

## Receipt Service Agreement

This Receipt Service Agreement dated as of May 11, 2016 ("Agreement") between Puget Sound Energy ("PSE") and King County ("Customer") (together "Parties" or individually a "Party") is for Biomethane received into the gas distribution system of PSE at Customer's South Treatment Plant ("Customer's Location"), and is effective as of the Effective Date.

**WHEREAS**, Customer desires to deliver Biomethane from Customer's Biomethane processing facility ("Customer's Facility") located at Customer's Location into PSE's gas distribution system; and

**WHEREAS**, the Biomethane will be delivered by Customer into PSE's gas distribution system where, depending on relative location and PSE operating conditions that may change from time to time, the Biomethane may displace natural gas and become the sole source of supply to individual end-use PSE customers, or may blend with natural gas and become diluted, reducing or eliminating otherwise unacceptable impacts on individual end-use PSE customers; and

**WHEREAS**, the Parties desire to ensure the Biomethane delivered by Customer is suitable for transportation on PSE's gas distribution system and suitable for physical delivery to end users; and

**WHEREAS**, the Parties have entered into this Agreement to ensure the Biomethane supplied by Customer meets Minimum Gas Quality as determined by PSE; and

**WHEREAS**, the Parties will be executing concurrently herewith a Safety Service Contract to ensure Biomethane delivered by Customer meets safety levels established by PSE;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, and subject to all of the terms and conditions set forth herein, the Parties agree as follows:

1. Definitions.
  - a. **Biogas** is a product of anaerobic digestion of biomass and may be further processed to meet Biomethane specifications. Biogas includes gases derived from landfills, wastewater treatment plants and dairy and farm wastes as set forth in RCW 43.325.010.
  - b. **Biomethane** is generally extracted from Biogas through cleanup and conditioning. Biomethane, also known as Renewable Gas, is considered suitable

for many end-user applications and may be considered suitable for inclusion in natural gas pipeline systems.

- c. **Customer System:** All facilities necessary for producing Biomethane that meets the Minimum Gas Quality suitable for receipt on PSE's natural gas distribution system, including scrubbing, compressing, drying, and delivering Biomethane that meets the Minimum Gas Quality to the Receipt Point, but excludes any equipment, including meters, that PSE chooses to install within the Customer System. The Customer System shall also include all Monitoring Equipment and facilities for monitoring and interrupting the flow of Biomethane as described in this Agreement.
- d. **Daily Contract Volume:** The maximum daily volume of Biomethane that may be received into PSE's distribution system during each Gas Day. The Daily Contract Volume shall be determined in PSE's sole judgment based on the location of the Biomethane receipt relative to expected system gas flow, system design and the Minimum Gas Quality to be received.
  - i. **Gas Day:** Twenty-four consecutive hours beginning at 7:00 a.m. Pacific Time on a given calendar day and ending at 7:00 a.m. Pacific Time on the next calendar day.
- e. **Effective Date** means the later of (a) the date by which the form of this Agreement has been accepted by the Washington Utilities and Transportation Commission, or (b) the date first written above in this Agreement.
- f. **Indemnitees** means PSE, its successors and assigns, and the respective directors, officers, shareholders, employees, agents and representatives of PSE and its successors and assigns.
- g. **Interconnecting Line:** That pipe which is downstream of the Point of Receipt and is owned by PSE and specifically used to move Biomethane from the Point of Receipt to PSE's distribution system.
- h. **Minimum Gas Quality** means the specifications set forth in Section 12 of this Receipt Service Agreement which shall be established for the Biomethane received into PSE's distribution system from Customer.
- i. **Monitoring Equipment:** All instruments and equipment owned and operated by Biomethane Customer and used by Biomethane Customer and PSE to monitor and confirm Biomethane delivered to PSE pursuant to this Schedule meets the Minimum Gas Quality.
- j. **Pipeline Integrity Protective Constituents** means constituents that may impact PSE pipeline system integrity or end-use customer equipment.



- k. **Point Of Receipt** means the point at which custody of the Biomethane passes from Customer to PSE and, unless otherwise agreed by Customer and PSE, the Point of Receipt will be delineated by a receipt meter.
  - l. **RTU**: Remote Telemetry Unit.
  - m. **SCADA**: Supervisory Control and Data Acquisition.
  - n. **Standard Cubic Feet** or **Scf** means the quantity of gas under standard conditions of 60 degrees F and 14.73 psi.
2. Responsibility.
- a. Gas Quality Monitoring Program. Customer shall establish, maintain and administer a gas quality monitoring program with the knowledge and cooperation of PSE to ensure that Biomethane supplied by Customer and received into the distribution system of PSE, pursuant to the Service Agreement, meets or exceeds the Minimum Gas Quality set forth in Section 12. The Minimum Gas Quality will be developed by PSE and may be modified by PSE as provided herein as necessary to properly maintain a safe and reliable gas distribution system and ensure no unacceptable impacts on end-use PSE customers. PSE shall share the bases for such modifications with Customer.
  - b. Further Transportation of Biomethane. All Biomethane received into PSE's distribution system shall be further transported to a delivery location on the PSE distribution system under a transportation rate schedule (i.e.: Rate Schedules 31T, 41T, 85T, 86T, 87T or Special Contract for transportation service.) Extension, reinforcement or modification of PSE's distribution system (including installation of monitoring, odorization, metering, communication or other necessary equipment) to allow for receipt of Biomethane shall be accomplished under Section 3.
3. Ownership of Equipment and Facilities.
- a. Customer shall design, purchase, install and own the Monitoring Equipment, the Customer System, including all facilities designed to process Biomethane that meets the Minimum Gas Quality and to deliver such Biomethane to the Point of Receipt. These facilities shall include but not be limited to equipment necessary to scrub, dry, compress, monitor and interrupt gas. Customer represents to PSE that the Customer System, the Monitoring Equipment, and any line on the Customer side of the Receipt Point is constructed in accordance with all applicable codes and standards.
  - b. Unless otherwise agreed, Customer shall pay for, and PSE shall design, install and own the receipt meter, the Interconnecting Line, the PSE SCADA RTU and the facilities necessary to odorize the Biomethane.

- c. Upon request by PSE, Customer shall submit to PSE, to the extent practicable, all information reasonably pertinent to the design and construction of, the Customer System (and related metering and odorizing facilities) and unless otherwise agreed, within ten (10) business days prior to making any material changes or modifications to the Customer System (and related metering and odorizing facilities), Customer shall submit to PSE all information reasonably pertinent to the changed or modified Customer System (and related metering and odorizing facilities) and the possible impact on the quality of the Biomethane. PSE shall have the right to review the same and to consult with Customer concerning such design and construction and changes or modifications; provided, that nothing herein shall be construed to impose any obligation or duty on PSE to assist in such design, construction, changes or modifications; nor shall any undertaking by PSE to consult with Customer, relieve or diminish Customer's obligation with respect to the design, construction and operation of the Customer System. Further, PSE's undertaking any review as provided in this Section 3.c will not relieve or reduce Customer's obligation to review and inspect the Customer System and related facilities for proper operation and compliance with any applicable codes, safety requirements and this Agreement. PSE shall have the right to inspect the Customer System and related facilities upon request.

4. Operation and Maintenance.

- a. Customer shall use its best efforts to operate, maintain, repair and replace the Customer System to ensure that the Customer System is and remains adequate to produce Biomethane that meets the Minimum Gas Quality and Customer shall operate, maintain, repair and replace the Monitoring Equipment and Customer System to ensure the interruption of delivery of Biomethane that does not meet the Minimum Gas Quality.
- b. Customer shall pay for, and PSE shall operate, maintain and repair the receipt meter, odorizing facilities, the Interconnecting Line and the PSE SCADA RTU. Unless otherwise agreed by Customer and PSE, Customer shall provide for reasonable renewals and replacements thereof during the term of this Agreement.
- c. Both PSE and Customer shall provide reasonable access to their facilities for purposes of operation, maintenance, repair and inspections pursuant to this Agreement.
- d. Customer and PSE may provide for operation and maintenance to be undertaken by each other or by other persons or entities pursuant to separate agreements, subject to approval by PSE and Customer, which approval shall not be unreasonably withheld.
- e. PSE shall monitor the electronic data transmitted to it regarding the quality and quantity of Biomethane delivered, and shall have the right to periodically review, inspect and observe requested tests of the Customer System and related facilities to satisfy itself as to the proper operation of the Customer System and compliance



with any applicable codes, safety requirements and this Agreement; provided, that nothing herein shall be construed to impose any obligation on PSE to periodically review and inspect the Customer System, related facilities or any portion thereof; nor shall PSE's undertaking to review or inspect any portion of the Customer System or related facilities relieve or diminish Customer's obligation to review and inspect the Customer System and related facilities for proper operation and compliance with any applicable codes, safety requirements and this Agreement.

- f. PSE shall perform receipt meter calibrations on an annual basis. Customer shall be permitted to inspect and witness such calibrations, including the process and equipment used therein, and shall receive copies of any reports summarizing the results of these activities. Upon reasonable demand by Customer and at a cost to be borne by Customer, PSE shall undertake more frequent calibrations, and shall provide Customer with all results. Equitable adjustments shall be made in the event that a meter is found to have been inaccurate.

5. Curtailment and Unauthorized Supply and Balancing of Biomethane.

- a. PSE has the right to curtail Biomethane receipts due to emergency conditions on its system, planned maintenance or the failure of the Biomethane to meet the Minimum Gas Quality. PSE shall not be liable for damages occasioned by partial or total curtailment of Biomethane receipts under this Agreement.
- b. If Customer fails to comply with PSE's request to partially or totally curtail supply of Biomethane in accordance with Section 5.a, penalties and charges described in PSE's Rule No. 23 Section 5 may be assessed to Customer. For purposes of this Agreement, all references in Rule No. 23 Section 5 to "use" of or "consuming" gas will be interpreted to mean "supply" of Biomethane.
- c. Daily Balancing.
  - i. Balancing service is included in the basic charge per month under this Agreement. The balancing service will provide daily balancing equivalent to the difference between the Customer's daily Confirmed Nomination and daily Biomethane volumes received from Customer. All accumulated daily volumes received during a billing period are subject to the monthly balancing provisions of Section 5.c.ii.
  - ii. Daily received volumes will be accumulated at the end of the current billing period and shall be equal to Customer's total Confirmed Nominations for the current billing period. For any accumulated received volumes not equal to accumulated Confirmed Nominations, the provisions in subparagraphs d, e, f and h of this section 5 apply. PSE will communicate on each business day (Monday through Friday except holidays) to Customer and/or Customer's Agent (as authorized by Customer) information regarding any imbalance (Overrun or Underrun) on a business day basis. The monthly invoice, typically issued in the first week of the month for the prior month's service,

will include, either with the bill or as a separate mailing, any cumulative imbalance and is notice to Customer of such imbalance.

d. Monthly Imbalances.

- i. At each month end, a "Monthly Imbalance" occurs if the accumulated daily received volumes for the billing period differ from the accumulated daily Confirmed Nominations for the billing period. If the accumulated daily received volumes for the billing period are in excess of the accumulated daily Confirmed Nominations for the billing period, the Monthly Imbalance is a "Monthly Overrun". If the accumulated daily received volumes for the billing period are less than the accumulated daily Confirmed Nominations for the billing period, the Monthly Imbalance is a "Monthly Underrun". A "cumulative "balance" is the result of any accumulated Monthly Imbalances (Overrun or Underrun) of a Customer.
- ii. A Cumulative Imbalance must be within the "Allowed Imbalance Tolerance", a range that is +/-5% of the current billing period's cumulative daily Confirmed Nominations. If a Cumulative Imbalance is not within the Allowed Imbalance Tolerance, the Cumulative Imbalance (Overrun or Underrun) may be subject to the applicable charges as Excess Volume or Deficiency Volume. If the Cumulative Imbalance is within the Allowed Imbalance Tolerance, or has gone from positive to negative or negative to positive, there is no current monthly charge applicable to those volumes as an Excess Volume or Deficiency Volume.

e. Cumulative Overrun:

- i. A "Cumulative Overrun" exists when the sum of the current Monthly Imbalance and the prior month's Cumulative Imbalance yields an Overrun. "Excess Volume" is determined at each month end when a Cumulative Overrun exists. Excess Volume is defined as the number of therms of Cumulative Overrun that are greater than the upper end of the Allowed Imbalance Tolerance.
- ii. A Cumulative Overrun amount will be communicated with monthly bills. For a bill that reflects an Excess Volume, Customer will be given until the end of the second subsequent billing period following the bill reflecting an Excess Volume (approximately 50 non-Constraint Period days) to eliminate all Excess Volume by bringing the Cumulative Overrun within the Allowed Imbalance Tolerance or by creating a Cumulative Underrun. If the Excess Volume is not eliminated by the second subsequent bill, Customer will be billed a charge of \$1.00 per therm for all Excess Volume in addition to Customer's normal charges. In the event the month end Excess Volume has not been eliminated at the end of billing periods following the second subsequent bill, Customer will again be billed an amount equal to the second subsequent bill, and Customer will again be billed an amount equal to the



Excess Volume at a charge of \$1.00 per therm. Billing for Excess Volume will continue each month until a month end when the Excess Volume is eliminated. A total month end Excess Volume of less than 10 therms will not be considered an Excess Volume for billing purposes.

- iii. In lieu of the charge for Excess Volume, Customer may elect to have PSE buy out the Excess Volume by PSE paying 75% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian border as reported in the Platts publication Inside FERC's Gas Market Report (including revenue related taxes). Customer must notify PSE in writing of its intent to exercise the option for PSE to buy out the Excess Volume not later than the fifteenth (15th) day of the month in which the Excess Volume credit would be assessed. If Customer exercises this buy out option, Customer's Excess Volume is eliminated, and the Cumulative Overrun is reduced by the current Excess Volume sold. PSE will credit Customer's account within thirty days of receipt of Customer's written intent to exercise the option for PSE to buy out the Excess Volume.

f. Cumulative Underrun.

- i. A "Cumulative Underrun" exists when the sum of the current Monthly Imbalance and the prior month's Cumulative Imbalance yields an Underrun. Deficiency Volume is determined at each month end when a Cumulative Underrun exists. "Deficiency Volume" is defined as the number of therms of Cumulative Underrun that are less than the lower end of the Allowed Imbalance Tolerance.
- ii. A Cumulative Underrun amount will be communicated with monthly bills. For a bill that reflects a Deficiency Volume, Customer will be given until the end of the second subsequent billing period following the bill reflecting a Deficiency Volume (approximately 50 non-Constraint Period days) to eliminate the Deficiency Volume by bringing the Cumulative Underrun within the Allowed Imbalance Tolerance or by creating a Cumulative Overrun. If the Deficiency volume is not eliminated by the second bill, Customer will be billed a charge of \$1.00 per therm for all Deficiency Volume in addition to the Customer's normal charges. In the event the Deficiency Volume has not been eliminated at the end of billing periods following the second subsequent bill, Customer will again be billed an amount equal to the Deficiency Volume at a charge of \$1.00 per therm. Billing for Deficiency Volumes will continue each month until a month end when the Deficiency Volume has been eliminated. A total month end Deficiency Volume of less than 10 therms will not be considered a Deficiency Volume for billing purposes.
- iii. In lieu of the charge for Deficiency Volume, Customer may elect to cash out its Deficiency Volume and Customer will pay to PSE on the Deficiency Volume a price per therm that is 125% of the then-current first-of-month

index for the point entitled Northwest Pipeline Corp. Canadian Border, as reported in the Platts publication inside FERC's Gas Market Report (including revenue related taxes). Customer must notify PSE in writing of its intent to exercise the option to buy out the Deficiency Volume not later than the fifteenth (15th) day of the month in which the Deficiency Volume charge would be assessed. If Customer exercises this buy out option, Customer's Deficiency Volume is eliminated, and the Cumulative Underrun is reduced by the current Deficiency Volume purchased. Customer must include payment for the Excess Volume with its written letter of intent.

- g. Constraint Period provision. If receipt of Customer's gas supply is delayed because of a PSE-imposed constraint (Curtailment or entitlement) of service (a "Constraint Period"), the period for balancing the volume received from Customer with Customer's Confirmed Nomination will be extended by the number of days service was constrained.
- h. Balancing upon termination. If there exists a Cumulative Overrun upon termination of service under this tariff ("Termination" or "Terminated" in this paragraph) Customer shall have 15 non-Constraint Period days following Termination to eliminate the Cumulative Overrun. At the end of the 15-day period the Overrun amount shall become the property of PSE by its purchase at a price equal to 75% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian Border, as reported in the Platts publication inside FERC's Gas Market Report (including revenue related Taxes). If a Cumulative Underrun exists following 15 non-Constraint Period days after Termination by Customer the Underrun shall be eliminated by a charge of 125% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian Border as reported in the Platts publication Inside FERC's Gas Market Report (included revenue related taxes).

6. Procedure.

- a. Testing and Verification. Customer shall undertake the testing described in Section 12 to ensure the quality of the Biomethane. If Customer cannot verify that its Biomethane meets the Minimum Gas Quality in Section 12, Customer shall take the appropriate steps described in Section 12 below. Customer shall provide testing data to PSE on an as-requested basis. In addition, tracking, archiving, and retention periods for the original data held by Customer will be consistent with Section 11.c below.
- b. Changes by Customer. Changes to this Agreement, including to Section 12, may be made by Customer as warranted to fit changing production needs and/or conditions at Customer's Facility, provided that PSE approves such changes in writing prior to implementation of such change, and such approval shall not be unreasonably withheld. Other changes may be made to the Minimum Gas Quality in Section 12 if agreed to by the Parties in writing or as provided in Section 6.c.



- c. Changes by PSE.
- i. Changes to Section 12 of this Agreement may be made by PSE in its sole discretion based on: the gas quality specifications listed in the Northwest Pipeline, LLC FERC Gas Tariff or PSE's WUTC Natural Gas Tariff; recommendations by the American Gas Association or the Gas Technology Institute; documented changes to gas distribution system operating conditions or to meet new or revised generally accepted natural gas utility practices regarding gas quality or testing; or as ordered by a regulatory body having authority in the matter. PSE agrees to provide Customer, in writing, the reasons for such changes, and will provide a minimum of 24 months prior notice before changes are implemented to Section 12 of this Agreement.
  - ii. Changes to this Agreement, including to Section 12 for reasons other than those listed in Section 6.c.i, may be made by PSE, provided that Customer approves such changes in writing and such approval shall not be unreasonably withheld.
  - iii. If Customer is unable to comply with PSE's changes to Section 12, then Customer may terminate this Agreement at no cost or liability to Customer, except for amounts owed at the time of termination.
- d. Special Tests. PSE may request special testing at any time with reasonable advance notice if PSE has a specific concern with the Biomethane quality or sampling results or methods. Upon a request for special testing, Customer shall promptly provide PSE a Biomethane sample and PSE shall have that Biomethane sample analyzed by an independent certified third party laboratory (ELAP certified where applicable). The cost of such testing will be borne by Customer if such testing demonstrates that the contaminant or constituent of special concern exists in a concentration (i) above the level provided in Section 12.b, or (ii) at a level that would require testing of the contaminant or constituent at the next higher level of testing in Section 12.g. If, after such testing, the contaminants or constituents are determined to exist in concentrations below the levels provided in Section 12.b or below the level that would require testing at the next higher level in Section 12.g, then the cost of testing shall be borne by PSE.
- e. Operational Issues. Customer shall develop operational procedures that will include planned and automatic shut-down conditions, measures and procedures to ensure the prompt and safe shutdown of Biomethane deliveries from Customer's Facility to PSE's distribution system. Customer shall make a copy of such operational procedures available to PSE. PSE shall have the option to require and witness a scheduled planned shut-down exercise and a scheduled automatic shut-down exercise intended to verify proper response to an instrument detecting that the Biomethane does not meet the gas quality specifications identified in Section 12.b, on an annual basis during the Term of this Agreement. Such exercises shall be coordinated among the Parties, so as to minimize impact on operations.

Customer's facilities shall be designed and maintained to automatically suspend delivery of Biomethane to PSE facilities when the equipment monitoring the gas quality specifications identified in Section 12.b detects a deviation from the specification.

7. Emergencies, Planned Maintenance and Suspension of Receipts by PSE.

- a. PSE Emergencies and Planned Maintenance. PSE may interrupt Biomethane receipts as necessary for purposes of carrying out emergency repairs or reasonable planned maintenance to its distribution system. PSE shall provide maximum feasible notice of emergency interruptions and at least thirty (30) days' prior written notice of interruptions for planned maintenance. Interruptions for planned maintenance should be minimized, with the intent of not exceeding five (5) days in any 12-month period. PSE will coordinate, whenever possible to incorporate scheduled maintenance of its facilities during planned shut-down or maintenance of Customer's Facility.
- b. Customer Emergencies and Planned Maintenance. Customer may interrupt Biomethane receipts at no cost to Customer in order to carry out emergency repairs or planned maintenance to its Facility. Customer shall provide at least ten (10) days' prior written notice of interruptions for planned maintenance. Customer shall not be required to give prior notification to PSE of routine increases or decreases in supply. Customer shall provide telephone notification to PSE prior to interrupting supply, except in an emergency, and before restarting Biomethane deliveries.
- c. Suspension of Receipts by PSE. PSE shall have the right at any time during the Term, without incurring any liability therefor to Customer, to interrupt, suspend or curtail (through manual operation, automatic operation or otherwise) receipt or acceptance of delivery of Biomethane from Customer's Location, if PSE reasonably determines that the failure to do so may:
  - i. endanger any person or property, or PSE's natural gas system, or any natural gas system with which PSE's system is interconnected or any other PSE customer's natural gas equipment;
  - ii. cause or contribute to an imminent significant disruption of natural gas service to PSE customers;
  - iii. interfere with any construction, installation, inspection, testing, repair, replacement, improvement, alteration, modification, operation, use or maintenance of, or addition to, PSE's natural gas system or other property of PSE; or
  - iv. interfere with the performance, system capacity, integrity, reliability or stability of PSE's natural gas system or any system or PSE customer's equipment with which PSE's natural gas system is interconnected.



PSE shall promptly notify Customer of the reasons for any such interruption, suspension or curtailment. PSE shall use reasonable efforts to mitigate and limit the duration of any such interruption, suspension or curtailment. If the Biomethane otherwise meets the Minimum Gas Quality in Section 12 of this Agreement, and the period of interruption, suspension or curtailment by operation of this Section 7.c exceeds forty-eight (48) hours in a calendar month, upon request of Customer, PSE shall pro-rate charges to Customer for that month.

8. Term, Charges and Payment.

- a. Term. The term of this Agreement shall commence on the Effective Date and shall terminate upon the later of (a) the permanent disconnection of the Customer's Facility from the PSE distribution system (the "Term"), or (b) termination of this Agreement by Customer pursuant to Section 6.c.(iii).
- b. Charges.
  - i. PSE shall invoice Customer, and Customer shall pay to PSE: a Basic Charge each month equal to four hundred thirty-nine dollars and ten cents (\$439.10) to recover metering, nomination and billing costs; and a Gas Quality Monitoring Charge each month equal to one thousand one hundred forty-six dollars and twenty cents (\$1,146.20).
  - ii. The Basic Charge is the same as the charge in PSE's Schedule 41T, Distribution, System Transportation Service (Firm-Large Volume High Load). The Basic Charge will be adjusted so as to remain the same as the charge in PSE's Schedule 41T which will be adjusted from time to time as approved by the Washington Utilities and Transportation Commission.
  - iii. The Gas Quality Monitoring Charge will be adjusted annually, on or after April 1 of each year starting with April 2018, based on percentage changes to the producer price index (PPI) for Engineering Services (4532), not seasonally adjusted, as published by the Bureau of Labor Statistics. The Base Period for determining this adjustment will be March 2016. The calculation will compare the Base Period (March 2016) PPI with the PPI in March of the then-current year. The percentage change to the PPI for Engineering Services (4532) will be applied to the initial Gas Quality Monitoring Charge (\$1,146.20) to determine the adjusted Gas Quality Monitoring Charge.
- c. Invoicing and Payment. Consistent with PSE's Rule No. 9, invoices shall be issued monthly and are due and payable upon receipt.

9. Possession of Gas and Responsibility; Release and Indemnity.

- a. Possession of Gas. Customer shall be deemed to be in control and possession of the Biomethane until such Biomethane shall have been delivered to the Point of Receipt (at or upstream of the PSE distribution system), after which PSE shall be

deemed to be in control and possession of the Biomethane. PSE shall have no responsibility with respect to any Biomethane until it is received by PSE at the Point of Receipt, or on account of anything which may be done, happen or arise with respect to such Biomethane before such receipt, and Customer shall have no responsibility with respect to any Biomethane after its receipt by PSE at the Point of Receipt, or on account of anything which may be done, happen or arise with respect to such Biomethane after such receipt.

- b. Customer releases and shall defend, indemnify and hold harmless each of the Indemnitees from and against all claims, losses, harm, suits, liabilities, obligations, damages, penalties, costs and expenses (including, but not limited to, reasonable attorneys' fees and any incremental taxes payable by PSE on the amount of any indemnities paid by Customer to PSE pursuant to this Section 9) of whatsoever kind and nature (including, without limitation, relating to the injury to or death of any person, including employees of Customer)(collectively "Claims") to the extent caused by or resulting from: Customer's negligent operation or maintenance of Customer's Facility; the interconnection of Customer's Facility with PSE's natural gas distribution system; or negligent delivery of Biomethane from Customer to the PSE natural gas distribution system. However, Customer shall not be required to so defend, indemnify or hold harmless such Indemnitee from any claim, loss, harm, liability, damage, cost or expense to the extent caused by or resulting from the negligence or concurrent negligence of such Indemnitee or its directors, officers, employees, agents or representatives.

Notwithstanding the other provisions of this Section 9, as between Customer and PSE, Customer shall be liable for any Claim to the extent such Claim arises from the failure of any Biomethane received by PSE from Customer to meet the gas quality requirements in Section 12. Customer's indemnification liabilities pursuant to this Agreement shall not be limited to the extent of its insurance coverages.

In connection with any action to enforce this Section 9, each Party hereby waives any immunity, defense or protection under any workers' compensation, industrial insurance or similar laws (including, but not limited to, the Washington Industrial Insurance Act, Title 51 of the Revised Code of Washington ("RCW")). This section 9 shall not be interpreted or construed as a waiver of either Party's right to assert any such immunity, defense or protection directly against any of its own employees or such employee's estate or other representatives.

10. Governing Law. The laws of the State of Washington shall govern the interpretation and application of this Agreement, without regard to such State's choice of law principles.
11. Miscellaneous.
  - a. Limitation on Liability. A Party's liability for breach of any provision of this Agreement shall be limited to direct actual damages. Such direct actual damages shall be the sole and exclusive remedy of any Party with respect to breach of this



Agreement by the other Party and all other remedies at law or equity are hereby waived and no Party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, or otherwise.

- b. Assignment. This Agreement shall be fully assignable by Customer, subject to the written consent of PSE, which consent shall not be unreasonably withheld, provided the proposed assignee is capable of performing this Agreement in accordance with its terms. Notwithstanding the preceding sentence, this Agreement shall be fully assignable by Customer without the consent of PSE if such assignment is in connection with an assignment of all or any part of Customer's rights or obligations under this Agreement as collateral security for amounts payable under any financing arrangement in connection with the Customer's Facility. This Agreement shall be fully assignable by PSE, subject to the provisions in RCW 80.12.020, and provided the proposed assignee is capable of performing this Agreement in accordance with its terms. Subject to the foregoing restrictions on assignment, this Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Parties.
- c. Access to Records. Customer and PSE shall maintain books, records, documents and other accounts relating to the performance of this Agreement. PSE or its duly authorized representative shall have access to Customer's books, records, documents and accounts as relate to matters covered by this Agreement for purposes of inspection, review and copying for a period of three (3) years after completion of the work or services that are the subject of such books, records, documents and accounts.
- d. Notice. Any notice required by this Agreement to be given to a Party shall be effective when it is received by such Party, and in computing any period of time related to such notice, such period shall commence at 12:01 p.m. prevailing time at the place of receipt on the date of receipt of such notice.

All notices required or appropriate under this Agreement shall be given in writing by hand, by overnight courier, by first-class postage prepaid mail return receipt requested, by registered or certified mail return receipt requested, or by e-mail or facsimile which are confirmed by first class mail addressed to the applicable Party, directed to the following addresses, as may be amended by written notice:

CUSTOMER:  
King County  
201 S. Jackson, 7th Floor  
Seattle, WA 98104  
Attention: David Broustis  
Facsimile No.: 206-296-3749

PUGET SOUND ENERGY  
P.O. Box 97034 PSE

Bellevue, WA 98009-9734  
Attention: Rates  
Facsimile No.: (425) 462-3414

- e. Severability. If any article, paragraph, clause or provision of this Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall be unaffected by such invalidity or unenforceability and all the remaining provisions of this Agreement shall remain in full force and effect as if such article, paragraph, clause or provision or any part thereof so adjudicated had not been included herein, and the Parties shall exercise their best efforts to correct the article, paragraph, clause or provision giving rise to such invalidity or unenforceability and substitute appropriate agreements and contractual arrangements to achieve the intent of this Agreement.
  - f. Independent Contractors. Each Party shall furnish its own facilities, contractors and employees to fully perform its obligations under this Agreement. No Party shall, by virtue of this Agreement, have any responsibility for the payment or performance of any obligations of any other Party. Further, no Party shall have, by virtue of this Agreement, any right, power or authority to act as the agent of, to enter into any contract, to make any representation or warranty or to incur any obligation or liability of any other Party. This Agreement shall not be interpreted or construed to create any association, joint venture or partnership between the Parties or to impose any partnership obligation or liability upon any of the Parties.
  - g. No Third-Party Beneficiaries. This Agreement is for the benefit of, and will be enforceable by, the Parties only. This Agreement is not intended to confer any right or benefit on any third party (including, but not limited to, any employee of any party). No action may be commenced or prosecuted against a Party by any third party claiming as a third-party beneficiary of this Agreement or any of the transactions contemplated by this Agreement.
  - h. Interpretation. This Agreement will be construed without regard to any presumption or other rule regarding construction against the Party causing this Agreement to be drafted.
  - i. Entirety of Agreement. This Agreement supersedes all prior negotiations, representations and agreements between the Parties relating to the subject matter hereof and constitutes the entire Agreement regarding gas quality between the Parties.
  - j. Counterparts. This Agreement may be executed in two counterpart copies, each of which when so executed shall be considered for all purposes an original.
12. Biomethane Delivery Specifications. The Minimum Gas Quality and the protocol for monitoring and periodic testing of the Biomethane shall be determined in PSE's sole judgment based on the location of the Biomethane receipt relative to minimum



expected system gas flow, system design and the Daily Contract Volume to be received.

- a. All Biomethane delivered for receipt into PSE's system shall conform to the "non-quantifiable quality specifications" in this Section 12.a at the time of delivery:
  - i. Merchantability: The Biomethane shall not contain dust, sand, dirt, gums, oils or other substances at levels that would be injurious to PSE's facilities or that would cause gas in PSE's system to be unmarketable.
  - ii. Liquids: The Biomethane shall contain no liquids at or immediately downstream of the receipt point.
- b. Biomethane Delivery. Biomethane delivered for receipt into PSE's system shall conform to the following quantifiable quality specifications at the time of delivery. For each specification listed in this Section 12.b, the actual value corresponding to the characteristic of the Biomethane being tested will be measured, calculated, evaluated, and enforced either on a continuous basis, or at a frequency based on the normal cycling time of the applicable instrument(s). Each instrument must have a normal measurement frequency of not less than once every eight minutes.
  - i. Heating Value: The minimum heating value is nine hundred and eighty-five (985) Btu (gross) per Standard Cubic Feet on a dry basis. The maximum heating value is one thousand one hundred fifty (1150) Btu (gross) per Standard Cubic Feet on a dry basis. Prior to the execution of this Agreement, PSE in its sole discretion may specify a higher minimum and/or a lower maximum heating value based on the specific physical location of the receipt point on the PSE system.
  - ii. Moisture Content or Water Content: The Biomethane dew point shall be no higher than 9 degrees F and measured at or above a pressure of two hundred (200) psig.
  - iii. Hydrogen Sulfide: The Biomethane shall not contain more than twenty-five hundredths (0.25) of one (1) grain of hydrogen sulfide, measured as hydrogen sulfide, per one hundred (100) Standard Cubic Feet. The Biomethane shall not contain any entrained hydrogen sulfide treatment chemical (solvent) or its by-products in the Biomethane stream.
  - iv. Mercaptan Sulfur: The Biomethane shall not contain [REDACTED]

- v. Total Sulfur: The Biomethane shall not contain more than [REDACTED]
- vi. Carbon Dioxide: The Biomethane shall not have a total carbon dioxide content in excess of two percent (2%) by volume.
- vii. Oxygen: The Biomethane shall not have an oxygen content in excess of two-tenths of one percent (0.2%) by volume, and Customer will make every reasonable effort to keep the Biomethane free of oxygen.
- viii. Inerts: The Biomethane shall not contain in excess of three percent (3%) total inerts (the total combined carbon dioxide, nitrogen, oxygen and any other inert compound) by volume.
- ix. Hydrocarbons: For Biomethane delivered at a pressure between 100 and 1000 psia, the Biomethane hydrocarbon dew point is not to exceed 15 degrees F at delivery pressure.
- x. Delivery Temperature: The Biomethane delivery temperature is not to be below 40 degrees F or above 120 degrees F.
- xi. Interchangeability: The Biomethane shall have a minimum Wobbe Number of 1305 and shall have a Wobbe Number not greater than 1400. The Wobbe Number will be calculated using the Btu (gross) content and specific gravity of the Biomethane. The Biomethane shall meet American Gas Association's Lifting Index, Flashback Index and Yellow Tip Index interchangeability indices for high methane gas relative to a typical composition of gas in PSE's system serving the area. Acceptable specification ranges are:
- Lifting Index (IL)  
IL  $\leq$  1.06
  - Flashback Index (IF)  
IF  $\leq$  1.2
  - Yellow Tip Index (IY)  
IY  $\geq$  0.8
- xii. Specific Gravity: All Biomethane not subject to enrichment by any non-methane hydrocarbons, shall have a specific gravity no greater than 0.577. For all Biomethane subject to enrichment by any non-methane hydrocarbons, the specific gravity shall be determined on a case-by-case basis.



- c. Biomethane Refusal. Customer shall not deliver, and PSE shall refuse to accept any Biomethane tendered for transportation by Customer if such Biomethane does not meet the specifications at the time of delivery as set out in Section 12.a and 12.b above.
- d. Biomethane Deviations. PSE may grant specific deviations to the Minimum Gas Quality specifications defined in Section 12.b above, if such Biomethane will not have a negative impact on system operations or end-use customer equipment. Any such deviation must be approved by PSE at or prior to the time of delivery.
- e. Biomethane Testing Costs. Customer shall be responsible for costs associated with Biomethane testing requirements defined in Section 12, and shall not be responsible for PSE's discretionary Biomethane testing or monitoring, except as identified in Section 6.d.
- f. Biomethane Constituents. In addition to the specifications set out in Sections 12.a and 12.b above, Biomethane must not contain Pipeline Integrity Protective Constituents described below at concentrations which would prevent or restrict the normal marketing of biomethane or be at levels that would be injurious to pipeline facilities. Biomethane to be accepted and transported in the PSE pipeline system shall be subject to periodic testing and monitoring. The Trigger Level is the level where additional periodic testing and analysis of the constituent is required. The Lower Action Level, where applicable, is used to screen Biomethane during the initial Biomethane quality review and as an ongoing screening level during the periodic testing. The Upper Action Level, where applicable, establishes the point at which the immediate shut-off of the Biomethane supply occurs.

| Constituent   | Trigger Level | Lower Action Level | Upper Action Level |
|---|---------------|--------------------|--------------------|
| <i>Pipeline Integrity Protective Constituent Levels (*)</i> |               |                    |                    |
| Siloxanes   | [REDACTED]    | -                  | -                  |
| Ammonia   | [REDACTED]    | -                  | -                  |
| Hydrogen  | [REDACTED]    | -                  | -                  |
| Mercury   | [REDACTED]    | -                  | -                  |
| Biologicals   | [REDACTED]    | -                  | -                  |

Notes: (\*)The Pipeline Integrity Protective Constituent Lower and Upper Action Limits not provided above will be established at a later date. Until that time, Biomethane supplies that contain Pipeline Integrity Protective Constituents

exceeding the Trigger Level, but lacking a Lower or Upper Action Level, will be analyzed and addressed on a case-by-case basis based on the Biomethane's potential impact on pipeline system integrity. [REDACTED]

g. Biomethane Periodic Testing.

- i. Group 1 Constituent means any constituent with a concentration below the Trigger Level.
- ii. Group 2 Constituent means any constituent with a concentration at or above the Trigger Level.
- iii. Group 1 Constituent Testing:
  - (a) A Group 1 Constituent shall be tested once every 12-month period in which deliveries occur. Thereafter, if the Group 1 Constituent is found below the Trigger Level during two consecutive annual periodic tests, the Group 1 Constituent may be tested once every two-year period in which deliveries occur.
  - (b) A Group 1 Constituent will become a Group 2 Constituent if testing indicates a concentration at or above the Trigger Level.
- iv. Group 2 Constituent Testing:
  - (a) A Group 2 Constituent shall be tested quarterly (at least once every three-month period in which deliveries occur).
  - (b) A Group 2 Constituent will become a Group 1 Constituent if testing indicates a concentration below the Trigger Level during four consecutive tests.

h. Biomethane Shut-Off and Restart Procedures.

- i. Biomethane deliveries shall be automatically shut-off by Customer when any on-line gas quality monitoring instrument, or any calculated value from an on-line gas quality monitoring instrument, indicates the Biomethane does not meet Minimum Gas Quality.
- ii. Biomethane deliveries shall be manually shut-off by Customer when any on-line gas quality monitoring instrument is known to not be providing current and accurate measurements, unless PSE provides written notice in advance of delivery that it will accept delivery.



- iii. Notwithstanding other provisions in this Agreement, Biomethane deliveries following an automatic or manual shut-off as described in Sections 12.h.i or 12.h.ii above, may restart when the instrument is verified to be operating properly, by calibration or other means necessary, and the Biomethane meets Minimum Gas Quality.
- iv. Biomethane deliveries from Customer may be shut-off when there is a change in the biogas source at the facility or the gas processing equipment that PSE or Customer determines will potentially increase the level of any constituent listed in Section 12.f over the previously measured baseline levels; including, among others, a shutdown of Customer's facility that exceeds 6 months.
- v. Biomethane deliveries from Customer shall be shut-off when testing indicates a constituent listed in Section 12.f exceeds allowable concentration levels in the following situations:
  - (a) If applicable, a Pipeline Integrity Protective Constituent is found at or above the Lower Action Level three times in a 12-month period in which deliveries occur.
  - (b) Immediate shut-off if the level of an individual constituent is found above the Upper Action Level.
  - (c) The Biomethane contains constituents at concentrations which prevent or restrict the normal marketing of Biomethane or are at levels that are injurious to pipeline facilities, or are at levels that present a safety hazard to PSE employees and/or the general public.
- vi. In order to restart Biomethane deliveries following a shut-off pursuant to Sections 12.h.iv or 12.h.v, Customer shall test the Biomethane using independent certified third party laboratories (ELAP certified where applicable). Deliveries can then resume, subject to the periodic testing requirements in Section 12.i, if the test indicates: (1) the Biomethane complies with the Minimum Gas Quality specifications contained in Section 12.b of this Agreement; and, if applicable, (2) the Pipeline Integrity Protective Constituents are below the Lower Action Level. Thereafter, constituents shall be reevaluated by PSE for eligibility for less frequent testing.
- i. Testing Procedures. Customer shall collect samples upstream of the PSE meter. Samples will be analyzed by independent certified third party laboratories (ELAP certified where applicable). Customer shall provide notice to PSE at least 2 business days in advance of scheduled Biomethane sample extractions, in order to allow PSE an opportunity to observe the procedure. PSE will confirm with Customer whether PSE will observe the procedure within 1 business day of such notification. If PSE confirms it will observe the procedure, Customer will provide a more specific window of time for the procedure. Sample testing results will be available and will be transmitted to PSE within 2 weeks of testing or other time

period as agreed in writing in advance of the testing. Customer will notify PSE in advance in the event Customer intends to undertake sampling procedures that will require more than 2 weeks for processing.

PUGET SOUND ENERGY

By:   
Kenneth S. Johnson

Title: Director, State Regulatory Affairs

Date: \_\_\_\_\_

Customer:

KING COUNTY

By:   
Christie True

Title: Director, Department of Natural Resources and Parks

Date: 5/24/2016



**Exhibit A**  
**to**  
**Receipt Service Agreement**

This Exhibit A is an addendum to the Biomethane Receipt Service Agreement (Agreement) between PSE and King County through its Wastewater Treatment Division ("Customer").

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

[REDACTED]

[REDACTED]



■ [REDACTED]

■ [REDACTED]

