

**EXHIBIT NO. \_\_\_(RG-19C)  
DOCKET NO. UE-09 \_\_\_/UG-09 \_\_\_  
2009 PSE GENERAL RATE CASE  
WITNESS: ROGER GARRATT**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-09 \_\_\_  
Docket No. UG-09 \_\_\_**

**EIGHTEENTH EXHIBIT (CONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
ROGER GARRATT  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED  
VERSION**

**MAY 8, 2009**

**RENEWABLE ENERGY CREDIT AGREEMENT  
NO. 2009-001**

This Renewable Energy Credit (REC) Agreement dated as of September 26, 2008 (this "Agreement"), is entered into by and between Puget Sound Energy, Inc. ("PSE") and Puget Sound Hydro, LLC ("Seller").

PSE and Seller agree as follows:

**Section 1. Sale of RECs**

- 1.1 Seller will provide PSE's Green Power Program with all RECs (one REC/one MWh), also known as Green Tags, associated with the energy produced at its facility in hydroelectric generating facility located at the North Fork Nooksack River at Nooksack Falls in Whatcom County, Washington, near the town of Glacier, Washington. Seller will conform to all applicable Green-e requirements and audits and deliver and invoice for all such RECs during the period from (and including ) January 1, 2009 through December 31, 2013.
- 1.2 PSE shall have the right to terminate this Agreement, by providing written notice of such termination to Seller and without incurring any liability on account of such termination, if Seller ceases to do business, merges or dissolves its corporate or business status or materially breaches any of the provisions of this Agreement.

**Section 2. Compensation**

- 2.1 PSE shall compensate Seller for all RECs delivered to PSE by Seller hereunder, not to exceed 25,000 MWhs annually, at an amount equal to:

2009: [REDACTED]  
2010: [REDACTED]  
2011: [REDACTED]  
2012: [REDACTED]  
2013: [REDACTED]

In no event shall total Compensation payable under this Agreement exceed six hundred twenty-five thousand dollars (\$625,000.00) without the prior written consent of an authorized representative of PSE.

- 2.2 Within ten (10) days after the end of each calendar quarter during the Term, Seller shall submit to PSE Seller's invoice for the compensation and reimbursement payable pursuant to paragraph 2.1 for such calendar quarter. Each such invoice

shall be supported by such documents, attestations and other information as PSE may reasonably request.

- 2.3 Seller shall place the number of this Agreement on all of its invoices and submit such invoices by mailing to the following address:

Puget Sound Energy, Inc.  
Green Power Program  
P.O. Box 90868, EST-10E  
Bellevue, WA 98009-0868  
Attention: Heather Mulligan

- 2.4 PSE shall pay all undisputed amounts set forth in each of Seller's invoices within thirty (30) days of receipt and verification thereof.

**Section 3. Performance by Seller**

- 3.1 Seller shall at all times be an independent contractor, not an employee or agent, of PSE with regard to its performance under this Agreement. Seller shall not represent that Seller is, or hold Seller out as, an employee or agent of PSE. Seller shall not be entitled to workers' compensation, retirement, insurance, or other benefits afforded to employees of PSE.
- 3.2 Without limiting the generality of Paragraph 3.1, Seller shall not be treated as an employee of PSE for federal tax, worker's compensation, or any other purpose. Seller shall not be entitled to any pension, deferred compensation, welfare, insurance, or other benefits afforded employees.
- 3.3 Seller shall use its best efforts to comply with all applicable laws, ordinances, rules, regulations, orders, licenses, permits and other requirements, now or hereafter in effect, of any governmental authority (including, but not limited to, such requirements as may be imposed upon PSE and applicable to Seller's performance under this Agreement). Seller shall use reasonable efforts to furnish such documents as may be required to effect or evidence such compliance. All laws, ordinances, rules, regulations and orders required to be incorporated in agreements of this character are incorporated herein by this reference.
- 3.4 Prior to the Date of Commercial Operation, Seller shall register the Project in the WREGIS, and take all other actions necessary to ensure that the RECs produced from the Project are issued and tracked for purposes of satisfying the requirements of RCW 19.29A.090 and, at PSE's option, RCW 19.285, and transferred to PSE. In the event that WREGIS is not in operation as of the Commercial Operation Date, Seller shall perform its obligations required under this subsection as soon as WREGIS is in operation.

**Section 4. Materials, Information, Property and Other Items**

- 4.1 Seller shall not disclose to third parties, without the prior written consent of PSE, any information obtained or developed in connection with its performance under this Agreement unless:
- a. the information is known to Seller prior to performance of the Services,
  - b. the information is generally available to the public at the time of disclosure by Seller,
  - c. the information is obtained by Seller from a third party who did not receive the same directly or indirectly from PSE or in connection with Seller's performance under this Agreement, or
  - d. the information is legally required to be disclosed, provided that PSE is given reasonable prior notice to enable it to seek a protective order and Seller discloses only that information which, in the reasonable judgment of its counsel, is required to be disclosed.
- 4.2 Seller shall not use any PSE name, trademark or service mark in any promotional materials of Seller without PSE's prior written consent, which consent may be withheld in the sole discretion of PSE. In the event that PSE consents to the use of its name, trademark, or service mark in any announcement, news release, or promotional materials of Seller, all of the contents shall be submitted to PSE's Corporate Communications Department for review prior to any publication by Seller.

**Section 5. Release.**

Seller releases PSE, its successors and assigns, and the respective directors, officers, employees, agents and representatives of PSE and its successors and assigns (collectively, the "PSE Group") from all claims, losses, harm, liabilities, damages, costs, and expenses related to any property damage or personal injury (including death) that may result or occur in connection with Seller's performance or failure to perform under this Agreement. To the fullest extent permitted by applicable law, the foregoing release shall apply regardless of any act, omission, negligence or strict liability of any of the PSE Group or any one or more of them.

**Section 6. Miscellaneous.**

- 6.1 Any notice, request, direction, consent, designation, or other communication under this Agreement shall be in writing and shall be delivered in person or mailed, properly addressed and stamped with the required postage, to the intended recipient as follows:

If to PSE: Puget Sound Energy, Inc.  
PO Box 90868 (EST-10E)  
Bellevue, WA 98009-0868  
Attn: Heather Mulligan

If to Seller: Puget Sound Hydro, LLC  
P.O. Box 1432  
Lewiston, Idaho 83501  
Attn: Arch Ford, Manager

Either party may change its address specified in this paragraph by giving the other party notice of such change in accordance with this paragraph.

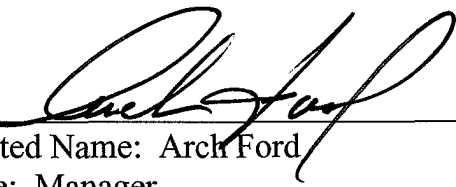
- 6.2 This Agreement sets forth the entire agreement of the parties, and supersedes any and all prior agreements, with respect to the subject matter hereof. No change, amendment, or modification of any provision of this Agreement shall be valid unless set forth in a written amendment to this Agreement signed by both of the parties.
- 6.3 Seller shall not (by contract, operation of law or otherwise) assign this Agreement or any right or interest in this Agreement. Any such attempted assignment shall be void. Subject to the foregoing restriction on assignment by Seller, this Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the successors, assigns and legal representatives of the respective parties to this Agreement.
- 6.4 Notwithstanding any provision to the contrary contained elsewhere in this Agreement, either party may assign all or part of this Agreement and any of its rights or obligations hereunder if such assignment is part of the transfer or merger of a substantial portion or the entire business and assets of the transferor.
- 6.5 The failure of PSE to insist upon or enforce strict performance by Seller of any of the provisions of this Agreement or to exercise any rights under this Agreement shall not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon any such provisions in that or any other instance; rather, the same shall be and remain in full force and effect.
- 6.6 The rights and remedies of PSE set forth in any provision of this Agreement are in addition to and do not in any way limit any other rights or remedies afforded to PSE by any other provisions of this Agreement or by law.
- 6.7 This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument. Once signed, any legible reproduction of

this document made by reliable means (for example, photocopy or facsimile) shall be deemed to be an original.

- 6.8 This Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of Washington, without reference to such state's choice of law principles to the contrary.


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

**Puget Sound Hydro, LLC**

By:   
Printed Name: Arch Ford  
Title: Manager

Federal Tax ID: \_\_\_\_\_

**Puget Sound Energy, Inc.**

By:   
Printed Name: Thomas F. MacLean  
Title: Manager, Customer  
Renewable Energy Programs