

HIGH INTENSITY LOAD ELECTRIC SERVICE SPECIAL CONTRACT

This High Intensity Load Electric Service Special Contract ("Special Contract"), dated as of the 14th day of September, 2001, is made by and between Qwest ("Customer") and Puget Sound Energy, Inc. a Washington corporation ("Company" or "PSE").

RECITALS

- A. The Company is a public service company engaged in the sale and delivery of electric energy and offers service to Customer under the terms, conditions, and rates set forth in this Special Contract.
- B. Customer desires to obtain service under the terms of this Special Contract.

AGREEMENT

1. **Service.** Company has reasonably determined that Customer meets the criteria for High Intensity Load Electric Service as set forth in this Special Contract. The Company agrees to provide, and Customer agrees to purchase, service under the rates, terms and conditions of this Special Contract. PSE contends, and Customer does not disagree, that this Special Contract satisfies the following regulatory criteria:

- a. this Special Contract does not result in undue discrimination between customers receiving like and contemporaneous service;
- b. this Special Contract provides for the recovery of costs associated with the service;
- c. this Special Contract has rates above the PSE's long run incremental cost and provides some contribution to the common costs for the company;
- d. this Special Contract does not prejudice the competitive business relationship between customers with the special contract and those without;
- e. other ratepayers will receive lower rates because of the special contract; and
- f. this Special Contract is the result of a bargain between PSE and Customer.

2. **Location.** The current address(es) for Location(s) for service under this Special Contract is (are) listed at Section 1 of Exhibit A to this Special Contract.

3. **Term.** The Term of this Special Contract shall commence at 0000 hours on October 1, 2001 and end on the date on which the Special Contract is replaced, eliminated, or extended by final order of the Washington Utilities and Transportation Commission in the Company's next general rate proceeding ("Effective Period") but, absent Commission approval, in no case for a period longer than 24 months starting from the date of Commission acceptance of this Contract. Service to Customer shall not commence, however, unless and until all if the following conditions have been satisfied to the reasonable satisfaction of the Company: (1) this Special Contract has been executed, and (2) all agreements relating to all improvements, upgrades, and additions for Customer have been, or are anticipated to be, executed.

4. **Rates.** Company shall calculate and bill, and Customer shall pay, all charges, rates and credits for electric service pursuant to the rates set forth in Exhibit B to this Special Contract, including but not limited to monthly basic charges, demand and energy charges, reactive power charges, conservation charges, and significant load reduction credits.

5. **Pricing Process and Designation of Load.** At least 60 days prior to the first month in which the Customer projects a monthly energy load for a Premises in excess of 3,650,000 kWh, and updated thereafter semi-annually while this Special Contract remains in effect, the Customer shall notify the Company in writing, providing monthly projections of demand and energy requirements for that month and at least the following 5 months ("Planned Incremental Loads"). Upon receipt of such notice, the Company shall quote price(s) applicable to the Customer's Planned Incremental Loads. Such quotes shall be based on the average of three forward-purchase bids obtained by the Company in the ordinary course of business on the Company's own behalf for 3-to-5 year purchases of firm energy delivered at Mid-Columbia. The Customer shall have the right to review the bids upon executing any confidentiality agreement reasonably requested by the Company. Bid prices shall reflect losses either at high or primary voltage, depending on the Customer's delivery voltage. If the bid prices quoted by the Company include demand/capacity charges (either explicit or implicit) as well as energy charges, the Company shall recalculate the energy price so that the demand/capacity charges are included in that price of Planned Incremental Load energy. The Customer shall have 5 business days after receipt of the Company's quotes in which to make any final adjustments to its Planned Incremental Loads. Thereafter, Customer shall be obligated to purchase all energy priced under this paragraph for service to Customer's Planned Incremental Loads on a monthly take-or-pay basis.

6. **New Dedicated Facilities and Costs.** Customer shall pay all reasonable costs and expenses necessary to study, locate, and install any and all new dedicated transmission, distribution, substation facilities, or other upgrades, additions or improvements to be used by the Company to provide the Customer with Electric Service pursuant to this Special Contract. All such facilities shall be and remain the property of the Company.

A description of all new dedicated facilities is provided in Section 2 of Exhibit A to this Special Contract.

7. **Delivery Voltage.** Customer shall take electric service at the Delivery Voltage designated in Section 4 of Exhibit A to this Special Contract.

8. **Customer Facilities.** The Customer is responsible for procuring, installing and maintaining all facilities, wiring, transformers, switches, cut-outs, protection equipment and other items necessary or convenient to Customer's service beyond the Point of Delivery, and any and all such items shall be of types and characteristics acceptable to the Company. The entire service installation, protection coordination, and the balance of the load between phases shall be subject to approval by the Company. The Company shall offer to lease Customer such facilities as are necessary for Customer to take delivery at or above 50 kV by tendering an equipment rental agreement that recovers the Company's costs, but excluding all costs and expenses for which the Company has been paid by the Customer.

9. **Metering.** Load served under this Special Contract shall be separately metered by meters capable of measuring and recording kW demands (and kVAR demands) on a fifteen (15) (for Primary Voltage) or thirty (30) minute (for High Voltage) integrated basis and measuring energy on a kWh basis. Metering equipment shall be furnished, installed, read, maintained and owned by the Company. Customer may install a meter or metering equipment at its own expense.

10. **Self-Generation.** Any self generation facilities by Customer shall be described in Section 5 of Exhibit A to this Special Contract. Customer shall enter into a parallel operating agreement with Company before interconnecting and operating any such self-generation facilities in parallel with Company's electric distribution system.

11. **Company Tariff Rate Schedules.** This Special Contract is subject to the General Rules and Provisions as set forth in Schedules 80, 120, and 395 (and is subject to other schedules of Electric Tariff G that may apply) as such schedules may be revised from time to time. Any conflict between this Special Contract and the Company's Electric Tariff G Schedule shall be resolved in favor of this Special Contract.

12. **Dispute Resolution.** Prior to commencing any complaint or court proceedings regarding any dispute between Customer and the Company arising under this Special Contract, (i) Customer and the Company shall each make good faith efforts to resolve such dispute pursuant to alternative dispute resolution (“ADR”) procedures consistent with WAC 480-09-465 and (ii) pursuant to the foregoing, Customer and the Company shall make use of ADR procedures to the maximum extent practicable in resolving such dispute.

13. **Notices.** For purposes of all notices under this Special Contract, the Company and Customer each designate the respective person(s) (and contact information) as shown in Exhibit C for such notices to or by such party and acknowledge the authority of such person to act on its respective behalf for purposes of such notices.

Notices shall be considered effective upon receipt. Customer or the Company may change its respective person designated above by giving written notice of such change to the person designated above for the other party.

14. **Successors and Assigns.** This Special Contract shall be binding upon and shall inure to the benefit of the Company and Customer and their respective successors, assigns, purchasers, and transferees.

Company:

PUGET SOUND ENERGY, INC.

By: _____

Its: _____

Date Signed: _____

Customer:

QWEST

By: _____

Its: _____

Date Signed: _____

**EXHIBIT A TO
HIGH INTENSITY LOAD ELECTRIC SERVICE SPECIAL CONTRACT**

1. **Customer Location & PSE Substation.**

[insert facility address]

[insert PSE Substation name]

2. **New Dedicated Facilities.** The following facilities are dedicated to Customer:

3. **Lease Terms.** The following lease terms shall apply to the high voltage dedicated facilities designated in Section 2 of Exhibit A:

4. **Delivery Voltage:** Customer shall take delivery of electric power at a nominal voltage of ____ kV for location(s) as listed in Section 1 of Exhibit A. Customer reserves the right to change this designation during the term of the Special Contract.

5. **Type and Location of Self-Generation.** Customer has installed the following self-generation at the following location:

**EXHIBIT B TO
HIGH INTENSITY LOAD ELECTRIC SERVICE SPECIAL CONTRACT**

Monthly Rates

Component	
Basic Charge	\$150.82/Month
TIER I Power: up to 5 MW	
Demand Charge	<p>High Voltage (delivered at or above 50 kV):</p> <p>\$2.69 per kW of the first 5,000 kVA of Billing Demand</p> <p>Primary Voltage (delivered below 50 kV):</p> <p><u>Oct.-March:</u> \$5.53 per kW of the first 5,000 kVA of Billing Demand</p> <p><u>April-Sept.:</u> \$3.67 per kW of the first 5,000 kVA of Billing Demand</p>
Basic Energy Charge (¢/kWh)	<p>High Voltage (delivered at or above 50 kV):</p> <p><u>Oct.-March:</u> 3.6674 cents per kWh for the first 3,650,000 of energy consumed in a Month</p> <p><u>April – Sept.:</u> 3.4060 cents per kWh for the first 3,650,000 of energy consumed in a Month</p> <p>Primary Voltage (delivered below 50 kV):</p> <p><u>Oct.-March:</u> 4.1851 cents per kWh for the first 3,650,000 of energy consumed in a Month</p> <p><u>April – Sept.:</u> 3.8791 cents per kWh for the first 3,650,000 of energy consumed in a Month</p>
TIER II Power: Planned Power Requirements in excess of 5MW	
Planned Incremental Energy Charge (¢/kWh–planned)	<p>Price for monthly take-or-pay energy designated by Customer for Planned Incremental Load in excess of 3,650,000 kWh in a Month:</p> <p>Average energy price of three bids obtained by Company in response to Customer’s take-or-pay Planned Incremental Load projections, as specified in Monthly Rate Section Paragraph 2, “Planned Electric Service For Incremental Loads In Excess of 5,000 kVA”</p>

TIER III Power: Unplanned Power Requirements in excess of 5MW	
Unplanned Incremental Energy Charge (¢/kWh)	Price for any energy consumed by the Customer in a Month in excess of the sum of 3,650,000 kWh, plus the energy component of its then-current Planned Incremental Load for that month: shall be priced, regardless of actual supply source, at the running cost of the Company's Whitehorn combustion turbine, based on the average cost of natural-gas purchased by the Company for the Month. Company shall provide Customer with an estimate of such running cost at the same time Company provides bid pricing information to Customer in the Planned Incremental Load Pricing process outlined in Monthly Rate Section Paragraph 2.
Billing Demand	<p><u>Billing months of December through March:</u> the highest Demand established during the month.</p> <p><u>Billing months of April through November:</u> the highest Demand established during the month, but no less than 60 per cent of the highest Demand established during the previous peak winter seasons (billing months of December through March).</p> <p>For High Voltage (delivered at or above 50 kV): All demands shall be measured on the highest average 30 minute demand recorded during the month.</p> <p>For Primary Voltage (delivered below 50 kV): All demands shall be measured on the highest average 15 minute demand recorded during the month.</p>
Reactive Power Charge	0.066 cents per reactive kilovolt ampere-hour (KVARH)
Conservation Rider	Rates in this Special Contract are subject to adjustment by Schedule 120 Electricity Conservation Service Rider

**EXHIBIT C TO
HIGH INTENSITY LOAD ELECTRIC SERVICE SPECIAL CONTRACT**

Notice

Notice to Customer:

Name:
Address:
Phone
Fax:
E-mail:

Notice to Company:

Name:
Address:
Phone
Fax:
E-mail: