	$ 0.140	$ 0.134
22	$ 0.210	$ 0.163	$ 0.156	$ 0.133	$ 0.226	$ 0.138	$ 0.125	$ 0.093	$ 0.247	$ 0.160	$ 0.141	$ 0.135
23	$ 0.212	$ 0.164	$ 0.157	$ 0.134	$ 0.228	$ 0.139	$ 0.126	$ 0.094	$ 0.249	$ 0.161	$ 0.142	$ 0.136
24	$ 0.214	$ 0.165	$ 0.158	$ 0.135	$ 0.229	$ 0.140	$ 0.127	$ 0.094	$ 0.250	$ 0.162	$ 0.142	$ 0.136
25	$ 0.215	$ 0.166	$ 0.158	$ 0.136	$ 0.230	$ 0.140	$ 0.127	$ 0.095	$ 0.252	$ 0.163	$ 0.143	$ 0.137
26	$ 0.217	$ 0.167	$ 0.159	$ 0.136	$ 0.232	$ 0.141	$ 0.128	$ 0.095	$ 0.253	$ 0.164	$ 0.144	$ 0.138
27	$ 0.219	$ 0.168	$ 0.160	$ 0.137	$ 0.233	$ 0.142	$ 0.129	$ 0.095	$ 0.254	$ 0.165	$ 0.145	$ 0.138
28	$ 0.220	$ 0.168	$ 0.161	$ 0.138	$ 0.234	$ 0.142	$ 0.129	$ 0.096	$ 0.256	$ 0.165	$ 0.145	$ 0.139
29	$ 0.222	$ 0.169	$ 0.161	$ 0.138	$ 0.235	$ 0.143	$ 0.130	$ 0.096	$ 0.257	$ 0.166	$ 0.146	$ 0.140
30	$ 0.223	$ 0.170	$ 0.162	$ 0.139	$ 0.236	$ 0.144	$ 0.130	$ 0.096	$ 0.258	$ 0.167	$ 0.146	$ 0.140

1. 2010 Start Year 2. Discount rate: 8.25%

Table F-2. Gas Conservation Cost Effectiveness Standard,
2010 – 2011 (Levelized $/Therm)

Base on Monthly Shaped System Costs from 2009 IRP Monthly Gas Avoided Cost – 2009 Trends Scenario Prices

Measure Life	Res Space Heat Existing	Res Water Heat/ Appliances	Com Space Heat	Com Water Heat & Cooking	Industrial Flat
	SH	WH	CISH	CiWH	FLAT
1	$ 0.953	$ 0.862	$ 0.978	$ 0.865	$ 0.862
2	$ 1.021	$ 0.926	$ 1.047	$ 0.928	$ 0.925
3	$ 1.097	$ 1.003	$ 1.123	$ 1.006	$ 1.003
4	$ 1.150	$ 1.056	$ 1.176	$ 1.059	$ 1.056
5	$ 1.189	$ 1.092	$ 1.215	$ 1.095	$ 1.092
6	$ 1.216	$ 1.117	$ 1.242	$ 1.120	$ 1.117
7	$ 1.242	$ 1.140	$ 1.270	$ 1.143	$ 1.140
8	$ 1.268	$ 1.162	$ 1.296	$ 1.165	$ 1.162
9	$ 1.291	$ 1.183	$ 1.319	$ 1.186	$ 1.183
10	$ 1.313	$ 1.204	$ 1.342	$ 1.207	$ 1.204
11	$ 1.333	$ 1.223	$ 1.362	$ 1.226	$ 1.223
12	$ 1.352	$ 1.241	$ 1.382	$ 1.245	$ 1.241
13	$ 1.372	$ 1.260	$ 1.401	$ 1.264	$ 1.260
14	$ 1.389	$ 1.278	$ 1.419	$ 1.282	$ 1.278
15	$ 1.408	$ 1.296	$ 1.438	$ 1.299	$ 1.296
16	$ 1.426	$ 1.312	$ 1.456	$ 1.316	$ 1.312
17	$ 1.442	$ 1.328	$ 1.473	$ 1.332	$ 1.328
18	$ 1.461	$ 1.346	$ 1.494	$ 1.350	$ 1.346
19	$ 1.477	$ 1.362	$ 1.513	$ 1.366	$ 1.362
20	$ 1.492	$ 1.377	$ 1.532	$ 1.381	$ 1.377
21	$ 1.508	$ 1.392	$ 1.549	$ 1.396	$ 1.392
22	$ 1.522	$ 1.406	$ 1.566	$ 1.410	$ 1.406
23	$ 1.536	$ 1.420	$ 1.582	$ 1.424	$ 1.420
24	$ 1.549	$ 1.433	$ 1.597	$ 1.437	$ 1.433
25	$ 1.562	$ 1.445	$ 1.611	$ 1.449	$ 1.445
26	$ 1.574	$ 1.457	$ 1.625	$ 1.461	$ 1.457
27	$ 1.586	$ 1.468	$ 1.639	$ 1.472	$ 1.468
28	$ 1.597	$ 1.479	$ 1.651	$ 1.483	$ 1.479
29	$ 1.608	$ 1.489	$ 1.664	$ 1.494	$ 1.489
30	$ 1.618	$ 1.499	$ 1.675	$ 1.504	$ 1.499

1. 2010 Start Year 2. Discount Rate 8.25%

Doing Business with Puget Sound Energy Documents

Mutual Confidentiality Agreement (MCA)

Respondents must sign the Confidentiality Agreement and include two signed originals to PSE with proposal submission. PSE will countersign the MCA and return one fully executed agreement to the respondent.

Mutual Confidentiality and Nondisclosure Agreement

Effective Date: _____

In order to protect certain information which may be disclosed between them, Puget Sound Energy, Inc., a Washington corporation with offices at 10885 NE 4th St., Bellevue, Washington ("PSE") and the "Other Party" identified below, agree as follows:

1. Both parties are disclosing or may disclose confidential information.

2. The confidential information to be disclosed under this Agreement ("Confidential Information") shall include, and a party receiving Confidential Information ("Recipient") shall have a duty to protect, only Confidential Information which is (a) disclosed by the disclosing party ("Discloser") in writing and marked as confidential (or with a similar legend) at the time of disclosure, or (b) disclosed by Discloser in any other manner and identified as confidential at the time of disclosure and is also summarized and designated as confidential in a written memorandum delivered to Recipient within thirty (30) days of the disclosure. Notwithstanding the foregoing, Confidential Information shall include the following information of Discloser, whether or not marked, identified or summarized as confidential: names, addresses, telephone numbers, e-mail addresses, social security numbers, credit card numbers, call-detail information, purchase information, product and service usage information, frequent flier information, account information, credit information and demographic information of prospective and existing customers or employees of (1) Discloser, (2) Discloser's affinity marketing partners, (3) Discloser's

contracting parties and (4) Discloser's data suppliers, business plans, feasibility and evaluation work, contracts, sales and marketing information, budgets and anticipated financial performance, documents, memoranda, and business records of any kind or nature, or any other information or material, which is either non-public, confidential or proprietary in nature, the access, control, possession or knowledge of which was gained through, or otherwise acquired by reason of the parties' execution of this Agreement. Such term shall also include memoranda, notes, reports, analyses, compilations, studies, documents and computer generated data or information relating to and derived from the Confidential Information by either party hereto, its employees, agents or representatives, and which contain or otherwise reflect any such Confidential Information and/or the review thereof.

3. Recipient shall use the Confidential Information solely in connection with possible or existing business relationships or arrangements between them relating to one or more business project or contract.

4. This Agreement shall continue in full force and effect until two (2) years from the Effective Date, unless terminated earlier upon the parties' written consent.

5. Recipient shall hereafter (i) not use the Confidential Information except as specifically authorized under this Agreement, (ii) limit disclosure of Confidential Information within its own organization to its officers, directors, employees, attorneys, consultants, representatives and agents (each an "Authorized Person") having a need to know (provided that each such Authorized Person shall have been informed of its confidential nature and shall have agreed not to use or disclose the same for any purpose other than as contemplated herein); and (iii) not disclose Confidential Information to any third party individual, corporation, or other entity without the prior written consent of Discloser. Recipient shall use the same degree of care as Recipient uses to protect its own Confidential Information of a like nature, but no less than a reasonable degree of care, to prevent the unauthorized use or disclosure of Confidential Information. At Discloser's request, Recipient agrees to promptly return to Discloser all Confidential Information in tangible form, and all copies thereof.

6. Recipient shall immediately notify Discloser of any actual, probable or reasonably suspected breach of security of the Recipient's data systems and of any other actual, probable or reasonably suspected unauthorized access to or acquisition, use, loss, destruction, compromise or disclosure of any Confidential Information of Discloser, including without limitation any Confidential Information (each, a "Security Breach"). In

any notification to Discloser required under this Section, Recipient shall designate a single individual employed by Recipient who must be available to PSE 24-hours per day, 7-days per week as a contact regarding Recipient's obligations under this Section.

7. Recipient will indemnify Discloser, its subsidiaries and affiliates, and each of their respective officers, shareholders, directors and employees from and against any claims, losses, liabilities and expenses (including, without limitation, reasonable attorneys' fees and expenses) that relate to any failure to comply with any obligation enumerated in this relating to Confidential Information. Discloser may participate in the defense and settlement of any claim for which it is entitled to indemnification hereunder at Discloser's own expense and using attorneys selected by Discloser.

8. Discloser warrants that it has the right to make the disclosures under this Agreement. No license or conveyance of any intellectual property rights is granted or implied by this Agreement, except the limited right to use Confidential Information as specified in Paragraph 3.

9. This Agreement is binding on and for the benefit of each of the parties and the parties' respective successors and assigns. This Agreement is specifically enforceable without proof of monetary damages.

10. This Agreement states the entire agreement between the parties concerning the disclosure of Confidential Information and supersedes any prior agreements, understandings or representations with respect thereto. Any addition or modification to this Agreement must be made in writing and signed by authorized representatives of both parties. This Agreement is made under and shall be construed according to the laws of the State of Washington, U.S.A.

PUGET SOUND ENERGY, INC.

Signature: _____

Name: _____

Title: _____

Date: _____

OTHER PARTY _____

Authorized Signature: _____

Name: _____

Title: _____

Date: _____

Agreement for Professional Services

PSE Contract – when projects have been identified for implementation, PSE will provide an electronic copy of a sample PSE contract for your review. A detailed Scope of Work must be provided prior to completion of contracting process and pricing finalization.

Agreement for Professional Services

No._____

This Agreement, dated as of _____, is entered into by and between **Puget Sound Energy, Inc.** ("PSE") and _____ ("Consultant").

Section 1. The Services

1.1 Consultant shall perform the services described in the attached Schedule A which is incorporated herein by this reference.

1.2 Except as otherwise specifically provided in this Agreement, Consultant shall furnish the following, all as the same may be required to perform the services described in paragraph 1.1 in accordance with this Agreement: personnel, labor and supervision; technical, professional and other services; equipment, materials, goods and other property; and data, information, computer programs and other items. All such services, property and other items furnished or required to be furnished, together with all other obligations performed or required to be performed, by Consultant under this Agreement are sometimes collectively referred to in this Agreement as the "Services."

1.3 All provisions of this Agreement are intended to be correlative and complementary, and any Services required by one and not mentioned in another shall be performed to the same extent as though required by all. Details of the Services that are necessary to carry out the intent of this Agreement, but that are not expressly required, shall be performed or furnished by Consultant as part of the Services, without any increase in the compensation otherwise payable under this Agreement.

Section 2. Schedule

2.1 If a schedule for performance of any Services is specified in or pursuant to this Agreement, Consultant shall commence, prosecute and complete such Services in accordance with such schedule.

2.2 If a schedule for performance of any Services is not specified in or pursuant to this Agreement, Consultant shall commence such Services upon notice to proceed from PSE and shall thereafter diligently prosecute such Services to completion.

Section 3. Compensation

3.1 As full compensation for satisfactory performance of the Services, PSE shall pay Consultant the compensation described in Schedule A.

3.2 Unless otherwise provided for in Schedule A, Consultant shall submit to PSE, within thirty (30) days after the end of each calendar month, Consultant's invoice for the compensation payable under this Agreement for the Services performed during such month. Each of Consultant's invoices shall set forth a detailed description of the Services performed during the applicable month, the number of hours spent performing such Services, the dates on which such Services were performed and a detailed itemization of any reimbursable costs and expenses incurred in connection with such Services. Further, each such invoice shall be supported by such receipts, documents, compensation segregations, information and other items as PSE may reasonably request to verify the invoice.

3.3 Consultant shall place the number of this Agreement on all of its invoices. Consultant shall submit such invoices by mailing to PSE at its address for notices under this Agreement or such other address as PSE may specify in writing. PSE may change such address for invoices by giving Consultant written notice of the change.

3.4 PSE shall pay each of Consultant's invoices within thirty (30) days after PSE's receipt and verification thereof.

Section 4. Performance by Consultant

4.1 Consultant shall not (by contract, operation of law or otherwise) delegate or subcontract performance of any Services to any other person or entity without the prior written consent of PSE. Any such delegation or subcontracting without PSE's prior written consent shall be voidable at PSE's option. No delegation or subcontracting of performance of any of the Services, with or without PSE's prior written consent, shall relieve Consultant of its responsibility to perform the services in accordance with this Agreement. Consultant shall be fully responsible for the performance, acts and omissions of Consultant's employees, Consultant's subcontractors and any other person who performs or furnishes any Services (collectively, the "Support").

4.2 Consultant shall at all times be an independent contractor and not an agent or representative of PSE with regard to performance of the Services. Consultant shall not represent that it is, nor hold itself out as, an agent or representative of PSE. In no event shall Consultant be authorized to enter into any agreement or undertaking for or on behalf of PSE.

4.3 Consultant shall perform the Services in a timely manner and in accordance with the standards of the profession. At the time of performance, Consultant shall be properly licensed, equipped, organized and financed to perform the Services in accordance with this Agreement. Subject to compliance with the requirements of this Agreement, Consultant shall perform the Services in accordance with its own methods.

4.4 Consultant shall fully cooperate with PSE and coordinate the Services with related work performed by PSE and others. If any Services depend upon the results of work performed by PSE or others, Consultant shall, prior to commencing such Services, notify PSE of any actual or apparent deficiencies or defects in such other work that render such other work unsuitable for performance of the Services in accordance with this Agreement.

4.5 Consultant shall not hire any employee of PSE to perform any of the Services. Consultant shall employ persons to perform the Services who are fully experienced and properly qualified to perform the same. Consultant shall, if so requested by PSE, remove from performance of the Services any person PSE

determines to be incompetent, careless or otherwise objectionable. Without limitation of the foregoing, Consultant shall assign to performance of the Services any personnel specified in this Agreement and shall not (for so long as they remain in Consultant's employ) reassign or remove any of them without the prior written consent of PSE. If any such personnel leave Consultant's employ or are reassigned or removed by Consultant, Consultant shall replace them with personnel approved by PSE.

4.6 Consultant shall promptly pay (and secure the discharge of any liens asserted by) all Support. Consultant shall furnish to PSE such releases of claims and other documents as may be requested by PSE to evidence such payment (and discharge).

4.7 Consultant shall take all reasonable precautions to protect against any bodily injury (including death) or property damage that may occur in connection with the Services. Without limiting the generality of the foregoing, Consultant shall provide all required safety equipment, safe tools and a safe work place for all Support.

Section 5. Compliance with Laws

5.1 Consultant shall comply (and shall use its best efforts to ensure that the Services and Support comply) with all applicable laws, ordinances, rules, regulations, orders, licenses, permits and other requirements, now or hereafter in effect, of any governmental authority (including, but not limited to, such requirements as may be imposed upon PSE and applicable to the Services). Consultant shall furnish such documents as may be required to effect or evidence such compliance. All laws, ordinances, rules, orders required to be incorporated in agreements of this character are incorporated in this Agreement by this reference.

5.2 To the extent applicable, Consultant shall comply with Executive Order No. 11246, the Rehabilitation Act of 1973 and the Vietnam Era Veterans' Readjustment Assistance Act of 1972 and all of the orders, rules and regulations promulgated thereunder (including, but not limited to, 41 CFR Part 60-1, 41 CFR Part 60-250 and 41 CFR Part 60-741), all as the same may have been or may be amended. The "equal opportunity clause" set forth in 41 CFR Section 60-1.4, the

"Affirmative Action Obligations for Disabled Veterans and Veterans of the Vietnam Era" clause of 41 CFR Section 60-250.4 and the "Affirmative Action for Handicapped Workers" clause of 41 CFR Section 60-741.4 are incorporated herein by this reference. Consultant certifies that segregated facilities (within the meaning of 41 CFR Section 60-1.8) are not and will not be maintained or provided for Consultant's employees and that Consultant will not permit its employees to work at any location under Consultant's control where segregated facilities are maintained. Consultant shall obtain a similar certification from other parties as required by 41 CFR Section 60-1.8.

5.3 Access to PSE Facilities or Systems. Except as may be restricted by federal, state or local laws or regulations, PSE grants Consultant/Contractor access to PSE's Premises or IT systems as necessary to perform the Work or Services. Consultant/Contractor acknowledges that certain portions of PSE'S Premises may have restricted access and require prior authorization or a PSE designated escort to allow Consultant/Contractor access. If notified by PSE's Project Manager that access is restricted, Consultant/Contractor shall comply with federal, state or local laws or regulations requiring background checks and drug and alcohol testing of employees prior to performing work at the project site. No work can begin until these requirements have been met.

Section 6. Inspection; Examination of Records

6.1 The Services shall at all times be subject to inspection by and with the approval of PSE, but the making of (or failure or delay in making) such inspection or approval shall not relieve Consultant of responsibility for performance of the Services in accordance with this Agreement, notwithstanding PSE's knowledge of defective or noncomplying performance, its substantiality or the ease of its discovery. Consultant shall provide PSE sufficient, safe and proper facilities and equipment for such inspection and free access to such facilities.

6.2 Consultant shall promptly furnish PSE with such information related to the Services as may be requested by PSE. Until the expiration of three (3) years after final payment of the compensation payable under this Agreement, Consultant shall provide PSE access to (and PSE shall have the right to

examine, audit and copy) all of Consultant's books, documents, papers and records which are related to the Services or this Agreement.

Section 7. Property and Confidential Information

7.1 PSE shall own all products, writings, information, and other property, whether tangible or intangible, created, made, developed, first reduced to practice or acquired by Consultant or any Support in connection with the Services (including, but not limited to, inventions, processes, methods, concepts, documents, drawings, specifications, calculations, maps, sketches, notes, reports, data, estimates, models, samples, completed Services and Services in progress) whether or not delivered to PSE. Consultant assigns to PSE, and shall require all Support to assign to PSE, any and all patent, copyright, trade secret and other intellectual property rights that Consultant or any Support may have in and to such property, subject to the reservation set forth in paragraph 7.3. Consultant shall take such action (including, but not limited to, the execution, acknowledgment and delivery of documents) as may be requested by PSE to effect, perfect or evidence PSE's ownership of such property. Consultant shall deliver such property (together with any property furnished by PSE or the cost of which is included in the compensation payable under this Agreement) to PSE upon request and in any event upon the completion, termination or cancellation of this Agreement.

7.2 Consultant hereby grants to PSE a permanent, assignable, non-exclusive, royalty-free license to use any products, writings, information and other property, whether tangible or intangible, that is not described in paragraph 7.1, but that is furnished by Consultant or Support in connection with the Services or otherwise under this Agreement.

7.3 Consultant reserves a permanent, nonassignable, nonexclusive royalty-free license to use in its performance of professional services for others any inventions, processes, methods or concepts created, made, developed, first reduced to practice or acquired by Consultant in connection with the Services.

7.4 Consultant shall not, without the prior written consent of PSE, disclose to third parties any information received in connection with the Services.

7.5 PSE exclusively owns all Company Information. "Company Information" is any information about persons or entities that Consultant obtains in any manner from any source under this Agreement, which concerns prospective and existing customers or employees of (1) PSE, (2) PSE's affinity marketing partners, (3) PSE's contracting parties and (4) PSE's data suppliers. Company Information includes, without limitation, names, addresses, telephone numbers, e-mail addresses, social security numbers, credit card numbers, call-detail information, purchase information, product and service usage information, frequent flier information, account information, credit information and demographic information. Consultant (a) may collect, access, use, maintain and disclose Company Information only for the specific purpose for which such Company Information is collected, stored or processed by Consultant under this Agreement, and (b) shall, without limiting any other obligations applicable to Company Information hereunder, treat all Company Information as Confidential Information of PSE. For this Agreement, the acts or omissions of Consultant and anyone with which it is associated (e.g., employees of Consultant and its subsidiaries and affiliates, and Consultant's agents and approved contractors and subcontractors, and their respective employees) are Consultant's acts or omissions.

7.6 Consultant shall immediately notify PSE of any actual, probable or reasonably suspected breach of security of the Consultant Systems and of any other actual, probable or reasonably suspected unauthorized access to or acquisition, use, loss, destruction, compromise or disclosure of any Confidential Information of PSE, including without limitation any Company Information (each, a "Security Breach"). In any notification to PSE required under this Section, Consultant shall designate a single individual employed by Consultant who must be available to PSE 24-hours per day, 7-days per week as a contact regarding Consultant's obligations under this Section. Consultant shall (a) assist PSE in investigating, remedying and taking any other action PSE deems necessary regarding any Security Breach and any dispute, inquiry or claim that concerns the Security Breach; and (b) shall provide PSE with assurance satisfactory to PSE that such Security Breach or potential Security Breach will not recur. Unless prohibited by

an applicable statute or court order, Consultant shall also notify PSE of any third-party legal process relating to any Security Breach, including, but not limited to, any legal process initiated by any governmental entity (foreign or domestic).

7.7 Consultant shall return, or at the PSE's option, destroy (and certify in writing such return or destruction) any and all Confidential Information to the PSE upon any termination of this Agreement and upon request of the PSE. This Section shall survive termination of this Agreement.

7.8 Except as may be required by law, neither party to this Agreement shall, without the prior written consent of the other, make any news release or public announcement or place any advertisement stating that PSE and Consultant have contracted for the products or services specified in this Agreement or have entered into any business relationship. Use of any PSE name, trademark or service mark in any promotional materials of Consultant requires PSE's prior written approval, which is subject to the sole discretion of PSE to grant or withhold. In the event that PSE approves the use of its name, trademark, or service mark in any announcement, news release or promotional materials of Consultant, all of the contents shall be submitted to PSE's Corporate Communications Department for review prior to any publication by Consultant.

Section 8. Release, Indemnity and Hold Harmless

8.1 Subject to the limitations set forth in paragraph 8.3, Consultant releases and shall defend, indemnify and hold harmless PSE from and against all claims, costs, liabilities, damages and expenses (including, but not limited to, reasonable attorneys' fees) arising, directly or indirectly out of or in connection with:

(a) any fault, negligence, strict liability or product liability of Consultant or any Support in connection with the Services or this Agreement;

(b) any lien asserted by any Support upon any property of PSE in connection with the Services or this Agreement;

(c) any failure of Consultant, any Support or the Services to comply with any applicable law, ordinance, rule, regulation, order, license, permit and other requirement, now or hereafter in effect, of any governmental authority; or

(d) any breach of or default under this Agreement by Consultant.

8.2 To the fullest extent permitted by applicable law, paragraph 8.1 shall apply regardless of any fault, negligence, strict liability or product liability of PSE. However, paragraph 8.1 shall not require Consultant to indemnify PSE against any liability for damages arising out of bodily injury or property damage caused by or resulting from the sole negligence of PSE. Further, in the case of concurrent negligence of Consultant and/or any Support on the one hand and PSE on the other hand, Consultant shall be required to indemnify PSE only to the extent of the negligence of the Consultant and/or the Support.

8.3 In connection with any action to enforce Consultant's obligations under paragraph 8.1 above, Consultant waives any immunity, defense or protection under any workers' compensation, industrial insurance or similar laws (including, but not limited to, the Washington Industrial Insurance Act, Title 51, of the Revised Code of Washington).

8.4 Consultant releases and shall defend, indemnify and hold harmless PSE from and against all claims, costs, liabilities, damages, expenses (including, but not limited to, reasonable attorneys' fees), and royalties based upon any actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark or other intellectual property right by any Services. Further, if any Services infringe or misappropriate any patent, copyright, trade secret, trademark or other intellectual property right, Consultant shall either:

(a) procure for PSE the right to use such Services;

(b) replace such Services with substantially equal Services that do not infringe or misappropriate any such right; or

(c) modify such Services so that they no longer infringe or misappropriate any such right.

8.5 Consultant will indemnify Company, its subsidiaries and affiliates, and each of their respective officers, shareholders, directors and employees from and against any claims, losses, liabilities and expenses (including, without limitation, reasonable attorneys' fees and expenses) that relate to any failure to comply with

any obligation enumerated in this (1) Agreement relating to Company Information, or (2) this Section. Company may participate in the defense and settlement of any claim for which it is entitled to indemnification hereunder at Company's own expense and using attorneys selected by Company.

Section 9. Workers' Compensation and Insurance

9.1 With respect to all persons performing the Services, Consultant or its Support shall secure and maintain in effect at all times during performance of the Services coverage or insurance in accordance with the applicable laws relating to workers' compensation and employer's liability insurance (including, but not limited to, the Washington Industrial Insurance Act and the laws of the state in which any such person was hired), regardless of whether such coverage or insurance is mandatory or merely elective under the law. Consultant shall furnish to PSE such assurance and evidence of such coverage or insurance (such as copies of insurance policies and Certificates of Compliance issued by the Washington State Department of Labor and Industries) as PSE may request.

9.2 Consultant shall secure and maintain insurance with provisions, coverages and limits substantially as specified in the attached certificate of insurance, endorsement and/or schedule of insurance requirements or, if none is attached, with such provisions, coverages and limits as PSE may from time to time specify to protect PSE, its successors and assigns, and the respective directors, officers, employees, and agents of PSE and its successors and assigns (collectively, the "Additional Insureds") from any claims, losses, harm, costs, liabilities, damages and expenses (including, but not limited to, reasonable attorneys' fees) that may arise out of any property damage, bodily injury (including death) or professional liability related to the Services. Upon PSE's request, Consultant shall furnish PSE with such additional assurance and evidence of such insurance (such as copies of all insurance policies) as PSE may request. Prior to commencement of the Services**;** and, within thirty (30) days after any renewal or any notice of termination, cancellation, expiration or alteration in any policy of insurance required under this Agreement, Consultant shall deliver to PSE a certificate of insurance acceptable to PSE with respect to any replacement policy.

9.3 All policies of insurance required under this Agreement shall:

(a) be placed with such insurers and under such forms of policies as may be acceptable to PSE;

(b) with the exception of workers' compensation, employer's liability and professional liability insurance, be endorsed to name the Additional Insureds as additional insureds;

(c) be primary insurance with respect to the interests of the Additional Insureds;

(d) any insurance or self-insurance maintained by any of Additional Insureds shall be excess and non-contributory insurance with respect to the insurance required hereunder;

(e) with the exception of workers' compensation, employer's liability and professional liability insurance, apply severally and not collectively to each insured against whom any claim is made or suit is brought, except that the inclusion of more than one insured shall not operate to increase the insurance company's limits of liability as set forth in the insurance policy; and

(f) provide that the policies shall not be canceled or their limits or coverage reduced or restricted without giving at least 30 days prior written notice to the Purchasing Department of Puget Sound Energy, Inc., P.O. Box 90868, Bellevue, WA 98009-0868.

9.4 Consultant shall ensure that any policy of insurance that Consultant or any Support carry as insurance against property damage or against liability for property damage or bodily injury (including death) shall include a provision providing a waiver of the insurer's right to subrogation against each of the Additional Insureds. To the extent permitted by its policies of insurance, Consultant hereby waives all rights of subrogation against each of the Additional Insureds.

9.5 The requirements of this Agreement as to insurance and acceptability to PSE of insurers and insurance to be maintained by Consultant are not intended to and

shall not in any way limit or qualify any other obligation of Consultant under this Agreement.

Section 10. Changes

10.1 PSE may at any time, by written notice thereof to Consultant, make changes in the Services within the general scope of this Agreement (including, but not limited to, additions to or deletions from any Services, suspension of performance and changes in the schedule and location of performance).

10.2 If any change under paragraph 10.1 causes an increase or decrease in the cost of or the time required for performance of the Services, an equitable adjustment in the compensation and schedule under this Agreement shall be made to reflect such increase or decrease, and this Agreement shall be modified in writing accordingly. Such equitable adjustment shall constitute full compensation to Consultant for such change. If any change under paragraph 10.1 results in a decrease in the Services to be performed, Consultant shall not be entitled to anticipated profit on Services not performed and the loss of anticipated profit shall not reduce the decrease in compensation under this Agreement resulting from such change. Further, Consultant shall not be entitled to any reallocation of cost, profit or overhead.

10.3 Notwithstanding any dispute or delay in arriving at a mutually acceptable equitable adjustment under paragraph 10.2, Consultant shall immediately proceed with performance of the Services as changed pursuant to paragraph 10.1. If Consultant intends to assert a claim for equitable adjustment under paragraph 10.2, Consultant must, within fifteen (15) days after Consultant's receipt of any notice under paragraph 10.1 that does not set forth an acceptable adjustment, submit to PSE a written statement of the basis and nature of the adjustment claimed. Consultant shall not be entitled to any adjustment unless such written statement is submitted by Consultant to PSE within the applicable fifteen (15) day period.

Section 11. Correction of Noncompliances

11.1 Consultant shall, at its expense, promptly and satisfactorily correct any Services found to be defective or not in compliance with the requirements of this Agreement.

11.2 If PSE directs Consultant to correct defective or noncomplying Services or to otherwise achieve compliance with this Agreement and Consultant thereafter fails to comply or indicates its inability or unwillingness to comply, then PSE may, upon ten (10) days' advance written notice to Consultant of PSE's intention to do so, correct (or cause to be corrected) the defect or noncompliance or otherwise achieve compliance by the most expeditious means available to it (by contract or otherwise) and charge to or otherwise recover (e.g., by offset against compensation payable under this Agreement) from Consultant the cost thereof.

11.3 PSE's right to make corrections and otherwise achieve compliance and recover from Consultant the cost thereof is in addition to all other rights and remedies available to PSE under this Agreement or otherwise by law and shall in no event be construed or interpreted as obligating PSE to make any correction of defective or noncomplying Services or to otherwise achieve compliance with this Agreement. Consultant's obligation to correct defective or noncomplying Services shall not in any way limit or qualify any other obligation of Consultant under this Agreement. Further, Consultant's obligations shall not be limited or qualified in any way because of any corrections or other obligations performed (or caused to be performed) by PSE or PSE's right to perform (or cause to be performed) the same.

Section 12. Termination

12.1 PSE may at any time, by written notice thereof to Consultant, terminate this Agreement as to all or any portion of the Services not then performed, whether or not Consultant is then in breach or default. Upon receipt of any such notice of termination, Consultant shall, except as otherwise directed by PSE, immediately stop performance of the Services to the extent specified in such notice.

12.2 In the event of termination pursuant to paragraph 12.1, an equitable adjustment shall be made in the compensation payable to Consultant under this Agreement, provided that such compensation as so adjusted shall in no event exceed a percentage of the total compensation otherwise payable under this Agreement equal to the percentage of the Services satisfactorily completed at the time of termination. Further, Consultant shall not be entitled to any reallocation of cost, profit or overhead. Consultant shall not in any event be entitled to anticipated profit on Services not performed on account of such termination. Consultant shall use its best efforts to minimize the compensation payable under this Agreement in the event of such termination.

12.3 If PSE purports to terminate or cancel all or any part of this Agreement for Consultant's breach or default when Consultant is not in breach or default which would permit such termination or cancellation, such termination or cancellation shall be deemed to have been a termination by PSE pursuant to paragraph 12.1 and the rights of the parties shall be determined accordingly.

Section 13. Miscellaneous

13.1 Any notice, request, designation, direction, statement or other communication under this Agreement shall be in writing and shall be delivered in person or mailed, properly addressed and stamped with the required postage, to the intended recipient at the address and to the attention of the person specified in Schedule A. Either party may change its address specified in Schedule A by giving the other party notice of such change in accordance with this paragraph.

13.2 Consultant shall not (by contract, operation of law or otherwise) assign this Agreement or any right or interest in this Agreement without the prior written consent of PSE. For the purposes of the foregoing, any transfer of a controlling interest in Consultant (e.g., by a transfer of Securities or otherwise) shall be deemed an assignment of this Agreement. Any assignment without PSE's prior written consent shall be voidable at PSE's option. No such assignment, with or without PSE's prior written consent, shall relieve Consultant from its responsibility to perform the Services in accordance with this Agreement. Subject to the foregoing restriction on assignment by Consultant, this Agreement shall be fully

binding upon, inure to the benefit of and be enforceable by the successors, assigns and legal representatives of the respective parties to this Agreement.

13.3 PSE may engage an independent third party to conduct an information security audit of the Consultant Systems from time to time, the costs and expenses of which shall be borne by PSE. If any such audit reveals a material vulnerability in the Consultant Systems, PSE shall notify Consultant of such vulnerability and Consultant shall promptly correct each such vulnerability at its sole cost and expense. Consultant shall certify in writing to PSE that it has corrected all such vulnerabilities. If any audit performed under this subsection reveals a material vulnerability in the Consultant Systems, then Consultant shall bear (and if applicable, shall reimburse PSE for) all costs and expenses of such audit

13.4 The failure of PSE to insist upon or enforce strict performance by Consultant of any of the provisions of this Agreement or to exercise any rights under this Agreement shall not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon any such provisions or rights in that or any other instance; rather, the same shall be and remain in full force and effect.

13.5 The obligations of Consultant under Sections 6, 7, 8, 11, 12 and 13, and all provisions of this Agreement which may reasonably be interpreted or construed as surviving the completion, termination or cancellation of this Agreement, shall survive the completion, termination or cancellation of this Agreement.

13. 6 The rights and remedies of PSE set forth in any provision of this Agreement are in addition to and do not in any way limit any other rights or remedies afforded to PSE by any other provision of this Agreement, by any Support or by law.

13. 7 This Agreement sets forth the entire agreement of the parties, and supersedes any and all prior agreements, with respect to the Services. No amendment or modification of any provision of this Agreement (other than changes pursuant to Section 10) shall be valid unless set forth in a written amendment to this Agreement signed by both parties.

13. 8 The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. The headings of sections of this Agreement are for convenience of reference only and are not intended to restrict, affect or be of any weight in the interpretation or construction of the provisions of such sections.

13. 9 Consultant shall not commence or prosecute any suit, proceeding or claim to enforce the provisions of this Agreement, to recover damages for breach of or default in this Agreement, or otherwise arising under or by reason of this Agreement, other than in the courts of the State of Washington or the District Court of the United States, Western Division, State of Washington. Consultant hereby irrevocably consents to the jurisdiction of the courts of the State of Washington with venue laid in King County and of the District Court of the United States, Western Division, State of Washington.

13. 10 This Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of Washington.

PSE/Accepted and Agreed:	**Consultant/Accepted and Agreed**:
Puget Sound Energy, Inc.	_____
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Date Signed: _____	Date: _____

Schedule A
Agreement for Professional Services
No._____

Section 1. Scope of Services

Section 2. Schedule for Performance

This Agreement shall be effective as of the date set forth herein and shall remain in effect through _____ subject to the provisions of Section 12, Termination. All Services shall be performed to a schedule mutually agreed upon by Consultant and PSE's representative for each project or task assigned.

Section 3. Compensation

All Services shall be compensated on either a time and expense basis in accordance with the attached Schedule of Rates or on a fixed price basis in accordance with formal proposal presented to and accepted by PSE's project representative.

Section 4. Address for Notices

To PSE:

Puget Sound Energy, Inc.
Purchasing Department
P O Box 90868 (PSE-10N)
Bellevue, WA 98009-0868
Attn:

To Consultant:

Attn:

Insurance requirements

PSE requires insurance of all vendors doing business with our company. Only successful bidders will be asked to provide a Certificate of Insurance.

PUGET SOUND ENERGY

CERTIFICATE OF INSURANCE S-2

APPENDIX I

ISSUE DATE (MM/DD/YY)

NAME AND ADDRESS OF AGENCY

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

NAME AND ADDRESS OF INSURED

SAMPLE

COMPANY LETTER A

COMPANY LETTER B

COMPANY LETTER C

COMPANY LETTER D

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOT WITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

CO. LTR.	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFF. DATE	POLICY EXP. DATE	ALL LIMITS IN THOUSANDS (000)
	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS MADE ☒ OCCURRENCE (Claims Made, See Reverse) ☐ SIR $ _____ ☒ PREMISES-OPERATIONS ☐ EXPLOSION, COLLAPSE AND ☐ UNDERGROUND HAZARD ☒ PRODUCTS-COMPLETED OPERATIONS ☒ CONTRACTUAL LIABILITY ☐ BROAD FORM PROPERTY DAMAGE ☐ INCLUDING COMPLETED OPERATIONS ☒ INDEPENDENT CONTRACTORS ☒ PERSONAL INJURY ☐ _____				**COMMERCIAL OCCURRENCE/CLAIMS MADE POLICY** EACH OCCURRENCE $1,000 FIRE DAMAGE (ANY ONE FIRE) $ 50 MEDICAL EXPENSE (ANY ONE PERSON) $ 5 PERSONAL AND ADVERTISING INJURY $1,000 GENERAL AGGREGATE AVAILABLE $2,000 PROD-COMP/OPS AGG. AVAILABLE $2,000 **COMPREHENSIVE OCCURRENCE POLICY (IF APPLICABLE)** BODILY INJURY — EACH OCCURRENCE $ — AGGREGATE $ PROPERTY DAMAGE $ $ B.I. & P.D. COMBINED $ $ PERSONAL INJURY $ $
	AUTOMOBILE LIABILITY ☒ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ☒ NON-OWNED AUTOS ☐ GARAGE LIABILITY ☐ OTHER				COMBINED SINGLE LIMIT $1,000 BODILY INJURY (EACH PERSON) $1,000 BODILY INJURY (EACH ACCIDENT) $1,000 PROPERTY DAMAGE $1,000
	EXCESS LIABILITY ☒ UMBRELLA FORM ☐ FOLLOWING FORM EXCESS ☐ IF NOT, IDENTIFY DIFFERENCE ON REVERSE				EACH OCCURRENCE / AGGREGATE BODILY INJURY AND PROPERTY DAMAGE COMBINED $1,000 / $1,000
	☒ **WORKERS' COMPENSATION** ☒ **EMPLOYER'S LIABILITY (STOP GAP)**				STATUTORY $1,000 (EACH ACCIDENT) $1,000 (DISEASE-POLICY LIMIT) $1,000 (DISEASE-EACH EMPLOYEE)
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS:

PUGET SOUND ENERGY, INC. IS NAMED AS ADDITIONAL INSURED.

NOTE: SEE REVERSE SIDE FOR ADDITIONAL PROVISIONS IF APPLICABLE.

CERTIFICATE HOLDER

Puget Sound Energy, Inc.
Attention: Purchasing
PO Box 90868
Bellevue, WA 98009-0868

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

2407 6/00

Complete for Claims-Made Policy

Laser Endorsement (attach copies)

Retroactive Date _____

Retroactive date above reflects the inception of your 1st Claims-Made Policy

If not, advise:

Prior Policy Carrier _____

Policy # _____

Retroactive date advanced to _____

Extended Reporting Period Endorsement Date _____

Length of Extension Period _____

Amendments or Laser Endorsements (attach copies)

Glossary and Acronyms

Glossary	Meaning
Administrative Costs	The costs associated with planning, project management, program support, etc., such that the Implementation Cost, the Installed Measure Cost and the Administrative Cost combined represent the total costs of the proposal.
Annualized kWh Savings	The sum of the one-year's kWh savings from all measures installed.
Average Life of Savings	The assigned life of the conservation measure or measures, based on documentation and/or field experience. Where multiple measures or measure types are involved, an average measure life value, derived by weighting each measure by the amount of savings it contributes to the total, is assumed for the program life.
Average Megawatt (aMW)	A measure of energy – not capacity – that is calculated as the number of megawatt-hours divided by the total number of hours in a year (8,760).
BPA	Bonneville Power Administration
Btu / MMBtu	British thermal unit / one million Btu
C&RD	conservation and renewables discount
Conservation Cost Effectiveness Standard (CCES)	The avoided cost of conserved energy, calculated as prescribed by the PSE Rate Case Conservation Agreement described in Exhibit F of the *Demand Side Resources RFP*. See also Exhibit F, Tables F-1 and F-2.

Glossary	Meaning
Customer	A residential or business entity that purchases (or, in the case of new construction, intends to purchase) electricity from Puget Sound Energy.
Customer Cost	The best estimate of the installed measure cost paid by the customer. This may be less than the full measure cost where incentives are provided. Where available, copies of customer invoices collected to verify installation provide reliable information on measure total cost. Estimates may be based on historical program data, and trade ally information.
Demand Savings (kW)	Where quantified, demand savings are only used to calculate customer payback; they are not used explicitly to calculate either utility cost or resource cost.
EES	Energy Efficiency Services Department at Puget Sound Energy
End-use	The application for which electricity is used, e.g. heating vs. lighting. Each end use has a different load shape for the purposes of calculating the value of the energy savings.
Energy Independence Act (Chapter 19.285 RCW)[1]	Washington state's renewable portfolio standard, requiring qualifying utilities to "pursue all available conservation that is cost-effective, reliable, and feasible" and to "use eligible renewable resources or acquire equivalent renewable energy credits, or a combination of both, to meet the following annual targets: (i) At least three percent of its load by January 1, 2012, and each year thereafter through December 31, 2015; (ii) At least nine percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and (iii) At least fifteen percent of its load by January 1, 2020, and each year thereafter."

[1] http://apps.leg.wa.gov/rcw/default.aspx?cite=19.285

Glossary	Meaning
Environmental Attributes	Includes credits, benefits, reductions, offsets and other beneficial allowances with respect to fuel, emissions, air quality, or other environmental characteristics, resulting from the use of certain resource generation or the avoidance of emissions.
Fee for Service Collected	Any customer payment for services provided, as authorized for the program.
FERC	Federal Energy Regulatory Commission
Implementation Cost	The expected cost for all services delivered through the program, including the costs of staff, overheads, program materials, marketing and incentive payments, not including the Installed Measure Cost.
Installed Measure Cost	The cost of the physical equipment measure, plus any labor, materials, and incidental costs associated with installing the measure at the customer's site.
Interconnection Point (IP)	For purposes of this RFP, the term "interconnection point" shall refer to the point at which the project is connected to the high voltage transmission system.
Integrated Resource Plan (IRP)	PSE's most recent IRP was filed with the Washington Utilities and Transportation Commission (WUTC) on July 30, 2010.
Low Income	Residential households served by the Company that meet income and other requirements, which are published in the current *U.S. Department of Energy – Washington State Low-Income Weatherization Assistance Plan* prepared by OCD.
LTSA	long-term service agreement

Glossary	Meaning
Market PPA	For purposes of this RFP, the term "market PPA" shall refer to shorter-term, non-unit contingent power purchase agreements.
Market Transformation	Activities effecting permanent changes in the markets for targeted, cost-effective, energy efficiency products and services that will result in sustainable market penetration, without the need for long-term utility incentives. Market Transformation is a temporary market intervention with a clear expectation that involvement will end.
M&V	measurement and verification
Measure	Term used to denote a product, device, piece of equipment, system, building design feature or operational practice used to achieve greater energy efficiency.
MW	megawatt
MWh	megawatt-hour
Non-Quantified Benefits	Non-energy, savings-related benefit(s) of the installed measure, without attempting to assign a dollar value, which are cited by participants. PSE requires a listing to document additional customer benefits. These are not quantified other than by the understanding that customers deem them sufficient to make their investment in the measure.
Operations and Maintenance (O&M) Measures	Periodic ongoing tasks and activities that enables equipment (e.g. HVAC, Lighting, etc.) to function in accordance with occupants' needs and usage patterns at the facility throughout the equipment's useful life. It is recognized that O&M activities typically strive to insure occupants' comfort and convenience, and do not necessarily seek to optimize energy efficiency of the system(s).

Glossary	Meaning
Other Third-Party Contributions	Costs covered by an entity other than the vendor, Puget Sound Energy and its ratepayers, or the participating customer. For example, low-income weatherization agencies may have matching funds from State or Federal funding sources for weatherization of low-income customer homes.
PBA	power bridging agreement, defined as a short-term "bridge" to a long-lead resource
POD	point of delivery (re: electric transmission)
POR	point of receipt (re: electric transmission)
PPA	power purchase agreement
Quantified Non-Energy Savings Benefits	Benefits based on information from customers where available and able to be generalized. Estimates are the annualized $ value of other, non-energy benefits received by the customer (e.g., reduced maintenance costs). Like annual energy savings, these benefits may recur on an annual basis over the life of the measure or on a one-time basis. Quantified Non-Energy Savings must be clearly labeled and described. These are used in calculating the benefit/cost ratio for Puget Sound Energy's Total Resource Cost test.
Renewable Energy Credit (REC)	The Energy Independence Act (Chapter 19.285 RCW) defines a "renewable energy credit as a tradable certificate of proof of at least one megawatt-hour of an eligible renewable resource, where the generation facility is not powered by fresh water, the certificate includes all of the nonpower attributes associated with that one megawatt-hour of electricity, and the certificate is verified by a renewable energy credit tracking system selected by the department of community, trade and economic development."

Glossary	Meaning
RTF	regional technical forum
TRC	total resource cost, see *Demand Side Resources RFP*, Exhibit D.1.
Type of Savings	Determines the appropriate Cost Effectiveness Standard for analyses, based on the load shape of the end use, and is required for Puget Sound Energy's Cost Effectiveness Standard. See *Demand Side Resources RFP*, Exhibit D-3 and Table D-1.
Units	The basis for reporting participation. In many cases, units equal the number of customers. In programs targeting a specific measure, units may equal the number of measures. The type of units must be specified.
UC	utility cost, see *Demand Side Resources RFP,* Exhibit D.1.
WAC	Washington Administrative Code
WUTC	Washington Utilities and Transportation Commission