

PUGET SOUND ENERGY, INC.
Natural Gas Tariff

Optional Gas Compression Service

(N)

SECTION 1: AVAILABILITY

1. Throughout the territory served by the Company, at the request of the Customer but at the sole option of the Company, the Company shall provide compression service for any Customer who desires compressed natural gas (as more fully described below) that enables fueling of natural gas motor vehicles operated by the Customer from the Company's compression facilities located on the Customer's premises. Provision of such service by the Company shall be subject to (a) the Customer's pre-qualification by the Company and to entry by the Customer into a Natural Gas Compression Service Agreement ("Natural Gas Compression Service Agreement" or "Agreement" herein) with the Company in the form set forth in Section 9 of this Schedule for a minimum Term of ten (10) years, unless the Company, in its sole determination, agrees to a shorter term, and (b) receipt by the Company of necessary documentation including, but not limited to, required insurance certificates. The Company shall maintain the Agreement as, and the Agreement shall constitute, a service contract in accordance with WAC 480-80-141.
2. The Compressed Natural Gas Service ("CNG Service") provided under this Schedule consists of Company-provided natural gas conditioning/drying and compression service to increase the pressure of the natural gas delivered to the Customer for use by the Customer for the refueling of natural gas vehicles ("NGVs"), including Customer-owned, non-owned, leased, rented, and/or hired NGVs with compressed natural gas ("CNG"). Natural gas will be delivered to the Customer through a Company-owned meter set assembly at low pressure unless a contract for higher pressure delivery is executed.
3. The CNG Service shall be provided to Customer solely by facilities owned and maintained by the Company. CNG Service will only be available if the Company is able to obtain facilities and contract for operation and maintenance of those facilities that are necessary to provide CNG Service.
4. Gas Service for CNG Service under this Schedule shall be provided by the Company under the Customer's Gas Service account, in accordance with the provisions of the Company's Natural Gas Tariff ("Tariff"), and shall be separately metered from other Gas Service accounts at the delivery location prior to reaching the Company's CNG Service Facilities as defined in the Agreement.
5. The Customer, by requesting CNG Service, authorizes the Company to take actions necessary to pre-qualify the Customer. Such actions may include, without limitation, the Company's obtaining reports regarding Customer's creditworthiness.
6. CNG Service may be denied, suspended or discontinued for nonpayment, unsafe apparatus, unsafe site conditions, for reasons in accordance with Rule No. 15, Discontinuance of Service, upon termination of the Customer's insurance coverage, for reasons provided in WAC chapter 480-90 or otherwise in accordance with the Agreement.

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Optional Gas Compression Service (Continued)

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SECTION 2: RATES AND CHARGES

1. The rates and charges described herein for CNG Service are not subject to adjustment by the supplemental schedules of the Tariff, except for Schedule No. 1 or as otherwise explicitly set forth in the applicable supplemental schedule. CNG Service charges are in addition to charges for Gas Service.
2. The rates and charges described herein shall commence on the date by which the Company has completed all installations, tests and other preparations for providing the CNG Service ("CNG Service Commencement Date"), which shall also be the commencement date for the Gas Service associated with the CNG Service.
3. For purposes of charges for CNG Service under this Schedule, the measurement of compression service throughput shall be expressed in therms, each therm being equivalent to 100,000 British thermal units. Compression service throughput shall be metered using the same Company-owned metering equipment used to meter Gas Service provided to the Customer and shall be equal to the therms of Gas Service provided to the Customer. Table 2 of Exhibit A to the Agreement shall reflect the number of therms the Customer agrees to use per month and per year (the "Contracted Volume").
4. The monthly charge for CNG Service includes the elements described in subsections a, b, c and d below, as further described in paragraphs 5, 6 and 7 of this Section below.
 - a. Contract Administration Charge: \$16.83 per month
 - b. Contracted Volume Compression Charge: a CNG Fixed Charge per month or a CNG Volumetric Charge for therms, up to the monthly Contracted Volume (as set forth in the Agreement), compressed during the billing period per month. The Customer's choice of CNG Fixed Charge or CNG Volumetric Charge, together with the monthly Contracted Volume, shall be as specified in the Agreement.
 - c. Annual Minimum Contracted Volume Compression Charge: a charge equal to the product of CNG Volumetric Rate and the annual compressed volume difference as calculated pursuant to paragraphs 6 and 7 of this Section below per year.
 - d. Incremental O&M Charge: A charge per month per therm for the therms compressed during the billing period exceeding the Contracted Volume for the month at the Incremental O&M Charge specified in the Agreement. For purposes of this Schedule, "O&M" means operation, preventative maintenance and corrective maintenance.
5. For a Customer with the CNG Fixed Charge payment option for the Contracted Volume Compression Charge, the minimum monthly bill under this Schedule shall be equal to the sum of the Contract Administration Charge, the CNG Fixed Charge, and the applicable Incremental O&M Charge for such month.

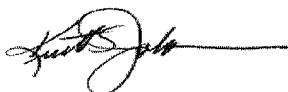
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Optional Gas Compression Service (Continued)

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6. For a Customer with the CNG Volumetric Charge payment option for the Contracted Volume Compression Charge, the minimum monthly bill under this Schedule shall be equal to the sum of the Contract Administration Charge, the CNG Volumetric Charge, and the applicable Incremental O&M Charge for such month, plus, for the billing month where the annual true up occurs, the applicable Annual Minimum Contracted Volume Compression Charge calculated in accordance with Section 4 of this Schedule. The Annual Minimum Contracted Volume Compression Charge shall be applied in the billing period following the annual anniversary of the CNG Service Commencement Date.
7. The charges for the Annual Minimum Contracted Volume Compression Charge shall not be prorated for periods of less than one full year. The charges for the Contract Administration Charge and the Contracted Volume Compression Charge shall not be prorated for periods of less than one full month.
8. For the Term (as defined in the Agreement) of the Agreement with Customer, except for the Contract Administration Charge, the Incremental O&M Charge and any adjustment of the O&M Component of the Contracted Volume Compression Charge (as described in Section 3 below), CNG Service to the Customer shall be treated in accordance with the version of this Schedule or other rule governing CNG Service in effect at the time the Agreement between the Company and the CNG Service Customer is entered into.

SECTION 3: CALCULATION OF CONTRACTED VOLUME COMPRESSION CHARGE AND INCREMENTAL O&M CHARGE

The CNG Pricing Model, an economic test based upon a discounted cash flow calculation with consideration of the estimated annual CNG Service volume and the estimated Company costs and expenses of providing the CNG Service for the Customer, as specified in the Natural Gas Compression Service Agreement between the Company and the Customer, shall be used to determine the level of the Contracted Volume Compression Charge requirement and calculate the CNG Fixed Charge, the CNG Volumetric Charge, the CNG Volumetric Rate and the Incremental O&M Charge (the "CNG Pricing Model"). The Customer may elect to pay the Contracted Volume Compression Charge as a CNG Fixed Charge or a CNG Volumetric Charge, which election must be exercised at the time the Agreement is entered into by the Customer and which election will apply during the entire Term of the Agreement. The Company shall have the right to verify all information that is provided by the Customer and used in the calculation of Contracted Volume Compression Charges, including but not limited to the Customer's natural gas vehicle profile and fueling practices.

The Contracted Volume Compression Charge calculation, for each of the CNG Fixed Charge and the CNG Volumetric Charge, is designed to provide a Contracted Volume Compression Charge that meets the Company's then-current system average rate of return as authorized by the Washington Utilities and

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Transportation Commission ("WUTC"). A copy of the CNG Pricing Model in electronic medium is on file with the WUTC.

The "O&M Component" is included in the Contracted Volume Compression Charge calculated by the CNG Pricing Model and is based on the cost of the Company's contract for O&M services. The Company's O&M contract may be for a term shorter than the Term of the Agreement with the Customer. If the Company's O&M contract is renegotiated or replaced at an O&M cost less than originally included in the CNG Pricing Model, the Company shall re-run the model including only the revised O&M contract cost. If the Company's O&M contract is renegotiated or replaced at an O&M cost more than originally included in the CNG Pricing Model, the Company may, at its election, re-run the model including only the revised O&M contract cost.

SECTION 4: ANNUAL REVIEW OF COMPRESSED NATURAL GAS VOLUME FOR CUSTOMER WITH CNG VOLUMETRIC CHARGE PAYMENT OPTION

The Annual Minimum Contracted Volume Compression Charge shall be charged every year in the billing period following the anniversary of the CNG Service Commencement Date. The Annual Minimum Contracted Volume Compression Charge shall apply when the "CNG Volume Deficiency" is a positive number. The CNG Volume Deficiency is determined as follows: the actual total therms provided as CNG Service to the Customer in the 12 months ending on the annual anniversary of the CNG Service Commencement Date is subtracted from the annual Contracted Volume specified for such 12-month period in the Agreement with the Customer. The Annual Minimum Contracted Volume Compression Charge shall be the product of the CNG Volume Deficiency multiplied by the CNG Volumetric Charge specified in the Agreement with the Customer.

SECTION 5: TERM, INTERRUPTION OR TERMINATION OF COMPRESSION SERVICE

The Natural Gas Compression Service Agreement with the Customer shall specify the term of CNG Service. Conditions or events that may result in or cause interruption or termination of CNG Service include, but are not limited to, those conditions or events listed in the Agreement, failure or maintenance of the compression facilities, interruption of electric or natural gas service, or force majeure conditions.

SECTION 6: ADJUSTMENTS

Rates in this schedule and those rates reflected in the schedules for natural gas service and CNG Service to which the charge in the Rates and Charges section above apply, are subject to adjustment by such other schedules and supplemental schedules in the Tariff as may apply.

SECTION 7: GENERAL RULES AND REGULATIONS

CNG Service under this Schedule is subject to the rules and regulations contained in Company's Tariff, as they may be modified from time to time, and to other schedules of the Tariff that may from time to time apply to the CNG Service.

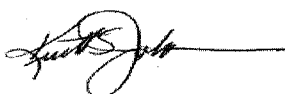
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PUGET SOUND ENERGY, INC.
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Optional Gas Compression Service (Continued)

(N)

SECTION 8: EXCEPTION

The Rates and Charges specified in Section 2 above do not include the federal and Washington state taxes and fees imposed on alternative fuel vehicles or fuel sold in Washington for motor vehicle use ("Governmental Taxes and Fees"). The Customer shall be responsible for the payment of Governmental Taxes and Fees and for compliance with the reporting requirements associated with such taxes and fees. If such taxes and fees are considered additional gross revenue to Puget Sound Energy, Inc., the taxes and fees shall be grossed up for other applicable taxes and fees.

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PUGET SOUND ENERGY, INC.
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Optional Gas Compression Service (Continued)

(N)

SECTION 9: NATURAL GAS COMPRESSION SERVICE AGREEMENT

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PUGET SOUND ENERGY, INC.
Natural Gas Tariff

Agreement No. _____ (N)

NATURAL GAS COMPRESSION SERVICE AGREEMENT

This Natural Gas Compression Service Agreement ("Agreement") is made and entered into as of _____, 20__ ("Effective Date") by and between Puget Sound Energy, Inc. (the "Company"), a Washington corporation, and _____, a _____ ("Customer"), for natural gas compression services ("Compressed Natural Gas Service" or "CNG Service") provided by the Company under its Natural Gas Schedule No. 54 (the "Schedule") at the Customer's premises located at _____, _____, WA (the "Site"). The Company and the Customer are sometimes referred to in this Agreement individually as "Party" and together as "Parties." The anticipated date on which the Company will first be ready to provide the CNG Service for refueling Customer's natural gas vehicles is _____, 20__. Subject to the requirements of paragraph 16, the actual date on which the Company will first be ready to provide CNG Service to the Customer is the "CNG Service Commencement Date." The CNG Service rates and charges shall apply beginning on the CNG Service Commencement Date.

AGREEMENT

In consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

- 1) **CUSTOMER – GENERAL REQUEST** Customer operates a fleet of vehicles and plans to transition such fleet to compressed natural gas ("CNG")-fueled vehicles in accordance with the plan set forth in the attached Exhibit A - Customer CNG Vehicles Profile and Projection, which exhibit is by this reference made a part of this Agreement, or Customer plans to operate a fleet of -fueled vehicles and/or Customer plans to offer CNG for vehicle fuel to the public. Customer is an applicant for natural Gas Service provided by the Company at the Site and desires CNG Service to be provided by the Company at the Site together with such natural Gas Service. Customer hereby requests the Company to make any necessary upgrades or extensions of the Company's natural gas distribution system to enable the Company to provide natural Gas Service in conjunction of the CNG Service at the Site at the volumes in the attached Exhibit A in accordance with the terms and conditions of this Agreement and the Company's Natural Gas Tariff ("Tariff"). This Agreement is only for CNG Service, and Gas Service is provided pursuant to the Company's Natural Gas Tariff or by a separate agreement.
- 2) **COMPANY – GENERAL OBLIGATION** The Company shall provide the CNG Service through the ownership, maintenance, and operation of natural gas compression facilities ("CNG Service Facilities") consistent with this Agreement and its regulatory rules and requirements, including, without limitation, the Schedule and the Tariff. The CNG Service Facilities are further described in Exhibit B – Technical Services Scope of Work, attached to this Agreement and by this reference made a part hereof. CNG Service Facilities to be placed on Customer's Site in order to provide CNG Service include, but are not limited to:
 - a. Compressors, gas dryers, storage vessels, dispensing equipment and any other equipment needed to supply gas pressure to the Site at times and levels required by Customer's operations; and
 - b. Other associated equipment that may be requested by Customer and agreed to by the Company.

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Natural Gas Tariff

- 3) **LOCATION** The location of CNG Service Facilities at the Site is as described in Exhibit C – Location of the Company's CNG Service Facilities at Customer Site, attached to this Agreement and by this reference made a part hereof. (N)
- 4) **ENTIRE AGREEMENT** This Agreement, the Schedule, the Tariff and other applicable schedules, codes and rules referred to in this Agreement represent the entire understanding and agreement of the Parties with respect to the subject matter hereof and supersede any and all prior or contemporaneous understandings and agreements, whether written or oral, between the Parties with respect to such subject matter. In all matters not specifically agreed to or identified herein, including but not limited to the proposed extension of distribution facilities, and natural gas consumption, the Washington Administrative Code ("WAC") and the Tariff (including all applicable rate schedules thereto) for the Company on file with the Washington Utilities and Transportation Commission ("WUTC") shall govern this Agreement, as such tariffs may be revised from time to time upon approval of the WUTC. Any conflict in terms between this Agreement and the Company's Tariff shall be resolved in favor of the Tariff.
- 5) **TERM** This Agreement shall commence as of the Effective Date and shall remain in effect during the period ending on the ____ anniversary of the CNG Service Commencement Date (the "Initial Term"), unless terminated earlier in accordance with the terms hereof or the Schedule. At the end of the Initial Term, this Agreement shall automatically renew for successive ____-month terms (each a "Renewal Term") unless either Party provides at least ____ months' prior written notice to the other Party of the termination or this Agreement. The Initial Term and all Renewal Terms are sometimes referred to in this Agreement collectively as the "Term."
- 6) **OWNERSHIP; TAXES; LIMITED SCOPE** The equipment and facilities described in Exhibit B to this Agreement, together with any replacements, upgrades, repairs and other modifications thereof, shall remain the personal property of the Company at all times. Customer shall be responsible for the payment of any real property taxes applicable to the Site and all other taxes and fees on natural gas vehicles ("NGVs") or alternative fuel for vehicle use to the extent that such taxes and fees are not otherwise included in payments made by Customer pursuant to this Agreement or otherwise recovered from Customer under the applicable rate schedule(s) of the Company's Tariff accepted or approved by the WUTC. Except as specifically set forth herein, no rights, title or interests in or to the Company's CNG Service Facilities shall be granted to Customer under this Agreement.
- 7) **PRICING** The monthly Contracted Volume shall be as set forth in Exhibit A. For CNG Service, Customer agrees to pay (a) the Contract Administration Charge, the applicable Incremental O&M Charge at _____ per month per therm for therms exceeding the monthly Contracted Volume, and the monthly and annual minimum charges, all as specified in Section 2 of the Schedule, and (b) the monthly Contracted Volume Compression Charge as indicated below (check one):

CNG Fixed Charge: Customer agrees to make a fixed Monthly Payment of \$ _____ for the Initial Term or for Renewal Terms of this Agreement.

CNG Volumetric Charge: Customer agrees to pay a CNG Volumetric Rate of \$ _____ per therm compressed up to the monthly Contracted Volume for the Initial Term or for Renewal Terms of this Agreement.

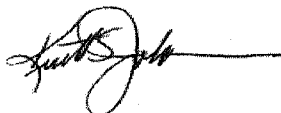
All payments for CNG Service are in addition to applicable Gas Service (as defined in the Tariff) charges and electric service charges. (N)

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PUGET SOUND ENERGY, INC.
Natural Gas Tariff

- 8) **LOCATION FOR COMPRESSION FACILITIES AND PROPERTY RIGHTS** Customer shall provide an appropriate location for the safe and secure placement and operation of CNG Service Facilities as required by the Company. The Customer shall provide to the Company easements or other property rights, as required by the Company in its sole determination, for the installation, operation and maintenance of the CNG Service Facilities on the Site. The cost of any relocation or modification of the CNG Service Facilities requested by the Customer or a third party shall be paid by the Customer. (N)
- 9) **ACCESS TO CUSTOMER'S SITE** The Company shall have, and Customer shall provide to Company, at all times the right to enter and leave Customer's Site for any purpose related to providing CNG Service or other Gas Service to Customer, or the exercise of any and all of Company's rights granted to it by law or under the Company's Tariff and applicable rate schedules. Such rights include, but are not limited to:
- a. The use of a the Company-approved locking device to prevent unauthorized access to the Company's facilities;
 - b. Safe and ready access for the Company personnel, free from unrestrained animals;
 - c. Unobstructed ready access for the Company's vehicles and equipment to install, remove, repair, maintain, and operate CNG Service Facilities; and
 - d. Removal of any and all of the Company's property installed on or below Customer's Site after the termination of CNG Service.
- 10) **CNG SERVICE CONNECTIONS** Only personnel duly authorized by the Company shall be allowed to connect or disconnect the Company's CNG Service Facilities, remove CNG Service Facilities, perform any work upon CNG Service Facilities or perform any work on any other Company-owned facilities.
- 11) **COMPANY RESPONSIBILITIES**
- a. The Company shall plan, design, procure, install, construct, own, operate, and maintain CNG Service Facilities sufficient to provide CNG Service to Customer and shall notify the Customer of the CNG Service Commencement Date.
 - b. The Company shall be responsible for obtaining any permits necessary for the construction, installation and operation the CNG Service Facilities and, subject to any applicable Company rate schedules, natural gas distribution facilities; provided, that Customer shall be responsible, at its own cost and expense without any dollar contribution or reimbursement from the Company, for any modification(s) to the Site required by any permit.
 - c. The Company or its subcontractors shall be responsible for the operation of the CNG Service Facilities and shall perform all preventive and corrective maintenance, including but not limited to regular inspections, of CNG Service Facilities consistent with the manufacturer's recommendations and regulatory requirements.
 - d. The Company shall remove CNG Service Facilities at the end of the Term, and the Company's rights under this Agreement shall continue to apply so as to provide the Company a sufficient amount of time to complete removal of CNG Service Facilities.
 - e. Should any of the CNG Service Facilities cease to function properly, or should there be any fault or failure of the Company's facilities that connect such equipment to the Site, the Company shall, subject to the performance by Customer of its responsibilities pursuant to the following paragraph 12, Customer Responsibilities, repair and restore such equipment or facilities as soon as practicable, in accordance with applicable regulations. The Company shall not be responsible for maintaining or repairing any failure or impairment of such equipment's efficient (N)

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operating condition caused by Customer's negligence, willful misconduct, or breach of any of Customer's obligations under this Agreement or the Schedule. The full costs and expenses (including, but not limited to, reasonable attorneys' fees) incurred by the Company in connection with the repair of or value lost by any such failure or impairment shall be paid by Customer.

- f. Any equipment installed at the Site at the request of Customer that is not commonly inventoried by the Company ("**Non-Standard Equipment**") shall be as specified in Exhibit D - Non Standard Equipment, attached to this Agreement and by this reference made a part hereof. The Company shall have no responsibility or liability for any limitation, reduction or interruption of CNG Service to Customer in the event that any Non-Standard Equipment ceases to function properly or otherwise adversely affects the provision of CNG Service by the Company. Customer shall ensure that a replacement for such Non-Standard Equipment is available upon the occurrence of any such event.

12) CUSTOMER RESPONSIBILITIES In accordance with the Company's design, specifications, and requirements for the installation, maintenance and operation of CNG Service Facilities, Customer shall have the following responsibilities:

- a. Customer shall be solely responsible for electric service and all electric bills and electric costs, including, without limitation, electricity to run CNG Service Facilities, during construction and operating periods.
- b. Customer shall be solely responsible for other utility services (such as storm water drainage service) and bills for the Site during construction and operating periods.
- c. Customer shall be solely responsible for obtaining uncompressed Gas Service to the Site under the Company's Tariff and natural gas commodity through either a marketer or the Company. If new Gas Service or an upgrade to existing Gas Service is necessary, it shall be provided in accordance with the Company's Tariff. The Customer understands and agrees that if interruptible Gas Service is chosen and such Gas Service is interrupted that CNG Service will not be available.
- d. Customer shall make arrangements to shut down the operation of existing equipment as needed to allow the Company to tie into existing or establish new gas piping (both on the supply side and on the high-pressure side), to tie into the Customer's electrical system to provide power to the Compression Facilities (unless a separate electrical service is provided by the Customer for the Compression Facilities), to tie into the existing grounding system, and to tie into existing control/emergency systems.
- e. Customer
- (i) shall limit access and take all necessary steps to prevent CNG Service Facilities from being damaged or destroyed,
- (ii) shall not interfere with the Company's ongoing operation and maintenance of CNG Service Facilities, and
- (iii) shall provide adequate notice to the Company through the Company's representative identified in Exhibit E, Representatives, (attached to this Agreement and by this reference made a part hereof) prior to any inspection of CNG Service Facilities by regulatory agencies.
- f. The Company shall incur no liability whatsoever, and Customer hereby releases and indemnifies the Company, its officers, directors, employees and agents from and against any such liability, and any claims, demands, suits, inquiries, damages, judgments, losses, obligations, liabilities, actions and causes of action, fees (including reasonable attorneys' fees and disbursements), costs (including court costs), expenses, penalties, fines and sanctions sustained or suffered by

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Customer or any third party occasioned by or resulting from:

- (i) The selection, installation, operation, maintenance or condition of Customer's facilities or equipment or vehicles; or
 - (ii) The negligence, omission or willful misconduct of Customer, including, without limitation, omission of proper shut-off valves or other protective and safety devices, want of proper care, or negligent or wrongful act or omission, of Customer or any agents, employees, licensees or customers of Customer, related to the installation, maintenance, use, operation, or interference with Customer's pipes, fittings, valves, nozzles, regulators, appliances, fixtures, or apparatus; or
 - (iii) The fueling of any vessel that is not fit and certified for transporting and/or containing CNG; or
 - (iv) The failure by Customer to comply with laws related to the use of CNG in a vehicle and, if applicable, the operation as a retailer of CNG, including, without limitation, the payment of applicable taxes related to the sale or use of CNG.
- g. Customer shall be obligated to meet all the Company's requirements regarding creditworthiness and insurance.
- h. CUSTOMER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE COMPANY AND ITS AUTHORIZED OFFICERS, EMPLOYEES, AND AGENTS FROM ANY AND ALL CLAIMS, ACTIONS, LOSSES, DAMAGES AND/OR LIABILITY OF EVERY KIND AND NATURE (a) TO THE EXTENT ARISING FROM THE NEGLIGENCE OR WILLFUL MISCONDUCT OF CUSTOMER, OR (b) IN ANY WAY CONNECTED WITH OR RESULTING FROM THE VIOLATION OF OR NON-COMPLIANCE WITH ANY LOCAL, STATE, OR FEDERAL ENVIRONMENTAL LAW OR REGULATION AS A RESULT OF CONDITIONS NOT CAUSED SOLELY BY THE COMPANY AT THE SITE, RELEASE OR SPILL OF ANY HAZARDOUS MATERIALS OR WASTE NOT CAUSED SOLELY BY THE COMPANY, OR THE MANAGEMENT AND DISPOSAL OF ANY CONTAMINATED SOILS OR GROUNDWATER, HAZARDOUS OR NONHAZARDOUS, REMOVED FROM THE GROUND OTHER THAN SOLELY AS A RESULT OF THE CNG SERVICE OR CNG SERVICE FACILITIES (COLLECTIVELY, "ENVIRONMENTAL LIABILITIES"), INCLUDING, BUT NOT LIMITED TO, WITH RESPECT TO ENVIRONMENTAL LIABILITIES, LIABILITY FOR THE COSTS, EXPENSES, AND LEGAL LIABILITY FOR ENVIRONMENTAL INVESTIGATIONS, MONITORING, CONTAINMENT, ABATEMENT, REMOVAL, REPAIR, CLEANUP, RESTORATION, REMEDIAL WORK, PENALTIES, AND FINES ARISING FROM THE VIOLATION OF OR NON-COMPLIANCE WITH ANY LOCAL, STATE, OR FEDERAL LAW OR REGULATION, ATTORNEY'S FEES, DISBURSEMENTS, AND OTHER RESPONSE COSTS. AS BETWEEN THE PARTIES, CUSTOMER AGREES TO ACCEPT FULL RESPONSIBILITY FOR AND BEAR ALL COSTS ASSOCIATED WITH ENVIRONMENTAL LIABILITIES. CUSTOMER AGREES THAT THE COMPANY MAY STOP WORK, TERMINATE COMPRESSION SERVICE, REDESIGN THE COMPRESSION SERVICE FACILITIES TO A DIFFERENT LOCATION OR TAKE OTHER ACTION REASONABLY NECESSARY TO INSTALL THE CNG SERVICE FACILITIES WITHOUT INCURRING ANY LIABILITY THEREFOR.
- i. Customer shall be responsible for the additional charges associated with subsequent costs required to modify or maintain CNG Service Facilities or to provide CNG Service due to any changes in local, state or federal laws, regulations or permit requirements.

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In connection with any action by Company to enforce the indemnification provisions of this paragraph 12, Customer hereby waives any immunity, defense, or protection under any workers' compensation, industrial insurance or similar laws (including, but not limited to, the Washington Industrial Insurance Act, Title 51 of the Revised Code of Washington). This provision shall not be interpreted or construed as a waiver of Customer's right to assert any such immunity, defense or protection directly against any of its own employees or such employee's estate or other representatives.

(N)

- 13) **CREDITWORTHINESS AND SECURITY DEPOSIT** Customer authorizes the Company to run a credit report on Customer and/or request audited financial statements for the purposes of determining Customer's creditworthiness for CNG Service. To ensure payment, the Customer shall, within ___ days following the CNG Service Commencement Date, post a security deposit, in cash or another form satisfactory to the Company, in the amount of \$_____. The amount of the deposit is for advance security and shall not limit the legal or equitable rights and remedies otherwise available to the Company, including, without limitation, rights to a deposit under the provisions of WAC 480-90-118.
- 14) **REGULATORY REQUIREMENTS** This Agreement shall at all times be subject to such changes or modifications by the WUTC, as the WUTC may, from time to time, direct in the exercise of its jurisdiction. This Agreement is subject to and incorporates by reference all of the applicable rate schedules to the Tariff as accepted or approved from time to time by the WUTC. Without limiting the generality of the foregoing, the failure of Customer to comply with, and act in accordance with the restrictions contained in, the Schedule shall constitute a breach of this Agreement that will not be subject to cure as contemplated in paragraph 19, Customer Default, without the express written agreement of the Company.
- 15) **NOTICES OR DEMANDS** Any notice, request, demand or other communication required or permitted under this Agreement shall be deemed to be properly given if made in writing and (1) if personally delivered; (2) as of date of signed return receipt after deposit with the U.S. Postal Service by certified or registered mail, postage prepaid, with return receipt requested; or (3) if sent by facsimile or other mutually accepted electronic method with confirmation thereof sent as provided in (2) above. All communications shall reference the contract number specified on the cover page of this Agreement. Notices shall be addressed as specified in Exhibit E, Representatives.
- 16) **INSURANCE** Customer agrees to obtain and maintain at Customer's sole cost and expense the following types and amounts of insurance coverage for the entire Term, and with respect to the coverage described in subparagraph (c) below, for a period of two (2) years following the expiration or termination of the Term, to insure against any and all liabilities, claims, injuries including death, losses, damages or expenses resulting from or related to Customer's facilities, equipment, vehicles located at the Site and Customer's performance or non-performance under the Company's Tariff, the Schedule and this Agreement:
- a. **Workers' Compensation and Employers' Liability Insurance** - In accordance with the laws of Washington, Customer shall maintain in force workers compensation insurance for all of its employees. Customer shall also maintain Employers' Liability coverage in an amount of not less than \$2,000,000.00 (Two Million Dollars) per accident and per employee. In lieu of such insurance, Customer may maintain a self-insurance program meeting the requirements of the state of Washington along with the Employers' Liability insurance described above. Such insurance shall contain a waiver of subrogation in favor of the Company.

(N)

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- b. Commercial or Business Automobile Liability Insurance – Customer shall maintain an automobile liability policy or policies insuring against liability for damages because of bodily injury, death, or damage to property, (including loss of use thereof), and occurring in any way related to the use by or on behalf of Customer, including fueling of any of Customer's vehicles (including Customer-owned, non-owned, leased, rented, and/or hired vehicles). Such coverage shall be in an amount of not less than \$2,000,000.00 (Two Million Dollars) combined single limit. (N)
 - c. Commercial General Liability Insurance – Customer shall carry and maintain on an “occurrence” form commercial general liability policy or policies, insuring against liability arising from bodily injury, death, property damage, personal and advertising injury, products/completed operations liability, contractual liability covering all operations of Customer on the Site, which policy shall contain a waiver of subrogation in favor of the Company. There shall be no explosion, collapse or underground exclusion. Such coverage shall be in an amount of not less than \$5,000,000.00 (Five Million Dollars) per occurrence. If the policy maintains a policy aggregate, such aggregate shall not be less than twice the per occurrence limit.
 - d. Pollution Liability Insurance – Customer shall maintain pollution liability insurance or insurance policies in an amount not less than \$5,000,000.00 (Five Million Dollars) each claim. If the policy maintains a policy aggregate, such aggregate shall not be less than twice the per occurrence limit. The Company may require policies with lower or higher limits depending on specific operations at the Site and physical location of the Site.
 - e. On or before the Effective Date, and thereafter during the Term, Customer shall provide the Company with original, current certificates of insurance, and annual renewal certificates of insurance thereafter, executed by a duly authorized representative of each insurer, or by the insurance agent or broker authorized to do so, as evidence of all insurance policies required under this paragraph 16. The Company shall not commence CNG Service until Customer has obtained all insurance required by this paragraph 16 and has provided acceptable certificates of insurance to the Company for review and approval. No insurance policy may be canceled, materially revised, or subject to non-renewal without at least thirty (30) calendar days' prior written notice being given to the Company, ten (10) days for non-payment of premium. Customer shall provide the Company with renewal certificates of insurance or binders within five (5) business days prior to or after such expiration. Insurance shall be maintained without lapse in coverage during the Term and the 2-year period following the Term with respect to the coverage described in subparagraph (c) above.
 - f. The required policies and any of Customer's policies providing coverage in excess of the required policies shall provide that the coverage is primary for all purposes and Customer shall not seek any contribution from any insurance or self-insurance maintained by the Company. All required policies of insurance shall be written by companies having an A.M. Best rating of “A - , VII” or better. Customer shall be solely responsible for any deductible or self-insurance retention on insurance required under this Agreement.
 - g. The Company, its parent company, and its subsidiaries, affiliates and their respective officers, directors, employees, successors and assigns shall be named as additional insureds or loss payees, as applicable, on the policies referred to above, except for Workers' Compensation. Commercial General Liability insurance shall provide a severability of interest or cross-liability clause. Customer shall not violate nor knowingly permit to be violated any condition of the policies required under this paragraph 16.
17. **EXCUSABLE DELAYS OF CNG SERVICE COMMENCEMENT DATE** The Company shall notify Customer in writing promptly of any delay or anticipated delay of CNG Service Commencement Date (N)

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due to the occurrence of events of force majeure, as defined in Rule 14 of the Company's Tariff, and of other causes beyond the reasonable control of the Company, and the reason for and anticipated length of such delay. The amount of any additional capital contribution by either Party due to any such extension of time shall be subject to the mutual agreement of the Company and Customer.

(N)

18. TAXES

- a. The Company assumes exclusive liability for, and shall pay before delinquency, all federal, state, regional, municipal or local sales, use, excise, ad valorem and other taxes, charges or contributions imposed on, or with respect to, or measured by, the CNG Service Facilities, materials, supplies or labor provided by the Company hereunder, and the wages, salaries or other remunerations paid to individuals employed in connection with the performance of the CNG Service.
- b. Customer shall be responsible for any increased real property taxes it may be subject to as a result of the Company's CNG Service Facilities and for taxes and fees imposed on alternative fuel vehicles or fuel sold in Washington for motor vehicle use ("Governmental Taxes and Fees"). The Customer shall be responsible for the timely payment of the Governmental Taxes and Fees and for reporting the same to appropriate government agencies.

19. CUSTOMER DEFAULT If Customer (a) abandons the Site, fails to pay any amounts to the Company as provided in this Agreement or in the Schedule or fails to pay any applicable Gas Service charges, or (b) becomes bankrupt or insolvent, or (c) assigns this Agreement without the express prior written authorization of the Company, or (d) violates any of the provisions of this Agreement or breaches any of its obligations hereunder, and if such violation or breach is curable, Customer fails to cure such violation or breach within seven (7) calendar days after written notice thereof from the Company, or (e) Customer fails to meet any of the availability criteria set forth in Section 1 of the Schedule, the Company shall have the right to discontinue all or any part of the CNG Service or Gas Service, which right the Company may exercise by providing written notice to Customer thereof, and if discontinuation of the CNG Service will persist for the remainder of the Term, Customer shall be obligated to pay to the Company a make-whole amount equivalent to all of the Company's unrecovered capital (less the value of any CNG Service Facilities that the Company is able to actually sell or re-install within 12 months) and other ownership costs, including but not limited to any costs resulting from early termination of the Company's subcontracts. The remedies set forth herein shall not be exclusive and shall be in addition to any other rights or remedies at law, in equity or otherwise to which the Company may be entitled, and no action by the Company shall constitute a waiver of any such other rights or remedies.

20. LIMITATIONS, SUCCESSORS AND ASSIGNS This Agreement is subject to revision if not executed within ninety (90) days from the date on which it is provided by Company to Customer, or if the fleet rollout specifications are changed from those set forth in Exhibit A, Customer CNG Vehicles Profile and Projection, between the Effective Date and the CNG Service Commencement Date. Neither this Agreement nor any of Customer's rights and obligations hereunder may be assigned by Customer to any third party without the prior written consent of the Company, which consent the Company may withhold in its sole discretion.

21. TERMINATION CHARGE Upon expiration, termination or cancellation of this Agreement for any reason other than a breach or default by the Company, Customer shall be liable to the Company for

(N)

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the payment (in addition to any amounts owing under the Company's Tariff or any other agreement with Customer) of the following amounts (collectively, "Termination Charges"): (i) the entire amount of the unrecovered capital costs and capitalized expenses incurred by the Company in connection with any of the CNG Service Facilities that, in the Company's sole determination, will not be used or usable by the Company in the Company's system within twelve (12) months following such expiration, termination or cancellation for providing compressed natural gas service to customers of the Company (including, without limitation, the Customer), less any salvage value of such equipment, and (ii) the amount of all costs and expenses incurred by the Company in connection with any decommissioning, removal and refurbishment (but only to the extent refurbishment is necessary for use of the equipment on the Company's natural gas system) of the CNG Service Facilities by or for the Company, and (iii) the entire amount of all unrecovered costs and expenses incurred by the Company in connection with installation or maintenance of the CNG Service Facilities. Within sixty (60) days following such expiration, termination or cancellation, the Company shall perform such evaluations and assessments as it may deem necessary or desirable to determine the feasibility of re-using or continuing to use such equipment for natural gas compression service to its retail customers and the Company shall provide to Customer a statement containing the amounts referred to in clauses (i), (ii) and (iii) above, together with such supporting detail developed by the Company for its determination as Customer may reasonable request. Payment by Customer of the amounts set forth in the statement referred to above in this paragraph shall be payable as specified in Rule 9 of the Company's Tariff.

(N)

- 22) **PERFORMANCE ASSURANCE** If at any time Customer is or becomes liable to the Company for the payment of any Termination Charges, or the Company has reasonable grounds for insecurity regarding Customer's performance of its obligation to pay the Termination Charges (including, without limitation, the occurrence of any material adverse change in the creditworthiness of Customer or the rating of any credit or debt of Customer by S&P or Moody's below investment grade), the Company may demand, and Customer shall within five (5) business days following such demand provide to the Company, sufficient security in the form, amount and for the term reasonably acceptable to the Company, including, but not limited to, an irrevocable letter of credit, a prepayment, or cash collateral. Customer shall continue to provide such security for so long as the grounds for the Company's insecurity continue to exist and in accordance with WAC 480-90-118. The amount of any security provided by Customer pursuant to this paragraph shall not be required to exceed the lesser of (a) the present value (as determined by the Company) of the Termination Charges and (b) the amount provided for in WAC 480-90-118(2). For purposes of this Schedule, "S&P" means Standard & Poor's, a division of the McGraw-Hill Companies, Inc., or any successor thereto, and "Moody's" means Moody's Investors Services, Inc. or any successor thereto.
- 23) **NO PARTNERSHIP** This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties or to impose any partnership obligations or liability upon either Party. Further, neither Party shall have any right, power or authority to enter into any agreement or undertaking for or on behalf of, to act as or be an agent or representative of, or to otherwise bind the other Party.
- 24) **NON-WAIVER** No failure or delay of either Party to insist upon or enforce strict performance by the other Party of any provision of this Agreement or to exercise any other right under this Agreement, and no course of dealing or performance with respect thereto, shall be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provision or right in that or any other instance; rather, the same shall be and remain in full force and effect. The express

(N)

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waiver by either Party of any right or remedy under this Agreement in a particular instance or circumstance shall not constitute a waiver thereof in any other instance or circumstance.

- 25) **NO UNSPECIFIED THIRD-PARTY BENEFICIARIES** Except as specifically provided in this Agreement (e.g., in paragraph 12(h)), there are no third-party beneficiaries of this Agreement. Nothing contained in this Agreement is intended to confer any right or interest on anyone other than the Parties, their respective successors and permitted assigns and the third-party beneficiaries specifically identified in this Agreement.
- 26) **AMENDMENT** No change, amendment or modification of any provision of this Agreement or of any exhibit to this Agreement shall be valid unless set forth hereafter in a written amendment to this Agreement or such exhibit signed by both Parties.
- 27) **INVALID PROVISION; CONTINUING VALIDITY** The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. Neither the validity of this Agreement nor the respective rights and obligations of the Parties under this Agreement shall be affected to any extent if Customer ceases to be a customer of the Company during the Term.
- 28) **APPLICABLE LAW** This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the state of Washington (without reference to rules governing conflicts of law), except to the extent such laws may be preempted by the laws of the United States of America.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement as of the date first written above.

PUGET SOUND ENERGY, INC.

By _____

Its _____

CUSTOMER

[_____]

By _____

Its _____

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(N)

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Exhibit B – Technical Services Scope of Work

(N)

1. Mechanical equipment including:

i. _____,

ii. _____,

iii. _____,

iv. _____,

b. Electrical equipment including:

i. _____,

ii. _____,

iii. _____,

iv. _____,

c. Other work including:

i. _____,

ii. _____,

iii. _____,

iv. _____,

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Exhibit C – Location of the Company's CNG Service Facilities at Customer Site

(N)

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Exhibit D – Non-Standard Equipment to this Agreement

(N)

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Exhibit E – Representatives

(N)

1. The Company Representative: _____
 - a. The Company designates, and Customer accepts, the individual named above as the Company's representative for all matters relating to the Company's performance of CNG Service under this Agreement.
 - b. The actions taken by the Company's representative regarding such performance shall be deemed to be the acts of the Company. The Company may at any time, upon written notice to Customer, change its designated representative.
2. Customer Representative: _____
 - a. Customer designates, and the Company accepts, the individual named above as Customer's representative for all matters relating to Customer's obligations under this Agreement.
 - b. The actions taken by Customer's representative shall be deemed to be the acts of Customer. Customer may at any time, upon written notice to the Company, change its designated representative.

Puget Sound Energy, Inc.
For deliveries by overnight delivery:
10885 N.E. 4th Street
Bellevue, WA 98004
For deliveries by mail:
P.O. Box 97034
Bellevue, WA 98009
Fax: [_____]
Attn: [_____]

[Name of Customer]
[Address]
Fax: [_____]
Attn: [_____]

(N)

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