



April 17, 2013

**VIA ELECTRONIC MAIL**

Thomas Young  
Sr. VP, Strategic Initiatives & Supply  
The Gas Company, LLC d/b/a HAWAII GAS  
PO Box 3000  
Honolulu, Hawaii 96802-3000

Re: Agreement of Purchase and Sale

Dear Mr. Young:

This letter agreement will confirm the agreement between Puget Sound Energy, Inc., a Washington corporation ("**PSE**") and The Gas Company, LLC d/b/a HAWAII GAS (the "**Counterparty**") for the purchase and sale of liquefied natural gas ("LNG") between PSE and the Counterparty, as set forth in more detail below (the "**Transaction**"). PSE and Counterparty are sometimes hereinafter referred to collectively as the "**Parties**." If this letter agreement accurately reflects your understanding of the terms of the Transaction, please countersign this letter agreement, complete the required NAESB information in the exhibits, initial the exhibits, and return a fully executed copy for our records.

PSE and the Counterparty agree that the Transaction will be consummated subject to the following terms and conditions:

1. The economic terms of the Transaction (including, without limitation, the designated seller, the designated buyer, price, quantity, delivery date, and delivery location) are set forth in Exhibit A, attached hereto and incorporated herein by this reference. For purposes of the General Terms and Conditions (as defined below), Exhibit A shall be deemed to be the "Transaction Confirmation" as that term is defined in the General Terms and Conditions.
2. The Transaction is subject in all respects to the terms and conditions contained in the General Terms and Conditions – Base Contract for Sale and Purchase of Natural Gas (version dated September 5, 2006), published by the North American Energy Standards Board, Inc. (the "General Terms and Conditions"), which General Terms and Conditions (and their elections in Exhibit B and Exhibit C, attached hereto and incorporated herein by this reference) are by this reference incorporated herein; provided however, the General Terms and Conditions are hereby amended as follows (and, for purposes of the General Terms and Conditions, the following shall be the "Special Provisions"):
  - a. Section 15.1 is amended by adding the following sentence at the end of the Section:  
"Counterparty hereby acknowledges and agrees that, pursuant to an Indenture of First

Mortgage of Washington Natural Gas Company (predecessor in interest to PSE) dated as of April 1, 1957, as supplemented and modified (the "Indenture"), wherein The Bank of New York Mellon Trust Company, N.A. is the trustee, all of PSE's rights under the Contract will be subjected to the lien of the Indenture."

- b. Section 15.10 is amended by (a) adding a new clause (v) after clause (iv) as follows and changing (v) to (vi): "(v) to the extent deemed necessary by the Parties for purposes of providing information regarding its gas supplies and economics to their respective state utility commissions," and (b) adding the following new sentence at the end thereof: "Notwithstanding anything to the contrary contained in this Section 15.10, Counterparty acknowledges and agrees that, pursuant to the terms of the Indenture, Counterparty is required to disclose the Contract to the trustee under the Indenture."
- c. The General Terms and Conditions are further amended by the additional terms and conditions contained in Exhibit D, attached hereto and incorporated herein by this reference.

This letter agreement may be executed in any number of counterparts, and all counterparts shall be deemed to constitute a single agreement. The electronic or facsimile transmittal of a copy of this letter agreement bearing any person's signature shall have the same force and effect as the physical delivery to the same recipient of copy hereof bearing such person's original signature.


April 17, 2013  
Page 3

This letter agreement, along with the exhibits and other documents referred to herein, reflects the entire agreement of PSE and the Counterparty with respect to the Transaction and incorporates and supersedes all prior negotiations, agreements, and understandings

We look forward to working with you. Should you have any questions, please feel free to contact us.

Very truly yours,

**PUGET SOUND ENERGY, INC.**

  
By: Clay Riding  
Its: Director, Natural Gas Resources

**AGREED TO AND ACCEPTED:**

**The Gas Company, LLC d/b/a HAWAII  
GAS**

\_\_\_\_\_  
By: Thomas Young  
Its: Sr. VP, Strategic Initiatives & Supply

April 17, 2013  
Page 34

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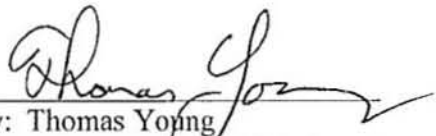
Very truly yours,

**PUGET SOUND ENERGY, INC.**

**AGREED TO AND ACCEPTED:**

**The Gas Company, LLC d/b/a HAWAII  
GAS**

\_\_\_\_\_  
By: Clay Riding  
Its: Director, Natural Gas Resources

  
\_\_\_\_\_  
By: Thomas Young  
Its: Sr. VP, Strategic Initiatives & Supply

## EXHIBIT A

### TRANSACTION CONFIRMATION

Date: April 17, 2013 Transaction Confirmation #: na		
<b>SELLER:</b> Puget Sound Energy, Inc. 10885 NE 4 <sup>th</sup> Street, PSE Bellevue, WA 98004-5591 Attn: Clay Riding or Michele Kvam Phone: 425-462-3179 or 425-462-3137 Fax: 425-456-2481 Base Contract No. n/a Transporter: n/a Transporter Contact Number: n/a	<b>BUYER:</b> HAWAI'I GAS; The Gas Company Attn: Thomas Young Sr. VP, Strategic Initiatives & Supply PO Box 3000 Honolulu, Hawaii 96802-3000 Fax: 808-673-4822 Base Contract No. n/a Transporter: <u>Evan Hagemeyer</u> Transporter Contact Number: 615-828-3351	
Contract Price: \$ <u>.87</u> / LNG gallon <sup>1</sup>		
Delivery Period: One spot cargo per quantities below, to be loaded during the window April 24, 2013 to April 26, 2013 or, by mutual agreement at a later window, but in no case later than May 15, 2013		
<b>Performance Obligation and Contract Quantity: (Select One)</b>		
<b>Firm (Fixed Quantity):</b> <u> N/A </u> Dth <input type="checkbox"/> EFP	<b>Firm (Variable Quantity):</b> <u> N/A </u> MMBtus/day Minimum <u> N/A </u> MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	<b>Interruptible:</b> Up to 10,000 gallons <sup>2</sup>
Delivery Point(s): Gig Harbor LNG, located at 9410 54 <sup>th</sup> Ave NW, Gig Harbor, WA 98355 (If a pooling point is used, list a specific geographic and pipeline location): n/a		

<sup>1</sup> Pricing detail:

\$ 0.30 Commodity  
\$ 0.06 Pipeline (Transportation/Distribution)  
\$ 0.25 Liquefaction  
\$ 0.17 Trucking/Loading  
\$ 0.09 Taxes (Portland Franchise/Washington State Utility)  
  
\$ 0.87

The underlying commodity cost is derived from natural gas prices at the Sumas market hub.

<sup>2</sup> Plus volumes required to purge and cool down the tank, as detailed in Exhibit D.

**EXHIBIT B**

**PAYMENT AND CONTACT INFORMATION**

<b>PARTY A HAWAI'I GAS</b>	<b>PARTY NAME</b>	<b>PARTY B Puget Sound Energy Inc.</b>
PO Box 3000 Honolulu, Hawaii 96802-3000	<b>ADDRESS</b>	10885 NE 4 <sup>th</sup> Street, Bellevue, WA 98004-5591
	<i>BUSINESS WEBSITE</i>	
n/a	<b>CONTRACT NUMBER</b>	n/a
	<i>D-U-N-S® NUMBER</i>	
<input checked="" type="checkbox"/> US FEDERAL: 38-3679115 The Gas Company LLC, DBA: Hawaii Gas  <input type="checkbox"/> OTHER:	<b>TAX ID NUMBERS</b>	<input checked="" type="checkbox"/> US FEDERAL: 91-037-4630 <input type="checkbox"/> OTHER:
<b>Hawaii</b>	<b>JURISDICTION OF ORGANIZATION</b>	<b>Washington</b>
<input type="checkbox"/> Corporation <input checked="" type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input type="checkbox"/> Other: _____	<b>COMPANY TYPE</b>	<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input type="checkbox"/> Other: _____
	<b>GUARANTOR (IF APPLICABLE)</b>	Not Applicable
<b>CONTACT INFORMATION</b>		
<b>ATTN:</b> <u>Tom Young</u> <b>TEL#:</b> <u>808-535-5935</u> <b>FAX#:</b> <u>808-535-5943</u> <b>EMAIL:</b> <u>tkyoung@hawaiiqas.com</u>	▪ <b>COMMERCIAL</b>	<u>10885 NE 4<sup>th</sup> St., PSE-04S; Bellevue, WA 98004-5591</u> <b>ATTN:</b> <u>Clay Riding</u> <b>TEL#:</b> <u>425-462-3179</u> <b>FAX#:</b> <u>425-456-2481</u> <b>EMAIL:</b> <u>clay.riding@pse.com</u>
<b>ATTN:</b> <u>Kevin Nishimura</u> <b>TEL#:</b> <u>808-594-5573</u> <b>FAX#:</b> <u>808-594-5630</u> <b>EMAIL:</b> <u>knishimu@hawaiiqas.com</u>	▪ <b>SCHEDULING</b>	<b>ATTN:</b> _____ <b>TEL#:</b> _____ <b>FAX#:</b> _____ <b>EMAIL:</b> _____
<b>ATTN:</b> <u>Nate Nelson</u> <b>TEL#:</b> <u>808-535-5912</u> <b>FAX#:</b> <u>808-535-5943</u> <b>EMAIL:</b> <u>nnelson@hawaiiqas.com</u>	▪ <b>CONTRACT AND LEGAL NOTICES</b>	<u>10885 NE 4<sup>th</sup> St., 04S; Bellevue, WA 98004-5591</u> <b>ATTN:</b> <u>Natural Gas Resources – Contract Administration</u> <b>TEL#:</b> <u>425-462-3137</u> <b>FAX#:</b> <u>425-456-2481</u> <b>EMAIL:</b> <u>: michele.kvam@pse.com</u>
<b>ATTN:</b> <u>Richard Ho</u> <b>TEL#:</b> <u>808-594-5530</u> <b>FAX#:</b> <u>808-594-5561</u> <b>EMAIL:</b> <u>rho@hawaiiqas.com</u>	▪ <b>CREDIT</b>	<u>10885 NE 4<sup>th</sup> St., PSE-11S; Bellevue, WA 98004-5591</u> <b>ATTN:</b> <u>Energy Risk Control and Credit</u> <b>TEL#:</b> <u>425-462-3395</u> <b>FAX#:</b> <u>425-457-5454</u> <b>EMAIL:</b> <u>Lindsay.Gonzalez@pse.com</u>
<b>ATTN:</b> <u>Michael Laporte</u> <b>TEL#:</b> <u>808-535-5905</u> <b>FAX#:</b> <u>808-535-5944</u> <b>EMAIL:</b> <u>mlaporte@hawaiiqas.com</u>	▪ <b>TRANSACTION CONFIRMATIONS</b>	<u>10885 NE 4<sup>th</sup> St., PSE-11N; Bellevue, WA 98004-5591</u> <b>ATTN:</b> <u>Natural Gas Confirmations</u> <b>TEL#:</b> <u>425-462-3220</u> <b>FAX#:</b> <u>425-462-3280</u> <b>EMAIL:</b> <u>ercconfirmations@pse.com</u>

### ACCOUNTING INFORMATION

<b>ATTN:</b> Michael Laporte <b>TEL#:</b> 808-535-5905 <b>FAX#:</b> 808-535-5944 <b>EMAIL:</b> mlaporte@hawaiiqas.com <hr/>	<ul style="list-style-type: none"> <li>▪ INVOICES</li> <li>▪ PAYMENTS</li> <li>▪ SETTLEMENTS</li> </ul>	<b>PO Box 97034, PSE-11S; Bellevue, WA 98009-9734</b> <b>ATTN:</b> <u>Energy Accounting</u> <b>TEL#:</b> <u>425-462-3011</u> <b>FAX#:</b> <u>425-462-3175</u> <b>EMAIL:</b> <u>pwrqas.invoices@pse.com</u>
<b>BANK:</b> <u>N/A</u> <b>ABA:</b> _____ <b>ACCT:</b> _____ <b>OTHER DETAILS:</b> _____	<b>WIRE TRANSFER NUMBERS (IF APPLICABLE)</b>	<b>BANK:</b> <u>KeyBank National Association</u> <b>ABA:</b> <u>125000574</u> <b>ACCT:</b> <u>479681024630</u> <b>OTHER DETAILS:</b> <u>For the Account of Puget Sound Energy, Inc.</u>
<b>BANK:</b> <u>N/A</u> <b>ABA:</b> _____ <b>ACCT:</b> _____ <b>OTHER DETAILS:</b> _____	<b>ACH NUMBERS (IF APPLICABLE)</b>	<b>BANK:</b> <u>KeyBank National Association</u> <b>ABA:</b> <u>125000574</u> <b>ACCT:</b> <u>479681024630</u> <b>OTHER DETAILS:</b> <u>For the Account of Puget Sound Energy, Inc.</u>
<b>ATTN:</b> _____ <b>ADDRESS:</b> _____ <hr/>	<b>CHECKS (IF APPLICABLE)</b>	<b>ATTN:</b> _____ <b>ADDRESS:</b> _____ <hr/>

## EXHIBIT C

### ELECTIONS FOR GENERAL TERMS AND CONDITIONS

<p><b>Section 1.2</b> Transaction Procedure <input type="checkbox"/> Oral (default) OR <input checked="" type="checkbox"/> Written</p>	<p><b>Section 10.2</b> Additional Events of Default <input checked="" type="checkbox"/> No Additional Events of Default (default) <input type="checkbox"/> Indebtedness Cross Default <input type="checkbox"/> Party A: <input type="checkbox"/> Party B: <input type="checkbox"/> Transactional Cross Default _____</p>
<p><b>Section 2.7</b> Confirm Deadline <input type="checkbox"/> 2 Business Days after receipt (default) OR <input checked="" type="checkbox"/> n/a (confirmation to be fully executed prior to delivery)</p>	
<p><b>Section 2.8</b> Confirming Party <input checked="" type="checkbox"/> Seller (default) OR <input type="checkbox"/> Buyer <input type="checkbox"/> _____</p>	
<p><b>Section 3.2</b> Performance Obligation <input type="checkbox"/> Cover Standard (default) OR <input type="checkbox"/> Spot Price Standard <input checked="" type="checkbox"/> N/A</p>	<p><b>Section 10.3.1</b> Early Termination Damages <input type="checkbox"/> Early Termination Damages Apply (default) OR <input type="checkbox"/> Early Termination Damages Do Not Apply <input checked="" type="checkbox"/> N/A</p>
<p><i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i></p>	
<p><b>Section 2.31</b> Spot Price Publication <input type="checkbox"/> Gas Daily Midpoint (default) OR <input checked="" type="checkbox"/> Not applicable _____ _____</p>	<p><b>Section 10.3.2</b> Other Agreement Setoffs <input type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Bilateral (default) <input type="checkbox"/> Triangular OR <input type="checkbox"/> Other Agreement Setoffs Do Not Apply <input checked="" type="checkbox"/> No Other Agreements</p>
<p><b>Section 6</b> Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) OR <input type="checkbox"/> Seller Pays Before and At Delivery Point</p>	
<p><b>Section 7.2</b> Payment Date <input checked="" type="checkbox"/> 25<sup>th</sup> Day of Month following Month of delivery (default) OR <input type="checkbox"/></p>	<p><b>Section 15.5</b> Choice Of Law <b>Washington</b></p>
<p><b>Section 7.2</b> Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check</p>	<p><b>Section 15.10</b> Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) OR <input type="checkbox"/> Confidentiality does not apply</p>
<p><b>Section 7.7</b> Netting <input type="checkbox"/> Netting applies (default) OR <input type="checkbox"/> Netting does not apply <input checked="" type="checkbox"/> N/A</p>	
<p><input type="checkbox"/> <b>Special Provisions</b> Number of sheets attached: See letter agreement and Exhibit D</p>	
<p><input type="checkbox"/> <b>Addendum(s):</b> _____</p>	



**EXHIBIT D**  
**ADDITIONAL PROVISIONS**  
**(LNG Provisions)**

1. The definition of "Gas" in Section 2.20 is hereby deleted in its entirety and replaced with the following: "Gas" shall mean liquefied natural gas ("LNG").
2. Counterparty acknowledges and agrees that Counterparty shall be solely responsible, at its sole cost and expense, for entering into any arrangements for transporting the LNG from the Delivery Point. Counterparty agrees to protect, defend, and indemnify PSE, its directors, officers, employees, attorneys-in-fact, and agents and save it harmless from all losses, claims, liens, demands, and causes of action from any and all persons, arising out of Counterparty's taking possession of, or transporting, the LNG from the Delivery Point. In the event there is any inconsistency between this Section 2 and the General Terms and Conditions, this Section 2 shall control.
3. A request shall be submitted in writing to [clay.riding@pse.com](mailto:clay.riding@pse.com), [chuck.dougherty@pse.com](mailto:chuck.dougherty@pse.com), and [michele.kvam@pse.com](mailto:michele.kvam@pse.com), during business hours and a minimum of 48 hours in advance of the proposed time to fill the tank, and must include:
  - i. The proposed date, time and quantity (in gallons) requested for loading; and
  - ii. The name of the trucking company transporting the LNG and their contact information, including phone number.
4. Fueling at the delivery point shall take place between 7:00 a.m. and 3:30 p.m. PT during the delivery period.
5. Counterparty represents and warrants to PSE that (i) Counterparty, or Counterparty's contractors or transporters shall comply with all applicable federal, state, and local laws and regulations, in connection with the transportation of LNG, (ii) the transportation tank is in good working order, (iii) the tank is suitable for transporting LNG, and (iv) the pressure settings and fittings are compatible with the requirements at the Delivery Point. The tank manufacturer's manual or equivalent shall be made available to Gig Harbor personnel, preferably prior to the date of loading, to review procedures specific to the tank and to review tank filling chart levels.
6. Personnel at Gig Harbor shall obtain a copy of the transport manifest from the Counterparty or Counterparty's contractor to ensure that the previous contents of the tank are compatible with LNG. Such a copy will be kept on file as documentation of DOT compliance. In the event the transport manifest indicates that the previous contents of the tank are not compatible with LNG, it will be necessary to purge the tank. In addition, the tank may have to be cooled prior to introducing liquid into the tank. A 10,000 gallon tank involves approximately one full hour of cooling. The purging and cooling process is expected to use as much as 1,500 gallons of LNG in addition to the LNG necessary to fill

the tank. Counterparty will be billed for all gallons required to purge, cool and fill the tank. Efforts will be made to minimize LNG necessary for the purging and cooling process.

7. Counterparty or its trucking company shall have the tank weighed on a certified third-party scale no more than two (2) hours before arriving and two (2) hours after leaving the Gig Harbor facility. The certified weight tickets obtained by the transport company shall be made provided to PSE within 48 hours following delivery of the LNG.
8. Delivered volume and billing shall but determined by calibrated tank gauges maintained at the Delivery Point; provided, however, in the event of a tank gauge malfunction, the weight tickets referred to in Section 7 will be utilized, and volumes will be calculated at a rate of 3.7 lbs./ LNG gallon.
9. The LNG at Gig Harbor is not be odorized and Counterparty agrees to indemnify PSE against any liability or claim arising out of or in connection with the delivery of unodorized gas by PSE to Counterparty.