

EXHIBIT NO. ___(SSO-4)
DOCKET NO. UE-13___
WITNESS: SAMUEL S. OSBORNE

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of
PUGET SOUND ENERGY, INC.
For an Accounting Order Approving the
Allocation of Proceeds of the Sale of
Certain Assets to Public Utility District
#1 of Jefferson County.**

Docket No. UE-13_____

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
SAMUEL S. OSBORNE
ON BEHALF OF PUGET SOUND ENERGY, INC.**

OCTOBER 31, 2013

CUSTOMER TRANSITION AGREEMENT

by and between

**PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY,
a public utility district of the state of Washington**

and

**PUGET SOUND ENERGY, INC.,
a Washington corporation**

Dated as of February 4, 2013

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LIST OF EXHIBITS

- Exhibit A Bill of Sale
- Exhibit B Form of Customer Contract Assignment and Assumption Agreement
- Exhibit C Form of Assignment and Assumption Agreement
- Exhibit D Form of Assignment and Assumption of Permits Agreement
- Exhibit E Form of Release of Review Materials and Environmental Studies

LIST OF SCHEDULES

- Schedule 4.1(a) Schedule of PSE Services
- Schedule 4.1(b) PSE Deliverables
- Schedule 8.2 List of Assigned Customer Contracts
- Schedule 8.3 List of Terminated Customer Contracts
- Schedule 9.1 List of Assigned Contracts
- Schedule 9.2 List of Terminated Contracts
- Schedule 9.3 List of Permits
- Schedule 10.1 List of Transition Property

CUSTOMER TRANSITION AGREEMENT

This Customer Transition Agreement ("Agreement") is dated as of this 4th day of February, 2013, and is made by and between Public Utility District No. 1 of Jefferson County, a public utility district organized under the laws of the state of Washington ("JPUD"), and Puget Sound Energy, Inc., a Washington corporation ("PSE"). JPUD and PSE are sometimes referred to collectively as the "Parties" and individually as a "Party."

RECITALS

A. On June 11, 2010, the Parties entered into an Asset Purchase Agreement (the "APA"), under threat of condemnation, wherein PSE agreed to sell and JPUD agreed to buy all of PSE's right, title and interest in certain assets more particularly described therein (the "Assets").

B. The transactions contemplated by the APA, if consummated, will constitute a settlement of threatened litigation and a disposal of property to a special purpose district pursuant to RCW 80.12.020(2).

C. By this Agreement, the Parties intend to facilitate the efficient transition of certain electric utility service obligations from PSE to JPUD, including such matters as the Parties have determined herein to be necessary to achieve the physical, functional, operational, organizational, financial, and legal separation of the JPUD Service Territory from the PSE Service Territory.

D. Pursuant to Sections 7.8 and 8.8 of the APA, the execution and delivery of this Agreement is a condition precedent to the closing of the transactions contemplated by the APA.

E. The Parties intend a Closing Date of March 29, 2013, consistent with the Closing Notice provided to PSE by JPUD in accordance with Section 9.1 of the APA.

F. The Parties intend to effectuate the Cut-Over of service from PSE to JPUD at 23:59.99 p.m. on March 31, 2013.

F. By this Agreement, the Parties intend to facilitate the closing of the transactions contemplated by the APA and the efficient transition of electric utility service obligations from PSE to JPUD.

NOW, THEREFORE, for and in consideration of the mutual promises contained herein, the Parties agree as follows:

AGREEMENT

1. Definitions

Except as otherwise provided by this Agreement, terms defined in the APA shall have the meanings set forth therein. For purposes of this Agreement, the following terms defined herein shall have the following meanings:

"Accounts Receivable" means an account, comprised of Customer Accounts, which such account shall state the sum and total of all amounts due PSE from Customers for retail electric service provided to such Customers during the period commencing as of the Accounts Receivable Determination Date and ending on the Cut-Over Date.

"Accounts Receivable Amount" means the amount due PSE from Customers for retail electric service provided to such Customers by PSE during the period commencing as of the Accounts Receivable Determination Date and ending on the Cut-Over Date. The Accounts Receivable Amount shall be determined by final meter reads taken as close in time to the Cut-Over Date as may be reasonably practicable. As to any one or more Customers for which such final meter reads are not available, the Accounts Receivable for such Customers shall be estimated based upon the previous four (4) months' billings for such Customer.

"Accounts Receivable Determination Date" means March 10, 2013.

"Affiliate" means, with respect to any Person, another Person that is controlled by, controls, or is under common control with, such Person. For purposes of this definition, "control" with respect to any Person shall mean the ability to effectively control, directly or indirectly, the operations and business decisions of such Person whether by voting of securities or partnership interests or any other method.

"Agreement" means this Customer Transition Agreement, including all Schedules and Exhibits hereto, as the same may be modified, amended or supplemented from time to time in accordance with Section 21.9 (Integrated Agreement).

"APA" shall have the meaning set forth in the above recitals.

"Applicable Law" means any applicable and binding statute, law, rule, regulation, code, ordinance, judgment, decree, writ, legal requirement or order, and the written interpretations thereof, of any national, federal, state or local Governmental Authority having jurisdiction over the Parties or the performance of this Agreement.

"Assets" shall have the meaning set forth in the APA.

"Assigned Contracts" shall have the meaning set forth in Section 9.1 (Assigned Contracts).

"Assigned Customer Contracts" shall have the meaning set forth in Section 8.2 (Customer Contracts to Be Assigned by PSE and Assumed by JPUD).

"Assigned Permits" shall have the meaning set forth in Section 9.3 (Assigned Permits).

"Closing" shall have the meaning set forth in the APA.

"Closing Date" means March 29, 2013.

"Closing Notice" shall have the meaning set forth in the APA and shall be deemed to have been given December, 28 2012.

"Confidential Information" shall have the meaning set forth in Section 20.1 (Confidential Information).

"Customer" means any Person, partnership, firm, corporation, municipality, cooperative organization or Governmental Authority who or which is receiving retail electric service from PSE within the JPUD Service Territory prior to the Closing Date.

"Customer Accounts" means accounts maintained by PSE with its Customers for purposes of billing and payment of amounts due PSE for retail electric service provided to such Customers within the JPUD Service Territory in accordance with the rules and regulations of the WUTC.

"Customer Bill" means a bill to a Customer (in any form authorized by Schedule 80 of Electric Tariff G) pursuant to which payment is due PSE from such Customer for retail electric service provided to such Customer within the JPUD Service Territory.

"Customer Contract" means a contract or an agreement entered into by and between PSE and a Customer that provides terms and condition for service pursuant to PSE rates and tariffs on file with the WUTC. By way of example and not by way of limitation, the form "Schedule 73 Underground Conversion Agreement" appended as "Attachment A" to Schedule 73 is an example of a Customer Contract.

"Customer Records" means, with respect to a Customer within the JPUD Service Territory as of the Customer Records Delivery Date, the following information:

- (a) Customer's name;
- (b) Customer's service address;
- (c) Customer's billing address;
- (d) Customer's tariff charges and consumption history (for the preceding twelve (12) month period);
- (e) Customer's payment history (for the preceding twelve (12) month period);
- (f) Meter numbers; and

- (g) Such other Customer-specific information as PSE may choose to provide.

For avoidance of doubt, Customer Records is a reference to raw data only, and does not include any software, hardware, data conversion files, readers, operating systems, programs, licenses, contracts, permissions, approvals, or other items or services required to access, read, use, sort, process or apply the Customer Records to any particular purpose or need that JPUD may have for such information.

"Customer Records Approvals" shall have the meaning set forth in Section 6.2 (Approval of Disclosure of Customer Records).

"Customer Records Delivery Date" shall mean February 6, 2013.

"Cut-Over" shall mean, upon the occurrence of the physical, functional, operational, organizational, financial and legal separation of the JPUD Service Territory from the PSE Service Territory and the release of PSE from, and the assumption by JPUD of, full and complete responsibility for electric utility service obligations in the JPUD Service Territory.

"Cut-Over Date" shall mean 23:59.99 on March 31, 2013.

"Dispute" shall have the meaning set forth in Section 17.1 (Disputes).

"Effective Date" shall be the date of this Agreement, as first written above.

"Excluded Assets" shall have the meaning set forth in the APA.

"FERC Jurisdictional Services" shall have the meaning set forth in Section 12.1 (FERC Jurisdictional Services).

"Force Majeure" means any event or circumstance (or combination thereof) and the continuing effects of any such event or circumstance (whether or not such event or circumstance was foreseeable or foreseen by the Parties) that delays or prevents performance by a Party of any of its obligations under this Agreement, but only to the extent that and for so long as:

- (a) the event or circumstance is beyond the reasonable control of the affected Party;
- (b) despite the exercise of reasonable diligence, the event or circumstance cannot be prevented, avoided or stopped by the affected Party; and
- (c) the affected Party has taken all commercially reasonable measures to avoid the effect of the event or circumstance on the affected Party's ability to perform its obligations hereunder and to mitigate the consequences of the event.

Force Majeure shall include the following, to the extent also satisfying the criteria specified above:

(i) acts of nature, including volcanic eruption, landslide, earthquake, flood, lightning, tornado or other storm or environmental conditions, perils of the sea, wildfire or any other natural disaster;

(ii) acts of public enemies, armed conflicts, acts of foreign enemies, acts of terrorism (whether domestic or foreign, state-sponsored or otherwise), war (whether declared or undeclared), blockade, insurrection, riot, civil disturbance, revolution or sabotage;

(iii) any form of compulsory government acquisition or condemnation, change in Applicable Law, export or import restrictions, customs delays, rationing or allocations that affect the performance of the Parties' obligations under this Agreement;

(iv) accidents or other casualty, damage, loss or delay during transportation, explosions, fire, epidemics, quarantines or criminal acts that affect the performance of the Parties' obligations under this Agreement;

(v) labor disturbances, stoppages, strikes, lock-outs or other industrial actions affecting the Parties or any of their contractors, subcontractors (of any tier), agents or employees;

(vi) inability, after the use of commercially reasonable efforts, to obtain any consent or approval from any Governmental Authority that affects the performance of the Parties' obligations under this Agreement;

(vii) inability, after the use of commercially reasonable efforts, to obtain any consent or approval from any Person required by a Party in connection with this Agreement; and

(viii) third-party litigation contesting all or any portion of the right, title and interest of a Party in any service, property or other item to be provided to the other Party in connection with this Agreement.

Notwithstanding the foregoing, the insufficiency of funds, the financial inability to perform or changes in such Party's cost of performing its obligations hereunder shall not constitute a Force Majeure event, and neither Party may raise a claim for relief hereunder, in whole or in part, in connection with such event or circumstance. Each Party shall attempt in good faith to notify the other Party of any events of which the notifying Party is aware that may be reasonably expected, with the lapse of time or otherwise, to become a Force Majeure event.

"Governmental Authority" shall mean any (a) federal, national, state, tribal, county, municipal or local government (whether domestic or foreign), any political subdivision thereof; (b) any court or administrative tribunal; (c) any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity of competent jurisdiction (including the FERC, the Bonneville Power Administration, the WUTC or any comparable authority); or (d) any nongovernmental agency, tribunal or entity that is vested by a governmental agency with applicable jurisdiction (including the North American

Electric Reliability Corporation, the Western Electricity Coordinating Council or any comparable authority). For purposes of this Agreement, JPUD is not a Governmental Authority.

"Intellectual Property" means any patents and patent rights, inventions, processes, formulae, copyrights and copyright rights, works of authorship, trade secrets, industrial models, processes, designs, plans, proposals, methodologies, computer programs (including all source codes) and related documentation, technical data and information, manufacturing, engineering and technical drawings, know-how, and all pending applications for and registrations for the foregoing, all licenses with respect to any of the foregoing, and any other intellectual property rights of any kind.

"Interest Rate" means the interest rate that is the lesser of, for each day that it is applied, the rate that is equal to (a) one three hundred and sixty-fifth (1/365) of the prime interest rate for preferred customers established from time to time by the Bank of America, or such other bank as may be designated by the Parties, plus two (2) percentage points; or (b) the highest rate permitted by Applicable Law.

"JPUD" shall have the meaning set forth in the preamble to this Agreement.

"JPUD Responsibilities" shall have the meaning set forth in Section 5.1 (JPUD Responsibilities).

"JPUD Service Territory" means that portion of Jefferson County wherein, as of the Effective Date, PSE provides retail electric service to Customers in accordance with rates and tariffs on file with the WUTC.

"OATT" shall have the meaning set forth in Section 12.1 (FERC Jurisdictional Services).

"Party" or "Parties" shall have the meaning set forth in the preamble to this Agreement.

"Permit" means (a) any action, approval, consent, waiver, exemption, variance, franchise, order, judgment, decree, permit, authorization, right, registration, filing, submission, certification, plan or license of, with or from a Governmental Authority in connection with the Assets or the provision of electric service within the JPUD Service Territory; and (b) any required notice to, any declaration or registration of, or with, by any Governmental Authority in connection with the Assets or the provision of electric service within the JPUD Service Territory.

"Person" means any individual, corporation, municipal corporation, company, voluntary association, partnership, incorporated organization, trust, limited liability company, or any other entity or organization, including any Governmental Authority.

"Prudent Utility Practices" means, at any particular time, any of the practices, methods, decisions and acts that, in the exercise of a Party's reasonable judgment in light of the facts known at the time, would have been expected to accomplish the desired result consistent with Applicable Law, reliability, efficiency, economy, safety and expedition commonly engaged in or approved by the electric utility industry in the United States prior thereto, and in the case of PSE, includes all practices and methods needed to comply with the rules and regulations of the WUTC, including, but not limited to, PSE rates and tariffs on file therewith. It is recognized that

Prudent Utility Practice is not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts that could have been expected to accomplish the desired result consistent with Applicable Law, reliability, efficiency, economy, safety and expedition.

"PSE" has the meaning set forth in the preamble to this Agreement.

"PSE Cut-Over Property" means any and all tools, equipment, vehicles, facilities, fixtures, assets and other items used by PSE to provide retail electric service to Customers prior to the Closing Date that (a) may not prudently or reasonably be removed by PSE prior to the Cut-Over Date, and (b) are owned by PSE. PSE Cut-Over Property does not include the Assets, the Stores or the Transition Property.

"PSE Deliverables" means any materials, supplies, goods, information, drawings, plans, specifications, design, data and other items to be provided in connection with the PSE Services, which PSE Deliverables are more particularly described in Schedule 4.1(b). PSE Deliverables do not include the Assets, the Stores or the Transition Property.

"PSE Indemnitees" means PSE and PSE's Affiliates, directors, officers, employees, agents, servants and representatives, and the respective successors and assigns of each and all of the foregoing.

"PSE Service Territory" means all those areas, as of the Effective Date, where PSE provides retail electric or natural gas service to Customers in accordance with rates and tariffs on file with the WUTC, including the JPUD Service Territory.

"PSE Services" means the services provided by (or on behalf of) PSE in accordance with this Agreement or to otherwise effectuate the transition of the JPUD Service Territory from PSE to JPUD by such personnel, labor, supervision, technical, professional or other service providers as PSE may, in its sole discretion, designate, retain or employ to perform the services more particularly described in Schedule 4.1(a), the "Schedule of PSE Services."

"Tax" or "Taxes" shall mean any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, real estate excise, personal property, sales, use, transfer, registration, value added, alternative or add on minimum, estimated or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

"Term" shall have the meaning set forth in Section 2.1 (Term of Agreement).

"Terminated Contracts" shall have the meaning set forth in Section 9.2 (Terminated Contracts), and as set forth on Schedule 9.2, the "List of Terminated Contracts."

"Terminated Customer Contracts" shall have the meaning set forth in Section 8.3 (Customer Contracts to Be Terminated), and as set forth on Schedule 8.3, the "List of Terminated Customer Contracts."

"Transition Payment" means a payment, in the amount of Eight-Hundred Thousand and 00/100 Dollars (\$800,000.00) due PSE from JPUD for the Transition Properties and Services, which such Transition Payment is to be made by JPUD in installments in accordance with the payment schedule set forth in Section 14.1 (PSE Services and PSE Deliverables).

"Transition Period" shall have the meaning set forth in the APA.

"Transition Properties and Services" means any and all goods, services, labor, materials, property, tangibles, intangibles, accounts, contracts, rights, permits, interests and other items offered, performed, transferred, conveyed, assigned, delivered or otherwise provided by PSE to JPUD pursuant to this Agreement. For avoidance of doubt, Transition Properties and Services includes Accounts Receivable, Assigned Customer Contracts, Assigned Permits, Customer Records, PSE Services, PSE Deliverables, Transition Property and the Review Materials and Environmental Studies. Transition Properties and Services do not include retail electric service to Customers provided by PSE in accordance with the rules and regulations of the WUTC.

"Transition Property" means certain personal property and other rights and interests more particularly described in Schedule 10.1, the "List of Transition Property."

2. Term

2.1 Term of Agreement

The term of this Agreement (the "Term") will commence on the Effective Date and will end on the date which is thirteen (13) months after the Closing Date.

3. Construction

3.1 Schedules and Exhibits

This Agreement includes the Schedules and Exhibits and any reference in this Agreement to a "Schedule" or an "Exhibit" by number or letter designation or title shall mean one of the Schedules or Exhibits identified in the table of contents. A reference to any article, section, subsection, paragraph, subparagraph or other provision shall be, unless otherwise specified, to an article, section, subsection, paragraph, subparagraph or other provision of this Agreement. Any reference in this Agreement to another agreement or document shall be construed as a reference to that other agreement or document as the same may have been, or may from time to time be, varied, amended, supplemented, substituted, novated, assigned or otherwise transferred.

3.2 Terms; References

Terms defined in a given number, tense or form shall have the corresponding meaning when used in this Agreement with initial capitals in another number, tense or form. References containing terms such as "hereof," "herein," "hereto," "hereinafter" and other terms of like import are not limited in applicability to the specific provision within which such references are set forth but instead refer to this Agreement taken as a whole. "Includes" or "including" shall not be deemed limited by the specific enumeration of items, but shall be deemed without limitation. The term "or" is not exclusive. The headings contained herein are not part of this Agreement and

are included solely for the convenience of the Parties. Accounting terms used but not defined herein have the meanings given to them under generally accepted accounting principles in the United States consistently applied throughout the specified period and in the immediately prior comparable period.

3.3 Conflicts in Documentation

If there is a conflict between this Agreement and the APA as it relates to the subject matter of the APA, then the APA shall take precedence. If there is an express conflict between the provisions contained within the body of this Agreement and the provisions of any Exhibit or Schedule hereto, then the body of this Agreement shall take precedence, except with respect to technical specifications and requirements pertaining to the Transition Properties and Services in which case the conflicting Exhibit or Schedule shall take precedence.

3.4 Construction of Terms

Unless the context clearly intends to the contrary, words singular or plural in number shall be deemed to include the other and pronouns having a masculine or feminine gender shall be deemed to include the other.

4. PSE Services and PSE Deliverables

4.1 PSE to Provide

During the Term, PSE will perform the PSE Services set forth in Schedule 4.1(a) and provide the PSE Deliverables set forth in Schedule 4.1(b) to JPUD subject to the terms and conditions of this Agreement. The PSE Services and the PSE Deliverables may be used by JPUD solely in connection with the efficient transition of retail electric service within the JPUD Service Territory from PSE to JPUD on or before the Closing Date. JPUD may not resell, license the use of or otherwise permit the use by others of any PSE Services or PSE Deliverables; provided, however, JPUD may, subsequent to the Closing Date, use PSE Services and provide the PSE Deliverables to provide retail electric service within the JPUD Service Territory in the ordinary course of business and consistent with Prudent Utility Practice.

4.2 Performance of PSE Services

The PSE Services will be performed to the degree determined by PSE to be reasonably necessary to facilitate the efficient transition of electric utility service obligations for the JPUD Service Territory from PSE to JPUD. PSE will undertake commercially reasonable efforts to perform the PSE Services and to provide the PSE Deliverables in general accordance with the descriptions and specifications set forth in this Agreement. PSE's obligation to perform the PSE Services and to provide the PSE Deliverables shall at all times be subject and subordinate to its obligation to (a) maintain the safety and reliability of PSE's electric and natural gas systems and service throughout the PSE Service Territory; (b) operate and maintain PSE's electric and natural gas systems and serve its customers throughout the PSE Service Territory in accordance with the rules and regulations of the WUTC (including, but not limited to, PSE rates and tariffs on file therewith); and (c) comply with Applicable Law and Prudent Utility Practices.

4.3 Support

PSE may cause third-party contractors, reasonably acceptable to JPUD, to perform the PSE Services or to provide the PSE Deliverables, so long as (a) any such third-party subcontractor will be bound by the terms and conditions of this Agreement and, further, will be subject to all other reasonable restrictions and policies of JPUD, such as those relating to on-premises or online security, privacy and so on; and (b) PSE is not relieved of its obligations as a result of the delegation to a third-party contractor.

4.4 Additional PSE Services and Deliverables

JPUD may, during the Term, request that PSE provide additional PSE Services or additional PSE Deliverables to JPUD. Within fifteen (15) days of PSE's receipt of any such request, PSE shall notify JPUD of its offer of any additional PSE Services or additional PSE Deliverables that it is willing to provide, together with a good faith estimate of the cost to JPUD for PSE to provide such PSE Services or PSE Deliverables (e.g., an estimate of cost/hour, plus expenses). Any and all such additional PSE Services or PSE Deliverables to be so provided shall, however, be provided to JPUD at PSE's actual cost and PSE reserves the right to refuse any and all requests from JPUD to provide additional PSE Services or additional PSE Deliverables. JPUD may, within five (5) days of its receipt of PSE's offer, notify PSE that it either accepts or rejects such offer. If JPUD accepts such offer, the additional PSE Services or additional PSE Deliverables shall be provided by PSE in accordance with the terms and conditions of this Agreement. Amounts due PSE for such PSE Services or PSE Deliverables, together with any related Taxes, shall be paid by JPUD to PSE pursuant to monthly invoices. Each invoice will include a description of the PSE Services and PSE Deliverables performed and provided during the applicable month. If so requested by JPUD, PSE shall provide reasonable documentation to verify any invoice. All amounts due and payable PSE shall be due and payable within thirty (30) days from and after the date of PSE's invoice for such payment.

5. JPUD Support of Transition Properties and Services

5.1 JPUD Responsibilities

PSE may, from time to time, in connection with the efficient transition of electric utility service obligations for the JPUD Service Territory from PSE to JPUD, request that JPUD:

- (a) undertake such commercially reasonable actions or assume such commercially reasonable obligations that are necessary in order to achieve Cut-Over by the Cut-Over Date;
- (b) provide PSE with commercially reasonable data and information with respect to electric utility service operations that are necessary in order to achieve Cut-Over by the Cut-Over Date;
- (c) maintain commercially reasonable means and methods of communications with PSE with respect to electric utility service operations that are necessary in order to achieve Cut-Over by the Cut-Over Date;

(d) provide PSE the temporary use of any of JPUD's existing and readily available facilities, tools, equipment or JPUD-owned properties that are necessary in order to achieve Cut-Over by the Cut-Over Date in a commercially reasonable manner; or

(e) take such other actions that are reasonably required of JPUD in order to achieve Cut-Over by the Cut-Over Date, or that are required in order for PSE to perform any obligations owed JPUD pursuant to this Agreement.

(collectively, "JPUD Responsibilities"). If PSE shall request that JPUD undertake any JPUD Responsibilities, JPUD shall within three (3) days of the date of any such request, notify PSE of the JPUD Responsibilities (if any) that it agrees to undertake and any qualifications or limitations thereof. As to any JPUD Responsibilities that JPUD agrees to undertake, JPUD shall undertake and discharge such JPUD Responsibilities consistent with Applicable Law and Prudent Utility Practices, and at no charge to PSE. JPUD reserves the right to refuse any and all requests from PSE to undertake JPUD Responsibilities; provided, however, PSE shall not be responsible or liable for any JPUD actions (or inactions) that are reasonably required of JPUD in order to achieve Cut-Over by the Cut-Over Date.

5.2 Removal of PSE Cut-Over Property

For a period of forty-five (45) days from and after the Closing Date, JPUD shall, during normal business hours, provide PSE reasonable access to PSE Cut-Over Property for purposes of assisting PSE in the recovery and removal of PSE Cut-Over Property from the JPUD Service Territory. The Parties shall cooperate to affect such recovery and removal of PSE Cut-Over Property in a prompt, safe and efficient manner, and so as to avoid any interruption of JPUD's utility operations. To the extent that any PSE Cut-Over Property shall then be situate upon or within any property owned by or under the control of JPUD, JPUD hereby grants PSE, commencing as of the Closing Date, a forty-five (45) day license authorizing PSE to maintain PSE Cut-Over Property at such location until it can be recovered and removed by PSE in accordance with this Section 5.2 (Removal of PSE Cut-Over Property).

6. Customer Records

6.1 Disclosure of Customer Records

The Parties acknowledge that PSE may not, consistent with Applicable Law, disclose or release to JPUD any Customer Records without first obtaining from such Customers their permission to disclose Customer Records to JPUD. However, in lieu of obtaining the permission of each Customer to the release of such Customer's Customer Records, PSE has sought the blanket approval of Governmental Authorities to disclose Customer Records to JPUD. PSE is willing to undertake commercially reasonable efforts to obtain such approval from Governmental Authorities and to disclose Customer Records to JPUD if such disclosure can be made in compliance with Applicable Law.

6.2 Approval of Disclosure of Customer Records

PSE shall undertake commercially reasonable efforts to:

- (a) prepare and execute all filings necessary to request the WUTC's approval to PSE's disclosure of Customer Records to JPUD;
- (b) prepare and execute any other filings with Governmental Authorities that PSE may determine to be required in order to disclose Customer Records to JPUD in compliance with Applicable Law; and
- (c) take such other action as PSE may determine to be required in order to disclose Customer Records to JPUD in compliance with Applicable Law and Prudent Utility Practices.

Any and all approvals, authorizations or other assurances to be obtained by PSE in accordance with this Section 6.2 (Approval of Disclosure of Customer Records) are collectively referred to herein as the "Customer Records Approvals."

6.3 Application for Customer Records Approvals

With respect to any and all other Customer Records Approvals to be applied for by PSE in accordance with Section 6.2 (Approval of Disclosure of Customer Records), PSE shall apply for such Customer Records Approvals as soon as it is determined by PSE that such Customer Records Approvals are required, and in such event, PSE shall notify JPUD of such determination.

6.4 Satisfaction With Customer Records Approvals

PSE reserves the sole and exclusive right to determine that the Customer Records Approvals are sufficient to authorize PSE to disclose and transfer Customer Records from PSE to JPUD in compliance with Applicable Law. Unless and until PSE has so determined, PSE shall have no obligation to disclose or transfer Customer Records to JPUD. PSE shall promptly notify JPUD if PSE has determined that PSE does not have sufficient Customer Records Approvals to disclose and transfer Customer Records from PSE to JPUD.

6.5 Transfer of Customer Records

If and only if

- (a) PSE has determined that the disclosure and transfer of Customer Records from PSE to JPUD can be accomplished in compliance with Applicable Law and
- (b) JPUD has taken any and all actions necessary to receive and assume care, custody and control of Customer Records in compliance with Applicable Law (including compliance with the terms and conditions of any Customer Records Approvals and all requirements to secure and maintain the confidentiality of such information that are applicable to JPUD) and Prudent Utility Practices,

then shall PSE disclose, transfer and deliver the Customer Records to JPUD. The date upon which such transfer and delivery shall occur shall be the Customer Records Delivery Date. If the Customer Records Delivery Date shall be more than thirty (30) days prior to the Closing Date, PSE shall, within thirty (30) days from and after the Closing Date, provide JPUD with an update of the Customer Records so as to be current as of the Closing Date.

6.6 JPUD's Use of Customer Records

JPUD shall, at its expense, acquire any software, hardware, data conversion files, readers, operating systems, programs, licenses, contracts, permissions, approvals and other items or services required for JPUD to access, read, use, sort, process or apply the Customer Records to any particular purpose or need that JPUD may have for such information.

6.7 PSE Access to JPUD Customer Records

If PSE requires information concerning JPUD customer records (involving matters such as the customer's name, address, consumption history or payment history) after the Closing Date, PSE may request such information from JPUD. Such request shall state the business reasons giving rise to PSE's request. If so requested by PSE, JPUD shall make commercially reasonable efforts to provide PSE the information requested, at PSE's expense, subject to such reasonable limitations and requirements that JPUD may impose with respect to confidentiality of such information and the use thereof by PSE.

7. Accounts Receivable

7.1 WUTC Jurisdiction

The obligations of the Parties set forth herein with respect to Accounts Receivable, Customer Bills and Customer Accounts are, prior to the Cut-Over Date, subject and subordinate to the rules and regulations of the WUTC (including PSE rates and tariffs on file with the WUTC). If and to the extent any interest acquired by JPUD in Accounts Receivable and Customer Accounts shall require JPUD to comply, after the Closing Date, with any or all relevant WUTC rules and regulations until a final disposition of matters pertaining to such Accounts Receivable and Customer Accounts have been fully and finally resolved (including matters such as collections, payment plans and discontinuation of service), JPUD shall comply with all such WUTC rules and regulations.

7.2 JPUD Payment Instructions

Not less than forty-five (45) days prior to the Accounts Receivable Determination Date, JPUD shall provide PSE with proposed JPUD payment instructions to be included in Customer Bills to be issued by PSE to Customers on the Accounts Receivable Determination Date. If PSE shall object to such proposed JPUD payment instructions, PSE shall notify JPUD of such objection within three (3) business days of PSE's receipt of such proposed JPUD payment instructions, including an explanation of the reason for such objection. The Parties shall promptly meet and confer regarding the JPUD payment instructions to be included in such Customer Bills. If the Parties are unable to agree upon such JPUD payment instructions within two (2) business days, (a) PSE shall have the right and final authority to determine the content of

such Customer Bills; (b) the Parties may each provide such additional payment instructions to their respective customers as they see fit provided that such additional payment instructions are consistent with this Agreement.

7.3 Final PSE Customer Bills

On the Accounts Receivable Determination Date, PSE shall issue final Customer Bills to Customers that include the following information:

- (a) any and all amounts due PSE for retail electric service provided to such Customers by PSE prior to the Accounts Receivable Determination Date;
- (b) JPUD payment instructions, as determined by PSE in accordance with Section 7.2 (JPUD Payment Instructions), for retail electric service provided by PSE to Customers during the period commencing as of the Accounts Receivable Determination Date and ending on the Cut-Over Date; and
- (c) such other information as PSE may determine to be necessary or appropriate to reasonably inform Customers of changes to billing and collection procedures.

PSE bears the collection risk of all amounts then and previously billed prior to the Accounts Receivable Determination Date.

7.4 Responsibility for Accounts Receivable

PSE shall have no obligation to JPUD for the billing and collection of the Accounts Receivable. As of the Closing Date, JPUD shall be solely responsible for the billing and collection of the Accounts Receivable and JPUD shall bear all risk and expense associated with the billing and collection of the Accounts Receivable (including any and all risk and expense of nonpayment, underpayment, extensions, delinquencies, deficiencies, defaults, stays, claims, enforcements, defenses, affirmative defenses, debtors or creditors rights, bankruptcies, receiverships or other causes or matters affecting the ability of JPUD to collect any or all of the Accounts Receivable, regardless of whether such causes or matters are attributable (in whole or in part) to any act or omission of PSE or Applicable Law). After the Accounts Receivable Determination Date, the amount of any JPUD charges on JPUD billings to PSE's Customers (or former Customers) for electric service provided to such Customers (or former Customers) prior to Cut-Over shall be equal to the amount that PSE would have charged such Customers (or former Customers) for such electric service by application of rates in effect at the time such service was provided.

7.5 Audit

Within fifteen (15) days after the Cut-Over Date, PSE shall provide the Accounts Receivable Amount to JPUD in sufficient detail so that the determination of the amount can be reviewed and audited. JPUD shall have the right, at its expense, within ninety (90) days of its receipt of the Accounts Receivable Amount, to request an audit of any specific books, meter read data, records and Customer Accounts used by PSE to calculate the Accounts Receivable

Amount. If so requested by JPUD, PSE shall, at a reasonable time and place, make such books, records and accounts available to JPUD for such an audit. Any audit shall be performed by an independent certified public accountant, or such other auditor acceptable to PSE. Information to be provided in connection with an audit shall be limited to information that is reasonably necessary to confirm the requisite financial calculations. If, upon the completion of such audit, there is a discrepancy between PSE's determination of the Accounts Receivable Amount and the conclusions of the auditor, the Parties shall negotiate in good faith to resolve such discrepancies. If such discrepancies have not been so resolved within ten (10) days of the date that the audit is completed, the Parties shall seek to resolve the matter in accordance with Section 17 (Dispute Resolution).

7.6 Payment of Accounts Receivable Amount

The Accounts Receivable Amount shall be due and payable by in full by JPUD to PSE on or before August 1, 2013, which such amount shall be paid by JPUD to PSE in installments payments in accordance with the following payment schedule:

(a) an amount equal to product of the Accounts Receivable Amount multiplied by 0.80 (i.e., $0.80 \times$ Accounts Receivable Amount) shall be due and payable by JPUD to PSE on or before June 3, 2013;

(b) an amount equal to product of the Accounts Receivable Amount multiplied by 0.16 (i.e., $0.16 \times$ Accounts Receivable Amount) shall be due and payable by JPUD to PSE on or before July 1, 2013; and

(c) an amount equal to product of the Accounts Receivable Amount multiplied by 0.04 (i.e., $0.04 \times$ Accounts Receivable Amount) shall be due and payable by JPUD to PSE on or before August 1, 2013.

There is no penalty amount due should JPUD make payment before the due date.

7.7 PSE Access to JPUD Account Information

If PSE requires information concerning JPUD customer accounts, then PSE may request such information from JPUD. Such request shall state the business reasons giving rise to PSE's request. If so requested by PSE, JPUD shall make commercially reasonable efforts to provide PSE the information requested, at PSE's expense, subject to such reasonable limitations and requirements that JPUD may impose with respect to confidentiality of such information and the use thereof by PSE.

8. Customers Contracts

8.1 WUTC Jurisdiction

The obligations of the Parties set forth herein with respect to Customer Contracts are, prior to the Closing Date, subject and subordinate to the rules and regulations of the WUTC (including PSE rates and tariffs on file with the WUTC).

8.2 Customer Contracts to Be Assigned by PSE and Assumed by JPUD

At Closing, PSE shall assign (without recourse) and JPUD shall assume and agrees to pay, perform and discharge fully when due all liabilities and obligations arising after the Cut-Over Date under or in respect of the Customer Contracts more particularly described in Schedule 8.2, the "List of Assigned Customer Contracts" (collectively, the "Assigned Customer Contracts"). On or before March 1, 2013, PSE shall update the List of Assigned Customer Contracts. Prior to Closing, the Parties shall execute and deliver to Escrow Agent the Customer Contract Assignment and Assumption Agreement substantially in the form attached hereto and incorporated herein at Exhibit B. PSE shall deliver to JPUD copies of the Customer Contracts at Closing.

8.3 Customer Contracts to Be Terminated

The Customer Contracts more particularly described in Schedule 8.3, the "List of Terminated Customer Contracts," attached hereto and incorporated herein by this reference, shall be terminated by PSE on or before the Closing Date (collectively, the "Terminated Customer Contracts"). On or before March 1, 2013, PSE shall update the List of Terminated Customer Contracts.

8.4 Transition of Customer Contracts

Subject to the rules and regulations of the WUTC and Applicable Law, upon its receipt of the Closing Notice, PSE shall undertake commercially reasonable efforts to refrain from entering into any new Customer Contracts. If, subsequent to the Closing Notice, PSE shall receive a request from a Customer to enter into a new Customer Contract, then PSE shall refer such Customer to JPUD. As to any such referral, JPUD shall provide reasonable assurances to such Customer that JPUD will provide such services on commercially reasonable terms and conditions commencing as of the Cut-Over Date. If, in lieu of an assignment of a Customer Contract pursuant to Section 8.2 (Customer Contracts to Be Assigned by PSE and Assumed by JPUD), PSE and Customer may mutually determine that the efficient transition of one or more Customer Contracts is best achieved by PSE's continued performance thereof, in whole or in part, for any period of time extending up to and beyond the Cut-Over Date, at the expense of Customer. In such event, JPUD shall use commercially reasonable efforts to assist PSE in the collection of any and all amounts due PSE from such Customer for such performance. At Closing, PSE will identify all Customer Contracts under which PSE is continuing to perform in accordance with this Section 8.4 (Transition of Customer Contracts); otherwise, PSE will provide all requisite information and data for JPUD to complete Customer Contract(s) having work not completed. PSE shall provide JPUD the "as built" drawings and specifications for the work performed on each Customer Contracts which PSE continued to perform up to and after the Cut-Over Date, if and to the extent PSE shall be in possession of any such "as built" drawings and specifications.

8.5 PSE Access to Information

If PSE requires information concerning Customer Contracts after the Closing Date, PSE may request such information from JPUD. Such request shall state the business reasons giving

rise to PSE's request. If so requested by PSE, JPUD shall make commercially reasonable efforts to provide PSE the information requested, at PSE's expense, subject to such reasonable limitations and requirements that JPUD may impose with respect to confidentiality of such information and the use thereof by PSE.

9. Other Contracts, Permits

9.1 Assigned Contracts

At Closing, PSE shall assign (without recourse) and JPUD shall assume and agrees to pay, perform and discharge fully when due all liabilities and obligations arising after the Closing Date under or in respect of the contracts identified Schedule 9.1, the "List of Assigned Contracts" (the "Assigned Contracts"). On or before March 1, 2013, PSE shall update the List of Assigned Contracts. The Parties shall execute and deliver to Escrow Agent the Assignment and Assumption Agreement substantially in the form attached hereto and incorporated herein at Exhibit C.

9.2 Terminated Contracts

The contracts more particularly described in Schedule 9.2, the "List of Terminated Contracts" (the "Terminated Contracts"), shall be terminated by PSE on or before the Closing Date. On or before March 1, 2013, PSE shall update the List of Terminated Contracts.

9.3 Assigned Permits

At Closing, PSE shall assign (without recourse) and JPUD shall assume, perform and discharge fully any obligations arising after the Closing Date under or in respect of the Permits identified in Schedule 9.3, the "List of Permits" (the "Assigned Permits"). The Parties shall execute and deliver to Escrow Agent the Assignment and Assumption of Permits Agreement substantially in the form attached hereto and incorporated herein at Exhibit D.

10. Transition Property

10.1 Transfer of Transition Property

PSE shall transfer and deliver the Transition Property to JPUD at no cost to JPUD, and JPUD shall accept the Transition Property from PSE. Title to the Transition Property shall be transferred by a Bill of Sale at Closing, in the form attached hereto and incorporated herein at Exhibit A. Transition Property shall be abandoned in place by PSE, and delivery of the Transition Property shall be deemed to have occurred at Closing upon JPUD's acceptance of the Bill of Sale. The Transition Property is limited to those items specifically described in Schedule 10.1, the "List of Transition Property" and no other PSE properties, rights or interests are included in this sale.

10.2 Inspection of Transition Property

Prior to delivery thereof to JPUD, JPUD has been provided the opportunity to inspect and make such investigations regarding the Transition Property and has performed such due

diligence inspection, assessments and investigation of the Transition Property and its suitability for JPUD's purposes (including review of documents and information provided by PSE, Governmental Authorities and others, site visits and interviews with PSE employees and consultants) as JPUD deems appropriate, necessary and prudent for JPUD to consummate the transactions contemplated under this Agreement, and JPUD will rely solely upon the results of its inspections, assessments, investigation and other due diligence activities with regard to the status of the title, quality, condition, merchantability, fitness and other aspects of the Transition Property, its compliance with Applicable Law, its suitability for JPUD's intended use and for all aspects and purposes.

10.3 Risk of Loss of Transition Property

PSE shall bear the risk of loss with regard to the Transition Property prior to delivery thereof to JPUD. The risk of loss for the Transition Property shall pass to JPUD upon delivery thereof to JPUD at Closing.

10.4 Taxes and Expenses

JPUD shall be responsible for paying all applicable Taxes and transactions costs imposed as a result of the sale, transfer and delivery of the Transition Property to JPUD and any deficiency, interest, penalty or addition asserted with respect thereto.

10.5 JPUD Access to PSE Information Regarding Transition Property

For a period of one (1) year from and after the Closing Date, if JPUD requires information concerning Transition Property, then JPUD may request such information from PSE. Such request shall state the business reasons giving rise to JPUD's request. If so requested by JPUD, PSE shall make commercially reasonable efforts to provide JPUD the information requested, at JPUD's expense, subject to such reasonable limitations and requirements that PSE may impose with respect to confidentiality of such information and the use thereof by JPUD.

11. Review Materials and Environmental Studies

11.1 Delivery of Review Materials and Environmental Studies

Section 2.9(c) of the APA allows JPUD to request the delivery of Review Materials and Environmental Studies (or portions thereof), subject to JPUD's executing appropriate releases of PSE's liability for the contents and accuracy thereof. JPUD may so request the delivery of such Review Materials and Environmental Studies (or portions thereof) by (a) giving PSE written notice of such request pursuant to this Section 11.1 (Delivery of Review Materials and Environmental Studies) and (b) providing PSE with an executed Release of Review Materials and Environmental Studies in the form attached hereto and incorporated herein at Exhibit E. PSE shall deliver to JPUD at Closing any Review Materials and Environmental Studies (or portions thereof) so requested not less than thirty (30) days prior to the Closing Date. If JPUD has not so requested the delivery of Review Materials and Environmental Studies (or portions thereof), PSE may thereafter dispose of the same.

12. Requests for FERC Jurisdictional Services

12.1 FERC Jurisdictional Services

During the Transition Period, PSE may, from time to time, receive requests for transmission, interconnection and other services to be provided by PSE within the JPUD Service Territory subject to the jurisdiction of FERC. Any and all such services are referred to in this Agreement as "FERC Jurisdictional Services." PSE reserves the right to respond to any request to provide FERC Jurisdictional Services within the JPUD Service Territory in accordance with PSE's customary business practices, Applicable Law and such other requirements as may be applicable thereto (including, but not limited to, PSE's Open Access Transmission Tariff on file with FERC (the "OATT")). Subject to the foregoing requirements and when such information is available to the general public via PSE's Open Access Same-Time Information System (at <http://www.oatioasis.com/psei>), PSE shall promptly notify JPUD of any request to provide FERC Jurisdictional Services received by PSE from and after the Effective Date.

12.2 Consult With JPUD

PSE shall provide any Person requesting FERC Jurisdictional Services within the JPUD Service Territory with a copy of the APA and shall advise such Person to consult with JPUD as to arrangements to be made by JPUD to provide FERC Jurisdictional Services on and after Closing. If so requested by a Party, the other Party shall enter into good faith negotiations concerning the transition of FERC Jurisdictional Services so as to effect such transition on terms and conditions that reflect intentions and purposes of the APA as closely as possible. If PSE shall provide FERC Jurisdictional Services within the JPUD Service Territory during the Transition Period, then PSE shall provide such FERC Jurisdictional Services in accordance with its customary business practices, Applicable Law and such other requirements as may be applicable thereto (including, but not limited to, the OATT).

12.3 FERC Approval

The Parties acknowledge that (a) the provision of FERC Jurisdictional Services, including, without limitation, any change, modification, transfer or other disposition thereof or the use, change, modification, transfer or other disposition of any Assets in connection therewith, may require (as to each, any and all of the foregoing) an action, review, approval, consent, waiver, exemption, variance, order or other authorization from FERC; and (b) any such action, review, approval, consent, waiver, exemption, variance, order or other authorization from FERC is a Necessary Approval for purposes of the APA.

12.4 No FERC Jurisdictional Services Provided by This Agreement

This Agreement is made and intended solely for the purposes of facilitating the efficient transition of retail electric utility service obligations from PSE to JPUD within the JPUD Service Territory. No FERC Jurisdictional Services are provided by any Party pursuant to this Agreement. In the event of any conflict with or any inconsistency between the terms and conditions of this Agreement and the terms and conditions of the OATT, the terms and conditions of the OATT (and any such arrangements as may be made pursuant thereto) shall govern and control.

13. Intellectual Property

13.1 Reservation of Rights

Except as otherwise provided by Section 13.2 (License Granted), each Party reserves all rights in and to its respective Intellectual Property. Except as otherwise provided by Section 13.2 (License Granted), no rights to Intellectual Property are transferred from one Party to the other Party, or to any other Person, by this Agreement.

13.2 License Granted

Should any item included in the Transition Properties and Services include any Intellectual Property, then as to such item, PSE grants JPUD a nonexclusive, royalty-free license to use such Intellectual Property to provide retail electric service to Customers within the JPUD Service Territory, and for no other purpose whatsoever. No right or license is granted to any third Person respecting the use of such Intellectual Property by virtue of this Agreement.

13.3 PSE Not Liable for Infringement

If JPUD's use or application of any one or more items included in the Transition Properties and Services constitutes an infringement of any patent, copyright, trade name, trademark or confidential or proprietary rights, concepts, methods, processes, products, writings, information or other similar items belonging to a third party, PSE shall not be liable to JPUD for such infringement and JPUD's sole and exclusive remedy shall be, at JPUD's expense, to (a) procure on its own behalf the right to use the infringing item, (b) replace the infringing item, or (c) modify the infringing item so that it becomes noninfringing.

14. Payments

14.1 PSE Services and PSE Deliverables

As full compensation for the Transition Properties and Services, JPUD will pay PSE the Transition Payment. The Transition Payment shall be due and payable by in full by JPUD to PSE on or before April 1, 2014, which such amount shall be paid by JPUD to PSE in installments payments in accordance with the following payment schedule:

- (a) an amount equal to \$235,000 at Closing;
- (b) an amount equal to \$150,000 on or before May 1, 2013;
- (c) an amount equal to \$215,000 on or before July 1, 2013, and
- (d) an amount equal to \$200,000 on or before April 1, 2014.

There is no penalty amount due should JPUD make payment before the due date.

14.2 Taxes

Except as otherwise required by Applicable Law or an obligation of PSE prior to the Cut-Over Date, JPUD shall be responsible for, bear the expense of and pay all Taxes applicable to or incurred in connection with the Transition Properties and Services, this Agreement and any compensation paid by JPUD to PSE under this Agreement.

14.3 Late Payments

Overdue payment obligations of a Party hereunder shall bear interest from the date due until the date paid at a rate per day equal to the Interest Rate. The provisions of this Section 14.3 (Late Payments) are in addition to and not a limitation of each Party's rights under Section 18.2 (Remedies).

14.4 Offset, Withholding of Payments

A Party shall not have the right to offset any amounts owed to the other Party pursuant to this Agreement against any amounts due from the other Party pursuant to this Agreement, nor may a Party offset any amounts due to the other Party pursuant to this Agreement against any amounts owed to the other Party pursuant to this Agreement. A Party may not withhold any payment due the other Party by reason of a dispute over such payment; rather, such payment shall be paid "under protest" and any and all disputes with respect to such payment shall be resolved pursuant to Section 17 (Dispute Resolution).

15. Warranties, Representations, Indemnities and Limitations of Liability

15.1 "AS IS" Transactions

The Transition Properties and Services are offered, performed, transferred, conveyed, assigned, delivered and provided by PSE to JPUD AS IS, WHERE IS AND WITH ALL FAULTS AND DEFECTS. JPUD accepts the same as so offered, performed, transferred, conveyed, assigned, delivered and provided by PSE.

15.2 No PSE Warranties or Representations

THE TRANSITION PROPERTIES AND SERVICES ARE OFFERED, PERFORMED, TRANSFERRED, CONVEYED, ASSIGNED, DELIVERED AND PROVIDED WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTIES, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY, QUALITY, SUITABILITY, OR ANY OTHER WARRANTY OF ANY KIND, NATURE OR TYPE WHATSOEVER FROM OR ON BEHALF OF PSE. PSE FURTHER AND SPECIFICALLY DISCLAIMS ANY SUCH WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, EXPRESS OR IMPLIED, INCLUDING ANY SUCH WARRANTY, GUARANTY OR REPRESENTATION CONCERNING (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE TRANSITION PROPERTIES AND SERVICES, (B) THE INCOME TO BE DERIVED FROM THE TRANSITION PROPERTIES AND SERVICES, (C) THE SUITABILITY OF THE TRANSITION PROPERTIES AND SERVICES FOR ANY AND ALL ACTIVITIES AND

USES WHICH JPUD MAY MAKE THEREOF, (D) THE COMPLIANCE OF OR BY THE TRANSITION PROPERTIES AND SERVICES WITH APPLICABLE LAW, (E) THE MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE TRANSITION PROPERTIES AND SERVICES, (F) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE TRANSITION PROPERTIES AND SERVICES, (G) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE TRANSITION PROPERTIES AND SERVICES, (H) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS OR ENVIRONMENTAL CONDITIONS OF THE TRANSITION PROPERTIES AND SERVICES OR ANY OTHER ENVIRONMENTAL MATTER OR CONDITION OF THE TRANSITION PROPERTIES AND SERVICES, OR (I) ANY OTHER MATTER WITH RESPECT TO THE TRANSITION PROPERTIES AND SERVICES. JPUD ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED BY OR ON BEHALF OF PSE WITH RESPECT TO THE TRANSITION PROPERTIES AND SERVICES WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT PSE HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. PSE SHALL NOT BE LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE TRANSITION PROPERTIES AND SERVICES, OR THE OPERATION THEREOF, FURNISHED BY ANY AGENT, EMPLOYEE, TRUSTEE, SERVANT OR OTHER PERSON. JPUD FURTHER ACKNOWLEDGES AND AGREES THAT JPUD IS A SOPHISTICATED AND EXPERIENCED PURCHASER OF PROPERTY AND SERVICES SUCH AS THE TRANSITION PROPERTIES AND SERVICES, AND JPUD HAS BEEN DULY REPRESENTED BY COUNSEL IN CONNECTION WITH THE NEGOTIATION OF THIS AGREEMENT AND THE OTHER PURCHASE DOCUMENTS. THE PROVISIONS OF THIS SECTION 15.2 (NO PSE WARRANTIES OR REPRESENTATIONS) SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

15.3 Release and Indemnity

JPUD agrees to defend, indemnify and hold the PSE Indemnitees harmless from and against any and all third parties claims, liens, demands, actions, costs, losses, expenses, harm, damages and liability (collectively "Claims") resulting from or arising out of any:

- (a) negligent, grossly negligent or intentionally negligent acts or omissions of JPUD (and JPUD's agents, employees, consultants, contractors, or subcontractors (of any tier)) in connection with the performance of any and all obligations of JPUD arising under this Agreement; or
- (b) faults or defects in the Transition Properties and Services and JPUD's use thereof, reliance thereon, and acts and omission with respect thereto.

As between the Parties and solely for the purpose of the indemnities contained in this Section 15.3 (Release and Indemnity), JPUD expressly waives any immunity, defense or protection that may be granted to it under the Washington State Industrial Insurance Act,

RCW Title 51 or any other industrial insurance, workers' compensation or similar laws of the State of Washington to the fullest extent permitted by Applicable Law. This Section 15.3 (Release and Indemnity) shall not be interpreted or construed as a waiver of JPUD's right to assert such immunity, defense or protection directly against any of its own employees, or such employee's estate or other representatives. This Section 15.3 (Release and Indemnity) has been mutually negotiated by the Parties and shall survive the expiration or termination of this Agreement. Nothing herein shall, however, require JPUD to defend, indemnify and hold the PSE Indemnitees harmless from that portion of any Claim resulting from or arising out of (a) the Excluded Assets (including, but not limited to, and actions taken by PSE with respect to the Excluded Assets in order to achieve Cut-Over), or (b) the negligent acts or negligent omissions of any one or more of the PSE Indemnitees.

15.4 Waiver of Consequential Damages

EXCEPT WITH RESPECT TO THIRD-PARTY CLAIMS AS TO WHICH JPUD HAS ASSUMED OBLIGATIONS ARISING UNDER SECTION 15.3 (RELEASE AND INDEMNITY) AND NOTWITHSTANDING ANYTHING ELSE IN THIS AGREEMENT TO THE CONTRARY, NEITHER PARTY SHALL BE LIABLE AS A RESULT OF ANY ACTION OR INACTION UNDER THIS AGREEMENT OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, NEGLIGENCE OR OTHER FAULT, STRICT LIABILITY WITHOUT REGARD TO FAULT, BREACH OF CONTRACT OR WARRANTY, FOR ANY LOSS OF PROFITS OR LOSS OF REVENUE OR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR INDIRECT LOSSES OR SIMILAR DAMAGES OF ANY NATURE WHATSOEVER, WHETHER ARISING UNDER THE LAW OF CONTRACTS, TORTS (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE OF EVERY KIND AND STRICT LIABILITY, WITHOUT FAULT) OR PROPERTY, OR AT COMMON LAW OR IN EQUITY, OR OTHERWISE, IRRESPECTIVE OF WHETHER SUCH LOSSES OR SIMILAR DAMAGES ARE REASONABLY FORESEEABLE AND IRRESPECTIVE OF WHETHER SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OR EXISTENCE OF SUCH DAMAGES. THIS SECTION 15.4 (WAIVER OF CONSEQUENTIAL DAMAGES) HAS BEEN MUTUALLY NEGOTIATED BY THE PARTIES AND SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

15.5 Limitation of Liability

Notwithstanding anything to the contrary contained elsewhere in this Agreement, the Parties' (and their respective Affiliates') liability under this Agreement shall not exceed Three Million Dollars (\$3,000,000.00) each. This limitation shall apply to all claims whatsoever related to activities under this Agreement regardless of the basis, sounding or legal theory. This Section 15.5 (Limitation of Liability) has been mutually negotiated by the Parties and shall survive the expiration or termination of this Agreement. For avoidance of doubt, this Section 15.5 (Limitation of Liability) does not apply to the APA or to any claims, controversies, disputes or liabilities arising out of or relating to or in connection with the APA.

16. Insurance

16.1 JPUD Insurance Requirements

As of April 1, 2013, and continuing during the remaining Term, JPUD shall maintain commercial general liability insurance and comprehensive liability insurance with such coverage and in such amounts, as are consistent with Prudent Utility Practices. JPUD's insurance requirements may be satisfied, in whole or in part, through provision of self-insurance by JPUD. JPUD shall maintain the following minimum coverage requirements:

(a) General liability insurance through Public Utilities Risk Management Services of \$1,000,000;

(b) General property insurance through Public Utilities Risk Management Services of \$250,000 with excess coverage of \$100,000,000; and,

(c) Commercial umbrella liability insurance with limits of not less than \$25,000,000.

16.2 PSE Insurance Requirements

During the Term, PSE shall maintain commercial general liability insurance and comprehensive liability insurance with such coverages, and in such amounts, as are consistent with Prudent Utility Practices and the manner in which PSE insures other similar utility properties and risks. PSE shall also maintain workers' compensation insurance as required by Applicable Law. PSE's insurance requirements may be satisfied, in whole or in part, through the provision of self-insurance by PSE in amounts and pursuant to terms and conditions consistent with Prudent Utility Practices and consistent with the manner in which PSE insures other similar properties and risks.

16.3 Proof of Insurance

Except to the extent of any self-insurance provided by PSE in accordance with Section 16.2 (PSE Insurance Requirements), within thirty (30) days after the Effective Date, and annually thereafter until the end of the Term, each Party shall deliver to the other Party certificates of insurance (in a form reasonably satisfactory to the other Party) evidencing that policies of insurance providing such provisions, coverages and limits as set forth above are in full force and effect. The certificate must specify that the other Party will be given at least thirty (30) days' prior written notice by the insurer in the event of any material modification, cancellation, or termination of coverage. The insurance policies required under Section 16.1 (JPUD Insurance Requirements) with the exception of those for workers' compensation, shall be endorsed to name PSE as an additional insured. The insurance must be primary coverage without right of contribution from any other insurance. Except to the extent of any self-insurance provided by PSE in accordance with Section 16.2 (PSE Insurance Requirements), all insurers must have at least a Best's rating of A minus (A-) or better or, if unrated, demonstrable reasonably equivalent financial capability.

16.4 Waiver of Subrogation

Except to the extent of any self-insurance provided by PSE in accordance with Section 16.2 (PSE Insurance Requirements), each Party shall ensure that any policies of insurance that it carries (or causes to be carried) as insurance against loss or damage to its property shall include a waiver of the insurer's right of subrogation against the other Party and such Party's directors, officers, employees, agents, servants and representatives (and the respective successors and assigns of each of the foregoing). Furthermore, except with respect to any self-insurance provided by PSE in accordance with Section 16.2 (PSE Insurance Requirements), each Party shall ensure that any policies of insurance that it carries (or causes to be carried) as insurance against liability for property damages of parties other than the insured or bodily injury shall include a waiver of the insurer's right of subrogation against the other Party and such Party's directors, officers, employees, agents, servants and representatives (and the respective successors and assigns of each of the foregoing).

16.5 No Limitation

The requirements of this Agreement as to insurance are not intended to and shall not, in any manner, limit or qualify the liabilities and obligations of each of the Parties, respectively, under this Agreement. The minimum coverage requirements set forth herein are the minimum limits of insurance that each Party must maintain. Such limits may not be sufficient to cover all liability losses and related claim settlement expenses. Purchase of these minimum limits of coverage does not relieve either Party from liability for losses and settlement expenses greater than these amounts to the extent expressly provided for in this Agreement.

17. Dispute Resolution

17.1 Disputes

Any and all claims, controversies or disputes arising out of or relating to or in connection with this Agreement (a "Dispute") as between the Parties shall be resolved in accordance with the Dispute resolution procedures set forth in Section 14.13 of the APA.

17.2 Performance of Agreement Pending Dispute Resolution

Pending resolution of any Dispute, the Parties shall continue to perform of their respective obligations under this Agreement. Each Party shall be responsible for its own costs incurred in connection with any Dispute resolution proceedings undertaken pursuant to this Section 17 (Dispute Resolution).

18. Survival; No Limitation of Remedies

18.1 Survival

Upon the expiration or termination of this Agreement, Sections 15.1 ("AS IS Transactions"), 15.2 (No PSE Warranties or Representations), 15.3 (Release and Indemnity), 15.4 (Waiver of Consequential Damages), 15.5 (Limitation of Liability), and 20 (Confidentiality), and all other terms and conditions of this Agreement that must be reasonably construed to survive the

expiration or termination of this Agreement in order to give full force and effect to the intent of the Parties as set forth herein shall survive the expiration or termination of this Agreement, regardless of whether such survival is expressly specified herein.

18.2 Remedies

Except as otherwise provided by this Agreement, if a Party is in breach or default of its obligations arising under this Agreement, the other Party shall have and shall be entitled to exercise any and all remedies available to it at law or in equity (including the right to specifically enforce this Agreement), all of which remedies shall be cumulative. If either Party elects to pursue singularly any remedy available to it under this Section 18.2 (Remedies), then such Party may at any time thereafter continue to pursue or cease pursuing that remedy and simultaneously elect to pursue any other remedy available to it under this Section 18.2 (Remedies).

19. Assignment

19.1 Assignment

A Party shall not assign all or any part of this Agreement or any of its rights hereunder without the prior written consent of the other Party, which such consent shall not be unreasonably withheld or delayed. No assignment of this Agreement shall operate to discharge the assignor of any duty or obligation arising under this Agreement. Subject to the foregoing, this Agreement will be fully binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

20. Confidentiality

20.1 Confidential Information

All information, documents, data, work product, notes, files, drafts, samples, models, plans, correspondence, maps, drawings, evaluations, summaries, studies, assessments, impressions, calculations, reports and other communications (in any written, electronic or other form) provided by a Party to the other Party pursuant to this Agreement and marked "Confidential" or otherwise identified as confidential at the time of disclosure ("Confidential Information") shall be treated as confidential and proprietary material of the disclosing Party and shall be kept confidential by the receiving Party and used solely for purposes of this Agreement. Confidential Information shall not include (a) information that is or becomes available to the public through no breach of this Agreement, (b) information that was previously known by the receiving Party without any obligation to hold it in confidence, (c) information that the receiving Party receives from a third party who may disclose that information without breach of Applicable Law or an agreement with such third party, (d) information that the receiving Party develops independently without using the Confidential Information, and (e) information that the disclosing Party approves for release in writing. A Party shall not remove or obliterate markings (if any) on the Confidential Information provided by the other Party.

20.2 Nondisclosure

A Party shall protect and prevent Confidential Information from any use, disclosure, copying, dissemination or distribution not authorized by this Agreement. Except as otherwise provided by Applicable Law or as specifically authorized by this Agreement, a Party shall not disclose, copy, disseminate or distribute any Confidential Information without the prior written consent of the other Party. Without limiting the generality of the foregoing, the Parties agree that Confidential Information shall not be used, introduced or admissible as evidence in any legal, administrative, legislative, regulatory or other proceeding arising directly or indirectly from or in connection with the efforts of JPUD to acquire various assets and interests comprising PSE's electric system and business in Jefferson County, Washington, through the exercise of its authority of eminent domain. The Parties acknowledge and agree that this Agreement, and any Confidential Information made available by a Party to this Agreement, (a) does not constitute an admission by any Party with regard to any matter and (b) does not constitute a release, waiver, assignment, or transfer of any right, title, interest or privilege with respect to such information (including, but not limited to, any privileges, including attorney-client and attorney-work-product privileges, which would otherwise attach to any information either before or after the initiation of litigation). In the event of any improper disclosure or loss of Confidential Information, the receiving Party will promptly notify the disclosing Party.

20.3 Permitted Disclosures

Notwithstanding the foregoing, the Parties may provide Confidential Information (a) to FERC, NERC, the WUTC or any regulatory proceedings arising directly or indirectly from or related to the transactions contemplated by this Agreement, and (b) on a need-to-know basis to agents, trustees, employees, representatives, consultants, accountants, financial advisors, experts, legal counsel, other professional advisors to the Parties; provided that in the case of clause (b), such Persons have been informed of the confidential nature of the information and have agreed to keep such information confidential. In the event that Confidential Information is the subject of a subpoena from a third party, the receiving Party may disclose such Confidential Information on the advice of its counsel in compliance with the subpoena, provided that such receiving Party shall provide notice thereof to the disclosing Party and make reasonable efforts to afford the disclosing Party an opportunity to obtain a protective order or other relief to prevent or limit disclosure of the Confidential Information. The obligation to provide confidential treatment to Confidential Information shall not be affected by the inadvertent disclosure of Confidential Information by either Party.

20.4 Public Records Act

JPUD is a Washington public utility district, formed pursuant to RCW Title 54 and is subject to Chapter 42.56 RCW, the Public Records Act, regarding disclosure of public records. In the event a third party submits a request to JPUD pursuant to the Public Records Act requesting Confidential Information, JPUD shall (a) notify PSE of such request within five (5) days of JPUD's receipt of such request, and (b) shall use commercially reasonable efforts to resist the efforts of the third party to obtain such Confidential Information and assert all available and appropriate exemptions to the request. PSE shall cooperate with JPUD in resisting the efforts of the third party to obtain such Confidential Information. Consistent with its obligations

under the Public Records Act, JPUD shall bring any actions necessary, or enter any defenses necessary, including declaratory actions, to defend its claimed exemptions. As provided by and subject to RCW 42.56.540, PSE shall seek to enjoin the examination of any specific public record requested by a third party to the extent such record contains Confidential Information disclosed by PSE to JPUD pursuant to this Agreement. If JPUD, notwithstanding its efforts to protect Confidential Information pursuant to this Section 20.4 (Public Records Act), shall be required to disclose any Confidential Information by reason of any third party claims arising under RCW 42.56, such disclosure shall be a "permitted disclosure" for purposes of Section 20.3 (Permitted Disclosures).

20.5 Return of Confidential Information

In the event that the transactions contemplated by the APA and this Agreement shall not close, then in such event and upon the request of the disclosing Party, the receiving Party will return or destroy, at its option, all Confidential Information of the disclosing Party. Upon the disclosing Party's request, the receiving Party will have an officer certify that the disclosing Party's Confidential Information has been destroyed.

20.6 Injunctive Relief

Each Party acknowledges that any breach of any provision of this Section 20 (Confidentiality) by either Party may cause immediate and irreparable injury to the nonbreaching party, and in the event of a breach, the injured party will be entitled to seek injunctive relief and other legal or equitable remedies. This Section 20 (Confidentiality) shall survive the expiration or termination of this Agreement.

21. Miscellaneous

21.1 Force Majeure

If performance of this Agreement or of any obligation hereunder is prevented or substantially restricted or interfered with by reason of an event of Force Majeure, the affected Party, upon giving notice to the other Party, shall be excused from such performance to the extent of and for the duration of such prevention, restriction or interference. The affected Party shall use its reasonable efforts to avoid or remove such causes of nonperformance and shall continue performance hereunder whenever such causes are removed.

21.2 Additional Transition Matters

The Parties acknowledge that it is not practical to try to anticipate and list every possible action item that may be necessary to provide for the efficient transition of retail electric service within the JPUD Service Territory from PSE to JPUD on or before the Closing Date. Accordingly, the Parties will reasonably cooperate with each other to consummate the transactions contemplated by the APA and this Agreement; provided that the Parties must agree upon any additional services beyond those not contemplated by this Agreement. All such changes to the services to be provided under this Agreement must be set forth in a written amendment to this Agreement signed by both Parties.

21.3 Cooperation

The Parties will cooperate and use commercially reasonable efforts to facilitate all aspects of the efficient transition of electric utility service obligations for the JPUD Service Territory from PSE to JPUD. Subject to the terms of this Agreement, the Parties shall each do such commercially reasonable acts and things as reasonably may be required to carry out their respective obligations hereunder and to consummate the transactions contemplated under the APA and this Agreement.

21.4 Further Assurances

During the Term, each Party, upon the request of the other Party, shall, without further consideration, execute, deliver and acknowledge all such further instruments of transfer and conveyance and do and perform all such other acts and things as either Party may reasonably request to effectively carry out the intent of this Agreement.

21.5 Communications

The Parties agree that this Agreement is not intended, nor shall it be construed, to require a Party to affirmatively support or advocate any position, opinion, statement or other communication to or before any Governmental Authority as to any matter of general or specific interest relating to this Agreement or to the consummation of the transactions contemplated by this Agreement. Each Party will refrain at all times during the Term from any activity or action that would disparage or damage the reputation of the other Party or its products or services.

21.6 Waiver

Any of the terms or conditions of this Agreement may be waived at any time and from time to time, in a signed writing, by the Party or Parties entitled to the benefit of such terms or conditions. Any waiver given by a Party shall be narrowly construed to specifically waive in time and subject only the express matter contained in such waiver. The failure of either Party to insist on or enforce strict performance of any provision of this Agreement or to exercise any right or remedy under this Agreement or Applicable Law will not be construed as a waiver or relinquishment to any extent of the right to assert or rely upon any such provision, right or remedy in that or any other instance; rather, the same will be and remain in full force and effect.

21.7 Choice of Law

This Agreement shall be governed by, subject to and construed under the laws of the State of Washington, without regard to principles of conflict of laws that would call for the application of any laws other than the laws of the State of Washington.

21.8 Notices

All notices, requests, demands and other communications given by either Party shall be in writing and shall be deemed to have been duly given when sent via facsimile as evidenced by a printed confirmation page of successful transmission, when delivered personally or delivered by a recognized courier service that provides a receipt of delivery or three (3) days after being

21.10 No Agency

Each Party will at all times be an independent contractor, and not an employee or agent of the other Party in connection with the performance of this Agreement. Neither Party will (a) enter into any contract, agreement or other commitment, or incur any obligation or liability, in the name of or otherwise on behalf of the other Party; or (b) be entitled to any workers' compensation, pension, retirement, insurance or other benefits afforded to employees of the other Party. This Agreement will not be construed to create a partnership, joint venture or employment relationship between PSE and JPUD.

21.11 Severability

Any provisions of this Agreement prohibited or rendered unenforceable by any law shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement. In such event, the remainder of this Agreement will remain valid and enforceable. Upon such determination that any term or other provision is prohibited or rendered unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to maintain the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated under this Agreement are fulfilled to the greatest extent possible.

21.12 No Third-Party Beneficiaries

This Agreement shall create no rights, responsibilities and/or obligations in, to or from any parties other than JPUD and PSE.

21.13 Counterparts

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

21.14 Arm's-Length Negotiation

This Agreement has been negotiated on an arm's-length basis by the Parties and their respective counsel and shall be interpreted fairly in accordance with its terms and without any strict construction in favor of or against either Party.

[The rest of this page is intentionally left blank. The next page is the signature page.]

IN WITNESS WHEREOF, the Parties have duly caused this Agreement to be executed as of the day and year first above written.

**PUBLIC UTILITY DISTRICT NO. 1
OF JEFFERSON COUNTY**

By: _____
Print Name: _____
Print Title: _____

PUGET SOUND ENERGY, INC.

By: _____
Print Name: _____
Print Title: _____

EXHIBIT A

Bill of Sale

This Bill of Sale, dated as of _____, 2013, is made and entered into by and between Puget Sound Energy, Inc., a Washington corporation ("Seller"), and Public Utility District No. 1 of Jefferson County, a Washington public utility district ("Buyer").

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller does hereby sell, transfer, convey, assign and deliver to Buyer, and Buyer hereby accepts, all of Seller's right, title and interest in and to the property described in the attached Schedule I ("Property").

This Bill of Sale is being delivered in connection with the Customer Transition Agreement, dated as of _____, 2013, by and between Buyer and Seller ("Agreement"). This Bill of Sale is subject to each and all of the terms and conditions of the Agreement. Without limiting the generality of the foregoing, and as stated in the Agreement, the Property is sold, transferred, conveyed, assigned and delivered to Buyer AS IS, WHERE IS AND WITH ALL FAULTS AND DEFECTS. Buyer accepts the Property without recourse against Seller at law, in equity or under any other legal theory or grounds.

This Bill of Sale shall be binding upon and inure to the benefit of Buyer and Seller and their respective successors and assigns.

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

Seller:

Buyer:

Puget Sound Energy, Inc.,
a Washington corporation

Public Utility District No. 1 of Jefferson
County, a Washington public utility district

By: _____
Its: _____

By: _____
Its: _____

SCHEDULE I

Property

[Insert description of Property based on Schedule 10.1 to CTA]

EXHIBIT B

Customer Contract Assignment and Assumption Agreement

This Customer Contract Assignment and Assumption Agreement ("Agreement") is made as of this ____ day of _____, 2013 ("Assignment Effective Date") by and between Puget Sound Energy, Inc., a Washington corporation ("Assignor"), and Public Utility District No. 1 of Jefferson County, a Washington public utility district ("Assignee"). This Agreement is made with reference to the following facts.

RECITALS

A. Pursuant to a Customer Transition Agreement by and between Assignor and Assignee, dated as of _____, 2013 (the "Customer Transition Agreement"), Assignor and Assignee have agreed to undertake certain obligations to facilitate the efficient transition of certain electric utility service obligations from Assignor to Assignee.

B. In furtherance of such transition, Assignor desires to assign certain Customer Contracts to Assignee, and Assignee desires to assume Assignor's obligations thereunder, which such Customer Contracts are described in the attached Schedule I ("Assigned Customer Contracts").

AGREEMENT

IN CONSIDERATION of the mutual covenants hereinafter set forth, and for other good and valuable consideration, it is agreed as follows:

1. Assignment and Assumption of Assigned Customer Contracts. Assignor hereby assigns to Assignee the Assigned Customer Contracts as of the Assignment Effective Date. Assignee hereby accepts said assignment and agrees to assume, perform and discharge all of Assignor's obligations under the Assigned Customer Contracts from and after the Assignment Effective Date.

2. Consent of Customers. Assignee has secured the consent of each Customer that is a party to an Assigned Customer Contract to the assignment of Assignor's rights and obligations to Assignee and to the assumption of Assignor's rights and obligations thereunder by Assignee. Such consent has been so provided to Assignee substantially in the form attached hereto at Schedule II ("Customer Consent to Assignment").

3. Terms of Assignment. This Agreement is subject to each and all of the terms and conditions of the Customer Transition Agreement. Without limiting the generality of the foregoing, and as stated in the Customer Transition Agreement, the Assigned Customer Contracts are assigned to Assignee AS IS, WHERE IS AND WITH ALL FAULTS AND DEFECTS. Assignee assumes the Assigned Customer Contracts without recourse against Assignor at law, in equity or under any other legal theory or grounds. All capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to them in the Customer Transition Agreement. In the event of any conflict or inconsistency between the terms

of this Agreement and the Customer Transition Agreement, the terms of the Customer Transition Agreement shall govern and control.

4. Indemnity. Assignee agrees to defend, indemnify and hold the PSE Indemnitees (as defined in the Customer Transition Agreement) harmless from and against any and all third-party claims, liens, demands, actions, costs, losses, expenses, harm, damages and liability (collectively "Claims") resulting from or arising out of the Assigned Customer Contracts, in accordance with Section 15.3 of the Customer Transition Agreement.

5. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Customer Contract Assignment and Assumption Agreement on the date first set forth above.

Assignor:

Puget Sound Energy, Inc.,
a Washington corporation

By: _____
Its: _____

Assignee:

**Public Utility District No. 1 of Jefferson
County,** a Washington public utility district

By: _____
Its: _____

SCHEDULE I

Assigned Customer Contracts

1. Tariff Schedules 52, 53, 53C, and 53E Street Lighting Customer Contracts:
2. Tariff Schedule 85 Construction Customer Contracts:
3. Tariff Schedules 150, 151, Net Metering Customer Contracts:

SCHEDULE II

Customer Consent to Assignment

Mr. Jim Parker
General Manager
Public Utility District No. 1 of Jefferson County
230 Chimacum Road
Port Hadlock, WA 98339

Re: [Customer Contract "_____", dated _____,
by and between Customer and Puget Sound Energy, Inc.]

Dear Mr. Parker:

My name is _____. I am the customer [or I am authorized to act on behalf of the customer as its _____] identified in the above-referenced Customer Contract with Puget Sound Energy, Inc. ("PSE").

Public Utility District No. 1 of Jefferson County ("JPUD") has provided me with a copy of the Customer Contract Assignment and Assumption Agreement that JPUD intends to enter into with PSE. I understand that the effect of that agreement will be to assign all of PSE's rights and obligations under the Customer Contract to JPUD and that PSE will no longer be responsible to fulfill its obligations to [me or entity] under the Customer Contract from and after the date that such assignment and assumption to JPUD shall take effect. I further understand that, upon such assignment, JPUD will assume and perform all of the obligations previously owed to [me or entity] by PSE under the Customer Contract. I consent and agree to this assignment and assumption of the Customer Contract to JPUD and release PSE from the Customer Contract, such release being effective upon the date that such assignment and assumption to JPUD shall take effect.

Sincerely,

[Customer]

cc: [Name]
Puget Sound Energy, Inc.
[address]

EXHIBIT C

Assignment and Assumption Agreement

This Assignment and Assumption Agreement ("Agreement") is made as of this ____ day of _____, 2013 ("Assignment Effective Date") by and between Puget Sound Energy, Inc., a Washington corporation ("Assignor"), and Public Utility District No. 1 of Jefferson County, a Washington public utility district ("Assignee"). This Agreement is made with reference to the following facts.

RECITALS

A. Pursuant to a Customer Transition Agreement by and between Assignor and Assignee, dated as of _____, 2013 (the "Customer Transition Agreement"), Assignor and Assignee have agreed to undertake certain obligations to facilitate the efficient transition of certain electric utility service obligations from Assignor to Assignee.

B. In furtherance of such transition, Assignor desires to assign certain contracts to Assignee, and Assignee desires to assume Assignor's obligations thereunder, which such contracts are described in the attached Schedule I ("Assigned Contracts").

AGREEMENT

IN CONSIDERATION of the mutual covenants hereinafter set forth, and for other good and valuable consideration, it is agreed as follows:

1. Assignment and Assumption of Assigned Contracts. Assignor hereby assigns to Assignee the Assigned Contracts as of the Assignment Effective Date. Assignee hereby accepts said assignment and agrees to assume, perform and discharge all of Assignor's obligations under the Assigned Contracts from and after the Assignment Effective Date.
2. Consent of Counter-Parties. Assignee has secured the consent of the counter-parties to the assignment of Assignor's rights and obligations to Assignee and to the assumption of Assignor's rights and obligations thereunder by Assignee. Such consent has been so provided to Assignee substantially in the form attached hereto at Schedule II ("Consent to Assignment").
3. Terms of Assignment. This Agreement is subject to each and all of the terms and conditions of the Customer Transition Agreement. Without limiting the generality of the foregoing, and as stated in the Customer Transition Agreement, the Assigned Contracts are assigned to Assignee AS IS, WHERE IS AND WITH ALL FAULTS AND DEFECTS. Assignee assumes the Assigned Contracts without recourse against Assignor at law, in equity or under any other legal theory or grounds. All capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to them in the Customer Transition Agreement. In the event of any conflict or inconsistency between the terms of this Agreement and the Customer Transition Agreement, the terms of the Customer Transition Agreement shall govern and control.

4. Indemnity. Assignee agrees to defend, indemnify and hold the PSE Indemnitees (as defined in the Customer Transition Agreement) harmless from and against any and all third-party claims, liens, demands, actions, costs, losses, expenses, harm, damages and liability (collectively "Claims") resulting from or arising out of the Assigned Contracts, in accordance with Section 15.3 of the Customer Transition Agreement.

5. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Assumption Agreement on the date first set forth above.

Assignor:

Puget Sound Energy, Inc.,
a Washington corporation

By: _____
Its: _____

Assignee:

**Public Utility District No. 1 of Jefferson
County,** a Washington public utility district

By: _____
Its: _____

SCHEDULE I
Assigned Contracts

Pole Attachment Agreement, dated July 6, 2009, with Jefferson Healthcare

SCHEDULE II

Consent to Assignment

Mr. Jim Parker
General Manager
Public Utility District No. 1 of Jefferson County
230 Chimacum Road
Port Hadlock, WA 98339

Re: [Contract "_____,", dated _____, by and between
_____ and Puget Sound Energy, Inc.]

Dear Mr. Parker:

I am the _____ of _____, the party that entered into the above-referenced agreement ("Contract") with Puget Sound Energy, Inc. ("PSE"). I am authorized to provide you and PSE with this letter on _____'s behalf.

Public Utility District No. 1 of Jefferson County ("JPUD") has provided me with a copy of the Assignment and Assumption Agreement that JPUD intends to enter into with PSE. I understand that the effect of that agreement will be to assign all of PSE's rights and obligations under the Contract to JPUD and that PSE will no longer be responsible to fulfill its obligations to _____ under the Contract from and after the date that such assignment and assumption to JPUD shall take effect. I further understand that, upon such assignment, JPUD will assume and perform all of the obligations previously owed to _____ by PSE under the Contract. I consent and agree to this assignment and assumption of the Contract to JPUD and release PSE from the Contract, such release being effective upon the date that such assignment and assumption to JPUD shall take effect.

Sincerely,

[Name]

[Title]

cc: [Name]
Puget Sound Energy, Inc.
[address]

EXHIBIT D

Assignment and Assumption of Permits Agreement

This Assignment and Assumption of Permits Agreement ("Agreement") is made as of this ____ day of _____, 2013 ("Assignment Effective Date") by and between Puget Sound Energy, Inc., a Washington corporation ("Assignor"), and Public Utility District No. 1 of Jefferson County, a Washington public utility district ("Assignee"). This Agreement is made with reference to the following facts.

RECITALS

A. Pursuant to a Customer Transition Agreement by and between Assignor and Assignee, dated as of _____, 2013 (the "Customer Transition Agreement"), Assignor and Assignee have agreed to undertake certain obligations to facilitate the efficient transition of certain electric utility service obligations from Assignor to Assignee.

B. In furtherance of such transition, Assignor desires to assign certain permits to Assignee, and Assignee desires to assume Assignor's obligations thereunder, which such permits are described in the attached Schedule I ("Assigned Permits").

AGREEMENT

IN CONSIDERATION of the mutual covenants hereinafter set forth, and for other good and valuable consideration, it is agreed as follows:

1. Assignment and Assumption of Permits. If and only to the extent assignable, Assignor hereby assigns to Assignee the Assigned Permits as of the Assignment Effective Date. Assignee hereby accepts said assignment and agrees to assume, perform and discharge all of Assignor's obligations under the Assigned Permits from and after the Assignment Effective Date.

2. Consent of Person Issuing Permits. If the assignment of any one or more of the Assigned Permits shall require the consent, approval, authorization, waiver, exemption, variance, agreement or permission of the Person or Persons that issued, granted, ordered or otherwise provided the Assigned Permits to Assignor, then Assignor's assignment of any such Assigned Permit is conditional and expressly subject to Assignee obtaining any and all such consents, approvals, authorizations, waivers, exemptions, variances, agreements and permissions as may be required from such Person or Persons. Assignor shall have no obligation to obtain a consent, approval, authorization, waiver, exemption, variance, agreement or permission from such Person or Persons for Assignee or on Assignee's behalf. Assignor shall, however, cooperate with Assignee and use commercially reasonable efforts to facilitate Assignee's efforts to secure any consents, approvals, authorizations, waivers, exemptions, variances, agreements and permissions required to effect the assignment of the Assigned Permits.

3. Terms of Assignment. This Agreement is subject to each and all of the terms and conditions of the Customer Transition Agreement. Without limiting the generality of the foregoing, and as stated in the Customer Transition Agreement, the Assigned Permits are

assigned to Assignee AS IS, WHERE IS AND WITH ALL FAULTS AND DEFECTS. Assignee takes and assumes the Assigned Permits without recourse against Assignor at law, in equity or under any other legal theory or grounds. All capitalized terms used in this Agreement but not defined herein shall have the meanings assigned to them in the Customer Transition Agreement. In the event of any conflict or inconsistency between the terms of this Agreement and the Customer Transition Agreement, the terms of the Customer Transition Agreement shall govern and control.

4. Indemnity. Assignee agrees to defend, indemnify and hold the PSE Indemnitees (as defined in the Customer Transition Agreement) harmless from and against any and all third-party claims, liens, demands, actions, costs, losses, expenses, harm, damages and liability (collectively "Claims") resulting from or arising out of the Assigned Permits, in accordance with Section 15.3 of the Customer Transition Agreement.

5. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Assumption of Permits Agreement on the date first set forth above.

Assignor:

Puget Sound Energy, Inc.,
a Washington corporation

By: _____
Its: _____

Assignee:

Public Utility District No. 1 of Jefferson
County, a Washington public utility district

By: _____
Its: _____

SCHEDULE I

Assigned Permits

1. Jefferson County Franchise: Resolution 14-11
2. Port Townsend Franchise: Franchise Ordinance No. 3044
3. WSDOT Franchises:
 - SR-19 (Franchise No. 30076, expires 3/30/2020)
 - SR-20 (Franchise No. 2398, expires 6/1/2030)
 - SR-101 (Franchise No. 361, expires 5/12/2029)
 - SR-104 (Franchise No. 319, expires 8/24/2030).

EXHIBIT E

Release of Review Materials and Environmental Studies

This Release of Review Materials and Environmental Studies ("Release"), dated as of _____, 2013, is made and entered into by and between Puget Sound Energy, Inc., a Washington corporation ("PSE"), and Public Utility District No. 1 of Jefferson County, a Washington public utility district ("JPUD"). This Release is made with reference to the following facts.

RECITALS

- A. On June 11, 2010, the Parties entered into an Asset Purchase Agreement (the "APA"), under threat of condemnation, wherein PSE agreed to sell and JPUD agreed to buy all of PSE's right, title and interest in certain assets more particularly described therein.
- B. Pursuant to Section 2.9(a) of the APA, PSE made available to JPUD for inspection certain title reports, real estate documents, maps, facility inventories, maintenance records, logs and other documents related to PSE's title to such assets and the physical condition of such assets (collectively, the "Review Materials").
- C. Pursuant to Section 2.9(b) of the APA, PSE made available to JPUD for inspection certain environmental documents and studies related to such assets and surrounding areas (collectively, the "Environmental Studies").
- D. Pursuant to Section 2.9(c) of the APA, JPUD may request the delivery of the Review Materials and the Environmental Studies (or portions thereof), subject to JPUD's executing an appropriate release of PSE's liability for the contents and accuracy thereof.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, the Parties hereby agree as follows:

1. Acknowledgment of Inspection. JPUD acknowledges and agrees that JPUD:
 - (a) has undertaken examinations of the studies, reviews, inspections, inquiries and other due diligence activities with respect to the Review Materials and the Environmental Studies pursuant to Section 2.9 of the APA, and JPUD is satisfied with the access to the Review Materials and the Environmental Studies provided by PSE; and
 - (b) is not, for purposes of consummating the transactions contemplated by the APA, relying upon any representation, statement, description, characterization or information or material furnished by or on behalf of PSE or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding the Review Materials and the Environmental Studies, except to the extent of those made pursuant to the APA.

2. "AS IS." The Review Materials and the Environmental Studies are delivered to JPUD AS IS, WHERE IS AND WITH ALL FAULTS AND DEFECTS. JPUD takes and accepts the Review Materials and the Environmental Studies without recourse against PSE at law, in equity or under any other legal theory or grounds.

3. No Warranty. Without limiting the generality of the foregoing, THE REVIEW MATERIALS AND THE ENVIRONMENTAL STUDIES ARE DELIVERED AND PROVIDED TO JPUD WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTIES, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY, QUALITY, SUITABILITY, OR ANY OTHER WARRANTY OF ANY KIND, NATURE, OR TYPE WHATSOEVER FROM OR ON BEHALF OF PSE. PSE FURTHER AND SPECIFICALLY DISCLAIMS ANY SUCH WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, EXPRESS OR IMPLIED, INCLUDING ANY SUCH WARRANTY, GUARANTY OR REPRESENTATION CONCERNING (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE REVIEW MATERIALS AND THE ENVIRONMENTAL STUDIES, (B) THE INCOME TO BE DERIVED FROM THE REVIEW MATERIALS AND THE ENVIRONMENTAL STUDIES, (C) THE SUITABILITY OF THE REVIEW MATERIALS AND THE ENVIRONMENTAL STUDIES FOR ANY AND ALL ACTIVITIES AND USES WHICH JPUD MAY MAKE THEREOF, (D) THE COMPLIANCE OF OR BY THE REVIEW MATERIALS AND THE ENVIRONMENTAL STUDIES WITH APPLICABLE LAW, (E) THE MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE REVIEW MATERIALS AND THE ENVIRONMENTAL STUDIES, (F) THE MANNER OR QUALITY OF INFORMATION, IF ANY, INCORPORATED INTO THE REVIEW MATERIALS AND THE ENVIRONMENTAL STUDIES, OR (G) ANY OTHER MATTER WITH RESPECT TO THE REVIEW MATERIALS AND THE ENVIRONMENTAL STUDIES.

4. Relationship to the APA. All capitalized terms used in this Release but not defined herein shall have the meanings assigned to them in the APA. In the event of any conflict or inconsistency between the terms of this Release and the APA, the terms of the APA shall govern and control.

5. Binding Effect. This Release shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the Parties hereto have executed this Release on the date first set forth above.

Puget Sound Energy, Inc.,
a Washington corporation

Public Utility District No. 1 of Jefferson
County, a Washington public utility district

By: _____
Its: _____

By: _____
Its: _____

Schedule 4.1(a)

Schedule of PSE Services

Jefferson County Transition Plan: Development and implementation of the Jefferson County Transition Plan to facilitate transition of electric utility service obligations for the JPUD Service Territory from PSE to JPUD. The plan provides for the following services.

A. Operations: Actions required to sever existing connections between PSE's system in Jefferson County from the rest of PSE's electric distribution and transmission assets:

- System Planning
- System Operations
- Substation Operations
- Meter Relay Operations
- Energy Control Systems
- Transmission
- Electric First Response
- Engineering
- Electric Contractor Management
- Customer Construction
- Joint Use Pole Attachments
- Maps and Record
- Metering System
- Final System Separation and Cutover
- IT Communications and Hardware
- Intolight (Streetlights)
- Environmental & Program Services

B. Customers: Actions required to transfer all customers in Jefferson County to JPUD, terminate all customer processes and programs for Jefferson County Customers (i.e., billing, energy efficiency programs, etc.).

- CLX/SAP Transition
- Customer Access Center Training and Staffing
- Customer Data Transfer
- Final Customer Bills Transfer of Accounts Receivable
- Collections, Disconnects and Reconnects
- Payment Processing
- Energy Efficiency
- Low-Income Assistance
- Green Power
- Net and Production Metering

- C. Community:** Actions required to address community/public/government relations associated with transfer of the service area.
 - Community Outreach
 - Customer Service Offices
 - Community Politics
 - Community Engagement

- D. Communications:** Actions required to address communications concerning transition activities that deviate from normal utility operations.

- E. Administrative:** Coordination move-out, security and development of temporary lease agreements and employee transition.
 - Facilities & Real Estate
 - Corporate Security
 - Employees

Schedule 4.1(b)

PSE Deliverables

Transition Plan

Storm Response Plan

Warehouse Material Lists

Resource Manpower Plan,

Vegetative Management Plan

GIS Data

Pole Inspection Data

Schedule 8.2

List of Assigned Customer Contracts

1. Tariff Schedules 52, 53, 53C, and 53E Street Lighting Customer Contracts:
2. Tariff Schedule 85 Construction Customer Contracts:
3. Tariff Schedules 150, 151, Net Metering Customer Contracts:

Schedule 8.3

List of Terminated Customer Contracts

1. Customer Energy Efficiency Contracts (terminated as of Closing):

As of the Effective Date:

Participant Name	
Bishop Dairy Farm	
Chimacum Chevron	
Chimacum School District #49	
Coast Seafoods Company	
Creative Systems, Inc.	
Edensaw Woods	
Edensaw Woods	
Jefferson County	
Jefferson County	
Jefferson County	
Jefferson General Hospital	
Kah Tai Care Center	
Kroger/QFC	
Kroger/QFC	
Kroger/QFC	
Kroger/QFC	
Kroger/QFC	
Kroger/QFC	
Kroger/QFC	
Laurier Enterprises, Inc.	
New Life Assembly of God Church	
Northwest Maritime Center	
Northwest Maritime Center	
Port Townsend School District	
Port Townsend School District	
Quilcene School District	
Quilcene School District	
Quimper Mercantile Co.	
Quimper Unitarian Universalist Fellowship	
Taylor Shellfish	
The Boiler Room Inc.	
The Food Co-Op	
The Food Co-Op	
U.S. Navy - Magazine Indian Island	
U.S. Navy - Magazine Indian Island	
U.S. Navy - Magazine Indian Island	
US Bank	
Washington State Parks	

Participant Name	
Washington State Parks	
Washington State Parks	
Westbay Auto Parts, Pt. Townsend	

Schedule 9.1

List of Assigned Contracts

Pole Attachment Agreement, dated July 6, 2009, with Jefferson Healthcare

Schedule 9.2

List of Terminated Contracts

1. Port Townsend Area Transmission Agreement: (Terminated June, 1 2012)
2. Pole Attachment Agreements: (Terminated as of Closing Date)
 - Pole Attachment Agreement, dated April 1, 2002, with CenturyLink (aka United Telephone Company/Sprint) (partial termination)
 - Pole Attachment Agreement, dated September 1, 2002, with Qwest (as amended by Amendment No. 1) (partial termination)
 - Pole Attachment Agreement, dated January 1, 2012, with Wave (as supplemented by the Supplemental Terms Addendum)
 - Pole Attachment Agreement, dated March 6, 2012, with Jefferson County PUD
 - Pole Attachment Agreement, dated May 1, 2005, with WSDOT
 - Fish and Wildlife Service:
 - Agreement -- Permit for the Use of Plant Facilities, dated November 1, 1970
 - Pole Attachment Agreement, dated December 1, 1997 (unsigned)

Schedule 9.3

List of Permits

1. Jefferson County Franchise: Resolution 14-11
2. Port Townsend Franchise: Franchise Ordinance No. 3044
3. WSDOT Franchises:
 - SR-19 (Franchise No. 30076, expires 3/30/2020)
 - SR-20 (Franchise No. 2398, expires 6/1/2030)
 - SR-101 (Franchise No. 361, expires 5/12/2029)
 - SR-104 (Franchise No. 319, expires 8/24/2030).

Schedule 10.1(a): List of Transition Property

Item ID	Manufacturer	Model	Version	Location	Qty	Serial #	Description	Condition / Configuration / Misc. / Other / Notes
Network								
6	unknown	wire	n/a	Pt Townsend Svc (PTT)	1	n/a	Printer Stand	
7	unknown	CATS	n/a	Pt Townsend Svc (PTT)	7	n/a	Patch Cables	
8	unknown	unknown	n/a	Pt Townsend Svc (PTT)	1	n/a	Rackmount 19" Power Strip	
Voice								
11	Misc	various		Pt Townsend Svc (PTT)	7		Wiring	Various Cat 3/4/5 wiring
13	Rolm	RP240		Pt Townsend Svc (PTT)	10		Desk phones	
14	Lucent	48 port		Pt Townsend Svc (PTT) - Comm Trailer	1		Patch panels	
15	various			Elec Rm & Comm Rm	7		Racks	
NOS								
Generator/ Backup Power								
17	Onan			PTT - Service Yard	1		Generator	30 KW capacity
18	Onan			PTT - Comm Room	1		Transfer Switch	
19	GNB	6-75A-15		Pt Townsend Svc (PTT) - Communications Trailer	1		48 volt batteries (BATS252)	545 amp-hour design
20	Lorain	RL-100F50		Pt Townsend Svc (PTT) - Communications Trailer	2		Battery chargers	
21	Lorain	4863-314		Pt Townsend Svc (PTT) - Communications Trailer	2		DC distribution	One 24 position, one 8 position
22	Lorain	1231-A2		Pt Townsend Svc (PTT) - Communications Trailer	1		DC Control Panel	
Microwave/ Transport								
24	Andrew	PL-6-105		Pt Townsend Svc (PTT) - Communications Tower and trailer	1		Antenna systems (waveguide, antennas, dehydration/ nitrogen)	11 GHz
26	Various			Mount Blyn - Communications tower and equipment room	1		Antenna systems (waveguide, antennas, dehydration)	11 GHz

Schedule 10.1(a): List of Transition Property

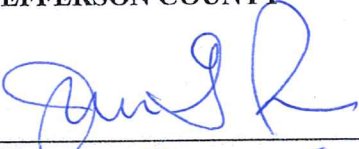
Item ID	Manufacturer	Model	Version	Location	Qty	Serial #	Description	Condition / Configuration / Misc. / Other / Notes
27	NEC			Pt Townsend Svc (PTT) - Communications Trailer	2		D4 Channel bank	
28	ADC Kentrox			Pt Townsend Svc (PTT) - Communications Trailer	1		ADC Kentrox CSU	
30	Zyxel	U-1496E		Pt Townsend Svc (PTT) - Communications Trailer	1		Modem	
31	Orator			Pt Townsend Svc (PTT) - Communications Trailer	1		Radio speaker	
32	Tellabs			Pt Townsend Svc (PTT) - Communications Trailer	1		chassis with cards	
33	various			PTT to Irondale Sub			Fiber Optic cable	
VHF Voice Radio								
34	Motorola	MSR		Pt Townsend Svc (PTT) - Communications Trailer	2		Base Radio and associated filters/cavities	change frequency programming
34	Cellwave	PD-620		Pt Townsend Svc (PTT) - Communications Tower	1		Radio antenna and coax to communications trailer	150 MHz antenna
SCADA								
37	various			Chimacum Substation	1		900 MHz antenna system (to Blyn)	Installed in 2009
42	various			Discovery Bay Substation - outside sub	1		interface Box with Telco	Installed in 2004
44	various			Discovery Bay Substation	1		Fiber Optic cable	Installed in 2004
48	various			Hastings Substation	1		900 MHz antenna system (to Blyn)	Installed in 2004
51	various			Irondale Transmition Sub	1		900 MHz antenna system (to Blyn)	Installed in 2004

Schedule 10.1(a): List of Transition Property

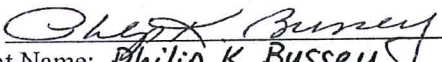
Item ID	Manufacturer	Model	Version	Location	Qty	Serial #	Description	Condition / Configuration / Misc. / Other / Notes
53	SEL			Irondale Transmission Sub			Relay Interface / Communications Processor	Installed 2009
54	SCADA Pack			Irondale Transmission Sub			Spread Spectrum Radio	Installed 2004
55	various			Irondale Transmission Sub			Spread Spectrum Antenna to Switch	Installed 2004
56	SCADA Pack			Irondale Transmission Sub			Spread Spectrum Radio	Installed 2004
57	various			Irondale Transmission Sub			Spread Spectrum Antenna to Distr Sub	Installed 2004
58	SCADA Pack			Irondale Line Switch			Scada Pack and Radio	Installed 2004
59	various			Irondale Line Switch			Spread Spectrum Antenna to Trans Sub	Installed 2004
61	SCADA Pack			Irondale Distribution Sub			Spread Spectrum Radio	Installed 2004
62	various			Irondale Distribution Sub			Spread Spectrum Antenna to Trans Sub	Installed 2004
65	various			Kearney Street Substation	1		900 MHz antenna system (to Blyn)	Installed 2004
66	SCADA Pack			Kearney Street Substation	1		Spread Spectrum Radio/scada	Installed 2004
67	various			Kearney Street Substation	1		Spread spectrum antenna to Hastings Switch	Installed 2004
68	SCADA Pack			Pole Mounted Switch 4007 - Hastings	1		Spread Spectrum Radio/scada	Installed 2004
69	various			Pole Mounted Switch 4007 - Hastings	1		Spread Spectrum Antenna to Kearny Street Sub	Installed 2004
71	various			Port Ludlow Substation	1		Telco interface equipment	Installed 2004
77	various			Quilcene Substation - outside substation	1		Interface Box with Telco	Installed 2004

IN WITNESS WHEREOF, the Parties have duly caused this Agreement to be executed as of the day and year first above written.

**PUBLIC UTILITY DISTRICT NO. 1
OF JEFFERSON COUNTY**

By: 
Print Name: JAMES G PARKER
Print Title: MANAGER PUD# 1

PUGET SOUND ENERGY, INC.

By: 
Print Name: Philip K. Bussey
Print Title: SVP Chief Customer officer