

Issued: July 24, 2014  
Effective: September 25, 2014  
Attachment "A" to Schedule 138, Page 1

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**PUGET SOUND ENERGY, INC.**

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**Attachment "A" Agreement**

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**Schedule 138 Service Agreement**

**RENEWABLE ENERGY CREDITS PURCHASE AGREEMENT**

This Renewable Energy Credits Purchase Agreement dated as of \_\_\_\_\_ (this "Agreement"), is entered into by and between Puget Sound Energy, Inc. ("PSE") and \_\_\_\_\_ ("Purchaser"). Each of PSE and Purchaser is sometimes referred to herein in the singular as a "Party" and in the plural as the "Parties." Capitalized terms used in this Agreement and not specifically defined herein will have the meanings set forth in the Schedule 138 of PSE's Electric Tariff G (the "Schedule"), pursuant to which this Agreement is entered into.

PSE and Purchaser agree as follows:

**Section 1. Definitions**

Whenever used in this Agreement, the following capitalized terms will have the following respective meanings, unless the particular context clearly requires a different meaning:

"Agreement," "PSE," "Purchaser," "Party," "Parties" and "Schedule" have the respective meanings set forth above.

"Attestation" means, as applicable in PSE's determination, a *Green-e Energy Renewable Generator Registration Form and Attestation* or a *Green-e Energy Renewable Attestation from Wholesale Provider of Electricity or RECs*, each in the latest form currently required by Green-e as of the effective date of any transfer of RECs by PSE to Purchaser pursuant to this Agreement (as then available on the Green-e website), as required for such RECs to be certifiable by Green-e from and after the date on which such RECs are transferred by PSE to Purchaser under this Agreement.

"Bankruptcy" means, with respect to a Party, that such Party: (a) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (b) makes a general assignment, arrangement, or composition with or for the benefit of its creditors; (c) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-

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up or liquidation, and in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed, or restrained in each case within thirty (30) calendar days of the institution or presentation thereof; (d) passes a resolution for its dissolution, winding-up, or liquidation; (e) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian, or other similar official for it or for all or substantially all of its assets; (f) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration, or other legal process levied, enforced, or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed, or restrained, in each case within thirty (30) calendar days thereafter; (g) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an effect analogous to any of the events specified in clauses (a) through (f) (inclusive); or (g) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"Claim" means any third party claim or action, threatened or filed, and whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, reasonable attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination or expiration of this Agreement.

"Effective Date" means the date first written above in this Agreement.

"Environmental Attributes" means, in the generation by a renewable energy generation facility of the electricity that produces Renewable Energy Credits, any and all fuel, emissions, air quality or other environmental characteristics, credits, benefits, reductions, offsets and allowances (including without limitation any CO2 benefits and any emissions offsets, emissions reductions or emissions claims): (a) resulting from the purchase, generation or use of such electricity; (b) resulting from the avoidance of the emission of any gas, chemical or other substance to the air, soil or water attributable to such purchase, generation or use; (c) associated with such renewable energy generation facility's displacement of generation from non-renewable energy resources; or (d) arising out of any state or federal law, rule or regulation (as a result of such generation). Notwithstanding the foregoing, the term "Environmental Attributes" excludes any and all state and federal production tax credits, any investment tax credits, tax incentives or tax grants, and any other tax credits, tax incentives or tax grants which are or will be generated or earned by the renewable energy generation facility.

"Excusable Delay" has the meaning set forth in Section 8.

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“Exercise Notice” has the meaning set forth in Section 2.2.

“Exercise Notice Date” has the meaning set forth in Section 2.2.

“Fixed REC Quantity” has the meaning set forth in Section 2.1.

“Green-e” means the program of Center for Resource Solutions providing consumer protection for the sale of renewable energy and greenhouse gas reductions in the retail market, or its successor program.

“Green-e Certifiable” means, with respect to the RECs purchased and sold pursuant to this Agreement, that such RECs (together with the Attestations for such RECs transferred hereunder) meet all eligibility requirements for certification, and are eligible for certification, by Green-e under the Green-e Energy National Standard applicable to the Generation Period for such RECs from and after the date on which such RECs are transferred by PSE to Purchaser under this Agreement.

“Interest Rate” means a rate equal to two percent (2%) over the per annum rate of interest equal to the prime lending rate as may be published as of the applicable payment due date in the Wall Street Journal under "Money Rates"; provided, that the interest rate will never exceed the maximum lawful rate permitted under applicable law.

“Non-Firm REC Quantity” has the meaning set forth in Section 2.2.

“Renewable Energy Credit,” “REC” and “Credit” have the meanings set forth in PSE’s Schedule 138 to its Electric Tariff G.

“Reporting Rights” means the exclusive right to report ownership of RECs (and the Environmental Attributes that form a part thereof): (i) on any emissions trading, tracking or reporting program (whether present or future, voluntary or involuntary); and (ii) to any agency, authority or other party, including without limitation under Section 1605(b) of the Energy Policy Act of 1992.

“WREGIS” means the Western Renewable Energy Generation Information System or any successor renewable energy tracking program.

“WREGIS Certificate” has the same meaning as “Certificate” as defined by WREGIS in the WREGIS Operating Rules.

“WREGIS Operating Rules” means those operating rules and requirements adopted by WREGIS as of the Effective Date, as subsequently amended, supplemented or replaced (in whole or in part) from time to time.

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**Section 2. Transfer of RECs and Reporting Rights; Purchase Price**

2.1 Promptly following receipt of payment in full therefor, PSE will transfer to Purchaser the quantity of RECs specified below (each such quantity, a "Fixed REC Quantity") and the Reporting Rights associated with such RECs. Such RECs may be sourced from REC quantities acquired by PSE during the calendar year in which each Fixed REC Quantity is purchased by Purchaser pursuant to this Agreement, from any two (2) calendar quarters before such calendar year or from the calendar quarter immediately following such calendar year. The determination of the source of such RECs will be based on the availability from qualified alternative energy resources and the sole discretion of the Company. Subject to, and without limiting the effect of, any provision of the Schedule or any other provision of this Agreement to the contrary, PSE will source such RECs from:

\_\_\_\_\_. Purchaser will purchase from PSE the Fixed REC Quantity on the date(s) set forth below by paying the purchase price therefor. The purchase price for each REC included in a Fixed REC Quantity will be as specified below.

<b>Fixed REC Quantity</b>	<b>Purchase Date</b>	<b>Price per REC (in \$/REC)</b>	<b>Vintage</b>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

2.2 Purchaser will have the option to purchase from PSE an amount of RECs in addition to each Fixed REC Quantity ("Non-Firm REC Quantity"). Purchaser will exercise such option by providing written notice of such exercise ("Exercise Notice") not later than February 14 (or, if such date is not a business day, then the immediately preceding business day) following the Purchase Date for such Fixed Price Quantity, as specified above ("Exercise Notice Date"), after which date such option will terminate and be of no force or effect. Purchaser will specify in the Exercise Notice the requested Non-Firm REC Quantity; provided, that the Non-Firm REC Quantity will not exceed the lesser of (a) five thousand (5,000) RECs or (b) an amount of RECs equal to ten percent (10%) of the Fixed REC Quantity with respect to which such Exercise Notice is provided or such other percentage of such Fixed REC Quantity mutually agreed to in writing by the Parties prior to the Exercise Notice Date; and provided, further, that Purchaser's right to purchase any Non-Firm REC Quantity may be limited based on the unavailability at that time of RECs from

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qualified alternative energy resources, as determined by the Company in its sole discretion. Nothing in this Agreement will limit the availability to Purchaser of RECs under other schedules of PSE's Electric Tariff G. The purchase price for each of the RECs included in a Non-Firm REC Quantity will be as mutually agreed to in writing by Purchaser and PSE prior to the Exercise Notice Date. Promptly following receipt of payment in full therefor, PSE will transfer to Purchaser the Non-Firm REC Quantity and the Reporting Rights associated with such RECs.

**Section 3. Billing and Payment**

- 3.1 PSE will bill Purchaser for each Fixed REC Quantity and Non-Firm REC Quantity purchased under this Agreement (if any) within ten (10) days following the date on which the Parties have agreed in writing to the amount of and the purchase price therefor. Purchaser will pay the billed amount within fifteen (15) days following the billing date therefor, but in any event on or prior to February 28 following the Purchase Date for the related REC, as specified in Section 2.1.
- 3.2 PSE will place the rate schedule number 138E, to represent Schedule 138 under which this Agreement falls, on all of its bills and submit such bills by mailing to the following address:
- [Purchaser]  
[Billing Address]
- 3.3 PSE will be responsible for any and all taxes imposed on the creation, ownership, or transfer of RECs pursuant to this Agreement up to and including the time and place of transfer. Purchaser will be responsible for any and all taxes imposed on the receipt or ownership of such RECs after the time and place of transfer. Each Party will be responsible for the payment of any fees, including brokers' fees (if any), incurred by it in connection with any transactions hereunder.
- 3.4 Any payment due from Purchaser to PSE pursuant to this Agreement will accrue interest at the Interest Rate, from (and including) the date on which such payment is due to (but excluding) the date payment is actually made by Purchaser to PSE.

**Section 4. Transfer of RECs**

- 4.1 As of the Effective Date, Purchaser will elect to accomplish the transfer of RECs pursuant to this Agreement either through Attestation or through WREGIS. Purchaser will make such election by providing written notice thereof to PSE.
- 4.2 If Purchaser elects to accomplish the transfer of RECs through Attestation, the following will apply:

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- (a) On or prior to the date on which any RECs are transferred by PSE to Purchaser under this Agreement, PSE will deliver to Purchaser an Attestation covering the quantity of RECs subject to transfer.
  - (b) Upon delivery of an Attestation to Purchaser, Purchaser will have the sole and exclusive right to disclose the Attestation to any third party.
- 4.3 If Purchaser elects to accomplish the transfer of RECs through WREGIS, the following will apply:
- (a) PSE will accomplish the transfer of RECs pursuant to this Agreement by delivering into Purchaser's WREGIS account one or more WREGIS Certificates evidencing such RECs into Purchaser's WREGIS account.
  - (b) Upon delivery of any WREGIS Certificate to Purchaser, Purchaser will have the sole and exclusive right to disclose such WREGIS Certificate to any third party.
  - (c) Prior to the Effective Date, Purchaser will have established an account with WREGIS in accordance with the WREGIS Operating Rules, and Purchaser will maintain such account throughout the term of this Agreement.
  - (d) PSE will comply with the WREGIS Operating Rules regarding the certification and transfer of such WREGIS Certificates to Purchaser and Purchaser will be given sole title to all such WREGIS Certificates. In addition:
    - (i) Prior to the date on which any RECs purchased and sold under this Agreement are generated, PSE will have registered with WREGIS, at PSE's expense, the renewable energy generation facility from which the electricity associated with such RECs is generated. During the term of this Agreement, PSE will establish and maintain an account with WREGIS. PSE will transfer WREGIS Certificates pursuant to this Agreement as provided in the WREGIS Operating Rules from PSE's WREGIS account to the WREGIS account of Purchaser. PSE will be responsible for all expenses associated with establishing and maintaining PSE's WREGIS account, paying WREGIS Certificate issuance and transfer fees, and transferring WREGIS Certificates from PSE's WREGIS account to Purchaser's WREGIS account.
    - (ii) If WREGIS changes the WREGIS Operating Rules after the Effective Date or applies the WREGIS Operating Rules in a manner inconsistent with this Section 2.10(a) after the Execution Date, the Parties promptly

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will modify this Section 2.10(a) as reasonably required to cause and enable PSE to deliver WREGIS Certificates to Purchaser's WREGIS account.

- 4.4 Notwithstanding any provision of this Agreement to the contrary, PSE will not be prohibited from reporting directly to any regulatory or other governmental agency all electricity generated, emissions or other information related to the operation of any renewable facilities, to the extent PSE is required to report such information by state, local or federal law, regulation, rule or statute, so long as PSE does not report that PSE owns, or otherwise claim ownership of, any of the RECs transferred to Purchaser pursuant to this Agreement.
- 4.5 Purchaser will release, indemnify and hold harmless PSE, its directors, officers, agents, and representatives against and from any and all loss, Claims, actions or suits, including costs and attorney's fees resulting from, or arising out of or in any way connected with the RECs transferred by PSE to Purchaser pursuant to this Agreement, excepting only such loss, Claim, action or suit as may be caused solely by the willful misconduct or gross negligence of PSE, its affiliates, or PSE's and its affiliates' respective agents, employees, directors or officers.

**Section 5. Termination**

- 5.1 PSE will have the right to terminate this Agreement, by providing written notice of such termination to Purchaser and without incurring any liability on account of such termination, if Purchaser ceases to do business, merges or dissolves its corporate or business status.
- 5.2 Either Party will have the right (but not the obligation) to terminate this Agreement, by providing written notice of such termination to the other Party and without incurring any liability on account of such termination, if
- (a) the non-terminating Party materially breaches any of the provisions of this Agreement and such breach is not cured within ten (10) business days (with respect to any payment obligation of Purchaser) or within ten (10) business days (with respect to any non-payment obligation of Purchaser) following non-terminating Party's receipt of written notice of such breach; or
  - (b) in the event of the Bankruptcy of the other Party.
- 5.3 The termination of this Agreement will not affect or excuse the performance of either Party of any obligations incurred hereunder prior to the effective date of such termination or expiration.

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**Section 6. Nondisclosure; Publicity**

- 6.1 Purchaser will not disclose to third parties, without the prior written consent of PSE, any information obtained or developed in connection with the performance by either Party under this Agreement unless:
- (a) the information is known to Purchaser prior to performance of the Services,
  - (b) the information is generally available to the public at the time of disclosure by Purchaser,
  - (c) the information is obtained by Purchaser from a third party who did not receive the same directly or indirectly from PSE or in connection with Purchaser's performance under this Agreement, or
  - (d) the information is legally required to be disclosed, provided that PSE is given reasonable prior notice to enable it to seek a protective order and Purchaser discloses only that information which, in the reasonable judgment of its counsel, is required to be disclosed.

Notwithstanding the foregoing, Purchaser may disclose to third parties, without the prior consent of PSE, information set forth in Section 2 of this Agreement, excluding the purchase price for each REC included in the Fixed REC Quantity and the Non-Firm REC Quantity.

- 6.2 Neither Party will use any name, trademark or service mark of the other Party in any promotional materials without the prior written consent of such other Party, which consent may be withheld in the sole discretion of such other Party. In the event that such other Party consents to the use of its name, trademark, or service mark in any announcement, news release, or promotional materials, all of the contents will be submitted to such other Party's Corporate Communications Department for review prior to publication.

**Section 7. Limitation of Liability**

**WITHOUT LIMITING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY OR PUNITIVE DAMAGES FOR A BREACH OF THIS AGREEMENT, REGARDLESS OF WHETHER THOSE DAMAGES ARE CLAIMED UNDER CONTRACT, WARRANTY, INDEMNITY, TORT OR ANY OTHER THEORY AT LAW OR IN EQUITY.** The provisions of this Section 7 will survive the expiration or termination of this Agreement.



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**Section 8. Excusable Delay**

Neither Party will be liable under this Agreement for, or be considered to be in breach of or default under this Agreement on account of, any delay in or failure of performance, or any delay or failure to transfer or accept the transfer of RECs, due to any cause or condition beyond such Party's reasonable control which such Party is unable to overcome, or to have avoided or overcome, by the exercise of reasonable diligence (such causes or conditions may include but are not limited to: fire, flood, earthquake, volcanic activity, wind, drought and other acts of the elements; court order and act of civil, military or governmental authority; strike, lockout and other labor dispute; riot, insurrection, sabotage and war; breakdown of or damage to facilities or equipment; and act or omission of any person or entity other than such Party and such Party's contractors or suppliers of any tier or anyone acting on behalf of such Party). Any such delay or failure is referred to in this Agreement as an "Excusable Delay." Each Party will give the other Party prompt written notice of any delay which the Party giving notice considers to be an Excusable Delay of its performance. Such notice will include a particular description of the event, cause or condition giving rise to the purported Excusable Delay, the projected duration of the Excusable Delay, and assurances that suspension of performance is of no greater scope and of no longer duration than is required by such event, cause or condition and that reasonable efforts are being used to remedy or overcome such event, cause or condition. Notwithstanding any of the foregoing, neither Party will, on account of any event, cause or condition that otherwise gives rise to a delay or failure of performance by such Party that constitutes an Excusable Delay, be excused for any amount of time from any of its payment obligations under this Agreement.

**Section 9. Miscellaneous.**

9.1 Any notice, request, direction, consent, designation, or other communication under this Agreement will be in writing and will be delivered in person or mailed, properly addressed and stamped with the required postage, to the intended recipient as follows:

If to PSE: Puget Sound Energy, Inc.  
Mail Stop: EST-10E  
P. O. Box 97034  
Bellevue, WA 98009-0868  
Attn: \_\_\_\_\_

If to Purchaser: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Either Party may change its address specified in this section by giving the other Party notice of such change in accordance with this section.

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- 9.2 This Agreement sets forth the entire agreement of the Parties, and supersedes any and all prior agreements, with respect to the subject matter hereof. No change, amendment, or modification of any provision of this Agreement will be valid unless set forth in a written amendment to this Agreement signed by both of the Parties.
- 9.3 Purchaser will not (by contract, operation of law or otherwise) assign this Agreement or any right or interest in this Agreement without PSE's prior written consent which will not be unreasonably withheld. Subject to the foregoing restriction on assignment by Purchaser, this Agreement will be fully binding upon, inure to the benefit of and be enforceable by the successors, assigns and legal representatives of the respective Parties to this Agreement.
- 9.4 Notwithstanding any provision to the contrary contained elsewhere in this Agreement, either Party may assign all or part of this Agreement and any of its rights or obligations hereunder if such assignment is part of the transfer or merger of a substantial portion or the entire business and assets of the transferor.
- 9.5 The failure of either Party to insist upon or enforce strict performance by the other Party of any of the provisions of this Agreement or to exercise any rights under this Agreement will not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon any such provisions in that or any other instance; rather, the same will be and remain in full force and effect.
- 9.6 The invalidity or unenforceability of any provision of this Agreement will not affect the other provisions hereof, and this Agreement will 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 will be affected to any extent if Purchaser ceases to be an electric customer of PSE.
- 9.7 The rights and remedies of either Party set forth in any provision of this Agreement are in addition to and do not in any way limit any other rights or remedies afforded to such Party by any other provisions of this Agreement or by law.
- 9.8 This Agreement may be executed in separate counterparts, each of which when so executed will be deemed to be an original, and all such counterparts together will constitute one and the same instrument. Once signed, any legible reproduction of this document made by reliable means (for example, photocopy or facsimile) will be deemed to be an original.
- 9.9 This Agreement will be interpreted, construed and enforced in all respects in accordance with the laws of the State of Washington, without reference to such state's choice of law principles to the contrary.

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

**[Purchaser]**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Federal Tax ID: \_\_\_\_\_

**Puget Sound Energy, Inc.**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_