

Puget Sound Energy, Inc.
FERC Electric Tariff Eighth Revised Volume No. 7

PUGET SOUND ENERGY, INC.
ORIGINAL SERVICE AGREEMENT NO. 514

Issued by: John Phillips, Manager
Transmission Contracts
Issued on: April 30, 2011

Effective Date: February 1, 2011

Service Agreement For Firm Point-To-Point Transmission Service

1.0 This Service Agreement, dated as of February 1, 2011, is entered into by and between Puget Sound Energy, Inc. (the "Transmission Provider"), and Macquarie Energy LLC ("Transmission Customer").

2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.

3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.

4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this Agreement shall terminate February 1, 2014.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Puget Sound Energy, Inc.
355 – 110th Avenue NE, EST-06E
Bellevue, Washington 98004
Attn: Manager, Transmission Contracts

Transmission Customer:

Macquarie Energy LLC
500 Dallas Street, Suite 3100
Houston, TX 77002

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider: **Puget Sound Energy, Inc.**

By: _____
Name: John Phillips
Title: Manager, Transmission Contracts
Date: _____

Transmission Customer: **Macquarie Energy LLC**

By: _____
Name: _____
Title: _____
Date: _____

Specifications For Firm Point-To-Point Transmission Service ("Specifications")

1.0 Term of Transaction:

The Term of Transaction for any transaction under this Service Agreement shall be such as may be mutually agreed hereafter by Transmission Customer and Transmission Provider with respect to such transaction.

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates:

During any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time and up to an amount of kilowatts per hour of energy as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

For each transaction, the delivering control area is the control area that the Transmission Customer and Transmission Provider agree to be the control area in which such transaction originates.

3.0 Point(s) of Receipt:

Point of Receipt:

Location: The points on the transmission system at the Colstrip Thermal Generating Plant where the Transmission Provider has the right to receive power and energy.

Nominal Voltage: 500 Kilovolts.

Period of Service: as described in Section 1.0 above.

Delivering Party: Any entity (including the Transmission Customer), designated by Transmission Customer from time to time, that supplies capacity and energy to be transmitted at the Point of Receipt.

Point of Receipt:

Location: The points on the transmission system at the Rocky Reach hydroelectric project where the Transmission Provider has the right to receive power and energy.

Nominal Voltage: 230 kilovolts.

Period of Service: as described in Section 1.0 above.

Delivering Party: any entity (including the Transmission Customer), designated by the Transmission Customer from time to time, that supplies capacity and energy to be transmitted at the Point of Receipt.

Point of Receipt:

Location: The points at which the respective facilities of Public Utility District No. 1 of Snohomish County (the "District") and the Transmission Provider are connected at the District's Beverly Park Substation.

Nominal Voltage: 115 kilovolts.

Period of Service: as described in Section 1.0 above.

Delivering Party: any entity (including the Transmission Customer), designated by the Transmission Customer from time to time, that supplies capacity and energy to be transmitted at the Point of Receipt.

Point of Receipt:

Location: The points at which the respective facilities of the City of Tacoma and the Transmission Provider are connected at the Transmission Provider's Starwood Substation.

Nominal Voltage: 115 kilovolt.

Period of Service: as described in Section 1.0 above.

Delivering Party: any entity (including the Transmission Customer), designated by the Transmission Customer from time to time, that supplies capacity and energy to be transmitted at the Point of Receipt.

Point of Receipt:

Location: Any of (i) the points at which the respective facilities of The City of Seattle (the "City") and the Transmission Provider are connected at the Transmission Provider's Talbot Substation and (ii) the points at which the respective facilities of The City of Seattle and the Transmission Provider are connected at the City's Bothell Substation.

Nominal Voltage: 230 kilovolt.

Period of Service: as described in Section 1.0 above.

Delivering Party: any entity (including the Transmission Customer), designated by the Transmission Customer from time to time, that supplies capacity and energy to be transmitted at the Point of Receipt.

For transmission service on the Southern Intertie in a north-to-south direction:

Point of Receipt:

Location: The point at which Transmission Provider has the right to receive power and energy at the Bonneville Power Administration's John Day Substation.

Nominal Voltage: 500 kilovolts.

Period of Service: as described in Section 1.0 above.

Delivering Party: Any entity (including Transmission Customer), designated by Transmission Customer from time to time, that supplies capacity and energy to be transmitted at the Point of Receipt for transmission service on the Southern Intertie.

For transmission service on the Southern Intertie in a south-to-north direction:

Point of Receipt:

Location: The points at which Transmission Provider has the right to receive power and energy at the California-Oregon border.

Nominal Voltage: 500 kilovolts.

Period of Service: as described in Section 1.0 above.

Delivering Party: Any entity (including Transmission Customer), designated by Transmission Customer from time to time, delivering capacity and energy to be transmitted at the Point(s) of Receipt on the Southern Intertie.

4.0 Point(s) of Delivery:

Point of Delivery:

Location: The points at which the respective facilities of the Bonneville Power Administration and the Transmission Provider are connected at the Bonneville Power Administration's Garrison Substation.

Nominal Voltage: 500 Kilovolts.

Period of Service: as described in Section 1.0 above.

Metering: at the Point of Delivery.

Adjustment: for losses between the Point of Delivery and point of metering.

Receiving Party: any entity (including the Transmission Customer), designated by the Transmission Customer from time to time, receiving capacity and energy to be transmitted to the Point of Delivery.

Point of Delivery:

Location: The points on the transmission system at the Rocky Reach hydroelectric project where the Transmission Provider has the right to deliver power and energy.

Nominal Voltage: 230 kilovolts.

Period of Service: as described in Section 1.0 above.

Metering: at the Point of Delivery.

Adjustment: for losses between the Point of Delivery and the point of metering.

Receiving Party: any entity (including the Transmission Customer), designated by the Transmission Customer from time to time, receiving capacity and energy to be transmitted to the Point of Delivery.

Point of Delivery:

Location: The points at which the respective facilities of Public Utility District No. 1 of Snohomish County (the "District") and the Transmission Provider are connected at the District's Beverly Park Substation.

Nominal Voltage: 115 kilovolts.

Period of Service: as described in Section 1.0 above.

Metering: at the Point of Delivery.

Adjustment: for losses between the Point of Delivery and the point of metering.

Receiving Party: any entity (including the Transmission Customer), designated by the Transmission Customer from time to time, receiving capacity and energy to be transmitted to the Point of Delivery.

Point of Delivery:

Location: The points at which the respective facilities of the City of Tacoma and the Transmission Provider are connected at the Transmission Provider's Starwood Substation.

Nominal Voltage: 115 kilovolts.

Period of Service: as described in Section 1.0 above.

Metering: at the Point of Delivery.

Adjustment: for losses between the Point of Delivery and the point of metering.

Receiving Party: any entity (including the Transmission Customer), designated by the Transmission Customer from time to time, receiving capacity and energy to be transmitted to the Point of Delivery.

Point of Delivery:

Location: Any of (i) the points at which the respective facilities of The City of Seattle (the "City") and the Transmission Provider are connected at the Transmission Provider's Talbot Substation and (ii) the points at which the respective facilities of The City of Seattle and the Transmission Provider are connected at the City's Bothell Substation.

Nominal Voltage: 230 kilovolts.

Period of Service: as described in Section 1.0 above.

Metering: at the Point of Delivery.

Adjustment: for losses between the Point of Delivery and the point of metering.

Receiving Party: any entity (including the Transmission Customer), designated by the Transmission Customer

from time to time, receiving capacity and energy to be transmitted to the Point of Delivery.

For transmission service on the Southern Intertie in a north-to-south direction:

Point of Delivery:

Location: The points at which Transmission Provider has the right to deliver power and energy at the California-Oregon border.

Nominal Voltage: 500 kilovolts.

Period of Service: as described in Section 1.0 above.

Metering: at the Point of Delivery.

Adjustment: for losses between the Point of Delivery and the point of metering.

Receiving Party: Any entity (including Transmission Customer), designated by Transmission Customer from time to time, receiving capacity and energy to be transmitted to the Point of Delivery on the Southern Intertie. The receiving control area is the California ISO.

For transmission service on the Southern Intertie in a south-to-north direction:

Point of Delivery:

Location: The point at which Transmission Provider has the right to deliver power and energy at the Bonneville Power Administration's John Day Substation.

Nominal Voltage: 500 kilovolts.

Period of Service: as described in Section 1.0 above.

Metering: at the Point of Delivery.

Adjustment: for losses between the Point of Delivery and the point of metering.

Receiving Party: Any entity (including Transmission Customer), designated by Transmission Customer from time to time, receiving capacity and energy to be transmitted to the Point of Delivery on the Southern Intertie. The receiving control area is the Bonneville Power Administration.

- 5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity) subject to the mutual agreement of the Transmission Provider and the Transmission Customer:

Firm capacity reservation at each Point of Receipt:

Colstrip Thermal Generating Plant Point of Receipt: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

Rocky Reach hydroelectric project Point of Receipt: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

Beverly Park Substation Point of Receipt: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

Starwood Substation Point of Receipt: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

Talbot/Bothell Substations Point of Receipt: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

John Day Substation Point of Receipt: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

California-Oregon Border Point of Receipt: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

Firm capacity reservation at each Point of Delivery:

Garrison Substation Point of Delivery: during any Term of Transaction, up to an amount of kilowatts as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

Rocky Reach hydroelectric project Point of Delivery: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

Beverly Park Substation Point of Delivery: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

Starwood Substation Point of Delivery: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

Talbot/Bothell Substations Point of Delivery: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

John Day Substation Point of Delivery: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

California-Oregon Border Point of Delivery: during any Term of Transaction, up to an amount of kilowatts of capacity as may be mutually agreed hereafter by Transmission Customer and Transmission Provider from time to time.

- 6.0 Designation of party(ies) subject to reciprocal service obligation: Transmission Customer and any party with an intervening transmission system providing transmission service.
- 7.0 Name(s) of any Intervening Systems providing transmission service: as specified by the Transmission Customer for each Term of Transaction.
- 8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined consistent with the terms and conditions of the Tariff.)

8.1 Transmission Charge:

The Transmission Charge shall be applied on a monthly basis and shall be, with respect to each Point of Delivery, as specified in Schedule 7 of the Tariff for transmission over Transmission Provider's Washington area facilities and Schedule 9 for transmission service over Transmission Provider's Colstrip and Southern Intertie facilities. Any Customer requiring transmission over facilities not included in the base transmission or Wholesale Distribution Services rates set forth in Schedule 7 or Schedule 9 (such as Direct Assignment Facilities) shall pay a separate charge for these facilities.

8.2 Distribution Facilities Charge: Not applicable.

8.3 System Impact and/or Facilities Study Charge(s):

the amount designated by the Transmission Provider for each Term of Transaction.

8.4 Direct Assignment Facilities Charge:

the amount designated by the Transmission Provider with respect to each Point of Delivery for each Term of Transaction.

8.5 Network Upgrades Charge and Charge for Other New and Upgraded Facilities:

the amount designated by the Transmission Provider for each Term of Transaction.

8.6 Redispatch Costs:

the amount designated by the Transmission Provider for each Term of Transaction.

8.7 Ancillary Services Charges:

- Scheduling, System Control and Dispatch

The charge for Scheduling, System Control and Dispatch under this Agreement shall be applied to each transaction under this Agreement and shall be as described in Schedule 1 of the Tariff.

- Reactive Supply and Voltage Control from Generation Sources

The charge for Reactive Supply and Voltage Control from Generation Sources Services under this Agreement shall be as described in Schedule 2 of the Tariff and as specified by the Transmission Provider with respect to each Point of Delivery for each Term of Transaction.

- Regulation and Frequency Response

The charge for Regulation and Frequency Response Service provided by the Transmission Provider under this Agreement shall be as described in Schedule 3 of the Tariff and will be computed for each day as the product of

(i) a dollar amount/kW specified by the Transmission Provider with respect to each Point of Delivery for each Term of Transaction multiplied by (ii) the highest hourly positive deviation of actual amounts of power and energy from scheduled amounts of power and energy.

- Energy Imbalance

For deviations of power where Transmission Provider delivers power, the charge will be as described in Schedule 4 of the Tariff and will be specified by the Transmission Provider with respect to each Point of Delivery for each Term of Transaction as a dollar amount (in mills per kilowatt-hour) of such power imbalance. For deviations of power where Transmission Provider receives power, the Transmission Provider will credit Transmission Customer at the Transmission Provider's then-current variable power cost (in mills/kilowatt-hour) of power on the Transmission Provider's system.

- Operating Reserve - Spinning Reserve

The charge for Operating Reserve-Spinning Reserve Service shall be applied on a monthly basis and shall be as described in Schedule 5 of the Tariff.

- Operating Reserve - Supplemental Reserve

The charge for Operating Reserve-Supplemental Reserve Service shall be applied on a monthly basis and shall be as described in Schedule 6 of the Tariff.

8.8 Overrun System Use Charge: 100 mills/kilowatt-hour.

8.9 Other Charges: as specified by the Transmission Provider and permitted by the Commission for each Term of Transaction.