

SCHEDULE 45 SERVICE AGREEMENT

This Service Agreement, dated as of the 14th day of September, 2001, is made by and between MCI WorldCom ("Customer") and Puget Sound Energy, Inc. a Washington corporation ("Company" or "PSE"), for service under the Company's Electric Tariff G Schedule 45. Defined terms in Schedule 45 shall have the same meanings where used in this Service Agreement.

RECTALS

- A. The Company is a public service company engaged in the sale and delivery of electric energy and, pursuant to its Electric Tariff G, offers service under Schedule 45.
- B. Customer desires to obtain service under Schedule 45.

AGREEMENT

1. **Applicability.** Company has reasonably determined that Customer meets the criteria for High Intensity Load Electric Service pursuant to Schedule 45 ("Schedule" or "Schedule 45").

2. **Service.** The Company agrees to provide, and Customer agrees to purchase, service under the rates, terms and conditions of (i) Schedule 45 as stipulated by the parties and (ii) this Service Agreement as it may be revised from time to time ("Service Agreement").

3. **Location.** The current address(es) for Location(s) for service under this Service Agreement is (are) listed at Section 1 of Exhibit A to this Agreement.

4. **Term.** The Term of this Service Agreement shall commence at 0000 hours on October 1, 2001 and end on the earlier of 24 months from the effective date of Schedule 45 or the date on which Schedule 45 is replaced, eliminated, or extended by final order of the Washington Utilities and Transportation Commission pursuant to Schedule 45. Service to Customer shall not commence, however, unless and until all if the following conditions have been satisfied to the reasonable satisfaction of the Company: (1) this Service Agreement has been executed, and (2) all agreements relating to all improvements, upgrades, and additions for Customer have been, or are anticipated to be, executed. If the term commences within any month, bills under Schedule 45 shall be pro-rated for that month.

5. **Other Schedules.** Schedule 45 is incorporated herein by this reference. This Service Agreement is subject to the General Rules and Provisions as set forth in Schedule 80 (and is subject to other schedules of Electric Tariff G that may apply) as such schedules may be revised from time to time. Any conflict between this Service Agreement and the Company's Electric Tariff G Schedules shall be resolved in favor of this Service Agreement.

6. **Rates.** Company shall calculate and bill, and Customer shall pay, all charges, rates and credits for electric service pursuant to Schedule 45, including but not limited to monthly basic charges, demand and energy charges, reactive power charges, conservation charges, and significant load reduction credits.

7. **Pricing Process and Designation of Load.** At least 60 days prior to the first month in which the Customer projects a monthly energy load for a Premises in excess of 3,650,000 kWh, and updated thereafter semi-annually while this Schedule remains in effect, the Customer shall notify the Company in writing, providing monthly projections of demand and energy requirements for that month and at least the following 5 months ("Planned Incremental Loads"). Upon receipt of such notice, the Company

shall quote price(s) applicable to the Customer's Planned Incremental Loads. Such quotes shall be based on the average of three forward-purchase bids obtained by the Company in the ordinary course of business on the Company's own behalf for 3-to-5 year purchases of firm energy delivered at Mid-Columbia. The Customer shall have the right to review the bids upon executing any confidentiality agreement reasonably requested by the Company. Bid prices shall reflect losses either at high or primary voltage, depending on the Customer's delivery voltage. If the bid prices quoted by the Company include demand/capacity charges (either explicit or implicit) as well as energy charges, the Company shall recalculate the energy price so that the demand/capacity charges are included in that price of Planned Incremental Load energy. The Customer shall have 5 business days after receipt of the Company's quotes in which to make any final adjustments to its Planned Incremental Loads. Thereafter, Customer shall be obligated to purchase all energy priced under this paragraph for service to Customer's Planned Incremental Loads on a monthly take-or-pay basis.

8. **New Dedicated Facilities and Costs.** Customer shall pay all reasonable costs and expenses necessary to study, locate, and install any and all new dedicated transmission, distribution, substation facilities, or other upgrades, additions or improvements to be used by the Company to provide the Customer with Electric Service pursuant to this Schedule (including, without limitation, the application of Schedule 87). All such facilities shall be and remain the property of the Company.

A description of all new dedicated facilities is provided in Section 2 of Exhibit A to this Service Agreement.

9. **Delivery Voltage.** Customer shall take electric service at the Delivery Voltage designated in Section 4 of Exhibit A to this Service Agreement.

10. **Customer Facilities.** The Customer is responsible for procuring, installing and maintaining all facilities, wiring, transformers, switches, cut-outs, protection equipment and other items necessary or convenient to Customer's service beyond the Point of Delivery, and any and all such items shall be of types and characteristics acceptable to the Company. The entire service installation, protection coordination, and the balance of the load between phases shall be subject to approval by the Company. The Company shall offer to lease Customer such facilities as are necessary for Customer to take delivery at or above 50 kV by tendering an equipment rental agreement that recovers the Company's costs, but excluding all costs and expenses for which the Company has been paid by the Customer.

11. **Metering.** Load served under this Service Agreement shall be separately metered by meters capable of measuring and recording kW demands (and kVAR demands) on a fifteen (15) (for Primary Voltage) or thirty (30) minute (for High Voltage) integrated basis and measuring energy on a kWh basis. Metering equipment shall be furnished, installed, read, maintained and owned by the Company. Customer may install a meter or metering equipment at its own expense.

12. **Self-Generation.** Any self generation facilities by Customer shall be described in Section 5 of Exhibit A to this Service Agreement. Customer shall enter into a parallel operating agreement with Company before interconnecting and operating any such self-generation facilities in parallel with Company's electric distribution system.

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

14. **Notices.** For purposes of all notices under this Service Agreement and Schedule 45, the Company and Customer each designate the respective person(s) (and contact information) as shown in Exhibit B for such notices to or by such party and acknowledge the authority of such person to act on its respective behalf for purposes of such notices.

Notices shall be considered effective upon receipt. Customer or the Company may change its respective person designated above by giving written notice of such change to the person designated above for the other party.

15. **Successors and Assigns.** This Service Agreement shall be binding upon and shall inure to the benefit of the Company and Customer and their respective successors, assigns, purchasers, and transferees.

Company:

PUGET SOUND ENERGY, INC.

By: _____

Its: _____

Date Signed: _____

Customer:

MCI WORLDCOM

By: _____

Its: _____

Date Signed: _____

EXHIBIT A TO SCHEDULE 45 SERVICE AGREEMENT

1. **Customer Location & PSE Substation.**

[insert facility address]

[insert PSE Substation name]

2. **New Dedicated Facilities.** The following facilities are dedicated to Customer:

3. **Lease Terms.** The following lease terms shall apply to the high voltage dedicated facilities designated in Section 2 of Exhibit A:

4. **Delivery Voltage:** Customer shall take delivery of electric power at an nominal voltage of ____ kV for location(s) as listed in Section 1 of Exhibit A. Customer reserves the right to change this designation during the term of the Service Agreement.

5. **Type and Location of Self-Generation.** Customer has installed the following self-generation at the following location:

EXHIBIT B TO SCHEDULE 45 SERVICE AGREEMENT

Notice to Customer:

Name:
Address:
Phone
Fax:
E-mail:

Notice to Company:

Name:
Address:
Phone
Fax:
E-mail: