

EXHIBIT NO. ___(RG-26)
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___

**TWENTY-FIFTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
ROGER GARRATT
ON BEHALF OF PUGET SOUND ENERGY, INC.**

MAY 8, 2009

PSE Contract
4600002149

MASTER LEASING AGREEMENT

Dated as of September 1, 1988

Between

BLC CORPORATION,

as Lessor

and

PUGET SOUND POWER & LIGHT COMPANY,

as Lessee

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(Master Leasing Agreement)

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MASTER LEASING AGREEMENT

Leasing Agreement, dated as of September 1, 1988, by and between BLC Corporation of San Mateo, California (herein called "Lessor") and Puget Sound Power & Light Company (herein called "Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee agree as follows:

1. Definitions. As herein used:

(a) "Acquisition Cost" of Equipment is an amount equal to the sum of the vendor's delivered price, dealer's delivery and handling charges, the cost of any original equipment which may be added, excise tax on the Equipment, any sales and use taxes, expenses of installation and freight, costs incurred by the Lessee to place the Equipment into service, and other expenses required to effect delivery of the Equipment to the Lessee, less purchase discounts obtained.

(b) The "Aggregate Amortization" of any Equipment is an amount equal to the sum total of the Monthly Amortization Figures for each of the months for which Rent for the equipment has been paid.

(c) "Basic Term" shall mean as to any item of Equipment the amortization period for such Equipment as stated in the applicable Individual Leasing Record.

(d) (1) "Contingent Rent" shall mean the amount by which the proceeds of sale of any unit of Equipment pursuant to Section 10 of this Leasing Agreement are less than they would have been because of abuse, damage, extraordinary wear and tear or excessive usage. In the event Lessor and Lessee cannot agree on the amount of Contingent Rent due, if any, they shall appoint a qualified independent appraiser to determine the amount and his decision shall be final; and, if the parties are unable to agree on a single qualified independent appraiser, each shall appoint one qualified independent appraiser and the two so appointed shall, if they are unable to agree on the amount of Contingent Rent, jointly name a third, in which event the decisions of a majority of the appraisers as to the amount of Contingent Rent shall be final. All fees and expenses of the appraiser(s) shall be shared equally between the Lessee and the Lessor.

(2) If the sale proceeds of any unit of Equipment transmitted to Lessor are less than 13% of the Base Amount (as defined in Section 10), the Lessee shall, in addition, be obligated to pay, and shall pay to Lessor, the amount (if any) of Contingent Rent with respect to such Equipment as is then determined in accordance with subsection (d)(1), provided, however, that the amount of any Contingent Rent will not be greater than the amount by which 13% of the Base Amount exceeds such proceeds of sale.

(e) "Equipment" means the following types of property owned or to be owned by the Lessor and leased by the Lessor to the Lessee or ordered by the Lessor for lease to the Lessee as provided herein:

(i) New or used vehicles, including, but not limited to, passenger cars, light, medium and heavy duty trucks,

tractors, trailers, vans, and buses and any related equipment attached to such vehicles; and

(ii) any other property agreed upon by Lessor and Lessee.

(f) "Individual Leasing Record" is a record with respect to Equipment dated the date of the delivery of the Equipment to the Lessee and setting forth a full description of the Equipment, its Acquisition Cost, the location and such other details as the parties may desire. As between Lessor and Lessee the signature of Lessee on an Individual Leasing Record shall constitute acknowledgement by Lessee that the Equipment has been delivered in good condition and accepted for lease by Lessee as of the date of the Individual Leasing Record. The Individual Leasing Record shall contain a short form of lease to be executed by each of the parties reading substantially as follows:

"The undersigned Lessor hereby leases to the undersigned Lessee, and the Lessee acknowledges delivery to it in good condition of, the Equipment described above. The covenants, terms and conditions of this lease are those appearing in a Master Leasing Agreement between the undersigned Lessor and Lessee dated 19 , which covenants, terms and conditions are hereby incorporated by reference."

(g) "Interim Rent" for any Equipment for any partial first month beginning the date of the Individual Leasing Record for such Equipment shall be determined in the manner that Rent is determined under paragraph 1(i) hereof, but based on the product of:

- (1) The Acquisition Cost of the Equipment, multiplied by
- (2) a fraction having a numerator equal to the number of days remaining in such partial month and a denominator of 360, multiplied by
- (3) the applicable percentage provided in paragraph 1(i)(3)

(h) "Monthly Amortization Figure" for any Equipment for each full month during the lease of such Equipment is an amount equal to the Acquisition Cost of the Equipment divided by the number of months indicated as the amortization period on the applicable Individual Leasing Record. Lessee shall select amortization periods based on the following table:

<u>Type of Equipment</u>	<u>No. of Months</u>
Equipment listed in Section 1(e)	36-120

In determining the Monthly Amortization Figure of Equipment, the anticipated useful life of such Equipment as it will be used by Lessee shall be considered, and upon request, the Lessee will furnish Lessor with information with respect thereto.

Monthly amortization shall be taken at the close of business of the last day of each full month of the lease of the Equipment until the Unamortized Value of the Equipment has reached zero.

(i) "Rent" for any Equipment for any full month following the date of the Individual Leasing Record and continuing for the term of the Lease of such Equipment will be the sum of the Monthly Amortization Figure for such Equipment, plus Contingent Rent for such Equipment (if any), plus an amount computed by multiplying the following:

(1) The Unamortized Value of such Equipment on the first day of such month, by

(2) A fraction having a numerator equal to the number of days in such month and a denominator of 360, by

(3) A percentage (the "Percentage Rental Factor") equal to the sum of two percent (2.0%) plus the rate charged the Lessor on 90-day commercial paper issued by Lessor and sold by its principal commercial paper dealer on the first day of the current month or, if such paper has not been so sold on such date, the rate on such date quoted to Lessor on such paper by its principal commercial paper dealer. If, on any date referred to above, more than one rate is charged or quoted to Lessor on such commercial paper, then the last of such commercial paper rates on such date shall be used. Upon execution of this agreement, Lessor shall notify Lessee in writing of the then applicable Percentage Rental Factor under this subsection (3). Thereafter, Lessor shall notify Lessee in writing of any change in such Percentage Rental Factor. If the notice of change is given to the Lessee at least ten (10) days before the due date of a Rent payment, the changed Percentage Rental Factor shall be used in computing such Rent payment. If such notice is given to Lessee less than ten (10) days before the due date of a Rent payment, the changed Percentage Rental Factor shall not be used in computing such Rent payment, but an adjustment shall be made by Lessee in the next succeeding Rent payment to give effect to the changed Percentage Rental Factor for all previous months to which the changed Percentage Rental Factor is applicable.

Notwithstanding the foregoing, when the Aggregate Amortization of any Equipment leased hereunder equals the Acquisition Cost of such Equipment, the monthly Rent for such Equipment will be an amount equal to one twelfth of one percent (0.08333%) of the Acquisition Cost of such Equipment.

(j) "Unamortized Value" of Equipment is the Acquisition Cost of the Equipment less its Aggregate Amortization.

2. Agreement for Lease of Equipment. (a) Lessor shall lease to Lessee and Lessee shall lease from Lessor such Equipment as may be mutually agreed upon provided that (i) the aggregate Unamortized Value of Equipment leased by Lessor to Lessee hereunder shall not exceed \$25,000,000 and (ii) the aggregate Unamortized Value of the Equipment described in Section 1(e)(i) and leased by Lessor to Lessee hereunder shall exceed fifty percent (50%) of the aggregate Unamortized Value of all Equipment leased hereunder. All such leases shall be entered into in the manner and upon the terms and conditions set forth in this Leasing Agreement. Lessor and Lessee shall evidence their agreement to lease particular Equipment by signing and delivering to each other an Individual Leasing Record describing the Equipment. A written request by the Lessee to the Lessor to acquire particular Equipment for lease hereunder shall obligate the Lessee to lease the Equipment from the Lessor upon delivery of the Equipment to the Lessee. Lessor and Lessee hereby declare that this Leasing Agreement is, and is

intended to be, an agreement to lease, and that every Individual Leasing Record executed by the parties pursuant to this Leasing Agreement is a lease. The Lessor has or will have title to and will be the owner of the Equipment to be leased, and the Lessee does not hereby acquire any right, equity, title or interest in the Equipment, except the right, as Lessee, to use the same under the terms hereof. The parties further agree to treat this Leasing Agreement and any Individual Leasing Record executed pursuant to this Leasing Agreement as a lease for accounting and regulatory purposes and as a financing arrangement for tax purposes.

(b) Lessor hereby covenants that, as long as Lessee is not in default hereunder, Lessee shall be entitled to the uninterrupted use and quiet enjoyment of the Equipment on the terms and conditions herein provided.

3. Delivery. Lessor shall not be liable to Lessee for any failure or delay in obtaining Equipment or making delivery thereof. Upon delivery of Equipment to Lessee and receipt by Lessor of vendor's invoice approved by Lessee together with an Individual Leasing Record with respect to the Equipment duly executed by Lessee and, if requested by Lessor, appropriate title papers for such Equipment, Lessor shall execute such Individual Leasing Record and remit to the vendor a check for the total of the vendor's invoice for such Equipment, provided that the amount paid to the vendor by Lessor shall not exceed the Acquisition Cost of the Equipment. If the amount paid to the vendor by Lessor is less than the Acquisition Cost of the Equipment, to the extent that delivery costs or cost of additions to the Equipment have been met by Lessee, and do not exceed the Acquisition Cost, Lessor shall reimburse Lessee to the extent of such payment made by Lessee up to the amount of the Acquisition Cost.

4. Lease Term. The lease hereunder of Equipment shall be effective from the date of delivery of such Equipment and the Individual Leasing Record shall be dated the date Lessor remits payment for such Individual Leasing Record to Lessee or Lessee's vendor. The lease term for each unit of Equipment shall be for a period beginning with the effective date thereof and ending one year after the last day of the month in which the effective date of the lease occurs. At the end of such one year period and thereafter, the lease term shall be extended from month to month until terminated, as provided in Sections 10, 11, 14, 15, 16 or 17 hereof. Notwithstanding the foregoing, at least the provisions of Section 9 and the first sentence of Section 11 of this Leasing Agreement shall apply as between Lessor and Lessee with respect to any Equipment from the time the Equipment is ordered by the Lessor pursuant to a request from the Lessee.

5. Rent. Lessee shall pay Rent and Interim Rent monthly on the later of the 25th day of each month or two business days following Lessee's receipt of Lessor's monthly invoice. If Lessor shall not receive payment of Rent or Interim Rent when due hereunder, Lessee shall pay a late payment charge to Lessor on such late payment at a rate equal to the Percentage Rental Factor (as provided in Section 1(i)(3)) plus 3% per annum (but in no event shall such rate be greater than that rate permitted by applicable law) for the period during which such late payment remains due and unpaid. Reports from Lessor covering the computation of Rent and Interim Rent and other payments due hereunder for the month, adjustments to the preceding month's Rent and Interim Rent resulting from commencement or termination of the lease of any Equipment during such month and other appropriate items, if any, shall be rendered as close to such payment date as possible but in no event shall Lessor provide Lessee such reports later than two business days prior to such payment date. If the date for the payment or determination of Rent and Interim Rent shall not occur on a day when banks in New York, New York and Seattle, Washington are generally open for business, such payment

shall be due and such determination shall be made on the immediately succeeding day on which such banks are generally open for business.

6. Use of Equipment. Lessor and Lessee hereby acknowledge and agree that the Equipment leased hereunder shall at all times be the sole and exclusive property of Lessor, and Lessee shall have no right, title or property therein but only the right to use the same as herein provided. So long as Lessee is not in default in any obligation to the Lessor, Lessee may use the Equipment in the regular course of its business or the business of any subsidiary or affiliate of the Lessee and may permit others to use same for any lawful purpose. Such use shall be confined to the United States and occasional use in Canada. Lessee shall promptly and duly execute, deliver, file and record all such documents, statements, filings and registrations, and take such further action as Lessor shall from time to time reasonably request in order to establish, perfect and maintain Lessor's title to and interest in the Equipment as against Lessee or any third party. Lessee shall notify Lessor in writing of any change in the principal location of any unit of Equipment. Notwithstanding the foregoing, no change of location shall be undertaken unless and until all such legal requirements shall have been met or obtained. At least once a year, or more frequently, if Lessor reasonably so requests, Lessee shall advise Lessor in writing where all Equipment leased hereunder as of such date is principally located. Lessee shall not use any Equipment or allow the same to be used for any unlawful purpose. Lessee shall use every reasonable precaution to prevent loss or damage to Equipment and to prevent injury to third persons or property of third persons. Lessee shall cooperate fully with Lessor and all insurance companies providing insurance under Section 8 hereof in the investigation and defense of any claims and suits. Lessee shall comply and shall cause all persons operating Equipment to comply with all insurance policy conditions and with all statutes, decrees, ordinances and regulations regarding acquiring, titling, registering, leasing, insuring, using, operating, and disposing of Equipment, and the licensing of operators thereof. Lessor or any authorized representative of Lessor may during reasonable business hours from time to time inspect Equipment wherever the same be located. Lessee shall not without prior written consent of Lessor sublease any Equipment nor permit, or suffer to exist, any lien or encumbrance other than those placed thereon by Lessor or by persons claiming only against Lessor and not against Lessee, nor shall Lessee assign any right or interest herein or in any Equipment, provided, however, that Lessee may sublet Equipment to any subsidiary, affiliate, officer or employee of Lessee, or to any contractor for use in performing work for Lessee, provided that such subletting shall in no way affect the obligations of Lessee hereunder, or the rights of Lessor hereunder. The Lessee shall register and title all automotive Equipment in the manner requested by Lessor. If requested by Lessor, Lessee shall cause one of its officers to hold in his custody and control all registration certificates and certificates of title covering automotive Equipment, as custodian for Lessor, and, if further requested by Lessor, Lessee shall cause such officer to certify annually in a written report to Lessor that all certificates of title required by applicable law and regulations have been obtained and are being held on behalf of Lessor. Lessee upon written request from Lessor, or if necessary or advisable under applicable law, shall attach to each unit of Equipment in a place designated by Lessor (or if no such place has been designated, in a prominent place), a sign, stencil, plaque, or legend disclosing the ownership of Lessor and the interest of any mortgagee in the Equipment.

7. Improvements and Repair of Equipment. Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of Equipment during the lease thereof. Lessee shall at all times, at its own expense, keep Equipment in good condition and repair, and in good and efficient working order, reasonable wear and tear only excepted. This provision shall apply regardless of the cause of damage

and all risks with respect thereto are assumed by Lessee. At its own expense, Lessee shall supply and replace all parts to the Equipment and shall supply the necessary power and other items required in the operation of the Equipment. In the case of motor vehicles or other automotive Equipment, Lessee shall supply and replace all items required in the operation of such Equipment, including, without limitation, all parts, tires and tubes, gasoline, oil, and grease; shall put and keep such Equipment in condition to meet foreseeable climatic conditions; and shall arrange for the satisfactory garaging of such Equipment. All improvements and additions to any of the Equipment shall become and remain the property of the Lessor, except that any improvements or additions for which Lessor has not made a payment under Section 3 of this Leasing Agreement, which constitute separable improvements and which when attached to or removed from the Equipment will not diminish the value or usefulness of such Equipment, shall become and remain the property of Lessee.

8. Insurance. Lessee shall, at its own expense, with respect to Equipment maintain insurance insuring the respective interests of Lessor and Lessee and covering (i) physical damage to Equipment and (ii) liability for personal injury, death and property damage resulting from the operation, ownership, use and possession of Equipment. All such insurance shall be in reputable companies satisfactory to Lessor. Policies covering physical damage risks shall be in an amount not less than the Unamortized Value of Equipment. The Lessee shall maintain third-party liability insurance covering personal injury, death and property damage liability in an amount in accordance with prudent industry standards. Lessor shall be named insured and, with respect to physical damage coverage, a named loss payee in all insurance policies required under this Section. All such policies shall provide for at least thirty (30) days' written notice to Lessor of any cancellation or material alteration of such policies. Lessee shall furnish Lessor certificates or other evidence satisfactory to Lessor or compliance by Lessee with the provisions hereof, but Lessor shall be under no duty to examine such certificates or to advise Lessee in the event its insurance is not in compliance herewith. Lessee covenants that it will not use or operate or permit the use or operation of any Equipment at any time when the insurance required by this Section is not in force with respect to such Equipment. Lessee's obligation to maintain insurance with respect to any Equipment shall commence on the actual day of delivery of the Equipment and shall continue until the Equipment is sold or the lease of the Equipment terminates, whichever is sooner. Lessee may act as self insurer with regard to the foregoing coverage in accordance with prudent industry standards.

9. Indemnity.

(a) Lessee agrees to indemnify and hold harmless the Lessor against any and all claims, demands and liabilities of whatsoever nature and all costs and expenses (including litigation expenses) to which Lessor is subject relating to or in any way arising out of:

(i) the ordering, delivery, acquisition, rejection, installation, possession, titling, registration, re-registration, custody by Lessee of title and registration documents, use, non-use, misuse, operation, transportation, repair, control or disposition of Equipment leased or requested by Lessee to be leased hereunder, except to the extent that such costs are included in the Acquisition Cost of such Equipment within the dollar limit provided in Section 2 hereof (or within any change of such limit agreed to in writing

by Lessor and Lessee) and except for any general administrative or overhead expenses of Lessor;

(ii) all recording and filing fees, stamp taxes and like expenses with respect to mortgages on the Equipment from the Lessor to any mortgagee;

(iii) all costs, charges, damages or expenses for royalties and claims and expenses arising out of or necessitated by the assertion of any claim or demand based upon any infringement or alleged infringement of any patent or other right, by or in respect of any Equipment, provided, however, that Lessor will to the extent permissible make available to Lessee Lessor's rights under any similar indemnification arising by contract or operation of law from the manufacturer of Equipment;

(iv) all federal, state, county, municipal, foreign or other fees and taxes of whatsoever nature, including but not limited to license, qualification, franchise, sales, use, gross receipts, ad valorem, business, property (real or personal), excise, motor vehicle, and occupation fees and taxes, and penalties and interest thereon, whether assessed, levied against or payable by Lessor or otherwise, with respect to Equipment or the acquisition, purchase, sale, rental, use, operation, control, ownership or disposition of Equipment or measured in any way by the value thereof or by the business of, investment in, or ownership by Lessor with respect thereto, excepting only net income taxes on the net income of the Lessor determined substantially in the same manner as net income is presently determined under the Federal Internal Revenue Code, and any excise, sales or use taxes included in the Acquisition Cost of the Equipment; or

(v) any violation, or alleged violation, by Lessee of this Leasing Agreement or of any contracts or agreements to which Lessee is a party or by which it is bound, or any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objection, of any governmental or public body or authority and all other requirements having the force of law applicable at any time to Equipment or any action or transaction by Lessee with respect thereto or pursuant to this Leasing Agreement.

(b) Lessee shall forthwith upon demand reimburse Lessor for any sum or sums expended by Lessor with respect to any of the foregoing, or shall pay such amounts directly upon request from Lessor. Lessee shall be subrogated to Lessor's right in the affected transaction and shall have a right to determine the settlement of claims therein but in all cases preserving the interests of Lessor under this Leasing Agreement. The foregoing indemnity in this section shall survive the expiration or earlier termination of this Leasing Agreement or any lease of Equipment hereunder.

10. Sale or Disposition of Equipment; Adjustment of Rent. After the expiration of one year from the last day of the month in which the lease of any Equipment is effective, if such Equipment has become economically or otherwise obsolete or is no longer useful in the Lessee's business, and provided that the Lessee is not in default hereunder, Lessee may arrange for the termination of the lease of such Equipment in the manner and with the consequences hereinafter set forth. Lessee shall deliver written notice to Lessor, signed by a vice president or other authorized employee of

Lessee, identifying the Equipment the lease of which Lessee proposes to terminate. Such notice shall constitute a certificate of Lessee that such Equipment has become economically or otherwise obsolete or is no longer useful in Lessee's business. After delivery of such notice, Lessee, on behalf of and in cooperation with Lessor, shall proceed directly with negotiating the sale or disposition of such Equipment to a third party unrelated to Lessor or Lessee and the Lessor shall execute and transmit to the Lessee all papers needed to effectuate such sale or disposition. In arranging such sale or disposition of any Equipment pursuant to this Section 10, the Lessee shall use its best efforts to obtain sale proceeds not less than such Equipment's retail fair market value, delivered to a purchaser or purchasers unrelated to Lessee, giving due consideration to whether the Equipment's value is higher as an aggregate, or as two or more lots of equipment. If the parties cannot agree upon such fair market value or values, they shall utilize the appraisal procedure provided for in Section 1(d)(1), with the consequences set forth therein. If the proposed sale price specified in such notice is less than 13% of the Base Amount of such Equipment, Lessee shall not proceed to sell the Equipment until it has received the consent of the Lessor, which consent shall not be unreasonably withheld.

Lessee shall cause the proceeds of sale of such Equipment to be transmitted promptly to the Lessor. The lease of such Equipment and the Lessee's obligation to pay Rent shall continue until such proceeds of sale and additional Rent, if any, are received by the Lessor, or Lessor's assignee, and shall thereupon terminate. If the net proceeds of sale of such Equipment are less than the Unamortized Value of such Equipment at the time of the termination of the lease of such Equipment hereunder, the Lessee shall forthwith pay as additional Rent an amount equal to such deficiency. If the net proceeds of sale of such Equipment are more than the Unamortized Value of such Equipment at the time of the termination of the lease of such Equipment hereunder, the Lessor, in consideration of the Lessee's agreement hereunder to repair, maintain and insure the Equipment, shall as an adjustment of Rent forthwith pay to Lessee or, at the option of Lessee, credit Lessee's account in an amount equal to the difference between said net proceeds of sale and said Unamortized Value. If for any month funds are payable by Lessor to Lessee under this Section, the amount so payable may be deducted by Lessee from funds payable during the same month by Lessee for Rent of Equipment.

Notwithstanding the foregoing, if the sale proceeds of any unit of Equipment are less than the Unamortized Value of such Equipment but equal to or greater than 13% of the Base Amount of such Equipment, the Lessee shall at the same time pay Lessor a sum equal to the difference between the amount of the sale proceeds (which proceeds for purposes of determining Lessee's liability may be reduced due to prior or subsequent sales of other units of Equipment as hereinafter described) and the Unamortized Value. If the sale proceeds of any unit of Equipment plus Contingent Rent are less than 13% of the Base Amount of such Equipment the Lessee shall at the same time pay Lessor a sum equal to the Unamortized Value of such Equipment less 13% of the Base Amount of such Equipment. In the event a deficiency arises because the Lessor does not receive 13% of the Base Amount, to the extent that in any prior or subsequent sale of any unit of Equipment, sale proceeds were received or will be received in excess of 13% of the Base Amount, such excess sale proceeds shall be paid to the Lessor, with respect to future sales, upon the sale of any unit of Equipment, and with respect to prior Equipment sales resulting in excess proceeds, at the time the deficiency arises. Any sale proceeds of Equipment in excess of the Unamortized Value of the Equipment after the expiration of the lease terms of all Equipment will be for the account of the Lessee.

The "Base Amount" means, as to any Equipment sold one year after the commencement of its lease term, the Acquisition Cost of such Equipment, and as to any Equipment sold more than one year after the commencement of its lease term, the Unamortized Value of such Equipment at the termination of its lease term. The term "sale proceeds" means the gross purchase price paid by the purchaser, without charge or reduction in any manner on account of any costs or expenses of sale, removal, transportation, repair, storage, delivery or similar costs or expenses, and all of such costs and expenses (if any) shall be borne by the Lessee.

11. Loss or Destruction of the Equipment. Lessee hereby assumes all risks of loss or damage to the Equipment howsoever the same may be caused. Lessee shall notify Lessor immediately of any loss or of any damage to any Equipment in an amount in excess of \$1,000 and shall keep Lessor informed of all developments and correspondence regarding insurance rights and other rights and liabilities arising out of the loss or damage. In the event of total destruction of any of the Equipment or damage beyond repair or the commandeering, conversion or other such loss of any of the Equipment, or if the use thereof by the Lessee in its regular course of business is prevented by the act of any third person or persons, or any governmental instrumentality, for a period exceeding ninety (90) days, or if any of the Equipment is attached (other than on a claim against the Lessor but not the Lessee) or is seriously damaged and the attachment is not removed or the Equipment not repaired, as the case may be, in a period of ninety (90) days, then in any such event:

- (a) Lessee shall promptly notify Lessor in writing of such fact;
- (b) Within ten (10) days thereafter the Lessee shall pay to the Lessor, or Lessor's assignee, an amount equal to the Unamortized Value of such Equipment at the time of payment;
- (c) The lease of such Equipment shall continue until such payment has been received by the Lessor, or Lessor's assignee, and shall thereupon terminate; and
- (d) Upon such payment all of Lessor's title to and rights in such Equipment and any insurance thereon shall automatically pass to the Lessee or its designee.

12. Surrender of Equipment. Upon the final termination of the lease as to any Equipment (other than a termination as provided for in Sections 10, 11, 14, 15, 16, or 17), Lessee shall surrender such Equipment to the Lessor at the Lessee's property where the Equipment is then located or at such other place as may be agreed upon. Lessee shall cooperate with Lessor in effecting removal of the Equipment from Lessee's property. Lessee shall pay the Lessor any amount by which the cost of removing and disposing of any Equipment exceeds the salvage value of the Equipment.

13. Events of Default. The following events of default by the Lessee shall give rise to rights on the part of the Lessor described in Section 14:

- (a) Default in the payment of Rent and Interim Rent hereunder beyond ten days from the date the Rent and Interim Rent is due; or
- (b) Default in the covenant of the Lessee in Section 8 hereof as to non-use of any Equipment as to which the required liability insurance is not in force; or

(c) Default in the payment or performance of any other liability, obligation, or covenant of the Lessee to the Lessor and the continuance of such default for thirty (30) days after written notice to the Lessee sent by registered or certified mail by the Lessor; or

(d) The termination of existence or business failure of, or the making of an assignment for the benefit of creditors by, the Lessee; or

(e) The institution of bankruptcy, reorganization, liquidation or receivership proceedings by or against the Lessee and, if instituted against the Lessee, its consent thereto or the pendency of such proceedings for at least sixty (60) days; or

(f) Lessee shall admit in writing its inability to pay its debts generally when due.

14. Rights of Lessor upon Default of Lessee. Upon the occurrence of any of the events of default described in Section 13 the Lessor may in its discretion do one or more of the following:

(a) Terminate the lease of any or all Equipment upon five (5) days' written notice to the Lessee sent by certified mail;

(b) Whether or not any lease is terminated, take immediate possession of any or all of the Equipment, including substituted parts, accessories or equipment and/or other equipment or property of the Lessor in the possession of the Lessee, wherever situated and for such purpose, enter upon any premises without liability for doing so;

(c) Whether or not any action has been taken under Sections 14 (a) or (b) above, the Lessor may sell any Equipment (with or without the concurrence or request of the Lessee) and the Lessor shall retain all proceeds from such sale. In addition, if the sales proceeds (reduced by any legal costs or any costs or expenses of sale, removal, transportation, repair, storage, delivery, or similar costs and expenses) are less than the Unamortized Value of the Equipment sold, the Lessee shall pay to Lessor any such shortfall;

(d) Hold, use or lease any Equipment as the Lessor in its sole discretion may decide, and continue to hold the Lessee liable for any deficiency between the rent received by the Lessor from others and the Rent and Interim Rent payable hereunder for the balance of the term of the lease of such Equipment;

(e) Invoke and exercise any other remedy or remedies available to Lessor by law or in equity.

If after default Lessee fails to deliver or converts the Equipment or the Equipment is destroyed, Lessee shall be liable to the Lessor for all unpaid Rent and Interim Rent to the date of such failure to deliver, conversion or destruction of such Equipment plus its Unamortized Value at the time and all loss and damages sustained and all costs and expenses incurred by reason of the default. If after default Lessee delivers Equipment to Lessor or if Lessor repossesses Equipment, Lessee shall be liable for and the Lessor may recover from the Lessee all unpaid Rent and Interim Rent to the date of such delivery or repossession plus all loss and damages sustained and all costs and expenses incurred by reason of the default.

15. Equipment To Be and Remain Personal Property. It is the intention and understanding of both Lessor and Lessee that all Equipment shall be and at all times remain personal property. Lessee will obtain and record such instruments and take such steps as may be necessary to prevent any person from acquiring any rights in the Equipment paramount to the rights of the Lessor, by reason of such Equipment being deemed to be real property. If, notwithstanding the intention of the parties and the provisions of this Section 15, any person acquires or claims to have acquired any rights in any Equipment paramount to the rights of the Lessor, by reason of such Equipment being deemed to be real property, and such person seeks in any manner to interfere with the continued quiet enjoyment of the Equipment by the Lessee as contemplated by this Agreement, then the Lessee shall promptly notify the Lessor in writing of such fact (unless the basis for such interference is waived or eliminated to the satisfaction of the Lessor within a period of ninety (90) days from the date it is asserted) and the Lessee shall within ninety (90) days after such notice pay to the Lessor or Lessor's assignee an amount equal to the Unamortized Value of such Equipment at the time of payment. The lease of the Equipment shall continue until such payment has been received and shall thereupon terminate; and upon such payment all of Lessor's title to and rights in such Equipment shall automatically pass to the Lessee or its designee.

16. Termination. Either Lessor or Lessee may terminate this Agreement at any time with respect to any equipment not yet leased hereunder by giving at least sixty (60) days' notice in writing to the other party of such termination and setting forth in said notice the termination date. Provided, however, neither such notice nor termination shall affect any transactions entered into or rights created or obligations incurred prior to such termination. In the event of any such termination, Lessee shall arrange for and effect not later than two years from the termination date a termination of the lease of all Equipment hereunder and a sale of all Equipment in the manner and with the consequences as provided in Section 10 hereof. Notwithstanding the provisions of Section 4 hereof, the lease term for all Equipment, the lease of which is terminated under this Section, and the Lessee's obligation to pay Rent and Interim Rent shall continue until Lessor receives the proceeds of sale of such Equipment.

17. Purchase of Equipment. After the expiration of the Basic Term of any Equipment leased hereunder, and provided that Lessee is not in default hereunder, Lessee may purchase such Equipment at its then fair market value. The lease of such Equipment and Lessee's obligation to pay Rent therefor shall continue until the purchase price has been transmitted to Lessor and shall thereupon terminate. If the parties cannot agree on the fair market value of any such Equipment, they shall follow the appraisal procedures provided in Section 1(d)(1).

18. Investment Tax Credit. As permitted under Section 48(d) of the Federal Internal Revenue Code and assuming that the investment credit is available for Equipment acquired hereunder, Lessor shall elect to treat Lessee as having acquired the Equipment which is leased hereunder, if it qualifies for such election, for purposes of the investment credit provisions under Section 38 of the Federal Internal Revenue Code and Lessee shall consent to such election as to all Equipment leased hereunder and which qualifies for such election. Lessee shall provide Lessor with an annual summary statement as to all Equipment for Internal Revenue Service reporting purposes.

19. DISCLAIMER OF WARRANTIES. LESSEE AGREES AND ACKNOWLEDGES THAT ACCEPTANCE OF THE EQUIPMENT FOR LEASE SHALL CONSTITUTE LESSEE'S ACKNOWLEDGEMENT AND AGREEMENT THAT LESSEE HAS FULLY INSPECTED SUCH EQUIPMENT, AND THAT THE EQUIPMENT IS IN GOOD ORDER AND CONDITION AND IS OF THE MANUFACTURE, DESIGN, SPECIFICATIONS AND CAPACITY SELECTED BY

LESSEE, THAT LESSEE IS SATISFIED THAT THE SAME IS SUITABLE FOR ITS PURPOSE, THAT LESSOR IS NOT ENGAGED IN THE SALE OR DISTRIBUTION OF EQUIPMENT, THAT LESSOR HAS NOT SELECTED, MANUFACTURED OR SUPPLIED SUCH EQUIPMENT, THAT LESSOR HAS PURCHASED THE EQUIPMENT FROM VENDORS OF LESSEE'S CHOICE, AND THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE ANY REPRESENTATION, EXPRESS WARRANTY, IMPLIED WARRANTY, OR COVENANT WHATSOEVER WITH RESPECT TO TITLE, MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, SUITABILITY OR FITNESS OF THE EQUIPMENT IN ANY RESPECT OR IN CONNECTION WITH, OR FOR ANY PURPOSE OR USE OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. Lessor shall, at Lessee's sole expense take all action reasonably requested by Lessee to make available to Lessee any rights of Lessor under any express or implied warranties of any manufacturer or vendor of the Equipment.

20. Assignment by Lessor. Lessee acknowledges notice that Lessor may finance its acquisition and ownership of some or all of the Equipment by borrowing and in that connection may, as security, grant to an assignee chattel mortgages or other security instruments on such Equipment, it being understood, however, that such chattel mortgages or security instruments shall contain a provision to the effect that as long as Lessee is not in default hereunder or under any lease executed pursuant hereto, it shall be entitled to uninterrupted use and quiet enjoyment of the Equipment on the terms herein provided. Lessee also acknowledges notice of the possible assignment by the Lessor to an assignee of the Rents and other sums due and to become due hereunder, all as security for obligations of the Lessor to the assignee. After such assignment the terms and provisions of this Leasing Agreement may not be altered, modified or waived without the written consent of such assignee. In connection with such assignment Lessee agrees to execute such documents as Lessor or its assignee may reasonably request, including notices, acknowledgements and financing statements. Lessee agrees to permit Lessor to record this Agreement. Upon the written request of such assignee, the Lessee shall make payment of all Rent and Interim Rent and other payments due hereunder to the assignee and such payments shall discharge the obligations of the Lessee to the Lessor hereunder to the extent of such payments. The assignment by the Lessor to the assignee of rights hereunder shall not transfer to the assignee the general title to Equipment or impose on the assignee any of the duties or obligations of the Lessor hereunder, but in all other respects the assignee shall have all the rights of the Lessor hereunder to the extent necessary to realize upon Rent and Interim Rent and other monies payable by the Lessee and to protect the assignee's security interest in Equipment resulting from the chattel mortgage.

21. Leasing of Components. (a) Lessee may lease components of Equipment, no one of which constitutes a completed unit of Equipment but all of which shall be assemblable into a completed unit of Equipment. The completed unit of Equipment and each of the components thereof shall be owned by Lessor and leased to Lessee hereunder. A "Component Individual Leasing Record" shall be executed for each component of Equipment leased hereunder, and each such Component Individual Leasing Record shall be clearly marked by typing "Component" on the form of such Individual Leasing Record. The lease of each component shall be effective from the date of delivery of such component and the Component Individual Leasing Record for such component shall be dated as of such date. When delivery is made on one or more components constituting less than a completed unit of Equipment, Lessee shall cause all such delivered components to be assembled into a completed unit of Equipment within ten (10) months after the first day of the calendar month following the first of any such deliveries or within such longer period as may be agreed upon in writing by Lessor.

(b) Lessee shall pay Component Interim Rent (as defined below) to Lessor on a monthly basis for all components not yet assembled into a completed unit of Equipment beginning on the date of the applicable Component Individual Leasing Record and continuing to and including the day before the commencement date of the applicable final Individual Leasing Record. As used herein "Component Interim Rent" shall equal the product of: (i) The aggregate Acquisition Cost of the components, multiplied by (ii) a fraction having a numerator equal to the number of days such components are under lease during such month and a denominator of 360, multiplied by (iii) the Percentage Rental Factor as provided for in paragraph 1(i)(3).

(c) Upon assembly into a completed unit of Equipment, a final Individual Leasing Record shall be executed, the Monthly Amortization Figure and Rent shall be computed, and the lease term shall be deemed to commence for such unit of Equipment as of the date of the final Individual Leasing Record. The final Individual Leasing Record shall be dated as of the first day of the next succeeding month following assembly of the components into a completed unit of Equipment. The Component Individual Leasing Records for the components of the completed units of Equipment shall be cancelled on the same date the final Individual Leasing Record shall be dated. The Acquisition Cost of the completed unit of Equipment shall be the sum of the Acquisition Costs of the components thereof and all reasonable labor and other expenses incurred in assembling the unit of Equipment, and shall be amortized as provided in Section 1(h).

(d) Notwithstanding the foregoing, at least the provisions of Section 9 and the first sentence of Section 11 of this Leasing Agreement shall apply as between Lessor and Lessee with respect to all components from the time such components are ordered by Lessor pursuant to a request from Lessee or from the time such components are delivered to Lessee, whichever shall first occur.

22. Rebuilds. Lessee may, so long as it is not in default and prior to the expiration of the lease of any Equipment, rebuild such Equipment if the remaining life thereof is thereby extended, and if such rebuilt Equipment and all components thereof are owned by Lessor and leased to Lessee hereunder. When the rebuilt Equipment is delivered and accepted, a new Individual Leasing Record shall be substituted for the original Individual Leasing Record which shall be cancelled. The new Individual Leasing Record shall be dated and the original Individual Leasing Record cancelled as of the date of such delivery. The cost of such rebuild shall be paid by Lessor and added to the Unamortized Value, if any, of the Equipment at the time the new Individual Leasing Record is substituted, and the sum thereof shall be the Acquisition Cost of the rebuilt Equipment. The maximum number of months over which the Acquisition Cost of the rebuilt Equipment may be amortized shall be determined in accordance with Section 1(h) and as though the rebuilt Equipment were a new unit of Equipment leased on the date the Individual Leasing Record is substituted.

23. Miscellaneous. This Agreement and all rights hereunder shall be governed by the laws of the State of Washington. Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder or under any other instrument given hereunder unless such waiver is given in writing and the same shall be binding to the extent therein provided and only upon the parties signing the same. A waiver on any one occasion shall not be construed as a waiver on any future occasion. No executory agreement shall be effective to change, modify or discharge, in whole or in part, this Leasing Agreement, or any other instrument given in connection herewith unless such agreement is in writing and signed by the party to be charged therewith. All rights,

remedies and powers granted herein, or in any other instrument given in connection herewith, shall be cumulative and may be exercised singularly or cumulatively.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Leasing Agreement as of the day and year first above written.

Form Approved

CAS
Counsel

Attest:

By Curt A. Schultz
Assistant Secretary

BLC CORPORATION, Lessor

By [Signature]
Executive Vice President

Attest:

By [Signature]
Title Secretary

PUGET SOUND POWER & LIGHT
COMPANY, Lessee

By [Signature]
Title ASSISTANT TREASURER

**EXHIBIT A
ACCESS AND LICENSE AGREEMENT**

ACCESS AND LICENSE AGREEMENT, dated as of September 1, 1988, (the "Agreement"), between BLC Corporation ("Lessor") and Puget Sound Energy, Inc. (formerly known as Puget Sound Power & Light Company) ("Lessee").

RECITALS

A. Lessor and Lessee are parties to a Master Leasing Agreement, dated as of September 1, 1988, by and between BLC Corporation and Puget Sound Energy, Inc. (formerly known as Puget Sound Power & Light Company) (the "Lease").

B. Lessor is the owner of certain network servers for software (the "Network Servers") and certain application programs developed on such software.

C. In order to facilitate certain transactions under the Lease, Lessor desires to grant to Lessee and Lessee desires to obtain, non-exclusive access to such Network Servers and a non-exclusive license to use certain application programs, solely on the terms and conditions set forth herein.

In consideration of the foregoing and of the mutual covenants contained herein, the parties agree as follows:

1. Grant of Access. Subject to the terms and conditions of this Agreement, Lessor agrees to provide Lessee with nonexclusive access to the Network Servers and to any application programs developed by Lessor that are specifically identified (the "Application Programs"). The manner of enabling access to, and the Lessee's use of, the Network Servers shall be determined by Lessor in its sole discretion, and all costs and expenses related thereto shall be borne by Lessee including, without limitation, all costs for ongoing services and training and out-of-pocket expenses incurred by Lessor related thereto. Lessee hereby represents and warrants that each of the employees or agents of Lessee authorized by Lessee to access Lessor's Network Servers currently maintains a valid license for the use of Lotus Notes from Lotus Development Corporation, as well as a valid license for the use of all other software programs on the Network Servers to which such employees or agents are granted access hereunder. Each such employee or agent shall maintain such license(s) at all times during the term of the Access and License Agreement, or until the revocation by Lessee or Lessor of such employee's or agent's authority to access Lessor's Network Servers, if earlier. Lessee acknowledges and agrees that Lessee's access to and use of the Network Servers may be interrupted at any time by the Lessor. Lessee acknowledges that this Agreement does not grant Lessee any title or right of ownership in such Network Servers and that such right of access is nonexclusive, nontransferable and nonassignable. Lessee specifically acknowledges and agrees that this Agreement does not grant Lessee the right to use any other application programs developed by Lessor, and that it shall not, and shall take reasonable steps to ensure that its employees shall not, attempt to access such other application programs. Lessee further specifically acknowledges and agrees that this Agreement grants Lessee the right to communicate on the Network Servers only with the Lessor, and that it shall not, and shall take reasonable steps to ensure that its employees shall not, communicate with other users on Network Servers without the express written consent of Lessor.

2. Grant of License. Subject to the terms and conditions of this Agreement, Lessor hereby grants to Lessee, and Lessee hereby accepts from Lessor, a nonexclusive, nontransferable and

nonassignable license to use the Application Programs. Lessee acknowledges that this Agreement does not grant Lessee any title or right of ownership in the Application Programs. Lessee shall not rent or lease, nor transfer, license, sublicense or assign all or any part of the Application Programs to another party without prior written consent of Lessor.

3. Term. This Agreement shall become effective on the date first above written, and shall continue in effect until terminated. Lessor at its option may terminate this Agreement and the license granted hereunder at any time for any reason whatsoever. Upon termination of this Agreement, the license granted by Lessor to Lessee hereunder shall terminate. Lessee shall cease using the Network Servers and the Application Programs immediately upon the termination of this Agreement.

4. Disclaimer of Warranties. Lessor's sole obligation under this Agreement shall be to provide Lessee with access to the Network Servers and the Application Programs. Lessor shall have no other obligation under this Agreement to Lessee, including without limitation, no obligation for training, products support, consultations, maintenance or any other services related to Lessee's use of the Network Servers or Application Programs. Lessee expressly assumes all risks associated with the use and operation of the Network Servers and Application Programs, including without limitation, all data contained therein. Lessor is providing the use of the Network Servers and Application Programs to Lessee AS IS, WHERE IS AND WITH ALL FAULTS. Lessor is not responsible for identifying or correcting any errors or discrepancies in the Network Servers or the Application Programs including without limitation, all data contained therein. Lessor disclaims any and all warranties, either express or implied, including, without limitation, implied warranties of merchantability and fitness for a particular purpose, with respect to the Network Servers and Application Programs.

5. Intellectual Property Rights and Restricted Use. Lessee acknowledges and agrees that the Application Programs are assets, proprietary information and trade secrets of Lessor, whether or not any portion thereof is or may be validly copyrighted or patented. Lessee shall have only the limited use rights specifically granted by this Agreement and the license granted hereunder. Lessee shall not materially modify, disassemble, decompile, recreate or generate any of the Application Programs, without the express written consent of Lessor, and shall notify Lessor promptly of all other minor modifications made by Lessee. Lessee shall not make, nor permit any employees or other third party to make, copies or duplicates of the Application Programs, or any portion or component thereof, for any purpose whatsoever without the written consent of Lessor, except as may be necessary for backup security storage. All such copies shall be the property of Lessor, subject to the terms of this Agreement. Lessee shall not disclose or make available, directly or indirectly, all or any portion of the Application Programs to any person other than an authorized employee or agent of Lessee so long as the employee or agent agrees to be bound by the confidentiality provisions hereof.

6. Limitation of Damages. Except for damages caused solely by Lessor's gross negligence or willful misconduct, in no event shall Lessor, its affiliates and assigns, or their respective directors, officers, employees, or agents, have liability to Lessee for any special, incidental, exemplary or consequential damages, arising from or in any way related to, this Agreement, the Network Servers or the Application Programs, or the data contained therein.

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

BLC CORPORATION

By _____

Title _____

PUGET SOUND ENERGY, INC.

By _____

Title: Treasurer

EXHIBIT B

Individual Leasing Record

ILR Type:

ILR Number:

Effective Date of Lease:

Equipment Detail:

New or Used Equipment:

Vendor Name:

Manufacturer:

Make:

Model:

Model Year:

Serial (VIN)/Engine No.:

P.O. No.:

Equipment Code:

Type Of Equipment or Other Details:

Location of Equipment:

City:

County:

State:

For Federal Highway Use Tax on Motor Vehicle

(Qualified vehicles are at least 55,000 Lbs and are subject to Federal Highway Use Tax)

Subject to Federal Highway Use Tax:

Financial Information:

Original Acquisition Cost:

Current Acquisition Cost:

Capitalize Sales Tax?:

Sales Tax on Acquisition:

Total Payment Amount:

Expected Residual as a Percentage:

Expected Residual in Dollars:

Amortization Periods:

Periodic Amortization Amount:

Basic Rent Start Date:

Month:

Year:

Basic Rent End Date:

Month:

Year:

Miscellaneous Information:

Division:

Department:

Cost Center:

Driver ID:

Invoice Transmission Method:

Invoice Description:

Comments:

EXHIBIT B (CON'T.)

<p>Lessor:</p> <p>By: Authorized Signatory</p> <p>Approved on:</p>	<p>Lessee:</p> <p>By: Authorized Signatory</p> <p>Submitted on:</p>
--	---

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EXHIBIT C

 Vendor Payment Request 

ILR #:
Lessor:
Lessee:

Vendor Name:	
Address:	
City:	
State:	Zip:
Vendor #:	

Payment Method: 

Payment Type: 

PO #:

Invoice #:

Invoice Date:

Requested Payment:

Special Instructions:

EXHIBIT D

New Termination



ILR Termination Request



ILR Number:

Termination Type:



Termination Information

Total Capitalized Cost:

Requested Termination Amount:

Proceeds Amount:

Amount of Sales/Use Tax Included:

Amount Forwarded to Lessor:

Check Reference:

Comments:



Purchaser Information

Purchaser's Name:

Address #1:

Address #2:

City: State:

Zip:



Lessor Confirmation

Proceeds Amount:

Termination Effective Date:

Terminated U/B:

TRAC Adjustment Amount:

Termination Billed Date:

Lessor:	Lessee:
Approved By:	MLA Date:
	Updated By:

EXHIBIT E
CHANGE REQUEST

Individual Leasing Record

Individual Leasing Record

Submitted by:

ILR Information:	<u>From</u>	<u>To</u>
------------------	-------------	-----------

Agreement Type:

ILR Type:

ILR Number:

Effective Date of Lease:

Lessor Name:

Lessee Name:

MLA Date:

Equipment Detail:	<u>From</u>	<u>To</u>
-------------------	-------------	-----------

New or Used Equipment:

Manufacturer:

Make:

Model:

Model Year:

Serial/VIN/Engine No.:

P.O. No.:

Equipment Code:

Location of Equipment:	<u>From</u>	<u>To</u>
------------------------	-------------	-----------

City:

County:

State:

Financial Information: (Press F9 to Recalculate)	<u>From</u>	<u>To</u>
---	-------------	-----------

Other Credits (Capitalized):

Current Acquisition Cost:

Amortization Periods:

Basic Rent Start Date:

Month:
Year:

Month:
Year:

DELEGATION OF AUTHORITY

BLC Corporation
989 East Hillsdale Blvd., Suite 300
Foster City, California 94404

Gentlemen:

Effective 11/1/98, any one of the following named individuals, acting alone, is hereby designated and authorized (a) as a signatory to execute, on behalf of Puget Sound Energy, Inc., "Individual Leasing Records" defined in that certain Master Leasing Agreement, dated as of September 1, 1988 (the "Leasing Agreement"), by and between BLC Corporation, as Lessor (the "Lessor"), and Puget Sound Energy, Inc. (formerly known as Puget Sound Power & Light Company), as Lessee and other Documents defined in Rider No. 7 to the Leasing Agreement, and (b) to provide Lessor with electronic payment instructions on behalf of Puget Sound Energy, Inc. for payments to be made by Lessor in connection with Individual Leasing Records validly executed pursuant to the Leasing Agreement. Such signatures may be manual or an electronic identification as described in the Leasing Agreement. The specimen signature of each authorized signatory has been affixed.

This authorization shall continue in full force and effect until amended, in writing, by an authorized officer of Puget Sound Energy, Inc. (as listed on the Certificate of Incumbency).

Authorized Individuals

Electronic Signatures

Specimen
Manual Signatures

Jan Senk

Jan Senk

Gerald Warren

Gerald Warren

Linda D. Hauta

Linda D Hauta

Phil Burrell

Phil Burrell

Tommy G. Leong

Tommy G Leong

Very truly yours,
Puget Sound Energy, Inc., Lessee

By

Title: Treasurer

RIDER NO. 1

This Rider, dated as of June 1, 1989, amending the Master Leasing Agreement, dated as of September 1, 1988 (the "Lease"), by and between BLC Corporation (herein called "Lessor"), and Puget Sound Power & Light Company (herein called "Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee hereby agree as follows:

1. The first paragraph of Section 1(h) of the Lease is hereby deleted in its entirety and the following language is inserted therefor:

"(h) The 'Monthly Amortization Figure' for any Equipment for each full month during the Basic Term for such Equipment shall be equal to (i) the Acquisition Cost of such Equipment less the Expected Residual for such Equipment divided by (ii) the number of months in the Basic Term selected by the Lessee and approved by the Lessor in the applicable ILR; provided that such Basic Term shall not exceed the amortization period referred to in the attached Schedule A. The 'Monthly Amortization Figure' for any Equipment for each full month during the Extended Term for such Equipment shall be equal to the amount described in Section 17(b) hereof."

2. The following subsection 1(k) is hereby added to the Lease:

"1(k) 'Expected Residual' for any Equipment shall be the amount selected by the Lessee and approved by the Lessor in the applicable ILR. The execution of an ILR shall represent the agreement of Lessor and Lessee that the Expected Residual stated therein is not greater than a reasonable estimate of what the expected fair market value of such Equipment will be at the end of the applicable Basic Term. The Expected Residual for any Equipment, as stated in an ILR, shall not exceed the percentage set forth in the attached Schedule A."

3. The following sentence is hereby added at the end of Section 4 of the Lease:

"Upon expiration of the Basic Term or the Extended Term for each item of Equipment, unless Lessee shall have purchased such Equipment for its fair market value pursuant to Section 17 or extended the term of such Equipment, Lessee shall sell or dispose of such Equipment pursuant to the terms and provisions of Section 10."

4. Section 17 of the Lease is hereby re-designated as Section 17(a) and the first sentence of such Section is hereby deleted and the following language is hereby inserted therefor:

"After the expiration of the Basic Term of any Equipment leased hereunder and provided that Lessee is not in default hereunder, Lessee may purchase

such Equipment for the greater of its then Unamortized Value or its then fair market value."

5. Section 17(b) is hereby added to the Lease at the end of Section 17(a) and shall read as follows:

"(b) Upon expiration of the Basic Term for any Equipment leased hereunder and provided that an event of default has not occurred and is continuing, Lessee may extend the term of this Leasing Agreement for such Equipment for an additional term to be agreed to by Lessor and Lessee (the "Extended Term"). During such Extended Term the Rent payable for such Equipment shall equal the fair market rental value for such Equipment as agreed to by Lessor and Lessee and as determined at the commencement of such Extended Term (the 'Fair Market Rent'); provided, however, if during any month during the Extended Term such Fair Market Rent shall be less than an amount equal to the product of the amount specified in Sections 1(i)(1)-(3) (the 'Minimum Rent'), Lessee shall pay such Minimum Rent instead of the Fair Market Rent. That portion of any Fair Market Rent paid during any month which is in excess of the applicable Minimum Rent shall be deemed to be the 'Monthly Amortization Figure' for such Equipment until such time as the Aggregate Amortization for such Equipment equals the Acquisition Cost of such Equipment."

6. The Schedule A attached hereto and hereby made a part hereof is added to the Lease as Schedule A.

7. Except as otherwise set forth herein, all of the terms, covenants, and conditions of the Lease shall remain in full force and effect. This Rider shall be effective as of June 1, 1989 for all Equipment currently subject to or to be acquired under the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed by their duly appointed and authorized officers as of the date first herein written.

Attest:

By [Signature]
Secretary

BLC CORPORATION, as Lessor

By [Signature]
President

FORM APPROVED
COPIES

Attest:

By [Signature]
Title SECRETARY

PUGET SOUND POWER & LIGHT COMPANY, as Lessee

By [Signature]
Title ASSISTANT TREASURER

SCHEDULE A
RIDER NO. 1
DATED AS OF JUNE 1, 1989
BY AND BETWEEN
BLC CORPORATION
AND
PUGET SOUND POWER & LIGHT COMPANY

<u>Equipment Type</u>	<u>Maximum Amortization Period (in months)</u>	<u>Maximum Expected Residual Percentage</u>
Automobiles	36	45%

The Expected Residual Percentage for any Equipment not listed in this Schedule A shall equal zero and the Amortization Period for any such Equipment shall be from 36-120 months.

RIDER NO. 2

This Rider, dated as of July 1, 1990, amending the Master Leasing Agreement, dated as of September 1, 1988, as previously amended (the "Lease"), by and between BLC Corporation (herein called "Lessor") and Puget Sound Power & Light Company (herein called "Lessee").

In consideration of the mutual covenants contained herein, Lessor and Lessee hereby agree as follows:

1. The following language is hereby added to the end of Section 1(f) of the Lease:

"On and after July 1, 1990, any Motor Vehicle leased hereunder shall be leased under an Individual Leasing Record in any form for the leasing of Motor Vehicles provided by the Lessor (called herein 'Motor Vehicle ILR'); and any Other Equipment leased hereunder shall be leased under an Individual Leasing Record in any form for the leasing of Other Equipment provided by the Lessor (called herein 'Other Equipment ILR')."

2. Section 1(i)(3) of the Lease is hereby deleted and the following Section 1(i)(3) is hereby inserted therefor:

"(3) A percentage (the 'Percentage Rental Factor') equal to the sum of two percent (2.0%) per annum plus the AA Composite Index of 30-day dealer-placed commercial paper, as publicly announced by the Federal Reserve Bank, on the first day of the current month. Upon execution of Rider No. 2 to this Leasing Agreement, Lessor shall notify Lessee in writing of the then applicable Percentage Rental Factor under this subsection (3). Thereafter, Lessor shall notify Lessee in writing of any change in such Percentage Rental Factor.

see Rider 5

Notwithstanding the foregoing, with respect to Equipment acquired on or after July 1, 1990, the Percentage Rental Factor shall equal the sum of (i) 1.40% per annum for Motor Vehicles or 2.00% per annum for Other Equipment plus (ii) the AA Composite Index of 30-day dealer-placed commercial paper, as publicly announced by the Federal Reserve Bank, on the first day of the current month."

3. The last paragraph of Section 1(i) of the Lease is hereby deleted and the following paragraph is hereby inserted therefor:

"Notwithstanding the foregoing, when the Aggregate Amortization of any Other Equipment leased hereunder equals the Acquisition Cost of such Other Equipment, the monthly Rent for such Other Equipment will be an amount equal to one twelfth of one percent (0.08333%) of the Acquisition Cost of such Other Equipment."

see Rider 5

4. The following subsections (l) and (m) are hereby added to Section 1 of the Lease:

"(l) 'Motor Vehicle' shall for the purposes of this Leasing Agreement mean any Equipment (i) the lease term of which shall commence on or after July 1, 1990, (ii) which is an automobile, van, bus, light, medium or heavy duty truck, tractor, trailer, any other vehicle which can be used on a highway (regardless of whether such vehicle is licensed for such use), or any related item attached to such Equipment and (iii) for which the Lessee shall have executed a Motor Vehicle ILR.

(m) 'Other Equipment' shall mean any Equipment which is not a Motor Vehicle."

5. The last sentence of Section 2(a) of the Lease is hereby deleted and the following language is hereby inserted therefor:

"With respect to Motor Vehicles, the parties hereto agree that the Lessor will be treated as the owner for Federal income tax purposes. In the absence of a finding, order or declaration by, any governmental body, authority or entity to the contrary, it is the parties intention, with respect to Motor Vehicles and Other Equipment, to treat this Leasing Agreement as a lease for all other purposes, including without limitation, accounting, regulatory or otherwise."

6. Section 10 of the Lease is hereby redesignated as Section 10(a) and the following Section 10(b) is hereby added to the Lease:

"(b) If the Lessee shall, pursuant to the provisions of this Leasing Agreement, exercise an option to purchase any Motor Vehicle for its fair market value, such purchase shall be treated as a sale of such Motor Vehicle under Section 10(a) above."

*see
Rider 4*

7. The following language is hereby added at the end of Section 23:

"If an event shall occur under the provisions of Sections 11 or 15 pursuant to which the Lessee is required to purchase a Motor Vehicle (an 'Event') for its Unamortized Value, the parties hereto agree that on and after July 1, 1990 Lessee shall not be required hereunder to make such payment of Unamortized Value to Lessor. If an Event shall occur on or after July 1, 1990, Lessee shall within the applicable time periods stated in Sections 11 or 15, either arrange for and effect a sale of such Motor Vehicle pursuant to the provisions of Section 10 or, at Lessee's option, purchase such Motor Vehicle for its then fair market value pursuant to the provisions of Section 17(a)."

8. This Rider No. 2 shall be effective as of July 1, 1990. The Lease as amended hereby and by Rider No. 1 is hereby incorporated by reference. The terms and conditions of this Rider shall include all Individual Leasing Records (whether or not this Rider is incorporated by reference in any such Individual Leasing Record) when each such Individual Leasing Record is made. With respect to each property, including each Motor Vehicle or unit of Other Equipment, leased pursuant to this Rider, the agreement to which such property is subject shall for all purposes include this Rider, as from time to time amended, together with the applicable Individual Leasing Record.

9. The following is a separate statement, separately signed by the Lessee:

LESSEE CERTIFICATION; NOTICE OF TAX OWNERSHIP

With respect to each Motor Vehicle, as part of the agreement made by this Rider together with the applicable Motor Vehicle ILR or other supplement hereunder, it is stated as follows:

(a) Lessee hereby certifies, under penalty of perjury, that Lessee intends that more than 50% of the use of each Motor Vehicle that is at any time subject to such agreement is to be in a trade or business of the Lessee.

(b) Lessee has been advised that Lessee will not be treated as the owner for Federal income tax purposes of any Motor Vehicle subject to such agreement.

PUGET SOUND POWER & LIGHT
COMPANY, as Lessee

By *R.A. Cowl*

IN WITNESS WHEREOF, Lessor and Lessee have caused this Rider to be executed by their respective duly authorized and appointed officers.

BLC CORPORATION, as Lessor

Attest:

By *Carl A. Schultz*
Asst. Secretary

By *Carl Miller*
President

Form Approved
CAS
Counsel

PUGET SOUND POWER & LIGHT
COMPANY, as Lessee

Attest:

By *[Signature]*
Title _____

By *R.A. Cowl*
Title *ASSISTANT TREASURER*

R E C E I V E D

JUN 16 1992

5/7/92

FINANCE DEPT.

RIDER NO. 3

This Agreement, dated as of May 1, 1992, amending the Master Leasing Agreement, dated as of September 1, 1988 (the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Power & Light Company, as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Section 16 of the Lease is hereby deleted in its entirety and the following Section is hereby inserted therefor:

"16. Termination. Either Lessor or Lessee may terminate this Agreement at any time with respect to any equipment not yet leased hereunder by giving at least sixty (60) days' notice in writing to the other party of such termination and setting forth in said notice the termination date. Provided, however, neither such notice nor termination shall affect any transactions entered into or rights created or obligations incurred prior to such termination. In the event of any such termination, Lessee shall arrange for and effect not later than one year from the termination date a termination of the lease of all Equipment hereunder and a sale of all Equipment in the manner and with the consequences as provided in Section 10 hereof. Notwithstanding the provisions of Section 4 hereof, the lease term for all Equipment, the lease of which is terminated under this Section, and Lessee's obligation to pay Rent and Interim Rent shall continue until Lessor receives the proceeds of sale of such Equipment."

2. Section 20 of the Lease is hereby deleted in its entirety and the following Section is hereby inserted therefor:

"20. Assignment by Lessor. LESSEE ACKNOWLEDGES NOTICE THAT LESSOR MAY, IN CONNECTION WITH FINANCING ITS ACQUISITION AND OWNERSHIP OF SOME OR ALL OF THE EQUIPMENT, GRANT PARTICIPATIONS OR SECURITY INTERESTS IN OR SELL OR ASSIGN ITS INTERESTS IN SUCH EQUIPMENT, THIS LEASING AGREEMENT OR ANY RENT, INTERIM RENT OR OTHER AMOUNTS DUE HEREUNDER. Any instrument executed in connection with such assignment shall contain a provision to the effect that as long as Lessee is not in default hereunder or under any lease executed pursuant hereto, it shall be entitled to uninterrupted use and quiet enjoyment of the Equipment on the terms herein provided. After such assignment the terms and provisions of this Leasing Agreement may not be altered, modified or waived without the written consent of such assignee. In connection with such assignment Lessee agrees to execute such documents as Lessor or its assignee may reasonably request, including notices, acknowledgements and financing statements.

Lessee agrees to permit Lessor to record this Agreement. Lessee hereby confirms for the benefit of any such assignee that this Leasing Agreement cannot be canceled or terminated, except as expressly provided herein and that Lessee's obligation to pay Rent, Interim Rent and any other amounts due hereunder are absolute and unconditional. Upon the written request of such assignee, the Lessee shall make payment of all Rent, Interim Rent and other payments due hereunder with respect to such assignment to the assignee without abatement, deduction or setoff. Such payments shall discharge the obligations of the Lessee to the Lessor hereunder to the extent of such payments. Lessee further covenants and agrees that it will not assert against Lessor's assignee any defense, counterclaim or setoff due to a breach of warranty or otherwise in any action for Rent, Interim Rent or any other amounts due hereunder or for possession of the Equipment which is brought by Lessor's assignee. The assignment by the Lessor to the assignee of rights hereunder shall not impose on the assignee any of the duties or obligations of the Lessor hereunder, but in all other respects the assignee shall have all the rights of the Lessor hereunder to the extent necessary to realize upon Rent, Interim Rent and other amounts due hereunder and to protect the assignee's security interest in Equipment resulting from such assignment. Lessee acknowledges that any assignment or transfer by Lessor shall not materially change Lessee's duties or obligations under this Lease nor materially increase the burdens or risks imposed on Lessee."

3. This Agreement shall be effective as of May 1, 1992.

4. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, through their authorized officers, have duly executed this Rider No. 3 as of the day and year first above written.

BLC Corporation, Lessor

Attest:

By Curt A. Schultz
Secretary

By [Signature]
President

Form Approved
Counsel

Puget Sound Power & Light Company,
Lessee

Attest:

By [Signature]
Secretary

By [Signature]
Title ASSISTANT TREASURER

3/3/94

RIDER NO. 4

This Agreement, dated as of March 1, 1994, amending the Master Leasing Agreement, dated as of September 1, 1988 (the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Power & Light Company, as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Subsection 10(b) of the Lease is hereby deleted in its entirety and the following Subsection (b) is hereby inserted therefor:

"(b) If Lessee shall, pursuant to the provisions of this Master Leasing Agreement, exercise an option to purchase any Equipment for its fair market value, such purchase shall be treated as a sale of such Equipment under Section 10(a) above."

2. This Agreement shall be effective as of March 1, 1994.

3. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, through their authorized officers, have duly executed this Rider No. 4 as of the day and year first above written.

BLC CORPORATION, Lessor

Attest:

By Curt A. Schultz
Secretary

By Admond P. Brown
Sr Vice President

Counsel
Farm Approved

PUGET SOUND POWER & LIGHT
COMPANY, Lessee

Attest:

By James W. Eldon
Secretary

By B. Brown
Title VICE PRESIDENT FINANCE

11/29/94

RIDER NO. 5

This Agreement, dated as of December 1, 1994, amending the Master Leasing Agreement, dated as of September 1, 1988 (the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Power & Light Company, as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Subsection 1(i)(3) of the Lease is hereby deleted in its entirety and the following Subsection 1(i)(3) is hereby inserted therefor:

"(3) A percentage (the 'Percentage Rental Factor') equal to the sum of two percent (2.0%) per annum plus the AA Composite Index of 30-day dealer-placed commercial paper, as publicly announced by the Federal Reserve Bank, on the first day of the current month (the 'Fed AA Composite Index').

Notwithstanding the foregoing, with respect to Equipment acquired on or after July 1, 1990 and prior to December 1, 1994, the Percentage Rental Factor shall equal the sum of (A) 1.40% per annum for Motor Vehicles or 2.00% per annum for Other Equipment plus (B) the Fed AA Composite Index and, with respect to Equipment acquired on or after December 1, 1994, the Percentage Rental Factor shall equal the sum of (x) 1.15% per annum for Motor Vehicles or 1.75% per annum for Other Equipment plus (y) the Fed AA Composite Index.

Upon execution of Rider No. 5 to this Leasing Agreement. Lessor shall notify Lessee in writing of the then applicable Percentage Rental Factor under this subsection (3). Thereafter, Lessor shall notify Lessee in writing of any change in such Percentage Rental Factor."

2. This Agreement shall be effective as of December 1, 1994.

3. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, through their authorized officers, have duly executed this Rider No. 5 as of the day and year first above written.

Attest:

BLC CORPORATION, Lessor

By

Curt A. Schultz
Secretary

By

Edward P. Howne
Title Senior Vice President

Counsel

Form Approved

Attest:

PUGET SOUND POWER & LIGHT COMPANY, Lessee

By

James W. Elder
Secretary

By

Robert S. Barilatti
Title ASSISTANT TREASURER

5/31/95

RIDER NO. 6

This Agreement, dated as of June 1, 1995, amending the Master Leasing Agreement, dated as of September 1, 1988 (the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Power & Light Company, as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Schedule A to the Lease is hereby deleted in its entirety and the attached Schedule A is hereby inserted therefor.
2. This Agreement shall be effective as of June 1, 1995.
3. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, through their authorized officers, have duly executed this Rider No. 6 as of the day and year first above written.

Attest:

By *Curt A. Schultz*
Secretary

BLC CORPORATION, Lessor

By *[Signature]*
Title EXECUTIVE VICE PRESIDENT

Attest:

By *Jim Miller*
Secretary

PUGET SOUND POWER & LIGHT
COMPANY, Lessee

By *Robert P. Bardiello*
Title ASSISTANT TREASURER

Form Approved
[Signature]
Counsel

**SCHEDULE A
TO RIDER NO. 6
AMENDING THE
MASTER LEASING AGREEMENT
DATED AS OF SEPTEMBER 1, 1988
BY AND BETWEEN
BLC CORPORATION, AS LESSOR
AND
PUGET SOUND POWER & LIGHT COMPANY, AS LESSEE**

<u>Equipment Type</u>	<u>Maximum Amortization Period (in Months)</u>	<u>Maximum Expected Residual Percentage</u>
Automobiles	36	45%
Light Trucks	36	60%

The Maximum Expected Residual Percentage for any Equipment not listed in this Schedule A shall equal zero and the Maximum Amortization Period for any such Equipment shall be from 36 - 120 months.

1/11/99

RIDER NO. 7

This Agreement, dated as of November 1, 1998, amending the Master Leasing Agreement, dated as of September 1, 1988 (the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Energy, Inc. (formerly known as Puget Sound Power & Light Company), as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Subsection 1(i)(3) of the Lease is hereby deleted in its entirety and the following Subsection 1(i)(3) is hereby inserted therefor:

"(3) (A) With respect to Equipment acquired for lease hereunder prior to July 1, 1990, a percentage (the 'Percentage Rental Factor') equal to the lower of the sum of (i) 2.00% per annum plus the Federal Funds Commercial Paper Non-Financial Index for a one month period, as published by the Federal Reserve in the H.15 of the Federal Reserve Statistical Release on the first day of the current month (the 'Federal Index'), or (ii) 1.00% per annum plus the rate per annum obtained by dividing (y) the rate per annum at which deposits in U.S. dollars are offered by Citibank, N.A. to prime banks in the London Interbank Market for a period equal to one month, as quoted at 11:00 a.m. (London time) two Business Days (as such term is defined in Section 5 hereof) prior to the first day of the current month, by (z) a percentage equal to 100% minus the Reserve Percentage for such one-month period (the 'LIBOR Rate').

(B) With respect to Equipment acquired for lease hereunder on or after July 1, 1990 but prior to December 1, 1994, the Percentage Rental Factor shall equal the lower of the sum of (i) 1.40% per annum for Motor Vehicles or 2.00% per annum for Other Equipment plus the Federal Index, or (ii) the applicable percentages outlined in the following table plus the LIBOR Rate:

<u>Equipment</u>	<u>Months Remaining in the Basic Term (as of October 31, 1998)</u>	<u>Applicable Percentage Rental Factor</u>
Motor Vehicles	60 or less	1.00% per annum
Motor Vehicles	61 - 83	0.50% per annum
Motor Vehicles	84 or more	0% per annum
Other Equipment	all	1.00% per annum

(C) With respect to Equipment acquired for lease hereunder on or after December 1, 1994 but prior to November 1, 1998, the Percentage Rental Factor shall equal the lower of the sum of (i) 1.15% per annum for Motor Vehicles or 1.75% per annum for Other Equipment plus the Federal Index, or (ii) the applicable percentages outlined in the following table plus the LIBOR Rate:

<u>Equipment</u>	<u>Months Remaining in the Basic Term (as of October 31, 1998)</u>	<u>Applicable Percentage Rental Factor</u>
Motor Vehicles	60 or less	1.00% per annum
Motor Vehicles	61 - 83	0.50% per annum
Motor Vehicles	84 or more	0% per annum
Other Equipment	all	1.00% per annum

(D) With respect to Equipment acquired for lease hereunder on or after November 1, 1998, the Percentage Rental Factor shall equal the sum of the applicable percentages outlined in the following table plus the LIBOR Rate:

<u>Equipment</u>	<u>Basic Term (in months)</u>	<u>Applicable Percentage Rental Factor</u>
Motor Vehicles	60 or less	1.00% per annum
Motor Vehicles	61 - 83	0.50% per annum
Motor Vehicles	84 or more	0% per annum
Other Equipment	24-144	1.00% per annum

Upon execution of Rider No. 7 to this Master Leasing Agreement, Lessor shall notify Lessee in writing of the then applicable Percentage Rental Factor under this Subsection (3). Thereafter, Lessor shall notify Lessee in writing of any change in such Percentage Rental Factor.

Notwithstanding the forgoing, if Lessee no longer holds an Investment Grade rating by Moody's Investor's Services ("Moody's") or Standard & Poors Corporation ("S&P") ("Investment Grade" means a senior debt rating of Baa3 or better by Moody's and BBB- or better by S&P), then the Percentage Rental Factor for all leased Equipment for any full month following the date of loss of the investment grade rating and continuing for the term of the lease of Equipment (as long as Lessee does not hold said Investment Grade rating) shall be equal to the sum of 1.15% per annum for Motor Vehicles or 1.75% per annum for Other Equipment plus the Federal Index."

1. Section 3 of the Lease is hereby redesignated as Subsection 3(a) and the following Subsection 3(b) is hereby added to the Lease as follows:

"(b) Provided that Lessee has executed the Access and License Agreement to this Master Leasing Agreement in the form attached hereto as Exhibit A (the 'Access and License Agreement') and a Request for Access (as such term is defined in the Access and License Agreement), Lessee may electronically transmit to Lessor Individual Leasing Records, Vendor Payment Requests, ILR Terminations and Change Requests, substantially in the forms attached hereto as Exhibits B, C, D and E, respectively (the 'Documents'). The term 'Documents' shall also include other documents related to the Master Leasing Agreement, and revisions as to the form of any Document, that are provided to Lessee by Lessor and subsequently transmitted by Lessee on Lessor's network servers. Documents will be sent electronically through Lessor's network servers pursuant to the terms and conditions of the Access and License Agreement. Each party, at its own expense, shall provide and maintain the equipment, software, services and testing necessary to effectively and reliably transmit and receive Documents. Each party shall employ security procedures that are reasonably sufficient to ensure that all transmissions of Documents are authorized and to protect its business records and data from improper access, loss, alteration or

destruction. Each party acknowledges and agrees that Lessor shall determine what, if any, encryption methods shall be used for the transmission of Documents. Each party, and any authorized signatory thereof, shall adopt as its signature an electronic identification consisting of symbol(s) or code(s), which are to be affixed to or contained in any transmission of any Document by such party ("Signatures"). Each party agrees that any Signature of such party affixed to or contained in any transmitted Document shall be sufficient to verify such party as the originator of such Document. Neither party shall disclose to any unauthorized person the Signatures of the other party. The Signature of any authorized signatory for Lessee shall be provided to Lessor on an effective Delegation of Authority form, substantially in the form attached hereto as Exhibit F. Upon proper receipt of any Document, the receiving party shall promptly and properly indicate an acknowledgment of receipt in the Document application on Lessor's network servers. Such an acknowledgement shall constitute conclusive evidence a Document has been properly received. In the event any properly transmitted Document is received in an unintelligible or garbled form, the receiving party shall notify the originating party within a reasonable period of time following receipt (if identifiable from the received Document) in a commercially reasonable manner.

Any Document properly transmitted pursuant to this Master Leasing Agreement shall be considered to be a 'writing' or 'in writing,' and when containing a Signature ("Signed Documents") shall be deemed for all purposes to have been 'signed' and to constitute an 'original' when printed from electronic files or records established and maintained in the normal course of business. Any Signed Documents properly transmitted pursuant to this Master Leasing Agreement shall, for all legal purposes, be considered to be made in furtherance of this Master Leasing Agreement. Such Signed Documents are intended by the parties to be as legally sufficient as the conventional paper-based communications for which such Signed Documents are substituted, satisfying any legal requirement that such Signed Documents be in writing and signed by either or both of the parties. The parties agree not to contest the validity or enforceability of Signed Documents under the provisions of applicable law requiring that agreements be in writing and signed by the party to be bound thereby. Signed Documents, if introduced as evidence on paper in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of Signed Documents under either the business records exception to the hearsay rule or the best evidence rule on the basis that the Signed Documents were not originated or maintained in documentary form."

3. The last sentence of Section 5 of the Lease is hereby deleted and the following sentence is hereby inserted therefor:

"If the date for the payment or determination of Rent and Interim Rent shall not occur on a day when banks in New York, New York; Seattle, Washington; or London, England are generally open for business (a 'Business Day'), such payment shall be due and such determination shall be made on the immediately succeeding Business Day."

4. The following Subsection (vii) is hereby inserted at the end of Subsection 9(a) of the Lease:

"(vii) the terms and provisions of the Access and License Agreement and any Request for Access, or Lessee's use of the Network Servers or the

Application Programs (as such terms are defined in such Access and License Agreement) or the use of the data contained therein (whether or not such use is authorized)."

- 5. Exhibits A, B, C, D, E and F attached hereto are hereby added to the Lease.
- 6. This Agreement shall be effective as of November 1, 1998.
- 7. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, through their authorized officers, have duly executed this Rider No. 7 as of the day and year first above written.

Attest:

By [Signature]
ASST. Secretary

BLC CORPORATION, Lessor

By [Signature]
Title SENIOR VICE PRESIDENT

Form Approved
Counsel

Attest:

By [Signature]
Tommy G. Leong
Assistant Treasurer

PUGET SOUND ENERGY, INC., Lessee

By [Signature]
Donald E. Gaines
Treasurer

4/11/01

RIDER NO. 8

This Agreement, dated as of April __, 2001, amending the Master Leasing Agreement, dated as of September 1, 1988 (the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Energy, Inc. (formerly known as Puget Sound Power & Light Company), as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Subsection 1(a) of the Lease is hereby deleted in its entirety and the following Subsection 1(a) is hereby inserted therefor:

"(a) 'Acquisition Cost' of Equipment is an amount equal to the sum of (A) the vendor's delivered price, dealer's delivery and handling charges, the cost of any original equipment which may be added, excise tax on the Equipment, any sales and use taxes, expenses of installation and freight, costs incurred by the Lessee to place the Equipment into service, and other expenses required to effect delivery of the Equipment to Lessee, less purchase discounts obtained plus (B) any Component Interim Rent which may be capitalized pursuant to the provisions of Subsection 21(e) hereof plus (C) the structuring and arranging fee which may be capitalized pursuant to the provisions of Section 25 hereof."

2. Subsection 1(e)(ii) of the Lease is hereby redesignated as Subsection 1(e)(iii) and the following new Subsection 1(e)(ii) is hereby added to the Lease:

"(ii) new Pratt and Whitney combustion turbines including, but not limited to, all costs of engineering, training, and labor costs associated therewith, and all other related equipment attached to and/or installed with the combustion turbines, in each case, as agreed upon by Lessor and Lessee (the 'Turbine Equipment'); and"

3. Subsection 1(i)(3)(D) and the last paragraph of Subsection 1(i)(3) of the Lease are hereby deleted and the following Subsection 1(i)(3)(D) and paragraph are hereby inserted therefor:

"(D) With respect to Equipment acquired for lease hereunder on or after November 1, 1998, the Percentage Rental Factor shall equal the applicable percentages outlined in the following table plus the LIBOR Rate:

<u>Equipment</u>	<u>Basic Term (in months)</u>	<u>Applicable Percentage Rental Factor</u>
Motor Vehicles	60 or less	1.00% per annum
Motor Vehicles	61 - 83	0.50% per annum
Motor Vehicles	84 or more	0% per annum
Other Equipment	24-144	1.00% per annum
Turbine Equipment	120 months	1.20% per annum

Upon execution of Rider No. 8 to this Master Leasing Agreement, Lessor shall notify Lessee in writing of the then applicable LIBOR Rate and the corresponding Rent as calculated under this Subsection (3). Thereafter, Lessor shall notify Lessee in writing of any change in such rates and Rent.”

4. The following Subsections (n), (o) and (p) are hereby inserted at the end of Section 1 of the Lease:

“(n) ‘Environmental Event’ means any of the following events if the senior management of the Lessee knows or in the exercise of reasonable judgement after reasonable investigation should know that there is a significant risk of such event resulting in civil or criminal assessments or clean-up costs, which assessments or costs are so great as to have a material adverse effect on the financial condition, operations or business prospects of the Lessee: (a) any, release or threatened release of Hazardous Materials (as hereinafter defined) resulting from the operation of the Turbine Equipment or any release or threatened release of Hazardous Materials in connection with the operation of the Turbine Equipment, if such release or threatened release must be reported to any governmental authority under applicable Environmental Laws; (b) any contamination, or imminent threat of contamination, of property of such Lessee or any subsidiary of Lessee by Hazardous Materials in connection with the operation of the Turbine Equipment, or any material violation of Environmental Laws in connection with the operation of the Turbine Equipment; (c) any order, notice of violation, fine or penalty or other similar action by a governmental authority relating to a release or threatened release of Hazardous Materials or a material violation of Environmental Laws, in each case, in connection with the operation of the Turbine Equipment; (d) any judicial or administrative proceeding relating to a release or threatened release of Hazardous Materials or a material violation of Environmental Laws, in each case, in connection with the operation of the Turbine Equipment; or (e) any matters relating to a release or threatened release of Hazardous Materials or a material violation of Environmental Laws in each case, in connection with the operation of the Turbine Equipment that may impair, or threaten to impair, the ability of Lessee or any subsidiary of Lessee to perform any of its obligations under this Master Leasing Agreement or the other related documents and agreements, as the case may be, when such performance is due.

(o) 'Environmental Laws' means any and all Federal, state or local laws (as well as obligations, duties and requirements relating thereto under common law) relating to: (a) emissions, discharges, spills, releases or threatened releases of pollutants, contaminants, Hazardous Materials (as hereinafter defined) into ambient air, surface water, groundwater, watercourses, publicly or privately-owned treatment works, drains, sewer systems, wetlands, septic systems or onto land surface or subsurface strata; (b) the use, treatment, storage, disposal, handling, manufacturing, transportation, or shipment of Hazardous Materials or of equipment or apparatus containing Hazardous Materials; or (c) pollution or the protection of human health or the environment.

(p) 'Hazardous Materials' means (1) hazardous materials, hazardous wastes and hazardous substances as those terms are defined under any Environmental Laws, including, but not limited to, the following: the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., as amended from time to time ('HMTA'), the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., as amended from time to time ('RCRA'), the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.C. 9601 et seq., as amended from time to time ('CERCLA'), the Clean Water Act, 33 U.S.C. Section 1231 et seq., as amended from time to time ('CWA') and/or the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., as amended from time to time ('TSCA'); (2) petroleum and petroleum products including crude oil and any fractions thereof; (3) asbestos or asbestos containing material, whether friable or nonfriable; (4) polychlorinated biphenyls ('PCBs'), or PCB-containing materials or fluids; (5) radon; (6) any other hazardous radioactive or toxic substance, material, pollutant, or solid, liquid or gaseous waste; and (7) any substance that, whether by its nature or its use, is subject to regulation under any Environmental Law or with respect to which any Federal, state or local Environmental Law or governmental agency requires environmental investigation, monitoring or remediation."

5. The first sentence of Subsection 2(a) of the Lease is hereby deleted and the following sentence is hereby inserted therefor:

"Lessor shall lease to Lessee and Lessee shall lease from Lessor such Equipment as may be mutually agreed upon provided that (i) the aggregate Unamortized Value of Equipment (other than the Turbine Equipment) leased by Lessor to Lessee hereunder plus (ii) the aggregate Acquisition Cost of the Turbine Equipment leased by Lessor to Lessee hereunder, together, shall not exceed \$95,000,000."

6. The last two sentences of Subsection 2(a) of the Lease are hereby deleted and the following sentences are hereby inserted therefor:

"It is expressly agreed that for federal and state income tax purposes, Lessor and Lessee have entered into this Master Leasing Agreement and all individual leases hereunder with the intention that such transactions shall be characterized as financings, that Lessor shall be treated as the owner of the Motor Vehicles for tax purposes and that Lessee shall be treated as the owner of the Other Equipment (including the Turbine Equipment) for tax purposes; provided, however, Lessor makes no representation or warranty as to the availability of such tax treatment. Consistent with the foregoing, Lessor hereby intends to claim the cost recovery deductions associated with the Motor Vehicles while Lessee hereby intends to claim the cost recovery deductions associated with the Other Equipment (including the Turbine Equipment), and the parties hereby agree not to take an inconsistent position on their respective federal or state income tax returns. Furthermore, in the absence of a finding, order or declaration by, any governmental body, authority or entity to the contrary, it is the parties intention, with respect to Motor Vehicles and Other Equipment (including the Turbine Equipment), to treat this Master Leasing Agreement as a lease for all purposes other than those provided for above, including without limitation, accounting, commercial law or otherwise."

7. Section 6 of the Lease is hereby redesignated as Subsection 6(a) and the following sentence is hereby inserted after the eighth sentence of such new Subsection 6(a) of the Lease:

"Lessee shall observe and comply with all applicable laws, rules and regulations and all requirements of any governmental (including all domestic and foreign) authorities relating to the use, management, operation, maintenance, transportation and ownership of the Turbine Equipment, including without limitation, all applicable Environmental Laws and will promptly rectify any noncompliance therewith."

8. Current Section 6 of the Lease is hereby redesignated Subsection 6(a), and the phrase ", which consent shall not be unreasonably withheld," is hereby inserted in the fourteenth sentence thereof, after the phrase "Lessee shall not without prior written consent of Lessor . . ."

9. The following Subsections (b), (c) and (d) are hereby inserted after the end of Subsection 6(a) of the Lease:

"(b) The Lessee shall, and it shall require and ensure that any and all sublessees, employees, invitees, contractors, subcontractors, agents, representatives, affiliates, consultants, occupants and any and all other persons, (i) comply in all respects with all applicable Environmental Laws, and (ii) use, employ, process, emit, generate, store, handle, transport, dispose of and/or arrange for the disposal of, any and all Hazardous Materials in, on, or directly or indirectly related to, or in connection with the Turbine Equipment or any part thereof in a manner consistent with prudent industry practice and in compliance in all material respects with all applicable Environmental Laws. Lessor and Lessee hereby acknowledge and agree that Lessee's obligations hereunder with respect to Hazardous Materials and Environmental Laws are only intended to bind the Lessee with respect to matters and

conditions in, on, under, beneath, with respect to, affecting, related to, in connection with or involving the Turbine Equipment or any part thereof.

(c) Lessee shall immediately forward to Lessor copies of any material notices, complaints, summons or any other notification received by or otherwise known to Lessee relating to alleged violations of any Environmental Law affecting the Turbine Equipment or any part thereof. Lessee will promptly provide Lessor with written notice (i) upon Lessee's obtaining knowledge of any release or threatened release of any Hazardous Material at or from the Turbine Equipment which it reports in writing or is required to report in writing to any governmental authority, (ii) upon Lessee's receipt of any notice of violation or alleged violation of any Environmental Laws or of any release or threatened release of Hazardous Materials, including a lien or a notice or claim of liability or potential responsibility from any third party (including without limitation, any federal, state or local governmental officials) and including notice of any formal inquiry, proceeding, demand, investigation or other action with regard to (x) Lessee's or any person's operation of the Turbine Equipment or (y) contamination at or from the Turbine Equipment; (iii) that Lessee is or shall be named a party to any claim, action, cause of action, complaint, legal or administrative proceeding arising out of any third party's incurrance of costs, expenses, losses or damages of any kind whatsoever in connection with a release of Hazardous Materials from the Turbine Equipment or any part thereof.

(d) If at any time during the Basic Term and any Extended Term of an Individual Leasing Record for the Turbine Equipment Lessee does not own the property on which the Turbine Equipment will be installed, Lessee shall obtain and provide Lessor with any and all owner's, landlord's or mortgagee's waivers, as appropriate, relating to any property on which the Turbine Equipment will be installed, in substantially the form attached hereto as Exhibit G. Lessor shall have the right to make all necessary security filings, in Lessor's sole discretion to determine, in order to perfect a precautionary first priority security interest in the Turbine Equipment, including any other Equipment which may be deemed a fixture. Lessee shall cooperate with Lessor in completing and making all such filings. Lessee shall, at all times, use and maintain the Turbine Equipment in a manner that complies with any and all federal, state and local environmental laws and regulations, and shall advise Lessor in the event of any violation of such laws or regulations which relate in any way to the Turbine Equipment. Lessor shall have the right to require an environmental audit or inspection of the Turbine Equipment if such audit or inspection is necessary or, in Lessor's sole discretion, is desirable under federal, state or local laws or regulations. The cost of any such necessary audit or inspection, and the cost of any remedial action which must be performed pursuant to such laws or regulations following any such audit or inspection, shall be for the account of the Lessee."

10. The first paragraph of Subsection 9(a) of the Lease is hereby deleted and the following paragraph is hereby inserted therefor:

“(a) Lessee agrees to indemnify and hold harmless Lessor, any employee of Lessor and any parent, subsidiary or affiliate of Lessor against any and all claims, demands and liabilities of whatsoever nature (including all negligence, tort and strict liability claims), judgments, suits and all legal proceedings (including, but not limited to, any proceedings involving the United States Environmental Protection Agency), and all costs and expenses (including litigation expenses) relating to or in any way arising out of:”

11. Subsection 9(a)(iv) of the Lease is hereby deleted and the following is hereby inserted therefor:

“(iv) all federal, state, county, municipal, foreign or other fees and taxes of whatsoever nature, including but not limited to license, qualification, franchise, sales, use, gross receipts, ad valorem, business, property (real or personal), excise, motor vehicle, and occupation fees and taxes, and penalties and interest thereon, whether assessed, levied against or payable by Lessor or otherwise, with respect to Equipment or the acquisition, purchase, sale, rental, use, operation, control, ownership or disposition of Equipment or measured in any way by the value thereof or by the business of, investment in, or ownership by Lessor with respect thereto, excepting only net income taxes on the net income of Lessor any taxes imposed in lieu of an income tax, any minimum taxes or alternative minimum taxes, any franchise or doing business taxes, or any similar taxes, any taxes imposed as a result of the gross negligence, willful misconduct, inaccuracy or breach of a representation, warranty or covenant contained herein of Lessor, any taxes that would not have been imposed but for activities of the Lessor unrelated to the transactions contemplated by the Lease, and any excise, sales or use taxes included in the Acquisition Cost of the Equipment. If Lessor realizes any tax benefit (whether by deduction credit or otherwise) as a result of the payment of any tax for which Lessee has responsibility hereunder, such amount shall reduce the amount payable by the Lessee under this Subsection 9(a)(iv), and if Lessee has previously paid such amount, the Lessor shall pay to the Lessee an amount equal to such tax benefit within thirty (30) days after realizing such tax benefit. If any taxing authority makes a claim for a tax liability for which is imposed on the Lessee hereunder, Lessor shall promptly notify Lessee thereof and Lessee shall be entitled at its expense to contest the claim.”

12. The following Subsections (vi) and (vii) are hereby inserted at the end of Subsection 9(a) of the Lease:

“(vi) an Environmental Event involving the Turbine Equipment or any part thereof (including, but not limited to, the release or threatened release of Hazardous Materials or the violation of any applicable Environmental Law) that would have an adverse effect on the use,

possession, value or condition of the Turbine Equipment or any part thereof;
and

(viii) Lessee's failure to comply in any respect with the terms and provisions of Subsections 6(b) and 6(c) hereof."

13. The period at the end of Subsection 10(b) of the Lease is hereby deleted and the following language is hereby inserted therefor:

“, entitling Lessee to receive back the excess by which the sales proceeds exceed the Unamortized Value, or, as the case may be, requiring Lessee, subject to the provisions of Subsection 10(a) above, to pay the deficiency between the sales proceeds and the Unamortized Value, all as described in Subsection 10(a) above.”

14. The first sentence of Section 15 of the Lease is hereby deleted and the following sentence is inserted therefor:

“It is the intention and understanding of both Lessor and Lessee that all Equipment (other than the Turbine Equipment which may constitute fixtures) at all times remain personal property.”

15. The following Subsection (g) is hereby inserted at the end of Section 13 of the Lease:

“(g) The occurrence of any Environmental Event.”

16. The third sentence of Section 16 of the Lease is hereby deleted and the following sentence is hereby inserted therefor:

“In the event of any such termination, Lessee shall arrange for and effect not later than one (1) year from the termination date a termination of the lease of all Equipment hereunder and a sale of all Equipment in the manner and with the consequences as provided in Section 10 hereof; provided, however, if such notice of termination is given by Lessor, Lessee may purchase all Equipment for its then Unamortized Value within such one (1) year period.”

17. The first sentence of Subsection 21(b) of the Lease is hereby deleted and the following sentence is hereby inserted therefor:

“Subject to the provisions of Subsection 21(e) hereof, Lessee shall pay Component Interim Rent (as defined below) to Lessor on a monthly basis for all components not yet assembled into a completed unit of Equipment beginning on the date of the applicable Component Individual Leasing Record and continuing to and including the day before the commencement date of the applicable final Individual Leasing Record.”

18. The following Subsection (e) is hereby added at the end of Section 21 of the Lease:

“(e) With respect to the Turbine Equipment and at the option of the Lessee, Component Interim Rent may be capitalized and added to the Acquisition Cost hereunder on the last day of each month; provided, however, if, at any time, the aggregate Unamortized Value of the Turbine Equipment plus Component Interim Rent shall exceed \$70,000,000, Lessor may deliver a notice to Lessee stating that Component Interim Rent shall no longer be capitalized. Capitalization of Component Interim Rent shall thereupon cease as of the first day of the month following receipt of such notice. If upon receipt of such notice the Unamortized Value shall exceed \$70,000,000, Lessee shall make an additional payment to Lessor on the first day of the month following receipt of such notice equal to such excess. Lessee shall indicate its intention to capitalize Component Interim Rent by indicating at the top of the appropriate ILR, ‘Capitalized Component Interim Rent.’”

19. The following Sections 24 and 25 are hereby added to the Lease as follows:

“24. Public Utility Determination. If, as a result of the lease of one or more items of Turbine Equipment under this Master Leasing Agreement, Lessor becomes, or is declared by any relevant governmental body to be, an ‘electric utility company,’ a ‘gas utility company,’ a ‘public utility’ or a similar entity under the Public Utility Holding Company Act of 1935, as amended, the Federal Power Act, as amended, any other Federal law or regulation, or under the laws of any state or if any law or regulation or interpretation (judicial, regulatory or otherwise) of any law or regulation shall be adopted or enforced by any court or governmental or regulatory authority and as a result of such adoption or enforcement, approval of the leasing of one or more items of Turbine Equipment under this Master Leasing Agreement shall be required and shall not have been obtained within any grace period after such adoption or enforcement, Lessor may terminate this Master Leasing Agreement as to such Turbine Equipment upon delivery of a written notice to Lessee. Within ninety (90) days of receipt of such notice Lessee shall promptly pay to Lessor an amount equal to the then Unamortized Value of such Turbine Equipment specified in such notice and any unpaid Rent, Interim Rent or Component Interim Rent or other amounts then due and payable, and upon such payment the lease of such Turbine Equipment shall terminate and all of Lessor’s rights, title and interest in the Turbine Equipment shall be conveyed to Lessee or its designee. After such payment, the Lessor shall execute and transmit to Lessee all papers needed to effectuate the transfer of such Turbine Equipment to Lessee or its designee.

25. Fees for the Turbine Equipment. Upon execution of Rider No. 8 to this Master Leasing Agreement for the Turbine Equipment, Lessee shall pay to Lessor a non-refundable structuring and arranging fee in the amount of \$250,000. At the option of the Lessee, such structuring and arranging fee may be capitalized and added to the Acquisition Cost of the Turbine Equipment. Furthermore, Lessor and

Lessee hereby agree that any legal or appraisal fees incurred in connection with the Turbine Equipment shall be borne by Lessor.”

20. Schedule A attached to the Lease is hereby deleted in its entirety and the Schedule A in the form attached hereto is hereby inserted therefor.

21. Exhibit G in the form attached hereto is hereby added to the Lease.

22. This Agreement shall be effective as of April __, 2001.

23. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, through their authorized officers, have duly executed this Rider No. 8 as of the day and year first above written.

BLC CORPORATION, Lessor

Attest:

By _____
Secretary

By _____

Title _____

PUGET SOUND ENERGY, INC., Lessee

Attest:

By _____
Assistant Secretary

By _____
Tommy G. Leong
Assistant Treasurer

**SCHEDULE A
TO RIDER NO. 8
AMENDING THE
MASTER LEASING AGREEMENT
DATED AS OF SEPTEMBER 1, 1988
BY AND BETWEEN
BLC CORPORATION, AS LESSOR
AND
PUGET SOUND ENERGY, INC., AS LESSEE**

<u>Type of Equipment</u>	<u>Maximum Basic Term</u>	<u>Maximum Expected Residual</u>
Automobiles	36 months	45%
Light Trucks	36 months	60%
Turbine Equipment	120 months	Lesser of \$36,000,000 or 60%

The maximum Expected Residual for any Equipment not listed in this Schedule A shall equal zero and the maximum Basic Term for any such Equipment shall be from 36 - 120 months, or as otherwise mutually agreed by Lessor and Lessee as evidenced by a fully executed Individual Leasing Record documenting such maximum Expected Residual and/or maximum Basic Term.

EXHIBIT G

**Document Prepared by, Requested
by and When Recorded, Mail to:**

This Space for Recorder's Use

BLC Corporation
Attn: Contract Services Dept.
989 East Hillsdale Blvd., Suite 300
Foster City, California 94404
(650) 573-1200

DECLARATION AND WAIVER

The undersigned, being the _____ of the real property described in Exhibit B hereto (the "Real Property") by _____ dated _____, as amended (filed in _____ County, _____ on _____, Book # _____, Page # _____) in consideration of BLC Corporation ("Lessor"), now or hereafter leasing certain equipment and personal property described on Exhibit A attached hereto (the "Equipment") to Puget Sound Energy, Inc. ("Lessee"), in accordance with the terms of that certain Master Leasing Agreement, dated as of September 1, 1988 ("Leasing Agreement"), and any other leases hereafter between Lessor and Lessee, and for other good and valuable consideration, receipt whereof is hereby acknowledged, does hereby agree, waive and undertake as follows:

1. Neither such Equipment nor any portion thereof shall become or be a part of or an accession or addition to or a fixture on the Real Property even though it has been or will be installed thereon or in some manner attached thereto; nor shall such Equipment nor any portion thereof be moved from such Real Property by the undersigned until Lessor's written consent thereto shall first be had and obtained.

2. The undersigned shall acquire no title to or interest in such Equipment or any portion thereof by virtue of such installation or attachment. The undersigned further waives any right to seize, or to claim any interest whatsoever in, said Equipment or any portion thereof on account of any claim or right the undersigned may have against any person, including, without limitation any claim or right the undersigned may have or assert against Lessee, by levy or distraint or otherwise. The undersigned confirms that title to the Equipment shall remain in Lessor until such time as it is conveyed by Lessor.

3. Lessor may at any time, at its option, enter upon the property upon which said Equipment is located, and inspect or remove said Equipment or a portion thereof at its sole cost and expense, and it agrees to make such repairs caused by any such removal to the extent reasonably necessary to restore such property to its condition immediately prior to such removal.

4. All of the terms and conditions of this Waiver shall be binding upon the heirs, successors in interest, assigns or encumbrancers of the undersigned, and shall inure to the benefit of Lessor, its successors and assigns. As used herein the term "Lessee" shall include heirs, successors in interest and assigns of Lessee.

Executed this _____ day of _____, 20 ____.

Puget Sound Energy, Inc.

By _____

Name _____

Title _____

BLC Corporation, Lessor

By _____

Name _____

Title _____

ACKNOWLEDGEMENT

STATE OF _____)
COUNTY OF _____) SS:

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument as _____ and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
COUNTY OF SAN MATEO) SS:

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument as _____ and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

**EXHIBIT A
TO DECLARATION AND WAIVER**

EQUIPMENT DESCRIPTION

**EXHIBIT B
TO DECLARATION AND WAIVER**

REAL PROPERTY

7/13/01

RIDER NO. 9

This Agreement, dated and effective as of April 16, 2001, amending the Master Leasing Agreement, dated as of September 1, 1988 (the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Energy, Inc. (formerly known as Puget Sound Power & Light Company), as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. The first sentence of Section 10 of the Lease is hereby deleted in its entirety and the following is hereby substituted therefor:

After the expiration of one year (or three years in the case of any Turbine Equipment) from the last day of the month in which the lease of any such Equipment is effective, if such Equipment has become economically or otherwise obsolete or is no longer useful in the Lessee's business, and provided that the lessee is not in default hereunder, Lessee may arrange for the termination of the lease of such Equipment in the manner and with the consequences hereinafter set forth.

2. The first sentence of the last paragraph of Section 10 is hereby deleted in its entirety and the following is hereby substituted therefor:

The "Base Amount" means, as to any Equipment sold one year (or three years in the case of any Turbine Equipment), the Acquisition Cost of such Equipment, and as to any Equipment sold more than one year (or more than three years in the case of any Turbine Equipment) after the commencement of its lease term, the Unamortized Value of such Equipment at the termination of its lease term.

3. This Agreement shall be effective as of April 16, 2001.

4. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

[signatures on following page]

IN WITNESS WHEREOF, Lessor and Lessee, through their authorized officers, have duly executed this Rider No. 9 as of the day and year first above written.

Attest:

BLC CORPORATION, Lessor

By Joseph B. Schubert
Secretary

By Donald P. Brown
Title SENIOR VICE PRESIDENT

Form Approved
2/85
Counsel

Attest:

PUGET SOUND ENERGY, INC., Lessee

By James W. Eldredge
James W. Eldredge
Vice President, Corporate Secretary
and Controller

By Donald E. Gaines
Donald E. Gaines
Vice President & Treasurer

01/31/03

RIDER NO. 10

This Agreement, dated as of January 1, 2003, amending the Master Leasing Agreement, dated as of September 1, 1988 ("the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Energy, Inc., as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

- 1. The number \$36,000,000 appearing in Schedule A of the Lease is hereby deleted and the number \$37,400,000 is inserted therefor.
- 2. This Agreement shall be effective as of January 1, 2003.
- 3. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, through their authorized officers, have duly executed this Rider No 10 as of the day and year first above written.

Attest:

By Curt A. Schultz
Secretary

BLC CORPORATION, Lessor

By [Signature]
Title: VICE PRESIDENT

Counsel

Form Approved

Attest:

By [Signature]
Secretary

PUGET SOUND ENERGY, INC.
Lessee.

By Donald E. Gaines
Title: Vice President Finance & Treasurer

7/31/03

RIDER NO. 11

This Agreement, dated as of July 1, 2003, amending the Master Leasing Agreement, dated as of September 1, 1988 ("the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Energy, Inc., as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Subsection 1(i)(3)(D) and the last paragraph of Subsection 1(i)(3) of the Lease are hereby deleted and the following Subsection 1(i)(3)(D) and the last paragraph of Subsection 1(i)(3) are hereby inserted therefor:

"(D) With respect to Equipment acquired for lease hereunder on or after November 1, 1998, the Percentage Rental Factor shall equal the applicable percentages outlined in Schedule B hereto plus the applicable LIBOR Rate.

Notwithstanding the foregoing, if Lessee no longer holds an Investment Grade rating by Moody's Investor's Services ("Moody's") or Standard & Poor's Corporation ("S&P") ("Investment Grade" means a senior secured debt rating of Baa3 or better by Moody's and BBB- or better by S&P), then the Percentage Rental Factor shall be amended to equal (x) on the first day of the month immediately following the month in which such event occurred if the ratings event occurs prior to the twenty fifth (25th) of such month or (y) on the first day of the second month following the month in which such event occurred if the ratings event occurs on or after the twenty fifth (25th) day of such month to equal for all leased Equipment the sum of 3.50% per annum plus the applicable LIBOR Rate and such Percentage Rental Factor shall apply for the term of the lease of Equipment (as long as Lessee does not hold said Investment Grade rating). If, at any time, Lessee does not have a senior secured debt rating, the Corporate Credit Rating as published by S&P and the Long Term Issuer Rating as published by Moody's shall be used. If there is a difference in the ratings between the two rating agencies the Percentage Rental Factor will be determined based on the lower of the two ratings."

2. The following Subsection 9(c) is hereby added to the Lease:

"(c) Lessor shall bill and collect all sales and use tax from Lessee and Lessee shall file all excise and property (real or personal) tax returns and reports and remit all such taxes, fees and assessments due, except, in each case, any taxes not subject to the indemnification under Subsection 9(a)(iv), which are required, imposed, assessed or levied by any state, county, municipal, or other local taxing authority against any Equipment (or the purchase, ownership, delivery, leasing, possession, use

or operation thereof), this Master Leasing Agreement (or any Rents or receipts hereunder), any Individual Leasing Record, Lessor (with respect to the Equipment) or Lessee (with respect to the Equipment) during or related to the term of the Master Leasing Agreement. Lessee shall provide Lessor with copies of all such excise and property tax returns filed by Lessee no later than ten (10) days following the submission of such returns to the appropriate taxing authorities by Lessee. If, notwithstanding the fact that Lessee is filing such excise and property tax returns, the taxing authorities of any such jurisdiction impose any taxes, penalties or other related charges described above in this Section directly against Lessor, Lessor shall notify Lessee and Lessee shall promptly make such payments directly to such taxing authority. Lessee shall be entitled to seek refunds for such amounts against any such taxing authority at Lessee's sole directions, cost and expense."

- 3. Schedule B attached hereto is hereby added to the Lease.
- 4. This Agreement shall be effective on the first day of the calendar month following execution hereof.
- 5. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, through their authorized officers, have duly executed this Rider No 11 as of the day and year first above written.

Attest:

By Cynthia Schultz
Secretary

BLC CORPORATION, Lessor

By: [Signature]
Title: vice president
Date: 7/3/03

PUGET SOUND ENERGY, INC.,
Lessee

Attest:

By _____
Secretary

By: [Signature]
Title: Assistant Treasurer
Date: July 31, 2003

Form Approved
[Signature]
Counsel

SCHEDULE B

TO RIDER NO. 11 AMENDING THE
 MASTER LEASING AGREEMENT
 DATED AS OF SEPTEMBER 1, 1988
 BETWEEN
 BLC CORPORATION, AS LESSOR
 AND
 PUGET SOUND ENERGY, INC., AS LESSEE

Equipment	Basic Term (In Months)	Applicable Percentage Rental Factor (Equipment acquired prior to the effective date of Rider No. 11)	Applicable Percentage Rental Factor (Equipment acquired on or after the effective date of Rider No. 11)
Motor Vehicles	60 or less	1.00% per annum	1.23% per annum
Motor Vehicles	61-83	0.50% per annum	1.23% per annum
Motor Vehicles	84 or more	0.00% per annum	1.15% per annum
Other Equipment	24-144	1.00% per annum	1.50% per annum
Turbine Equipment	120	1.20% per annum	1.20% per annum

3/12/04

RIDER NO. 12

This Agreement, dated as of March 15, 2004, amending the Master Leasing Agreement, dated as of September 1, 1988 (the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Energy, Inc., as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Subsection 3(b) of the Lease is hereby deleted in its entirety and the following Subsections (b), (c), (d), (e), (f), (g), (h), (i), and (j) are hereby inserted therefor:

"(b) Lessor has developed a data location within Lessor's secured databases, to be accessed through Lessor's web site at <https://gef.cbl.citibank.com>, containing customer information and Lessee's activities related to this Leasing Agreement (the "Data Site"). Lessor owns certain network servers (the "Network Servers") containing the Data Site and certain application programs for use in accessing or using information in the Data Site (the "Application Programs"). Upon the effective date of Rider No. 12 hereto, Lessee may participate in Lessor's On-Line Access program, under which Lessee may electronically transmit to Lessor Individual Leasing Records and Vendor Payment Requests, Full ILR Termination Requests and ILR Change Requests, substantially in the forms attached hereto as Addendums, A, B, and C, respectively (the "Documents"), and any information or data contained therein or related thereto (the "Data"). The term "Documents" shall also include other documents related to this Leasing Agreement, and revisions as to the form of any Document, that are provided to Lessee by Lessor and subsequently transmitted by Lessee to the Data Site. Documents and Data shall be sent electronically to and from the Data Site solely pursuant to the terms and conditions of this Section 3. Each party, at its own expense, shall provide and maintain the equipment, software, services and testing necessary to effectively and reliably transmit and receive Documents and Data to and from the Data Site. Each party shall employ security procedures that are reasonably sufficient to ensure that all transmissions of Documents or Data are authorized and secure and to protect its business records and data from improper access, loss, alteration or destruction.

(c) Each party, and any authorized signatory thereof, shall adopt as its signature an electronic identification consisting of symbol(s) or code(s), which are to be affixed to or contained in any transmission of any Document or Data by such party ("Signatures"). Each party agrees that any Signature of such party affixed to or contained in any transmitted Document or Data shall be sufficient to verify such party as the originator of such Document or Data. Neither party shall disclose to any unauthorized person the Signatures of the other party. The Signature of any authorized signatory for

Lessee shall be provided to Lessor on an effective Delegation of Authority form, substantially in the form attached hereto as Addendum D. Lessee may, in its discretion, authorize additional employees or agents on Addendum D to have "Access Only" (and designate such access as "Read Access" or "Edit Access") to Lessee's Data Site and its Documents and Data. Upon proper receipt of any Document or Data, the receiving party shall promptly and properly indicate an acknowledgement of receipt, in the Document application on Lessor's Network Servers. Such an acknowledgement shall constitute conclusive evidence a Document or Data has been properly received. In the event any properly transmitted Document or Data is received in an unintelligible or garbled form, the receiving party shall notify the originating party within a reasonable period of time of following receipt (if identifiable from the received Document) in a commercially reasonable manner.

(d) Subject to the terms and conditions of this Section 3, Lessor hereby grants Lessee a temporary, non-exclusive, non-transferable license to access the Network Servers and to any Application Programs developed by Lessor that are specifically made available to Lessee. The manner of enabling access to, and the Lessee's use of, the Network Servers shall be determined by Lessor in its sole discretion. Lessee acknowledges that Lessor does not currently charge monthly fees or transaction charges for access to the Data Site, but reserves the rights to impose such fees and charges upon the mutual agreement of Lessee and Lessor. Lessee is solely responsible for charges by any access service or browser provider and for compliance with the terms and conditions of any such providers. Lessee acknowledges and agrees that Lessee's access to and use of the Data Site or the Network Servers may be interrupted at any time by Lessor. Lessee acknowledges that this Agreement does not grant Lessee any title or right of ownership in such Data Site, the Network Servers or the Application Programs and that such right of access is non exclusive, non transferable and non assignable. Lessee specifically acknowledges and agrees that this Section 3 does not grant Lessee the right to use any other application programs developed by Lessor, and that it shall not, and shall take all reasonable steps to ensure that its employees shall not, attempt to access such other application programs. Lessee further specifically acknowledges and agrees that this Section 3 grants Lessee the right to access the Data Site and to communicate on the Network Servers only through and with Lessor, and that it shall not, and shall take all reasonable steps to ensure that its employees shall not, communicate with other users on Network Servers without the express written consent of Lessor.

(e) Either party may terminate the access granted under this Section 3 at any time for any reason whatsoever. Upon termination, the access granted by Lessor to Lessee hereunder shall immediately terminate. Lessee shall cease accessing the Data Site and cease using the Network Servers and the Application Programs immediately upon such termination.

(f) Lessor shall provide to Lessee access to the Data Site, the Network Servers and the Application Programs. Lessor shall have no obligation under this Section 3 to Lessee for training, products support, consultations, maintenance or any other services related to Lessee's access to the Data Site or use of the Network Servers or

Application Programs. Except as otherwise stated in this Leasing Agreement, Lessee expressly assumes all risks associated with access to the Data Site and with the use and operation of the Network Servers and Application Programs, including all data contained herein. LESSEE ACKNOWLEDGES THAT LESSOR IS PROVIDING THE USE OF THE DATA SITE, THE NETWORK SERVERS AND THE APPLICATION PROGRAMS TO LESSEE AS-IS, WHERE-IS AND WITH ALL FAULTS. Lessor is not responsible for identifying or correcting any errors or discrepancies in the Data Site, the Network Servers or the Application Programs including without limitation, all Data contained therein. Except as otherwise provided in this Leasing Agreement, Lessor disclaims any and all warranties, whether express, statutory or implied, including without limitation, implied warranties of merchantability and fitness for a particular purpose, and satisfactory quality, with respect to the Data, Data Site, the Network Servers or the Application Programs.

(g) Lessee acknowledges and agrees that the Data and the Application Programs are assets, proprietary information and trade secrets of Lessor, whether or not any portion thereof is or may be validly copyrighted or patented. Lessee shall have only the limited use rights specifically granted by this Section 3 and the access granted hereunder. Lessee shall not materially modify, disassemble, decompile, recreate or generate any of the Application Programs, without the express written consent of Lessor, and shall notify Lessor promptly of all other minor modifications made by Lessee. Lessee shall not make, nor permit any employees or other third party to make, copies or duplicates of the Application Programs, or any portion or component thereof, for any purpose whatsoever without the written consent of Lessor, except as may be necessary for backup security storage. All such copies shall be the property of Lessor, subject to the terms of this Section 3. Lessee shall not disclose or make available, directly or indirectly, all or any portion of the Application Programs to any person other than an authorized employee or agent of Lessee so long as the employee or agent agrees to be bound by the confidentiality provisions hereof.

(h) Lessee agrees to access the Data Site through Netscape Communicator (version 4.0 or higher) or Microsoft Internet Explorer (version 5.0 or higher) browsers, or such later versions or other browsers as Lessor may specify from time to time. Lessee further acknowledges that Data transmitted to and from the Data Site is intended to be encrypted using Secure Sockets Layer (SSL) technology, and agrees to access the Data Site only if 128-bit technology (or stronger algorithm) capability for a session has been enabled (i.e., as indicated by "https" in the Uniform Resource Locator or such browser). As between the Lessor and Lessee, Lessee is responsible for any loss or disclosure of information if for any reason the encryption has been disabled by Lessee or an employee, representative or agent of Lessee.

(i) Lessor shall supply Lessee with a User name and an initial password. Lessee may change the password at any time and may be required to change the password at specific intervals. Lessee agrees to safeguard the User Name and password, and agrees to contact Lessor immediately if the User Name and password is stolen, lost or

if Lessee believes, or should reasonably believe, that such User Name or password may have been compromised.

(j) Except for damages caused solely by Lessor's gross negligence or willfull misconduct, in no event shall Lessor, its affiliates and assigns, or their respective directors, officers, employees or agents, have liability to Lessee for any special, incidental, exemplary or consequential damages, arising from or in any way related to, this Section 3, the Data, the Documents, the Data Site, the Network Servers or the Application Programs."

2. Subsection 9(a)(vii) of the Lease referred to in Rider No. 7 to the Lease is hereby renumbered as 9(a)(viii) and is hereby deleted and the following Subsection (viii) is hereby inserted therefor:

"(viii) the terms and provisions of the Access and License Agreement and any Request for Access, or Lessee's use of the Data Site, the Network Servers or the Application Programs (as such terms are defined in such Access and License Agreement or in Section 3 hereof as applicable) or the use of the data contained therein (whether or not such use is authorized)."

3. Exhibits B, C, D, E and F the Lease are hereby deleted and Exhibits B, C, D, and E attached hereto are hereby added to the Lease.

4. This Agreement shall be effective as of March 15, 2004.

5. Except as hereinabove so forth, are of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, though their authorized officers, have duly executed this Rider No. 12 as of the day and year first above written.

Attest:

By: Curt A. Schultz
Secretary

BLC Corporation, Lessor

By: Glen Hancock
Title: VICE PRESIDENT

Puget Sound Energy, Inc.

Attest:

By: _____
Title: _____

By: E. L. Allen
Title: Assistant Treasurer

Counsel
PKS
Form Approved

EXHIBIT B

[Attach copy of sample Individual Leasing Record and Vendor Payment Request(s)]

EXHIBIT C

[Attach copy of sample ILR Termination]

EXHIBIT D

[Attach copy of sample Change Request]

**EXHIBIT E
DELEGATION OF AUTHORITY**

BLC Corporation
450 Mamaroneck Avenue
Harrison, New York 10528
Attention Legal Department

Ladies and Gentlemen:

Part 1 – Authorized Signatories for ILRs and Payment Instructions

Effective _____, any one of the following named persons, acting alone, is hereby designated and authorized (a) as a signatory to execute, on behalf of Puget Sound Energy, Inc., "Individual Leasing Records" defined in that certain Master Leasing Agreement, dated as of September 1, 1998 (the "Lease"), by and between BLC Corporation, as Lessor (the "Lessor"), and Puget Sound Energy, Inc., as Lessee (the "Lessee") and other Documents defined in Section 3 of the Lease, and (b) to provide Lessor with electronic payment instruction on behalf of Lessee for payments to be made by Lessor in connection Individual Leasing Records validly executed pursuant to the Lease. Such signatures may be manual as described in the Lease or an electronic identification. The specimen signature of each authorized signatory has been affixed.

This Authorization shall continue in full force and effect until amended or revoked, in writing, by an authorized officer of Lessee (as listed on the Certificate of Incumbency).

<u>Authorized Person(s)</u>	<u>Electronic Signatures</u>	<u>Specimen Manual Signatures</u>
_____ Phone No.: _____ E-Mail Address: _____	_____	_____
_____ Phone No.: _____ E-Mail Address: _____	_____	_____
_____ Phone No.: _____ E-Mail Address: _____	_____	_____
_____ Phone No.: _____	_____	_____

E-Mail Address: _____

Part 2 –Authorized Persons to Access Lessee’s Data Site

Effective _____, any one of the following named persons, acting alone, is hereby designated and authorized to access Lessee’s Documents and/or Data in Lessee’s Data Site on Lessor’s Network Servers, as such terms are defined in the Section 3 of the Lease, through use of the electronic signatures listed below. The type of access each will have (“read access” or “edit access”) has been indicated below.

This Authorization shall continue in full force and effect until amended or revoked, in writing, by an authorized officer of Lessee (as listed on the Certificate of Incumbency).

Authorized Person(s)

Electronic Signatures

Manual Signatures

Phone No.: _____
E-Mail Address: _____
Read Access [] Edit Access []

Phone No.: _____
E-Mail Address: _____
Read Access [] Edit Access []

Phone No.: _____
E-Mail Address: _____
Read Access [] Edit Access []

Lessee hereby represents and warrants that each of the above employees or agents of Lessee is authorized by Lessee to access Lessee’s Data Site on Lessor’s Network Servers. Lessee hereby acknowledges and agrees that this Authorization hereby supersedes and revokes any prior effective authorization, and that this Authorization shall continue in full force and effect until superseded or revoked.

Very truly yours,
Puget Sound Energy, Inc., Lessee

By: _____

Title: _____

6/29/05

RIDER NO. 13

This Agreement, dated as of April 1, 2005, amending the Master Leasing Agreement, dated as of September 1, 1988 (the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Puget Sound Energy, Inc., as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Subsection 9(c) of the Lease is hereby deleted in its entirety and the following Subsection 9(c) is hereby inserted therefor:

"(c) Lessee shall file all sales, use, excise and property (real or personal) tax returns and reports and remit all such taxes, fees and assessments due except, in each case, any taxes not subject to the indemnification under Subsection 9(a)(iv) which are required, imposed, assessed or levied by any state, county, municipal, or other local taxing authority against any Equipment (or the purchase, ownership, delivery, leasing, possession, use or operation thereof), this Master Leasing Agreement (or any Rents or receipts hereunder), any Individual Leasing Record, Lessor (with respect to the Equipment) or Lessee (with respect to the Equipment) during or related to the term of the Master Leasing Agreement. Lessee shall provide Lessor with either a valid Direct Pay Permit or copies of all such returns no later than ten (10) days following the submission of such returns to the appropriate taxing authorities by Lessee. If, notwithstanding the fact that Lessee is filing such returns, the taxing authorities of any such jurisdiction impose any taxes, penalties or other related charges described above in this Section directly against Lessor, Lessor shall notify Lessee and Lessee shall promptly make such payments directly to such taxing authority. Lessee shall be entitled to seek refunds for such amounts against any such taxing authority at Lessee's sole directions, cost and expense. Lessee agrees to keep or cause to be kept and made available to Lessor any and all necessary records relevant to the use of the Equipment and pertaining to the filing of all sales, use, excise and property tax returns and reports hereunder and the remittance of all such taxes, assessments and other governmental charges. If there is an Event of Default or if there is a material adverse change in the financial condition of Lessee, Lessor shall have the right to provide notice to Lessee that Lessor shall thereafter assume the responsibility to file such sales, use and property tax returns and reports. In the event that the Lessee is unable to provide a valid Direct Pay Permit and upon written notice from Lessor to Lessee, Lessee's authorization to file such sales, use and property tax returns and reports will be immediately terminated and the Lessor will assume responsibility for making all such tax filings. Lessee shall

reimburse Lessor immediately upon receipt of written request from Lessor for reimbursement for any such amounts paid by Lessor.”

2. This Agreement shall be effective as of April 1, 2005.

3. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, though their authorized officers, have duly executed this Rider No. 13 as of the day and year first above written.

BLC Corporation, Lessor

Attest:

By: Curt A. Schmitz
Secretary

By: [Signature]
Title: VICE PRESIDENT

Form Approved
Counsel
CK

Puget Sound Energy, Inc.

Attest:

By: _____

By: [Signature]

Title: _____

Title: Assistant Treasurer