

**EXHIBIT NO. \_\_\_(RG-21C)  
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\_\_\_**

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

**REDACTED  
VERSION**

**MAY 8, 2009**

Exhibit D

**RENEWABLE ENERGY CREDIT AGREEMENT  
NO. 2009-002**

This Renewable Energy Credit Agreement dated as of January 21, 2009 (this "Agreement"), is entered into by and between Puget Sound Energy, Inc. ("PSE") and Qualco Energy ("Seller"). Capitalized terms used in this Agreement and not specifically defined herein will have the meanings set forth in the Power Purchase Agreement between PSE and Seller pursuant to which this Agreement is entered into.

PSE and Seller agree as follows:

**Section 1. Sale of RECs**

1.1 Seller will provide PSE with all of the RECs associated with each megawatt-hour of electricity generated at its approximately 450 kW methane-fired facility at or near Monroe, Snohomish County, Washington. Seller will comply with all Applicable Program requirements and audits and deliver and invoice the following approximate quantities per quarter:

2009 Q1 – 881 RECs

2009 Q2 – 880 RECs

2009 Q3 – 880 RECs

2009 Q4 – 880 RECs

2010 Q1 – 881 RECs

2010 Q2 – 880 RECs

2010 Q3 – 880 RECs

2010 Q4 – 880 RECs

2011 Q1 – 881 RECs

2011 Q2 – 880 RECs

2011 Q3 – 880 RECs

2011 Q4 – 880 RECs

2012 Q1 – 881 RECs

2012 Q2 – 880 RECs

2012 Q3 – 880 RECs

2012 Q4 – 880 RECs

2013 Q1 – 881 RECs

2013 Q2 – 880 RECs

2013 Q3 – 880 RECs

2013 Q4 – 880 RECs

- 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.
- 1.3 In the event an Applicable Program does not recognize, or allow the assignment of credit for, both (i) the sale of greenhouse gas offsets from Seller's anaerobic digester or from the Project and (ii) the sale of RECs to PSE pursuant to this Agreement, Seller shall have the right to elect to proceed with the sale of greenhouse gas offsets to a third party rather than continuing to sell RECs to PSE pursuant to this Agreement. Seller will exercise such election (if at all) by providing written notice thereof to PSE ("Notice"); provided, that unless and until a Notice is provided by Seller, Seller shall remain obligated to

sell RECs to PSE pursuant to this Agreement. If Seller elects to sell greenhouse gas offsets to a third party pursuant to this Section 1.3, this Agreement shall automatically terminate as of the effective date of the Notice as set forth therein, and neither Party will have any liability to the other Party on account of such termination. PSE acknowledges that PSE will not purchase any greenhouse gas offsets from Seller and that Seller may sell greenhouse gas offsets from Seller's anaerobic digester to one or more third parties.

## **Section 2. Compensation**

- 2.1 PSE shall compensate Seller for RECs provided hereunder in accordance with Seller's Quotation attached hereto as Exhibit 1. In no event shall total Compensation payable under this Agreement exceed one hundred twenty thousand dollars (\$120,000.00) 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 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.  
The Green Power Program  
P.O. Box 90868, PSE-EST-10E  
Bellevue, WA 98009-9734  
Attention: Market Manager
- 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 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 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 with the Western Renewable Energy Generation Information System or any successor renewable energy tracking program or system ("WREGIS"), and Seller shall take all other actions to ensure that the RECs associated with all of the electricity generated by the Project are issued and tracked for purposes of satisfying the requirements of RCW 19.29A.090 and RCW 19.285, and transferred to PSE. If WREGIS is not in operation as of the Date of Commercial Operation, Seller shall perform its obligations pursuant to this Paragraph 3.4 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 (PSE-EST-10E)  
Bellevue, WA 98009-0868  
Attn: Market Manager

If to Seller: Qualco Energy  
18117 203rd Street  
Monroe, WA 98272  
Attn: President

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, together with the Power Purchase Agreement dated as of March 9, 2009, entered into by Seller and PSE 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 invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. Neither the validity of this Agreement nor the respective rights and obligations of the parties under this Agreement shall be affected to any extent if Seller ceases to be a customer of PSE during the Operating Period.
- 6.7 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.
- 6.8 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.
- 6.9 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.

**Qualco Energy**

By: \_\_\_\_\_  
Printed Name: Dale Reiner



Title: President

Federal Tax ID: 20-3588066

**Puget Sound Energy, Inc.**

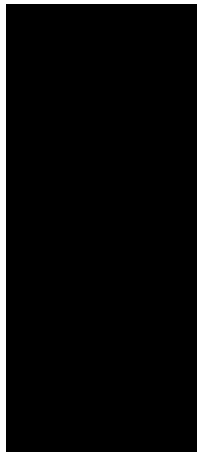
By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT 1**  
**Seller's Quotation**

2009  
2010  
2011  
2012  
2013



**REDACTED**  
**VERSION**