

**EXH. RJR-10C
DOCKET UG-23 _____
WITNESS: RONALD J. ROBERTS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

Docket UG-23 _____

**NINTH EXHIBIT (CONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

RONALD J. ROBERTS

ON BEHALF OF PUGET SOUND ENERGY

REDACTED VERSION

MAY 25, 2023

O&M SERVICES AGREEMENT

between

Puget Sound Energy, Inc.

and

NAES CORPORATION

Dated as of

January 27, 2020

**SHADED INFORMATION IS
DESIGNATED AS CONFIDENTIAL PER
WAC 480-07-160**

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O&M SERVICES AGREEMENT

This O&M SERVICES AGREEMENT, dated as of January 27, 2020, is made and entered by and between Puget Sound Energy, Inc., a Washington corporation with offices located at 355 110th Avenue NE, Bellevue, Washington 98004 (as more particularly defined in Article II below, "Owner"), and NAES Corporation, a Washington corporation, with offices located at 1180 NW Maple St., Suite 200, Issaquah, WA 98027 (as more particularly defined in Article II below, "NAES").

RECITALS

- A. Owner is constructing the Facility (as defined in Article II below).
- B. Owner desires to retain NAES for the provision of certain services at the Facility, and NAES is willing to perform such services, all subject and pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, and of the mutual covenants, undertakings and conditions set forth below, the Parties agree as follows:

ARTICLE I - AGREEMENT

1.1 Entire Agreement. This Agreement consists of the recitals, and the terms and conditions set forth in this Agreement, as well as the appendices that are referenced in the table of contents and attached to this Agreement. This Agreement contains the entire agreement between the Parties with respect to NAES provision of Services (defined below) at the Facility and supersedes all prior negotiations, undertakings, agreements, limited notice to proceed terms and business term sheets regarding the Services. Neither Party will be bound by or deemed to have made any representations, warranties, commitments or undertakings, except as expressly stated in this Agreement.

1.2 Relationship of the Parties. Owner is retaining NAES as an independent contractor to provide the Services at the Facility in support of Owner's operation of the Facility. Owner retains the ultimate authority and obligation to determine whether and to what extent the Facility operates, and NAES will never cause the Facility to operate except as expressly directed by Owner or any control authority specified by Owner. NAES has no obligation to upgrade or replace Facility systems except as expressly directed by Owner, nor will it be obligated to spend non-reimbursable funds outside the Project Account to support the Facility except as expressly provided in Appendix A.

ARTICLE II - DEFINITIONS

For all purposes of this Agreement (including the preceding sections and recitals), unless otherwise required by the context in which any defined term appears, capitalized terms have the meanings specified in this Article II. The singular includes the plural, as the context requires. The terms "includes" and "including" mean "including, but not limited to." The terms "ensure" and "reasonable efforts" will not be construed as a guarantee, but will imply only a duty to use reasonable effort and care, consistent with Prudent Operation and Maintenance Practices, and will include reasonable expenditures of money and at least such efforts as NAES would undertake for its own assets, services or maintenance, or for services provided to an Affiliate. "Day" (regardless of capitalization) will mean a calendar day, unless specifically designated as a Business Day. References to articles, sections and appendices mean the articles and sections of, and appendices to, this Agreement, except where expressly stated otherwise.

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person. The term “control” (including related terms such as “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” means this O&M Services Agreement, as the same may be modified or amended from time to time in accordance with its provisions.

“Applicable Law” means any United States federal, state or local laws, regulations, rules, codes, judgments, orders, Permits or other Government Approvals as may be applicable to the Facility, Owner or NAES.

“Asset Manager” has the meaning set forth in Section 5.2.

“Bankruptcy” means, with respect to any Person, a situation in which (i) such Person files a voluntary petition in bankruptcy or is adjudicated as bankrupt or insolvent, or files any petition or answer or consent seeking any reorganization, arrangement, moratorium, composition, readjustment, liquidation, dissolution or similar relief for itself under the present or future applicable United States federal, state or other statute or law relative to bankruptcy, insolvency or other relief for debtors, or seeks or consents to or acquiesces in the appointment of any trustee, receiver, conservator or liquidator of such Person or of all or any substantial part of its properties (the term “acquiesce,” as used in this definition, includes the failure to file a petition or motion to vacate or discharge any order, judgment or decree within thirty (30) days after entry of such order, judgment or decree); (ii) a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against such Person seeking a reorganization, arrangement, moratorium, composition, readjustment, liquidation, dissolution or similar relief under the present or any future United States federal bankruptcy act, or any other present or future Applicable Law relating to bankruptcy, insolvency or other relief for debtors and such decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or a trustee, receiver, conservator or liquidator of such Person is appointed and such appointment remains unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive; (iii) such Person admits in writing its inability to pay its debts as they mature; (iv) such Person gives notice, to any Governmental Authority of insolvency or pending insolvency, or suspension or pending suspension of operations; or (v) such Person makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors (other than in the ordinary course of such party’s business).

“Budget” means a budget adopted or amended pursuant to Section 5.3.

“Business Day” means any day other than a Saturday, Sunday or other day on which banks, in the place where a Party is required to render performance, are not permitted or required to be closed.

“Business Network” has the meaning set forth in Section 3.9.

“Claims” means any and all claims, assertions, demands, suits, investigations, inquiries, and proceedings, including those that are judicial, administrative or third-party.

“Commercial Operations Date” or “COD” means the date on which Owner receives the “Final Completion Certificate” from the EPC Contractor.

“Commissioning and Start-up Services” means those Services to be performed by NAES as described in Section 3.1 and listed in Section II of Appendix A.

“Commissioning and Start-up Fee” means [REDACTED]

“Confidential Information” has the meaning set forth in Section 12.1.

“Draw Request” means a written request delivered by NAES to Owner, consistent with the Budget, that requests Owner to deposit a specified sum in the Project Account to be used to pay Site Costs.

“Due Date” means, with respect to any NAES invoice, the date that is thirty (30) days following the date on which Owner receives such invoice submitted by NAES.

“Effective Date” means the date first above written.

“Emergency” has the meaning set forth in Section 3.7.

“Employee Bonus” has the meaning set forth in Section 5.3.1.2

“Environmental Law” means any United States federal, state or local statute, rule, regulation, order, code, Permit, directive or ordinance and any binding judicial or administrative interpretation or requirement pertaining to (i) the regulation or protection of employee health or safety, public health or safety, or the indoor or outdoor environment; (ii) the conservation, management, development, control or use of land, natural resources, or wildlife; (iii) the protection or use of surface water or ground water; (iv) the management, manufacture, possession, presence, use, generation, treatment, storage, disposal, transportation, or handling of, or exposure to any Hazardous Materials; or (v) pollution (including release of any hazardous substance to air, land, surface water and ground water}, including the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Material Transportation Act, the Resource Conservation and Recovery Act of 1976, the Toxic Substances Control Act, the Federal Water Pollution Control Act, the Clean Water Act, the Clean Air Act, the Occupational Safety and Health Act, any so-called “Superlien” law, all as now or hereafter amended or supplemented, and any regulations promulgated thereunder, and any other similar federal, state, or local statutes, rules and regulations.

“EPC Contract” means that Engineering, Procurement, and Construction Contract, dated as of October 31, 2016, between Owner and EPC Contractor for the engineering, procurement, and construction of the Facility, as may be amended.

“EPC Contractor” means CBI Services LLC, a limited liability company established under the laws of Delaware or the Person that is its successor or assign of its interest in the EPC Contract.

“Environmental Liabilities” has the meaning set forth in Section 10.4.1.

“Escalation Factor” has the meaning set forth in Appendix E.

“Executive Settlement” has the meaning set forth in Section 14.7.3.

“Extraordinary Item” means any purchase order issued by NAES in an amount greater than [REDACTED] or, if an annual blanket purchase order, that NAES reasonably anticipates will exceed [REDACTED] during a Year.

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“Extra Work” means certain Services that may be requested by Owner and, upon agreement, performed by NAES, as more particularly set forth in Section III.4 of Appendix A.

“Facility” means the LNG facility located within the Port of Tacoma, Washington, and includes all structural, mechanical, electrical, controls and safety infrastructure, including the LNG pipeline and bunkering facilities, within the fence line located at the Site and for the benefit of Owner and its Affiliate, all as more fully described in Appendix C.

“Facility Agreements” means this Agreement, the EPC Contract, the LNG Fuel Supply Agreement between Puget Sound Energy, Inc. and Totem Ocean Trailers Express, Inc. dated October 27, 2014; the LNG Fuel Supply Agreement between Owner and Potelco Inc. dated January 22, 2019; the Lease Agreement between Puget Sound Energy, Inc. and the Port of Tacoma dated as of September 4, 2014; applicable Facility Equipment maintenance agreements in effect or entered into from time to time by Owner; Facility Equipment contracts with regard to warranties and equipment design and specifications and portions of the Financing Agreements relevant to this Agreement; and any amendments or modifications to such agreements or new or replacement Facility related agreements in each case copies of which Owner provides to NAES pursuant to Section 4.2.

“Facility Equipment” has the meaning set forth in Section 13.1.

“Facility Manuals” means Facility equipment manuals, system descriptions, system operating instructions, equipment maintenance instructions and pertinent design documentation created by or for the EPC Contractor or Persons manufactured the Facility Equipment, to the extent provided to NAES by Owner pursuant to Section 4.4.1.

“Financing Agreements” means any and all loan agreements, notes, bonds, indentures, security agreements, registration or disclosure statements, subordination agreements, mortgages, deeds of trust, participation agreements and other documents relating to the construction, interim and long-term financing for the construction, operation and maintenance of the Facility and any refinancing thereof (including a lease pursuant to which Owner is the lessee of the Facility) provided by the Lenders, including any and all modifications, supplements, extensions, renewals and replacements of any such financing or refinancing.

“Force Majeure Event” has the meaning set forth in Section 14.6.1.

“Governmental Approval” means any consent, license, approval, exemption, Permit, “no objection certificate” or other authorization of whatever nature that is required to be granted or granted by any Governmental Authority with respect to the siting, construction, operation, service, and maintenance of the Facility in accordance with this Agreement, or otherwise necessary to enable Owner or NAES to exercise its rights, or observe or perform its obligations, under this Agreement.

“Governmental Authority” means any United States federal, state, local or foreign governmental department, commission, board, bureau, authority, agency, court, instrumentality or judicial or regulatory body.

“Hazardous Materials” means (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, and transformers or other equipment that contain dielectric fluid containing polychlorinated biphenyls (“PCBs”); (b) any chemicals, materials or substances that are now or hereafter become defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,”

“extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “pollution,” “pollutants,” “regulated substances,” or words of similar import under Applicable Law; or (c) any other chemical, material, substance or waste declared to be hazardous, toxic or polluting material by any Governmental Authority, exposure to which is now or hereafter prohibited, limited or regulated by any Governmental Authority.

“Home Office Costs” has the meaning set forth in Section 7.2.

“Home Office Personnel” mean the employees of NAES or its subcontractors who are engaged in the provision of the Services, except for Site Personnel.

“Incentive” means a payment from Owner to NAES pursuant to Appendix B.

“Initial Negotiation Period” has the meaning set forth in Section 14.7.2.

“IT Vendor” has the meaning set forth in Section 3.9.

“Late Payment Rate” means a rate of interest per annum equal to the lesser of (i) two percent (2.0%) above the “prime” reference rate of interest quoted to substantial commercial borrowers on ninety (90) day loans by Wells Fargo Bank or (ii) the maximum rate of interest permitted by Applicable Law.

“Labor Costs” means for Site Personnel: (i) wages and salaries (including short term disability, vacation, holidays, or other paid time off in accordance with NAES’s policies and procedures); (ii) overtime pay; (iii) Employee Bonus; (iv) severance payments in accordance with NAES’s policies and procedures; (v) worker’s compensation premiums; (vi) unemployment insurance premiums, (vii) long term disability insurance, group medical, dental and life insurance, retirement plans and other employee benefits premiums; (viii) any other costs of compliance with a collective bargaining agreement; and (ix) employer payroll taxes imposed on any of the above.

“Labor Relations” shall mean negotiation of union labor contracts; development and implementation of special benefit plans or arrangements required by such contracts; management of union grievances, labor arbitration case defense, prosecution, or management; union election activities and campaigns; and other activities related to managing relationships with labor unions and represented members of the Site Personnel.

“Lender” means any entity or entities providing financing or refinancing under the Financing Agreements in connection with construction or permanent financing for the Facility, and their permitted successors and assigns.

“Liabilities” means, collectively, any and all Claims, 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.

“Liquidated Damages” means a payment from NAES to Owner pursuant to Section 7.6 and Appendix B.

“LNG” means liquefied natural gas.

“Maximum Incentive” means the sum of [REDACTED] per Year; provided, however, for any Year that is less than 365 or 366 days, as applicable, such amount shall be reduced pro rata for such partial calendar year period.

“Maximum Liquidated Damages” means the sum of [REDACTED] per Year; provided, however, for any Year that is less than 365 or 366 days, as applicable, such amount shall be reduced pro rata for such partial calendar year period.

“Mechanical Completion Date” means the date on which the Owner receives the “Mechanical Completion Certificate” from the EPC contractor.

“NAES” means NAES Corporation, the second Party named above, and includes its successors and permitted assigns hereunder.

“NAES Environmental Liabilities” has the meaning set forth in Section 10.4.2.

“NAES Indemnitees” has the meaning set forth in Section 10.2.

“NAES Proprietary Information” has the meaning set forth in Section 13.3.

“NAES’s Executive” has the meaning set forth in Section 14.7.2.

“O&M Manuals” means the Facility operation and maintenance procedures and Facility systems descriptions, training, safety, chemistry and environmental manuals, together with the documents and schedules described in such manuals.

“Operational Period” means that period during the Term starting on the Commercial Operations Date and ending with the termination of this Agreement.

“Operational Services” means those Services to be performed by NAES as described in Section 3.1 and listed in Section III of Appendix A.

“Operations Director” has the meaning set forth in Section 5.1.1.

“Operations Fee” means the sum of [REDACTED] per Year; provided, however, for any Year that is less than 365 or 366 days, as applicable, such amount shall be reduced pro rata for such partial calendar year period.

“Operator” means any Person who within the meaning of Applicable Law, operates, controls, or supervises the Facility or any Facility equipment, or any Person who is an officer, director, employee, agent, representative or Affiliate of any such Person. The Parties intend that NAES is not the Operator of the Facility.

“Owner” means Puget Sound Energy, Inc., the first Party named above, and includes its successors and permitted assigns hereunder.

“Owner Indemnitees” has the meaning set forth in Section 10.1.

“Owner’s Executive” has the meaning set forth in Section 14.7.2.

“Party” means a party to this Agreement and “Parties” means, collectively, both Parties to this Agreement, unless the context clearly requires a different construction.

“Permit” means any permit, license, consent, approval or certificate that is required for the operation or maintenance of the Facility or the performance of any Service and includes Permits required under Environmental Laws.

“Person” means any Party, individual, partnership, corporation, association, limited liability company, business trust, government or political subdivision thereof, governmental agency or other entity.

“Plan” means a plan adopted or amended pursuant to Section 5.3.

“Plant Manager” has the meaning set forth in Section 3.5.

“Pre-Commercial Period” means that period commencing on Owner’s delivery of notice to proceed to NAES on October 25, 2019 and ending on the Commercial Operations Date.

“Preliminary Settlement” has the meaning set forth in Section 14.7.2.

“Project Account” has the meaning set forth in Section 7.3.2.

“Prudent Operation and Maintenance Practices” means those practices, methods and acts generally employed in the LNG industry that at the particular time in question, in the exercise of reasonable judgment in light of the facts known at the time the decision in question was being made, would have been expected to accomplish the desired result of such decision consistent with the goals established in a Budget and Plan, and the requirements of Applicable Law. Prudent Operation and Maintenance Practices are not limited to the optimum practices, methods or acts to the exclusion of all others, but rather include a spectrum of possible practices, methods or acts commonly employed in the LNG industry in the United States, including with respect to NAES, taking reasonable actions to provide a sufficient number of Persons who are available and adequately trained to provide Services at the Facility, and timely perform preventive, routine, and non-routine maintenance and repairs, as exemplified and generally described in Appendix A, subject, in all cases, to practices, methods and acts of NAES that are within the scope of the Services provided under this Agreement.

“Renewal Date” means the December 31st next following the fifth (5th) anniversary of the Commercial Operations Date.

“Second Negotiation Period” has the meaning set forth in Section 14.7.3.

“Services” means all the work to be performed by Home Office Personnel or Site Personnel as described or referenced in Sections 3.1 and 3.2 and Appendix A, including the Stand-Up Services, the Commissioning and Start-Up Services and the Operational Services.

“Site” means the land on which the Facility is situated, as more fully described in Appendix C.

“Site Costs” has the meaning set forth in Section 7.3.1.

“Site Personnel” mean those individuals who are employed by NAES in the performance of its obligations under this Agreement and permanently assigned to the Facility Site.

“Standards of Performance” means the standards for NAES’s performance of the Services set forth in Section 3.4.

“Stand-Up Services” means those Services to be performed by NAES as described in Section 3.1 and listed in Section I of Appendix A.

“Term” means the initial term of this Agreement set forth in Section 7.1 together with any extensions made pursuant to Section 7.1.

“Termination Payment” has the meaning set forth in Section 8.4.

“Termination Transition Period” has the meaning set forth in Section 8.6.

“U.S. Dollars” or “Dollars” means United States Dollars, the lawful currency of the United States of America.

“Year” means the calendar year. With respect to the calendar year in which the Commercial Operations Date occurs, a Year will be deemed to begin on the Commercial Operations Date and end on December 31st of such Year. If the Agreement terminates, the final Year will be deemed to end on the date that termination occurs.

ARTICLE III - RESPONSIBILITIES OF NAES

3.1 General. NAES will perform the Services with its Home Office Personnel or Site Personnel, as applicable, to operate and maintain the Facility for Owner in accordance with this Agreement. This Article III sets forth the processes, limitations and standards applicable to NAES's performance of the Services. As further detailed in Appendix A, NAES shall provide certain Services to the Facility during the periods set forth below.

3.1.1 Pre-Commercial Period. NAES has initiated performance of the Stand-Up Services and shall continue such Stand-Up Services until the same are completed. In addition to continuing to perform the Stand-Up Services, NAES shall perform the Commissioning and Start-Up Services as set forth in Section of Appendix A. On the Mechanical Completion Date, NAES shall assume care, custody, and control of the Facility on behalf of the Owner, as contemplated in the EPC Contract, and shall perform such Operational Services as necessary given its assumption of care, custody and control.

3.1.2 Operational Period. Upon the Commercial Operations Date and through the Term, NAES shall perform the Operational Services. The Parties contemplate that, upon the Commercial Operations Date, the Facility will be fully capable of meeting the requirements of the Facility Agreements, Permits and Applicable Law, and the Facility will have demonstrated through performance testing the achievement of the performance guarantees set forth in the EPC Contract. If and to the extent this is not the case, the Parties shall in good faith negotiate changes to this Agreement, including the incentive criteria in Appendix B, such that NAES is not penalized for the Facility's failure to achieve the EPC Contract performance guarantees. NAES will complete any Stand-Up Services and Commissioning and Start-Up Services that are not completed on the Commercial Operations Date as soon as practicable thereafter.

3.2 Procurement.

3.2.1 By Owner. Owner will procure in its own name the following goods and third party services: (i) those required for the disposal of Hazardous Materials from the Facility; or (ii) those services required for major Facility alteration or non-routine maintenance that are not part of the Operational Services or not included in the applicable Budget or agreed upon by the Parties to be performed by NAES as Extra Work. In its sole discretion, Owner may procure in its own name any other goods and third party services for the operation and maintenance of the Facility. Site Personnel will, upon Owner's request, support Owner's procurement function under this Section 3.2.1.

3.2.2 By NAES. NAES will procure in Owner's name goods and third party services required for performance of the Services and otherwise for the operation and maintenance of the Facility, to the extent included in an approved Budget and not procured by Owner under Section 3.2.1. NAES will ensure that such purchase orders are performed by the applicable vendor or contractor. NAES acknowledges that such purchase orders are for the exclusive benefit of Owner and the Facility. NAES will

negotiate with vendors from standard terms and conditions consented to in advance by Owner, including reasonable warranties. NAES will manage the inventory of spare parts and supplies at the Facility provided by Owner.

3.2.3 Non-Budgeted Items. Unless otherwise approved by Owner in writing, NAES will manage purchasing within the overall total spending approved in a Budget. NAES will not make non-budgeted purchases without first receiving Owner's approval.

3.2.4 Extraordinary Items. Notwithstanding that a purchase is contemplated by a Budget, NAES will obtain Owner's written approval prior to procurement of any Extraordinary Item. Owner may elect to directly procure Extraordinary Items.

3.2.5 Affiliate Contracts. If NAES intends to issue a purchase order to an Affiliate or specialty service division of NAES, NAES will first disclose such relationship to Owner. NAES may issue such purchase orders following NAES's receipt of written approval from Owner.

3.3 Operation. NAES will comply with any applicable operation instructions of Owner (or other Person identified by Owner in writing to NAES as being authorized to provide operating instructions). NAES will follow the operating instructions of Owner unless NAES determines, in its reasonable judgment, that so doing would be reasonably likely to be in violation of Applicable Law, in which case it will promptly inform Owner of the potential violation and await further instructions from Owner. NAES will give Owner prompt notice of any inability to make deliveries of LNG from the Facility or conduct vaporization operations required and of NAES's plan to restore operation of the Facility and of any plan by the counter-party (where a Facility Agreement is involved) for Facility operation restoration (if NAES has been notified thereof). In case of any interruption, curtailment or reduction in (i) supplies of natural gas or (ii) supplies of energy, or in case of any other operational constraint imposed on the Facility, NAES will promptly notify Owner and await further instructions from Owner. Upon removal of the constraint, NAES will use its reasonable efforts to restore the availability of the Facility for dispatch. For purposes of this Section, "Operate", "Operation" or "Operating" means any action taken by NAES to perform a specified Facility task or functional mode (e.g. liquefaction, vaporization, bunker, etc.) in accordance with Owner's directive.

3.4 Standards for Performance of the Services. NAES will perform the Services in accordance with (i) the O&M Manuals, (ii) the Facility Manuals, (iii) the applicable Budget and Plan, (iv) Applicable Laws or regulatory requirements, (v) Prudent Operation and Maintenance Practices, (vi) insurer requirements delivered to NAES by Owner in writing, (vii) the requirements in the Facility Agreements and (viii) this Agreement. Subject to the other provisions of this Agreement, NAES will perform the Services and other obligations under this Agreement in a manner consistent with Owner's directions. The Parties acknowledge and agree that actions taken (or not taken) by NAES in accordance with Owner's express direction will be deemed to comply with the Standards of Performance, and NAES will have no liability for acting or refraining to act in accordance with Owner's express directions. The Parties further acknowledge that reference to the Facility Agreements is not intended to and does not make NAES a party to the Facility Agreements or to impose any obligations on NAES under the Facility Agreements.

3.5 Personnel Matters. NAES will be solely responsible for determining the working hours, rates of compensation and all other matters relating to the employment of Site Personnel and Home Office Personnel. NAES will retain sole authority, control and responsibility with respect to its employment policy. NAES shall maintain and enforce a drug and alcohol policy providing for discipline of any Home Office Personnel or Site Personnel under the influence of any dangerous or controlled drug, alcohol or other such substance at any time during such individual's performance of any portion of the Services. NAES shall provide such policy for Owner for review and comment upon request. NAES will submit for

Owner's approval the staffing requirements for the Facility. NAES will submit its selection for the Facility plant manager ("Plant Manager") to Owner, who will have written approval over NAES's selection and retention of such person. NAES will inform Owner prior to replacement of its Plant Manager or Operations Director. NAES will obtain Owner's written approval prior to offering employment to a replacement Plant Manager.

3.6 No Liens or Encumbrances. Provided Owner is current in payments under Article VII, NAES will keep and maintain the Facility free and clear of all liens, Claims and encumbrances resulting from the debts and obligations of NAES or the failure by NAES to perform the Services. For clarity, if the Facility becomes subject to any such liens, Claims or encumbrances during a time at which Owner is not current in payments under Article VII, NAES will cause such liens, Claims and encumbrances to be removed and extinguished immediately upon Owner's becoming current in payments under Article VII.

3.7 Emergency Action. In the event of an emergency affecting the safety, health or protection of, or otherwise endangering, any persons or property located at or about the Facility (an "Emergency"), NAES will take immediate action to prevent or mitigate any damage, injury or loss threatened by such Emergency, and will notify Owner of such Emergency and NAES's response as soon as practicable under the circumstances. To the extent NAES deems reasonable in response to an Emergency, NAES may procure goods and services as necessary to respond to an Emergency, the costs of which will be Site Costs.

3.8 Relationship with EPC Contractor.

3.8.1 Activities in Support of EPC Contractor. During the Pre-Commercial Period, the Services may include the provision of Site Personnel to work under the direction and supervision of the EPC Contractor, in fulfillment of certain Owner obligations under the EPC Contract. Notwithstanding any other provision of this Agreement to the contrary, but provided NAES provides appropriately qualified personnel for this purpose, NAES shall have no liability for acts and omissions of Site Personnel acting under the direction and supervision of the EPC Contractor. Notwithstanding any provisions of Section 10.1 or Section 10.2 to the contrary, Owner shall defend, indemnify and hold harmless the NAES Indemnitees from and against all Liabilities resulting from the acts or omissions of Site Personnel acting pursuant to the direction and supervision of EPC Contractor pursuant to this Section 3.8.1.

3.8.2 Turnover of Facility Systems prior to Mechanical Completion Date. If NAES is requested by Owner to assume responsibility for Facility systems following turnover by the EPC Contractor and in advance of the Mechanical Completion Date, NAES's liability resulting from acts or omissions of Site Personnel operating and maintaining such systems shall be no greater than it would be following the Mechanical Completion Date. Notwithstanding any provision of Section 10.1 or Section 10.2 to the contrary, Owner shall defend, indemnify and hold harmless the NAES Indemnitees from and against all liabilities, damages, claims, demands, judgments, losses, costs, expenses, suits, actions or proceedings (including reasonable fees and disbursements of counsel) resulting from acts or omissions of Site Personnel operating and maintaining such Facility systems prior to the Mechanical Completion Date, except to the extent NAES would be liable to Owner for such acts or omissions following the Mechanical Completion Date.

3.8.3 EPC Contract-related Insurance. Owner shall cause EPC Contractor to name NAES and its Subcontractors as an additional insured to the extent and on such policies as Owner is named an additional insured by EPC Contractor. Owner shall cause EPC Contractor to grant NAES and its Subcontractors a waiver of subrogation to the extent and with respect to such policies as Owner is granted a waiver of subrogation by EPC Contractor.

3.9 Business Computer Network and Cyber-Security. As further provided in Section I of Appendix A, NAES shall develop and procure, consistent with Section 3.2 above, a Facility information technology infrastructure framework (the "Business Network") capable of fulfilling all operational requirements of this Agreement. NAES shall consult with Owner prior to issuing a purchase order to a vendor (the "IT Vendor") for purposes of this Section and shall include in any such order such terms and conditions as Owner may request. NAES shall promptly report to Owner any known security breaches of the Business Network. NAES shall cause the IT Vendor to provide and maintain the Business Network subject to the standards set forth in Appendix F hereof. As provided in Article XIII hereof, Owner shall have title to the Business Network.

ARTICLE IV - ITEMS TO BE PROVIDED BY OWNER

4.1 General. Owner expressly reserves the exclusive authority to make such business and strategic decisions as it deems appropriate from time to time in reference to the operation and maintenance of the Facility. Upon request from NAES, Owner will promptly provide to NAES, at Owner's expense, the information, access, materials, instructions and other items described in this Article IV. All such items will be made available at such times and in such manner as may be reasonably required for the expeditious and orderly performance of the Services by NAES.

4.2 Information. Owner will provide to NAES copies of all Facility Agreements, and any modifications or additional Facility Agreements promptly after execution thereof, as well as all Permits and technical, operational and other Facility information in Owner's possession that supports NAES's performance of the Services. Subject to the Standards of Performance, NAES will be entitled to rely upon any information provided by Owner or any other party in or pursuant to the Facility Agreements in the performance of the Services.

4.3 Access to Facility. Owner will provide NAES access to the Site, and to persons and data at the Facility.

4.4 Other Owner Supplied Items. Owner will make available to NAES the following items:

4.4.1 Facility Manuals. Owner will provide the master copies of the Facility Manuals to NAES for use in development by NAES of the Operations & Maintenance Manuals. Thereafter, Owner will provide NAES with any updates to the Facility Manuals received from equipment manufacturers.

4.4.2 Fuel; Water; Electricity. Owner will arrange to provide and deliver to the Facility fuel, feedstock, water and electricity.

4.4.3 Spare Parts and Supplies. Owner will arrange to provide and deliver to the Facility an inventory of spare parts and supplies.

4.5 Budgeting, Instructions, Approvals. Owner will provide or cause to be provided to NAES all instructions NAES is required to obtain from Owner in accordance with this Agreement. Owner will not unreasonably withhold or delay approvals of Owner required by this Agreement. Owner will make timely and commercially reasonable budgeting decisions to permit NAES to provide the Services and to operate the Facility safely and in accordance with Applicable Law. Owner will not direct NAES to take any action inconsistent with Applicable Law or otherwise adversely affecting the safety, health or protection of any persons or property located at or about the Facility.

4.6 Facility Agreements. Owner will administer and will be responsible for performance of the Facility Agreements; provided, however, that NAES will assist Owner in performing the Facility Agreements. Owner will provide NAES written notice of any changes to requirements under the Facility Agreements or a copy of any agreement modifying or replacing any Facility Agreement.

4.7 Permits. Owner will obtain from the appropriate Governmental Authorities, and will maintain, all Permits for the ownership, operation and maintenance of the Facility. All such Permits will be maintained in Owner's name.

4.8 Environmental Reporting. Owner will serve as the "Responsible Official" for purposes of Clean Air Act permitting and reporting, as "Designated Representative" for purposes of applicable environmental "Cap and Trade" programs requiring such, including the Acid Rain Program, Clean Air Interstate Rule or its replacement and Regional Greenhouse Gas Initiative, as applicable, and as corporate responsible official for other environmental programs, permitting and reporting.

ARTICLE V - REPRESENTATIVES, BUDGETS AND REPORTS

5.1 Representatives of NAES.

5.1.1 NAES Operations Director. Promptly after the Effective Date, NAES will appoint an individual, the "Operations Director" from its Home Office Personnel who will be authorized to represent NAES with Owner concerning NAES's performance of the Services. The Operations Director will also coordinate the Home Office Personnel in supporting the Site Personnel. Except as expressly provided below, NAES is and will be bound by the written communications, directions, requests and decisions made by its Operations Director on its behalf. NAES will notify Owner in writing of the identity of its Operations Director, and of any successors. The Operations Director has no authority to modify, amend or terminate this Agreement or, absent written notice to Owner by NAES to the contrary, to enter into any other agreement on behalf of NAES other than as provided herein.

5.1.2 NAES Plant Manager. The Plant Manager will direct and manage NAES's Site Personnel in the performance of the Services. For issues arising out of the day-to-day administration of the Operational Services, the Plant Manager or his designee may communicate directly with Owner. The Plant Manager has no authority to modify this Agreement.

5.2 Representatives of Owner. Owner will appoint an individual (the "Asset Manager") who will be authorized and empowered to act for and on behalf of Owner on any matters concerning the operation of the Facility, the day-to-day administration of this Agreement and the performance of Owner's obligations hereunder. Except as expressly provided below, Owner will be bound by the written communications, directions, requests and decisions made by the Asset Manager on its behalf regarding the Services. Owner will notify NAES in writing upon the appointment of the Asset Manager, and of any successors. The Asset Manager has no authority to modify, amend or terminate this Agreement or, absent written notice to NAES by Owner to the contrary, to enter into any other agreement on behalf of Owner other than as provided herein.

5.3 Plans and Budgets.

5.3.1 Adoption.

5.3.1.1 Pre-Commercial Period. As soon as practicable following the Effective Date, NAES will deliver to Owner a proposed budget for the accomplishment of the Stand-Up Services and the Commissioning and Start-Up Services. Owner and NAES will then meet to finalize this budget. NAES will not undertake Stand-Up Services or Commissioning and Start-Up Services unless it has received from Owner an approved Budget or other written authorization from Owner to incur Site Costs and Home Office Costs in performing the Stand-Up Services or Commissioning and Start-Up Services.

5.3.1.2 Operational Period. As soon as practicable following the Effective Date, with respect to the initial Year, and one hundred twenty (120) days prior to the beginning of each

subsequent Year, Owner and NAES will cause their respective representatives to meet, and will negotiate in good faith, to reach agreement on the key assumptions for such Year that NAES will use to construct the proposed Budget and Plan with respect to the Services. The key assumptions are LNG deliveries from the Facility, vaporization operations, an inflation factor for Site Costs and the Facility operating profile (Facility capacity factor and production schedule). NAES will structure each Budget on a monthly basis and will project, in detail reasonably acceptable to Owner, all Site Costs and Home Office Costs to be expended in the performance of the Services. Each Plan will state the key assumptions upon which the related Budget is based as well as the implementation plans for the Services, including: (i) anticipated maintenance and repairs, (ii) routine maintenance and overhaul schedules (including planned major maintenance), (iii) procurement, (iv) staffing, personnel and labor activities, including a pool for bonuses for Site Personnel (“Employee Bonus”) and the criteria by which such pool shall be funded by Owner, (v) anticipated administrative activities, (vi) planned capital improvements, and (vii) other work proposed to be undertaken by NAES. NAES will deliver to Owner the proposed next year Budget and Plan on or before June 1 each Year. Owner will review each proposed Budget and Plan within one hundred and fifty (150) days of submission by NAES (or as soon as practicable with respect to the Budget for the initial Year and may, by written request, require changes, additions, deletions and modifications thereto. Owner and NAES will then meet, and will negotiate in good faith, to reach agreement on a final Budget and Plan prior to the commencement of the applicable Year. Each final Budget and Plan will remain in effect throughout the applicable Year, subject to updating, revision and amendment proposed by either Party and consented to in writing by the other Party.

5.3.3 Circumstances Affecting Budget. If either Party becomes aware of facts or circumstances that it believes necessitate a change to a Budget or Plan, that Party will immediately notify the other Party, specifying the impact upon the Budget or Plan and the reasons for the change. The Operations Director or Plant Manager will then discuss appropriate amendments to the Budget with the Asset Manager.

5.3.4 Failure to Agree. The Parties acknowledge that it is necessary that Owner retain ultimate authority with respect to expenses incurred for the Facility. Accordingly, NAES will accept each Budget as finally determined by Owner. To the extent that NAES determines that Owner has unreasonably limited funds for Site Costs and Home Office Costs, NAES will provide written notice to Owner specifically detailing which performance obligations of NAES will be limited or eliminated as a result thereof (taking into account NAES’s obligation to mitigate the effects thereof) in which case NAES will be relieved from performance that would incur such costs; provided that the foregoing shall not limit Owner’s rights and remedies as regards any such action taken by NAES if it is ultimately determined in accordance with the dispute resolution process contemplated by Section 14.7 that Owner was reasonable in its determination as regards such expenditures. NAES will deliver a written report to Owner that describes NAES’s reasons for believing that each disputed expense is prudent.

5.3.5 Notification of Variance. If NAES becomes aware that the aggregate of all Site Costs or Home Office Costs exceeds or will exceed the amount provided in the applicable Budget or that the Facility is operating with any significant deviations or discrepancies from the projections contained in the applicable Plan, NAES will promptly so notify Owner.

5.4 Availability of Operating Data and Records. NAES will deliver Facility data recorded, prepared or maintained by NAES to Owner: (i) to assist Owner in complying with requirements of Governmental Authorities, Permits and Facility Agreements or (ii) upon any request by Owner.

5.5 Litigation and Permit Lapses. Upon obtaining actual knowledge thereof, whether by written, oral or any other form of communication, each Party will use reasonable efforts to provide oral notice to the other Party within the same day such knowledge is obtained and will submit expedited

written notice to the other Party of the following, to the extent relating to the Facility or the Services: (i) any litigation, Claims or actions filed by or with any Governmental Authority; (ii) any actual refusal to grant, renew or extend, or any action filed with respect to the granting, renewal or extension of, any Permit; (iii) all penalties or notices of violation issued by any Governmental Authority; (iv) any dispute with any Governmental Authority that may affect the Facility; and (v) with respect to the matters identified in items (i), (ii), (iii) or (iv), any indication, pendency or threat of such matters, which matters may affect the Facility.

ARTICLE VI - LIMITATIONS ON AUTHORITY

6.1 General Limitations. NAES has no authority to make policies or decisions with respect to the overall operation or maintenance of the Facility as a commercial enterprise. As between Owner and NAES, Owner will determine all such matters. Notwithstanding any provision in this Agreement to the contrary, unless previously approved in a Budget and Plan or otherwise approved in writing by Owner, in connection with NAES's provision of Services hereunder, NAES is prohibited from:

6.1.1 Dispose of Assets. Selling, leasing, pledging, mortgaging, encumbering, conveying, or making any license, exchange or other transfer or disposition of the Facility, the Site or any other property or assets of Owner, including any property or assets purchased by NAES, the cost of which is a Site Cost or a Home Office Cost;

6.1.2 Make Expenditures. Making any expenditure or acquiring on a Site Cost or a Home Office Cost basis any goods or services from third parties, except in conformity with a Budget or as authorized by Owner's Asset Manager; provided, however, that in the event of an Emergency, NAES, without approval from Owner, is authorized to take, and will take, all reasonable actions to prevent or mitigate such threatened damage, injury or loss in accordance with Section 3.7;

6.1.3 Take Other Actions. Taking or agreeing to take any other action or actions that, individually or in the aggregate, materially varies from the applicable Budget and Plan; provided, however, that in the event of an Emergency, NAES, without approval from Owner, is authorized to take, and will take, all reasonable actions to prevent or mitigate such threatened damage, injury or loss in accordance with Section 3.7;

6.1.4 Act Regarding Lawsuits and Settlements. Settling, compromising, assigning, pledging, transferring, releasing or consenting to the compromise, assignment, pledge, transfer or release of, any claim, suit, debt, demand or judgment against or due by Owner or NAES, the cost of which, in the case of NAES, would be a Site Cost or a Home Office Cost hereunder, or submitting any such claim, dispute or controversy to arbitration or judicial process, or stipulating in respect thereof to a judgment, or consent to the same; provided, however, that such prohibition will not apply to, nor will it be construed as a release or waiver of, any of NAES's rights or obligations pursuant to this Agreement or any other agreement between the parties; or

6.1.5 Pursue Transactions. Engaging in any other transaction not permitted under this Agreement.

ARTICLE VII - COMPENSATION AND PAYMENT

7.1 General. Owner will pay NAES, or fund, as applicable, as provided in this Article 7, all Home Office Costs, Site Costs, the Commissioning Start-up Fee and the Operations Fee plus, to the extent earned by NAES, the Incentive, all as further described below.

7.2 Home Office Costs. Owner will reimburse NAES for the following costs reasonably incurred by NAES in performing the Services (the "Home Office Costs"):

- (i) relocation and recruitment expenses for NAES's Site Personnel, subject to the applicable Budget;
- (ii) costs incurred in response to an Emergency;
- (iii) subject to the applicable Budget, time and travel costs for Home Office Personnel when providing the Stand-Up Services at the rates set forth in Appendix D;
- (iv) agreed compensation for the performance of Extra Work;
- (v) subject to the applicable Budget or otherwise approved by Owner, time, at the rates set forth in Appendix D, and expenses of Home Office Personnel performing Labor Relations activities;
- (vi) in lieu of having a plant engineer among the Site Personnel, a fixed amount of [REDACTED] per month for the Facility Engineering Services in Section III.2 of Appendix A, which amount shall be escalated in accordance with Appendix E;
- (vii) subject to the applicable Budget, premiums cost of the insurance maintained by NAES in accordance with Section 9.1;
- (viii) subject to the applicable Budget, third party advisors, consultants, attorneys, accountants and contractors retained and managed by Home Office Personnel in support of the Services, including such costs associated with Labor Relations;
- (ix) the amount of any gross receipts tax imposed on NAES in connection with payments received from Owner pursuant to clause (vi) of Section 7.3.1; and
- (x) any other cost designated by mutual agreement of the Parties as a Home Office Cost pursuant to the terms of this Agreement.

On or before the tenth (10th) Business Day of each calendar month following Owner's issuance of the notice to proceed described in Section 3.1, NAES will invoice Owner for Home Office Costs. The invoice will be supported by time record sheets, receipts and other appropriate documentation. Owner will make payment to NAES of the invoiced amount no later than the Due Date.

7.3 Site Costs.

7.3.1 Definition. "Site Costs" means costs for the following that are approved in a Budget, or are otherwise expressly authorized by the Asset Manager: (i) equipment, material, supplies, consumables, spare parts, replacement components, tools, office equipment and utilities procured by NAES pursuant to Section 3.2.2 for use at the Facility; (ii) special training of Site Personnel conducted on-Site or off-Site and associated travel and living expenses; (iii) third party advisors, consultants, attorneys, accountants and contractors providing work in support of the Services that cannot reasonably be performed by Site Personnel; (iv) Permit compliance; (v) Facility community relations and Labor Relations activities; (vi) Labor Costs; (vii) costs incurred in response to an Emergency; and (viii) any other activity exclusive of those described in Section 7.2 that NAES performs under this Agreement for the benefit of the Facility that are approved in a Budget pursuant to the terms of this Agreement or expressly authorized by the Asset Manager. Goods and services procured by Owner under Section 3.2.1 and Home Office Costs are not Site Costs.

7.3.2 Project Account. NAES will establish a bank account (the "Project Account") in NAES's name into which Owner will deposit amounts to be used to pay Site Costs. Any interest accruing on such Project Account is for the benefit of Owner.

7.3.3 Payment Process. No later than fifteen (15) days prior to the start of each calendar month, NAES will deliver to Owner a Draw Request for sufficient funds for Site Costs as

reasonably anticipated by NAES to become due and payable during the following month (the first Draw Request will be made as soon as practicable following issuance of notice to proceed by Owner). NAES will itemize each Draw Request in reasonable detail. NAES will base each Draw Request upon the applicable Budget and any modifications thereof, and adjust the Draw Request to: (i) credit Owner for amounts deposited in the Project Account in response to previous Draw Requests that have not been spent as of the time of the current Draw Request, except for amounts not yet spent but for which commitments have been incurred; (ii) credit Owner for all interest that has accrued in the Project Account since the most recent adjustment; and (iii) claim all bank charges relating to the Project Account that have accrued since the most recent adjustment. On or before the last day of each month during which a Draw Request is made, Owner will deposit the funds requested in accordance with this Agreement into the Project Account. NAES will pay third party providers of goods and services that are required to provide the Services only from funds provided by Owner via the Project Account, and, except for Home Office Costs which NAES pays and then invoices Owner, never from NAES's own funds.

7.4 Cost Audit. Owner is entitled to conduct an audit and review of NAES's records with respect to all Home Office Costs and Site Costs together with any supporting documentation for a period of seven (7) years from and after the date of the audited payment. If, pursuant to such audit and review, Owner reasonably determines that any amount previously paid by NAES was not properly incurred as a Home Office Cost or Site Cost, NAES will credit such amount (together with interest thereon at the Late Payment Rate from the date originally paid until the date such credit is applied or paid) to Owner in the next subsequent Draw Request or, if the Term has terminated, pay such amount to Owner.

7.5 Fees.

7.5.1 Commissioning and Start-Up Fee. Owner will pay to NAES the Commissioning and Start-Up Fee commencing on the Effective Date and ending on the Commercial Operations Date. On or before the tenth (10th) Business Day of each month following the Effective Date, NAES will submit monthly invoices to Owner for payment of the Commissioning and Start-Up Fee. Owner will pay the Commissioning and Start-Up Fee no later than the Due Date for the applicable invoice. If the Effective Date occurs on a day other than the first day of a calendar month or the Commercial Operations Date occurs on a day other than the last day of a calendar month, NAES will prorate the Commissioning and Start-Up Fee for such month(s).

7.5.2 Operations Fee. Owner will pay to NAES the Operations Fee commencing on the Mechanical Completion Date. The Operations Fee will be paid in monthly installments of one-twelfth (1/12) of such Operations Fee. On or before the tenth (10th) Business Day of each month following the Mechanical Completion Date, NAES will submit monthly invoices to Owner for payment of the Operations Fee. Owner will pay the Operations Fee no later than the Due Date for the applicable invoice. If the Mechanical Completion Date occurs on a day other than the first day of a calendar month or the termination of the Agreement occurs on a day other than the last day of a calendar month, NAES will prorate the Operations Fee installment for such month to reflect the actual number of days in such month that NAES provided Operational Services.

7.6 Incentive/Liquidated Damages. During each Year following the Commercial Operations Date, NAES may earn an Incentive or pay Liquidated Damages to Owner. NAES will calculate the payment by comparing actual Facility and NAES performance to the performance goals defined in Appendix B. NAES will submit its calculation to Owner no later than February 1 following the Year for which the payment is calculated together with an invoice for the Incentive, if any. For each performance criterion set forth in Appendix B, the Incentive allocable to such criterion shall not be reduced (or further reduced) to the extent the failure to achieve the relevant criterion directly results from any Force Majeure Event. Owner

will pay NAES the undisputed portion of the Incentive or NAES will pay Owner the undisputed portion of Liquidated Damages, if any, by the Due Date for the applicable invoice.

7.7 Limitation on Liquidated Damages. If NAES calculates that Liquidated Damages are payable with respect to a given criterion in Appendix B below, NAES will be excused from paying Liquidated Damages or increased Liquidated Damages with respect to such criterion to the extent that such liability for Liquidated Damages directly results from any Force Majeure Event.

7.8 Necessity for Liquidated Damages. The Parties acknowledge and agree that (i) Owner suffers damage due to the failure of NAES to achieve the performance goals of Appendix B, (ii) it is difficult or impossible to determine with precision the amount of damages incurred by Owner as a result of a failure by NAES to achieve the performance goals, (iii) any sums that become payable by NAES to Owner are in the nature of liquidated damages, and not a penalty, and are fair and reasonable, and (iv) such Liquidated Damages represent a reasonable endeavor by the Parties to estimate a fair compensation for the losses that are reasonably anticipated from such failure. Without limiting Owner's remedies for any other default by NAES in the performance of its obligations under this Agreement, liquidated Damages are the sole and exclusive remedy of Owner for the failure of NAES to meet the applicable performance criterion set forth in Appendix B.

7.9 Late Payment. To the extent Owner or NAES fails to pay any amount required to be paid under this Agreement by the Due Date therefore, the unpaid amount will accrue interest each day at the Late Payment Rate from the Due Date until such amount (plus accrued interest) is paid in full.

7.10 Escalation. The Commissioning and Start-up Fee, the Operations Fee, Maximum Incentive and Maximum Liquidated Damages will be escalated annually beginning on January 1 of the Year commencing January 1, 2021 by applying the Escalation Factor to each amount pursuant to the method set forth in Appendix E.

ARTICLE VIII – TERM

8.1 Term. The initial Term commences on the Effective Date to and including the Renewal Date. The Term will extend in increments of one (1) additional Year following the Renewal Date until a Party notifies the other Party of its intent not to extend the Term by written notice delivered at least one (1) Year prior to the Renewal Date or the end of any subsequent Year during the extended Term. Notwithstanding the foregoing, this Agreement and the Term are each subject to earlier termination pursuant to Sections 8.2 and 8.3.

8.2 Termination by Owner. Owner is permitted to terminate this Agreement if any of the following events occur: (i) Bankruptcy of NAES; (ii) payment default by NAES (other than a disputed payment) that NAES fails to cure within ten (10) days after NAES has received written notice of such default; (iii) material default by NAES in performance of its obligations under this Agreement that NAES has failed to cure within thirty (30) days of NAES's receipt of written notice of such failure, provided that, if, in the reasonable opinion of Owner, NAES has made reasonable progress towards curing such default within such thirty (30) day period, then NAES shall have an additional period of time (not to exceed an additional sixty (60) days) to cure such default; or (iv) NAES incurs the maximum liability for Liquidated Damages or the maximum liability under Section 11.2.2. In addition, subject to Section 8.4, Owner will have the right to terminate this Agreement for its convenience after the first anniversary of the Commercial Operations Date upon ninety (90) days' prior written notice to NAES.

8.3 Termination by NAES. NAES is permitted to terminate this Agreement if any of the following events occur: (i) payment default by Owner (other than a disputed payment) that Owner fails to cure within ten (10) days after Owner has received written notice of such default; (ii) Bankruptcy of

Owner; or (iii) default by Owner of any other obligation under this Agreement that has a material effect on NAES's ability to perform the Services and that Owner has failed to cure or make substantial progress in the reasonable opinion of NAES towards curing within thirty (30) days of Owner's receipt of written notice of such failure. In lieu of termination, upon the occurrence of any such event, NAES may suspend the Services or take such other action as it deems reasonable to mitigate its risks pending cure by Owner.

8.4 Termination Payment. As soon as practicable after all cost information is gathered following termination, NAES will invoice Owner for Services rendered by NAES through the termination date, including all Home Office Costs, Site Costs, Commissioning and Start-Up Fee, the Operations Fee and the Incentive, if any, earned through the date of termination but not paid, as such amounts are offset by any Liquidated Damages or other damages due to Owner under this Agreement through such date (collectively, the "Termination Payment"). Owner will pay the invoice for the Termination Payment no later than the Due Date. In the event that Owner exercises its right to terminate for convenience under Section 8.2 above, the Termination Payment will be increased as follows: (i) if such termination is effective during the period before the third (3rd) anniversary of the Commercial Operations Date, an amount equal to [REDACTED] or (ii) if such termination is effective after such third (3rd) anniversary, but before the fourth (4th) anniversary of the Commercial Operations Date, an amount equal to [REDACTED]

8.5 Effect of Termination or Expiration. Upon expiration or termination of this Agreement, NAES will leave at the Facility all documents and records, tools, supplies, spare parts, safety equipment, O&M Manuals, Facility Manuals and any other items provided on a Site Cost or a Home Office Cost basis, all of which will remain the property of Owner without additional charge. If requested by Owner, NAES will execute all documents and take all other reasonable steps as may be necessary to assign to and vest in Owner all rights, benefits, warranties, interests and title in connection with any contracts NAES executed under Section 3.2.2 for the benefit of the Facility.

8.6 Services Upon Termination. Upon notice of termination of this Agreement by either NAES or Owner, unless Owner is then in default on any payment obligations under this Agreement, Owner has the right to specify a period of transition of not longer than one hundred twenty (120) days (the "Termination Transition Period") during which NAES will: (i) continue to provide Services at the Facility in accordance with this Agreement; (ii) cooperate with Owner in planning and implementing a transition to any replacement provider of Facility operation and maintenance services; and (iii) use its reasonable efforts to minimize disruption of Facility operations in connection with such activities. Owner will compensate NAES in accordance with this Agreement during the Termination Transition Period. NAES will permit the new service provider to hire or to contract with the Site Personnel that the new service provider's desires to retain at the Facility. To facilitate employee transfer, NAES will permit the new service provider to interview Site Personnel in a manner and at times that do not interfere with NAES's responsibility to perform the Services.

ARTICLE IX – INSURANCE

9.1 NAES Insurance. NAES shall obtain and maintain the insurance described below under individual or blanket insurance policies. The limits and coverage of the insurance obtained by NAES shall in no way limit the liabilities or obligations assumed by NAES nor shall failure of the Owner to check or fail to identify insurance waive or limit liability. Owner reserves the right to request for copies of policies or endorsements for review. Except with respect to Section 9.1.4, the coverages specified in this Section 9.1 shall be in place on the Effective Date.

9.1.1 Worker's Compensation. Worker's Compensation Insurance meeting Statutory Workers' Compensation, Employer's Liability Insurance, Jones Act Liability and Maritime

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Employers Liability extended to include coverage for U. S. Longshore & Harbor Workers Act. Policy shall contain an Alternate Employers endorsement in favor of Owner and its partners, if insured outside of Washington Labor & Industries state fund. Such insurance shall provide statutory limits for compensation coverage and with minimum limits of \$1,000,000 for employers and maritime employer's liability.

9.1.2 Commercial General Liability (CGL). Commercial General Liability Insurance covering bodily injury and damage to property in connection with operations arising out of the Services provided, on an "occurrence" policy form, including coverage for premises/operations, products/completed operations, and personal injury. Such policy or combination of policies shall have a limit of no less than one million dollars (USD \$1,000,000) per each occurrence, two million dollars (\$2,000,000) general aggregate and two million dollars (\$2,000,000) products and completed operations aggregate.

9.1.3 Pollution Legal Liability. Pollution liability insurance in the amount of at least five million dollars (\$5,000,000) covering gradual, sudden and accidental hazardous material releases (including clean-up costs).

9.1.4 Marine General Liability. Marine General Liability covering bodily injury including wrongful death, third party property damage including loss of use thereof, premises/operations liability, products/completed operations, personal/advertising injury, contractual liability, fire damage legal liability, action over indemnity, sudden and accidental pollution, amended exclusions for care, custody and control and watercraft liability to cover work related to the Facility. Coverage also to extend to cover stevedores' legal liability, wharfinger's legal liability and terminal operators liability (as applicable). Coverage shall be on an occurrence basis and limits of liability shall not be less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate.

9.1.5 Auto Liability. Commercial Automobile Liability Insurance against claims for personal injury (including bodily injury and death) and property damage, including coverage for (i) owned, leased, non-owned and hired automobiles, (ii) loading and unloading, and (iii) the Home Office Personnel and Site Personnel as Insureds with limits not less than one million dollars (\$1,000,000) per accident for combined bodily injury and property damage and containing no-fault insurance provisions where required by state law, covering automobiles used by NAES arising out of Services;

9.1.6 Excess or Umbrella Liability Insurance. Excess or umbrella liability insurance in excess of the CGL, Marine General Liability and Auto Liability insurance described above, on a per occurrence and an aggregate amount of thirty-five million dollars (\$35,000,000); and

9.1.7 Professional Liability. Professional liability for engineering and other professional services with limits of five million dollars (\$5,000,000) per occurrence and in the annual aggregated.

9.2 Owner Insurance. Owner shall obtain and maintain at its expense with insurance carriers it deems reasonable and prudent, or provide confirmation of self-insurance, the insurance described below under individual or blanket policies effective as of the Commencement Date.

9.2.1 Property Insurance. Prior to the Commercial Operations Date, Builder's All Risk Insurance (either directly or through the EPC Contractor), and, following the Commercial Operations Date, property insurance for the Facility, with a deductible amount no greater than five million dollars (\$5,000,000), except no greater than 5% of total insured value for the peril of named windstorm, flood or earth movement, including boiler and machinery insurance, on an "Risks of direct physical loss" basis covering physical loss or damage to all real and personal property of Owner at replacement value of such property, per occurrence.

9.2.2 Commercial General Liability Insurance. Commercial general liability insurance covering third party personal injury and property damage and covering third party liability for damage to property in connection with ownership and operations of the Facility. The coverage referred to herein may be provided through self-insurance, in a single policy or through a combination of policies. Such policy or combination of policies shall have a limit of one million dollars (\$1,000,000) per each occurrence and two million dollars (\$2,000,000) general aggregate and two million dollars (\$2,000,000) products and completed operations aggregate.

9.2.3 Marine General Liability. Marine General Liability covering bodily injury including wrongful death, third party property damage including loss of use thereof, premises/operations liability, products/completed operations, personal/advertising injury, contractual liability, fire damage legal liability, action over indemnity, sudden and accidental pollution, amended exclusions for care, custody and control and watercraft liability to cover work related to the Facility. Coverage also to extend to cover stevedore's legal liability, wharfinger's legal liability and terminal operators' liability (as applicable). Coverage may be on a self-insured basis or via a policy of insurance with limits of liability not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate.

9.2.4 Excess or Umbrella Liability Insurance. Excess or umbrella liability insurance in excess of the liability insurance described above with a per occurrence and a limit amount of thirty-five million dollars (\$35,000,000).

9.2.5 Pollution Insurance. Pollution liability insurance for the Facility in the amount of at least five million dollars (\$5,000,000) covering sudden, accidental, and gradual releases of Hazardous Materials.

9.2.6 Workers' Compensation and Employers Liability. Worker's Compensation Insurance meeting required statutory limits and include coverage for U.S. Longshore & Harbor Workers Act, if applicable, and Employer's Liability insurance with limits per occurrence of one million dollars (\$1,000,000) or a greater amount if required by statute.

9.3 Forms and Content. NAES and Owner will cause all policies, binders or interim insurance contracts with respect to insurance required to be maintained by each Party pursuant to this Article IX to:

9.3.1 Be placed with insurance companies licensed to do business within the State of Washington, and have an A.M. Best rating of at least A- Class VII.

9.3.2 With respect to the liability insurance required to be maintained by each Party hereunder, include as an additional insured Owner Indemnitees and NAES Indemnitees, as the case may be. Additional insured status will apply past completion of the Services and for the period which each Party is legally liable for prior acts.

9.3.3 NAES shall have no obligation to insure the Facility or Owner's property. Owner shall have no obligation whatsoever to insure any of NAES's property.

9.3.4 With respect to the insurance(s) described hereunder, NAES shall cause its insurers to waive any right of subrogation against Owner Indemnitees, and Owner shall cause its insurers to waive any right of subrogation against NAES Indemnitees.

9.4 Additional requirements.

9.4.1 Each Party will be solely responsible for the payment of all deductibles or self-insured retentions on insurance policies obtained by such Party pursuant to this Agreement.

9.4.2 Should any policies be written on a claims-made form, the retroactive date will be prior to the effective date of this agreement and maintained for the period of legal liability or ten (10) years following the last year in which policy provides coverage under the terms of the agreement.

9.4.3 Any subcontractors used by NAES shall be required to carry the same level of insurance described herein, or NAES shall assume responsibility for subcontractors not meeting these limits and terms.

9.5 Failure of Insurance. In the event a Party fails to procure and/or maintain an insurance as required above, an insurance fails for any reason (including breach of policy condition or warranty), and/or an insurer otherwise refuses or is unable to pay, the Party required to procure that insurance shall be deemed an insurer or self-insurer, shall accept and pay claims which would have otherwise been submitted to the failed insurance and shall indemnify and hold harmless (including legal fees and costs) the other Party of and from any loss, damage, expense, claim, liability and/or suit resulting from such failure.

9.6 Certificates; Proof of Loss. On or before the required date for the insurance to be provided hereunder, each Party shall furnish to the other Party appropriate evidence of insurance or certificates of insurance evidencing the insurance required to be maintained hereunder, the additional insured status, and waiver of subrogation provided pursuant to this Agreement. The Party maintaining each insurance policy hereunder shall make all proofs of loss under each such policy and shall take all other actions reasonably required to ensure collection from insurers for any loss under any such policy, except that Owner may require NAES to assist in providing such proof of loss and take such other action on behalf of Owner in the case of the insurance maintained by Owner.

ARTICLE X- INDEMNIFICATION

10.1 NAES Indemnification. Subject to the limitations of liability in Sections 11.1 and 11.2, NAES will indemnify and hold harmless Owner and its Affiliates, and their respective officers, directors, employees, agents and representatives (collectively, the "Owner Indemnitees"), from and against, and no Owner Indemnitee will be responsible for, any and all Liabilities sustained or suffered by any Owner Indemnitee in connection with (a) injury or death or loss of or damage to physical property, to the extent caused by NAES's negligence, willful misconduct, or violation of any Applicable Law or (b) injury or death to third parties or loss of or damage to the property of third parties to the extent caused by NAES's negligence, willful misconduct, or violation of any Applicable Law or willful breach of any representation, warranty or covenant in this Agreement. Any Liabilities paid by NAES pursuant to its indemnity obligation under this Section 10.1 are not Home Office Costs or Site Costs. Notwithstanding anything to the contrary contained herein, and as further set forth in Section 10.3, NAES's indemnification obligations with respect to Environmental Liabilities will be as set forth in Section 10.4.2. For purposes of Section 10.1(a), NAES's inadvertent or non-willful violation of the rules and regulations promulgated by WUTC with respect to the Operator for the Facility are excluded.

10.2 Owner Indemnification. Subject to the limitations of liability in Sections 11.1 and 11.2, Owner will indemnify and hold harmless NAES and its Affiliates, and their respective officers, directors, employees, agents and representatives (collectively, the "NAES Indemnitees"), from and against, and no NAES Indemnitee will have responsibility for, any and all Liabilities sustained or suffered by any NAES Indemnitee in connection with (a) injury or death or loss of or damage to property, to the extent caused by Owner's negligence, willful misconduct or violation of any Applicable Law or (b) injury or death to third parties or loss of or damage to the property of third parties to the extent caused by Owner's negligence, willful misconduct, or violation of any Applicable Law or willful breach of any representation, warranty or

covenant in this Agreement. Notwithstanding anything to the contrary contained herein, Owner's indemnification obligations with respect to Environmental Liabilities will be as set forth in Section 10.4.1.

10.3 Owner Indemnity for Claims that NAES is Operator. Notwithstanding anything to the contrary contained herein, it is understood and agreed that: (i) in the course of performing Services hereunder, neither NAES nor any of its officers, directors, employees, agents, representatives or Affiliates is, has been or will be deemed to be, nor will any such Person have responsibility as, an Operator of the Facilities for purposes of any Applicable Law, including Environmental Law; and (ii) Owner is now and will at all times be deemed to be, and will be solely responsible as, and will take no position inconsistent with its status as, the sole Operator of the Facilities for purposes of any Applicable Law, including Environmental Law. Owner agrees to use its best reasonable efforts to take or cause to be taken all action, to do or cause to be done and to assist and cooperate with NAES in doing all things necessary, proper or advisable to establish that Owner is the sole Operator of the Facility for purposes of any Applicable Law, including Environmental Law, and to defend any Claim that NAES or any of its officers, directors, employees, agents, representatives or Affiliates is an Operator of the Facility for such purposes.

10.4 Environmental Indemnification.

10.4.1 Owner Indemnity for Environmental Liabilities. Subject to the limitations of liability in Sections 11.1 and 11.2, Owner will indemnify and hold harmless the NAES Indemnitees from and against, and no NAES Indemnitees will be responsible hereunder for, any Liabilities, including all civil and criminal fines or penalties and other costs and expenses incurred, assessed or sustained by or against any Person, as a result of or in connection with any matters governed by Environmental Laws directly or indirectly related to or arising out of (i) the design, permitting or construction of the Facility or the condition of the Site, and any adjacent parcels, (ii) the operation, maintenance, ownership, control or use of the Facility or otherwise related to the Facility, including any Claims that NAES is an Operator of the Facility, and (iii) the offsite transportation, treatment or disposal of all wastes generated at the Facility and any properties included within or adjacent to the Site, whether occurring before or after the Effective Date (collectively, "Environmental Liabilities"), including any Environmental Liabilities arising out of (x) any non-compliance by Owner with any condition, reporting requirement or other environmental requirement under any Permit or Environmental Law or other Applicable Law, whether related to air, opacity, water, solid waste or Hazardous Materials, or (y) the actual or alleged existence, generation, use, emission, collection, treatment, storage, transportation, disposal, recovery, removal, release, discharge or dispersal of Hazardous Materials; provided, however, that Owner's indemnification obligations in this Section 10.4.1 will exclude any NAES Environmental Liabilities for which NAES is liable under Section 10.4.2.

10.4.2 NAES Indemnity for Environmental Liabilities. Subject to the provisions of Sections 10.1 and 10.3 and the limitations of liability in Sections 11.1 and 11.2, NAES will indemnify and hold harmless Owner Indemnitees from and against, and no Owner Indemnitee will be responsible hereunder for any Liabilities, including all civil and criminal fines or penalties and other costs and expenses incurred, assessed or sustained by or against any person as a result of or in connection with any matters governed by Environmental Laws to the extent caused by NAES's (i) failure to perform the Services in accordance with the provisions of this Agreement, the other Facility Agreements or Applicable Law, including Environmental Law (including requirements thereunder to meet monitoring and reporting requirements), (ii) any Permit violation attributable to NAES's act or omission that is not consistent with Prudent Operation and Maintenance Practices, or (iii) negligence or willful misconduct (the "NAES Environmental Liabilities"). NAES understands and agrees that any NAES Environmental Liabilities paid by NAES pursuant to this Section 10.4.2 will not be Home Office Costs or Site Costs hereunder.

10.4.3 Governmental Actions. During the Term, NAES will fully cooperate and assist Owner with Owner's acquisition of data and information, and preparation and filing with appropriate Governmental Authorities of any notices, plans, submissions, or other materials and information necessary for compliance with applicable Environmental Laws and the requirements of any Permits related to the Facility. All such environmental reports will be submitted by, and in the name of, Owner and not NAES. All costs associated therewith, including the costs of any outside consultants, legal services, Governmental Authority charges, sampling and remedial work, will be paid by Owner as a Site Cost or reimbursed to NAES as a Home Office Cost, unless such costs are incurred arising out of or associated with NAES Environmental Liabilities that are subject to NAES's indemnity obligation pursuant to Section 10.4.2. Any action taken by NAES pursuant to any such applicable Environmental Law, including proceedings and filings made in connection therewith, will be undertaken, and any Home Office Costs associated with any such compliance action will only be incurred, by NAES with Owner's prior consent, unless a Governmental Authority or Applicable Law requires NAES, in the opinion of NAES's independent legal counsel provided for the benefit of Owner, to incur such costs and expenses prior to obtaining such consent. Nothing contained herein will be construed as requiring NAES to take any corrective action with respect to the operation, maintenance, use or condition of the Facility unless (x) affirmatively and expressly directed in writing to so do by Owner and appropriate funding is made available by Owner, or (y) affirmatively and expressly directed to do so by a Governmental Authority, in order to comply with any Environmental Law, in which case the cost of any corrective actions so undertaken will be deemed an Environmental Liability subject to Owner's indemnity obligation pursuant to Section 10.4.1 hereof (if not otherwise reimbursed as a Home Office Cost hereunder), unless such Environmental Liability arises out of or is associated with NAES Environmental Liabilities subject to NAES's indemnity obligation pursuant to Section 10.4.2.

10.5 Immunity Waiver. In connection with any action to enforce any indemnification obligations under this Article X, each Party hereby waives any immunity, defense, or protection under any workers' compensation, industrial insurance or similar laws (including the Washington Industrial Insurance Act, Title 51 of the Revised Code of Washington). This section will not be interpreted or construed as a waiver of either Party'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. This Section 10.5 was mutually negotiated by the Parties:

10.6 Miscellaneous. Any indemnification payable under this Article 10 shall be net of any insurance proceeds actually paid under the insurance policies required under this Agreement with respect to the circumstances giving rise to the applicable indemnification obligation hereunder. Nothing herein shall be construed so as to relieve any insurer of its obligations to pay any Liabilities in accordance with the terms and provisions of a valid and collectible insurance policy insuring the subject matter or event that is a basis for such loss.

Initialed by:

OWNER

NAES

ARTICLE XI - LIABILITIES OF THE PARTIES

11.1 Limitations of Liability. NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT THAT MAY BE SUSCEPTIBLE TO CONTRARY INTERPRETATION, BUT EXCLUDING ANY THIRD PARTY INDEMNIFICATION OBLIGATIONS ARISING UNDER THE PROVISIONS OF SECTIONS 10.1, 10.2, 10.3 OR 10.4, NEITHER THE PARTIES NOR ANY OWNER INDEMNITEES OR

NAES INDEMNITEES WILL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSS OR DAMAGE, INCLUDING LOSS OF PROFIT, COST OF CAPITAL, LOSS OF GOODWILL, INCREASED OPERATING COSTS, OR ANY SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES. The Parties further agree that the indemnities, waivers and disclaimers of liability, releases from liability and limitations of liability specifically expressed in this Agreement will survive termination or expiration of this Agreement, and will apply in all circumstances, whether in contract, equity, tort or otherwise, regardless of the fault, negligence (in whole or in part), strict liability, breach of contract or breach of warranty of the Party indemnified, released or whose liabilities are limited, and will extend to the Owner Indemnitees and NAES Indemnitees.

11.2 Further Limitation of Liability. NAES's and Owner's liability hereunder will further be limited as follows:

11.2.1 Liquidated Damages. Without limiting Owner's remedies for any other default by NAES in the performance of its obligations under this Agreement, NAES's payment of Liquidated Damages is Owner's sole and exclusive remedy for losses incurred by Owner for any deficiency in NAES's performance of the Services under the applicable performance criteria and metrics set forth in Appendix B, and upon payment thereof by NAES, such remedy will have achieved its essential purpose. Nothing in this Section 11.2.1 will operate to limit Owner's right to terminate this Agreement pursuant to Section 8.2.

11.2.2 NAES's Total Aggregate Liability. The total aggregate liability of NAES to Owner for all Liabilities arising out of any events occurring or Claims made in connection with the performance of the Services under this Agreement in any Year, is [REDACTED] but only to the extent that such liability is not covered by insurance; provided, however, that the foregoing limitation shall not apply to, and no credit shall be issued against such liability limit for (i) any third party indemnity obligation of NAES arising under Section 10.1, (ii) Claims arising from the gross negligence and willful misconduct of NAES, and (iii) NAES's obligations under Section 3.6., each of which shall be unlimited. For the avoidance of doubt, NAES's obligation to pay Liquidated Damages pursuant to Section 7.6 is outside the above limitation.

11.2.3 Owner's Total Aggregate Liability. The total aggregate liability of Owner to NAES for all Liabilities arising out of any events occurring or Claims made in connection with the performance of this Agreement in any Year, is [REDACTED], but only to the extent that such liability is not covered by insurance; provided, however, that the foregoing limitation shall not apply to, and no credit shall be issued against such liability limit for (i) any third party indemnity obligation of Owner arising under Article 10, and (ii) Claims arising from the gross negligence and willful misconduct of Owner, each of which shall be unlimited and (iii) its obligation to pay Site Costs or Home Office Costs, the Commissioning and Start-Up Fee, Operations Fee and Incentive to NAES as provided in this Agreement.

11.2.3 Liability Threshold. Owner hereby releases NAES from Liability (including Liability for acts or omissions of NAES's contractors) to Owner under Section 10.1 or otherwise under this Agreement to the extent such Liability does not exceed [REDACTED] per occurrence. Excluded from this release are (i) any third party indemnity obligations of NAES under Section 10.1, (ii) Liability arising from the gross negligence and willful misconduct of NAES; and (iii) NAES's obligations under Section 3.6.

11.3 No Warranties or Guarantees. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTIES OR GUARANTEES TO THE OTHER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, AND BOTH PARTIES DISCLAIM AND WAIVE

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REDACTED VERSION

ANY IMPLIED WARRANTIES OR WARRANTIES IMPOSED BY LAW, INCLUDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

11.4 Exclusive Remedies. The remedies available to a Party under this Agreement in respect of or in consequence of (i) any breach of contract, (ii) any negligent act or omission, (iii) death or personal injury, or (iv) loss of or damage to any property, are to the exclusion of any other remedy that such Party may have against the other Party under Applicable Law.

ARTICLE XII - CONFIDENTIALITY

12.1 General. During the Term, and for five (5) Years after the expiration or termination of this Agreement, each Party will hold in confidence any Confidential Information supplied by the other Party. "Confidential Information" means with respect to each Party, all written or oral information of a proprietary, intellectual or similar nature, relating to a Party's business, projects, operations, activities or affairs, whether of a technical or financial nature or otherwise (including environmental assessment reports, financial information, business plans and proposals, ideas, concepts, trade secrets, know-how, processes, pricing of services or products, and other technical or business information, whether concerning this Agreement, each Party's respective businesses or otherwise). Each receiving Party further agrees, to the extent requested by the disclosing Party, to require its contractors, vendors, suppliers and employees, agents or prospective purchasers to preserve the confidentiality of Confidential Information. The receiving Party may make necessary disclosures to third parties directly engaged in the operation, ownership or financing of the Facility if such third parties are under an obligation, at least as restrictive as the obligations set forth in this Article XII, to receive and hold such Confidential Information in confidence.

12.2 Exceptions. The provisions of this Article XII do not apply to information within one or more of the following categories:

12.2.1 Public Domain. Information that was in the public domain prior to the receiving Party's receipt or that subsequently becomes part of the public domain by publication or otherwise, except by the receiving Party's wrongful act, or

12.2.2 Prior Receipt. Information that the receiving Party can demonstrate was in its possession prior to receipt thereof from the disclosing Party, or

12.2.2 Third Party Delivery. Information received from a third party having no obligation of secrecy with respect thereto.

12.3 Permitted Disclosure. Notwithstanding the forgoing, any receiving Party required by law, rule, regulation, subpoena or order, or in the course of administrative or judicial proceedings, or in communications with its regulators to disclose Confidential Information that is otherwise required to be maintained in confidence pursuant to this Article XII, may make disclosure notwithstanding the provisions of this Article XII. Prior to doing so, the receiving Party, upon learning of a required disclosure, will notify the disclosing Party of the requirement and cooperate to the maximum extent practicable so as to minimize the disclosure of Confidential Information. Any receiving Party disclosing Confidential Information pursuant to this Section 12.3 will use reasonable efforts, at the disclosing Party's cost, to obtain proprietary or confidential treatment of Confidential Information by the third party to whom the information will be disclosed, and to the extent such remedies are available, will use reasonable efforts to seek protective orders limiting the dissemination and use of Confidential Information. Nothing in this Agreement is intended to prevent the disclosing Party from appearing in any proceedings and objecting to the disclosure.

ARTICLE XIII - TITLE, DOCUMENTS AND DATA

13.1 Materials and Equipment. NAES will ensure that title to all materials, equipment, supplies, consumables, spare parts and other items purchased or obtained by NAES on a Site Cost or Home Office Cost basis ("Facility Equipment") passes to, and vests in, Owner. NAES has no title or other claim to such items. Owner will retain title to all wastes (including Hazardous Materials) generated by NAES's performance of the Services.

13.2 Documents. All O&M Manuals, operational data, Facility drawings, NAES reports and records (both paper and electronic) created by NAES in connection with performance of the Services are the property of Owner. NAES may retain for its records copies of documents prepared by NAES.

13.3 Proprietary Information. Where materials or documents prepared or developed by NAES or its Affiliates, or their respective employees, representatives or contractors, contain proprietary or technical information, systems, techniques or know-how previously developed by them or acquired by them from third parties (the "NAES Proprietary Information"), NAES retains the unrestricted and irrevocable right to use or dispose of such NAES Proprietary Information as NAES deems fit. Notwithstanding the foregoing, Owner has an irrevocable right and license to use such NAES Proprietary Information, without additional charge, to the extent necessary for Owner's operation or maintenance of the Facility at no additional cost to Owner.

ARTICLE XIV - MISCELLANEOUS PROVISIONS

14.1 Assignment. This Agreement is not assignable by a Party without the prior written consent of the other Party, which consent will not be unreasonably withheld, except that this Agreement may be collaterally assigned by Owner without such consent to Lender in connection with Lender's financing of the Facility, may be assigned by any Party to such Party's Affiliates and may be assigned by Owner to the purchaser of the Facility or to its successor or the purchaser in a merger or the sale of all or substantially all of its assets, provided such successor or purchaser has comparable creditworthiness to the Owner. Assignment pursuant to this Section 14.1 will not relieve the assigning Party of any of its obligations under this Agreement. NAES will negotiate in good faith any consent to assignment and such other reasonable documents in connection with an assignment to Lender as Lender may request that does not result in a diminution of NAES's rights or obligations hereunder. All of NAES's costs in connection therewith will be Home Office Costs hereunder (including the fees and disbursements of NAES's attorneys). This Agreement will be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

14.2 Effect of Bankruptcy. In the event of a Bankruptcy, payments required under this Agreement will be deemed to be administrative expenses as defined in 11 USC §503.

14.3 Access and Monthly Meetings. Owner and Lenders and their agents and representatives will have access at all times to the Facility and all Facility operations and any documents, materials and records and accounts relating to the Facility operations. Upon the request of Owner, and its agents and representatives, NAES will provide such Persons with access to all data and logs NAES maintains regarding its provision of Services at the Facility. During any inspection or review of the Facility, Owner and Lenders and their agents and representatives will comply with NAES's safety and security procedures, and will conduct inspections and reviews in such a manner as to cause minimum interference with NAES's activities. NAES also will cooperate with Owner in allowing other visitors access to the Facility. Without limiting the foregoing, not less frequently than one time each month during the Term (or less frequently as the Parties may mutually agree), the Operations Director and the Asset Manager, together with such other representatives of their respective Parties as they deem desirable to attend, will meet in person or

by telephone to review current performance of the Services in accordance with this Agreement (including in respect of the Budget and adherence to the Standards of Performance) by NAES and related data and information. Quarterly during the Term, or more frequently as either of the Parties may request, NAES's Executive and Owner's Executive, or their respective delegates at a higher organizational level than the Operations Director and the Asset Manager, will meet in person or by telephone to review current performance of the Services in accordance with this Agreement (including in respect of the Budget and adherence to the Standards of Performance) by NAES and related data and information.

14.4 Subcontractors. Subcontracting of the Services will not relieve NAES of any of its duties, liabilities or obligations to Owner. Owner has the right, in its sole discretion, to approve the retention of any subcontractors by NAES at any time. Owner consents to NAES's use of The Lisbon Group, LLC as a subcontractor.

14.5 Not for Benefit of Third Parties. Except where a contrary intention is expressly stated herein, this Agreement and each and every provision hereof are for the exclusive benefit of the Parties that executed this Agreement and not for the benefit of any third party; provided, however, that Puget LNG, LLC is an intended third party beneficiary of this Agreement.

14.6 Force Majeure.

14.6.1 Events Constituting Force Majeure. Except as provided in Section 14.6.2, a "Force Majeure Event" is any event that (a) restricts or prevents performance under this Agreement, (b) is not reasonably within the control of the Party affected or caused by the default or negligence of the affected Party and (c) cannot be overcome or avoided by the exercise of reasonable diligence. Force Majeure Events may include failure of a Party to perform due to drought, flood, earthquake, storm, fire, lightning, epidemic, war, terrorism, acts of Governmental Authorities, civil disturbances, sabotage, work stoppages (i.e., strikes), accident or curtailment of supply, unavailability of construction materials or replacement equipment, inability to obtain and maintain Permits from any Governmental Authority for the Facility, restraint by court order, and changes in Applicable Law that affect performance under this Agreement. Except for the obligation of each Party to make payments of amounts owed to the other Party, each Party is excused from performance and will not be considered to be in default in respect to any obligation if performance cannot occur due to a Force Majeure Event. Neither Party will be relieved of its obligations under this Agreement solely because of increased costs or other adverse economic consequences that may be incurred through the performance of such obligations.

14.6.2 Events Not Constituting Force Majeure. Notwithstanding Section 14.6.1, a breakdown or failure of the Facility such that it is unable to meet LNG delivery or vaporization commitments caused primarily due to a NAES failure to properly remedy Facility equipment issues known or reasonably should be known by NAES in an expeditious or reasonable timeframe.

14.6.3 Notice. If a Party's ability to perform its obligations under this Agreement is affected by a Force Majeure Event, the Party claiming such inability will (i) promptly notify the other Party of the Force Majeure Event and its cause and confirm the same in writing within five (5) days of its discovery, (ii) promptly supply such available information about the Force Majeure Event and its cause as reasonably may be requested by the other Party and (iii) use its reasonable best efforts to remove the cause of the Force Majeure Event and to mitigate its effects.

14.6.4 Scope. The suspension of performance arising from a Force Majeure Event will be of no greater scope and no longer duration than necessary. The excused Party will use its reasonable best efforts to remedy its inability to perform.

14.7 Dispute Resolution.

14.7.1 Notice of Dispute. A Party asserting the existence of a dispute will deliver a written dispute notice to the other Party, describing the nature and substance of the dispute and proposing a resolution of the dispute. In the case of a dispute asserted by Owner, the dispute notice will be delivered to the Operations Director. In the case of a dispute asserted by NAES, the dispute notice will be delivered to the Asset Manager.

14.7.2 Initial Negotiation. The Parties will first attempt in good faith to resolve the dispute through negotiations between (i) the Operations Director and (ii) the Asset Manager during the ten (10) Business Days following delivery of the dispute notice (including any agreed extension, the “Initial Negotiation Period”). Upon the written agreement of Operations Director and the Asset Manager, the Initial Negotiation Period may be extended up to an additional ten (10) Business Days. If such negotiations result in an agreement in principle among the negotiators to settle the dispute, they will cause a written settlement agreement to be prepared (a “Preliminary Settlement”). Within the Initial Negotiation Period, such Preliminary Settlement will be signed, dated and submitted for review and approval by an authorized executive officer of NAES (“NAES’s Executive”) and an executive officer of Owner (“Owner’s Executive”), who will, if in agreement with the Preliminary Settlement, endorse their signatures within ten (10) Business Days after the end of the Initial Negotiation Period, whereupon the dispute will be deemed settled, and not subject to further dispute resolution.

14.7.3 Executive Negotiation. If a Preliminary Settlement is not achieved at the conclusion of the Initial Negotiation Period, or the Preliminary Settlement is unacceptable to NAES’s Executive or Owner’s Executive, the Parties will then attempt in good faith to resolve the dispute through negotiations between NAES’s Executive and Owner’s Executive during the ten (10) Business Days (the “Second Negotiation Period”) following the earlier of (x) the date of the Preliminary Settlement or (y) the end of the Initial Negotiation Period, as the case may be, before pursuing any further means of dispute resolution. Upon the written agreement of NAES’s Executive and Owner’s Executive, the Second Negotiation Period may be extended up to an additional ten (10) Business Days. If such negotiations result in an agreement in principle among the negotiators to settle the dispute, they will cause a written settlement agreement to be prepared, signed and dated within the Second Negotiation Period (the “Executive Settlement”), whereupon the dispute will be deemed settled, and not subject to further dispute resolution.

14.7.4 Forum, Fees and Costs. If an Executive Settlement is not achieved at the conclusion of the Second Negotiation Period, any dispute arising out of or relating to this contract, or the breach thereof, either Party may bring an action in a court of competent jurisdiction. In any judicial action brought by a Party to resolve a dispute under this Agreement, the predominantly prevailing Party will be entitled to an award of compensation from the other Party for all costs and expenses, including attorney fees and any costs incurred. The term “predominantly prevailing” will mean (i) in the case of the claimant, that it will have received an award of at least 75% of the amount claimed in the dispute notice; or (ii) in the case of a defendant, that the award to the claimant will have been no more than 25% of amount claimed in the dispute notice. If there is no predominantly prevailing Party, there will be no award of costs and expenses.

14.7.5 Confidential Settlement Context. All negotiations, discussions, offers, counteroffers, data exchanges, proposed agreements and other communications between the Parties in connection with negotiations or other dispute resolution procedures will be Confidential Information. Without limiting the preceding sentence, all such communications will be deemed to be in the context of attempting to settle a disputed claim and will not be construed as an admission or agreement as to the

liability of any Party, nor be admitted in evidence in any related arbitration, litigation or other adversary proceeding.

14.7.6 Limitations on Disputes. The delivery of a dispute notice suspends the running of any statute of limitations applicable to the dispute until fourteen (14) Business Days after the conclusion of the Second Negotiation Period. Except as suspended by the preceding sentence, the time period during which a Party may assert a dispute will run for 365 consecutive days following the termination of this Agreement, and the Parties will be barred from asserting a dispute thereafter.

14.7.7 Exception for Injunctive Relief. Notwithstanding the provisions set forth above in this Section 14.7, the requirement to submit disputes to negotiation will not apply if, and to the extent, that there exists an imminent threat of irreparable injury to a Party and that Party seeks and obtains a temporary restraining order or preliminary injunction in an expedited court proceeding in response to such threat. If the court rejects the application for injunctive relief, then the Party that initiated such action will reimburse the defending Party for its reasonable and documented attorneys' fees and related costs directly related to such court proceedings.

14.8 Amendments. No amendments or modifications of this Agreement are valid unless in writing and signed hereafter by duly authorized representatives of each of the Parties.

14.9 Survival. Notwithstanding any provisions of this Agreement to the contrary, the obligations set forth in Article VII and Article VIII (with respect to payments), Article X and Article XII, Section 14.7 and the limitations on liabilities set forth in Article XI will survive, in full force, the expiration or termination of this Agreement.

14.10 No Waiver. No delay, waiver or omission by Owner or NAES to exercise any right or power arising from any breach or default by Owner or NAES with respect to any of the terms, provisions or covenants of this Agreement will be construed to be a waiver by Owner or NAES of any subsequent breach or default of the same or other terms, provisions or covenants on the part of Owner or NAES.

14.11 Notices. Any written notice required or permitted under this Agreement will be deemed to have been duly given on the date of receipt or refusal of delivery, and will be either delivered personally to the Party to whom notice is given, or mailed to the Party to whom notice is to be given, by facsimile, email, courier service or first class registered or certified mail, return receipt requested, postage prepaid, and addressed to the addressee at the address indicated on the first page of this Agreement and to the attention of the Operations Director if notice to NAES and Asset Manager if notice to Owner, or at the most recent address specified by written notice given in the manner provided in this Section 14.11.

14.12 Representations and Warranties. Each Party represents and warrants to the other Party that, as of the date hereof:

14.12.1 Existence. It is duly organized and validly existing under the laws of the state of its organization and has all requisite power and authority to own its property and assets and conduct its business as presently conducted or proposed to be conducted under this Agreement.

14.12.2 Authority. It has the power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder.

14.12.3 Validity. It has taken all necessary action to authorize its execution, delivery and performance of this Agreement, and this Agreement constitutes the valid, legal and binding obligation of such Party enforceable against it in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or similar laws affecting the rights of creditors or by general equitable principles (whether considered in a proceeding in equity or at law).

14.12.4 No Conflict. Neither the execution or delivery of this Agreement, the performance by such Party of its obligations in connection with the transactions contemplated hereby, nor the fulfillment of the terms and conditions hereof, conflicts with or violates any provision of its constituting documents.

14.12.5 No Consent. No consent or approval (including any Permit that such warranting Party is required to obtain) is required from any third party (including any Governmental Authority) for either the valid execution and delivery of this Agreement, or the performance by such Party of its obligations under this Agreement, except such as have been duly obtained or will be obtained in the ordinary course of business.

14.12.6 No Breach. None of the execution or delivery of this Agreement, the performance by such Party of its obligations in connection with the transactions contemplated hereby, or the fulfillment of the terms and conditions hereof either conflicts with, violates or results in a breach of, any Applicable Law currently in effect, or conflicts with, violates or results in a breach of, or constitutes a default under or results in the imposition or creation of, any lien or encumbrance under any agreement or instrument to which it is a party or by which it or any of its properties or assets are bound.

14.12.7 No Material Claims. It is not a party to any legal, administrative, arbitral or other proceeding, investigation or controversy pending or threatened that would materially adversely affect such Party's ability to perform its obligations under this Agreement.

14.13 Additional Representation and Warranty by NAES. NAES further represents and warrants to Owner that it is fully qualified to provide the Services at the Facility in accordance with the terms of this Agreement.

14.14 Counterparts. The Parties may execute this Agreement in counterparts that, when signed by each of the Parties, constitute one and the same instrument. Thereafter, each counterpart will be deemed an original instrument as against any Party who has signed it.

14.15 Governing Law. This Agreement is governed by and will be construed in accordance with the laws of the State of Washington, exclusive of the conflicts of law provisions thereof.

14.16 Interpretation. Titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend, describe or otherwise affect the scope or meaning of this Agreement or the intent of any provision hereof. All exhibits and appendices attached hereto are considered a part hereof as though fully set forth herein. This Agreement was jointly drafted and negotiated by the Parties. In the event of a dispute, the Agreement will not be construed against either Party based upon its drafting.

14.17 Severability. If any provision of this Agreement, or the application of any such provision to any Person or circumstance, is held invalid by any court or other forum of competent jurisdiction, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it is held invalid, will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in a manner materially adverse to a Party. Upon any such determination of invalidity, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that this Agreement is consummated as originally contemplated to the greatest extent possible.

14.18 Media and Public Relations. Without obtaining the prior consent of Owner, NAES shall not make any press release or public announcement related to the Facility, this Agreement, the Services or the transactions contemplated herein. In addition, if NAES is contacted by members of the press or the

general public about any matters related to the Facility, this Agreement, the Services or the transactions contemplated herein, NAES shall notify Owner of such contact and consult with Owner prior to responding.

<Signature page follows.>

IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized officers as of the date set forth in the preamble to this Agreement.

PUGET SOUND ENERGY, INC.

By: _____

Name: _____

Title: _____

NAES CORPORATION

By: _____

Name: _____

Title: _____

APPENDIX A- SCOPE OF SERVICES

I. STAND-UP SERVICES

The Stand-Up Services shall be performed by a combination of Home Office Personnel and Site Personnel. To the extent performed by Home Office Personnel, the Stand-Up Services shall be compensated on a time and expenses basis as provided in Section 7.2 of the Agreement. To the extent performed by Site Personnel, the Stand-Up Services shall be compensated via the payment of Site Costs as provided in Section 7.3.1 of the Agreement.

I.1 Home Office Personnel Stand-Up Services

A. Mobilization of Stand-Up Team

1. Commence Stand-Up Services designed to enable NAES to initiate Facility Pre-Commissioning, Commissioning and transition to Commercial Operations
2. Stand-Up Team to meet with Owner to collaboratively create & review a proposed Master Stand-Up, Pre-Commissioning, Commissioning & Transition to Operation Plan (the "Plan"). The Plan will include the below listed topics.

- i. HR Requirements
- ii. Qualified Staff sourcing/hiring
- iii. Pre-Commissioning & Commissioning Support
- iv. Training & Qualification
- v. Standard, Abnormal & Emergency Operation Procedures Creation
- vi. Maintenance Program Creation
- vii. Site Safety Program Creation
- viii. Regulatory Compliance Program Creation
- ix. Security Program Creation
- x. Environmental Program Creation
- xi. Administration Program Creation
- xii. Accounting Plan
- xiii. Initial Budget Plan
- xiv. Payroll Plan
- xv. Procurement Process
- xvi. Insurance Requirements
- xvii. Information Systems Plan
- xviii. Management of Change Program Creation
- xix. Heavies Disposal Plan
- xx. Chemistry Monitoring Program Creation
- xxi. Communications Plan
- xxii. Warehousing & Spares Plan

B. HR Requirements Plan

1. A study of the requirements of the Facility and intended operation by reviewing the Facility's design in addition to the operations and maintenance documents provided to the Facility from the EPC Contractor.
2. An organizational chart including administrative support staff, supervision, management and shift employees
3. An intended shift schedule accommodating scheduled Paid Time Off (PTO) and oriented to accommodate TOTE's twice weekly bunkering schedule

4. Division of Responsibilities (DOR) Agreement Framework between NAES's crew and TOTE employees
- C. Qualified Staff Sourcing/Hiring Plan
1. A clear written strategy to ensure that capable shift employees are hired and will be able to execute those tasks outlined via the operations and maintenance documents provided by the EPC Contractor.
 2. A timeline to ensure adequate staff are in-place at the agreed upon dates. This period will serve as pre-commissioning & commissioning support and learning period.
- D. Training & Qualification Plan
1. Outline of an initial training and qualification program to ensure safe and reliable operation of the Facility *prior to Commercial Operations*.
 2. Plan to incorporate system level learning modules, a qualification process to check level of knowledge and hands-on under-instruction operational check outs.
- E. Standard, Abnormal & Emergency Operation Procedures Creation Plan
1. Outline for creating standard & abnormal operations procedures utilizing industry best practices in combination with EPC Contractor's documentation. Outline will include breakdown of required procedures with associated persons responsible for creation.
 2. Emergency procedures will include controllable emergencies (e.g. localized event contained within a zone) and uncontrollable events (e.g., one not able to be controlled by localized means). Outline will include breakdown of required procedures with associated persons responsible for creation.
 3. NAES to designate a Procedures Lead who will serve as liaison between NAES & Owner's Engineering Representative
 4. Owner will designate an Owner's Engineering Representative during the creation & review of operations procedures who will serve as Owner's approval authority for such procedures.
 5. Plan to include collaboration with TOTE and the USCG stakeholders.
- F. Maintenance Program Plan
1. Work with Owner to establish a maintenance framework which incorporates preventive/condition-based maintenance; estimates of corrective maintenance; and, additional maintenance support activities.
 2. Framework to establish maintenance periodicities and ballpark cost estimating.
 3. Plan to incorporate milestone dates for standing up the program.
 4. Upon shift to Commercial Operation, establish a Maintenance Policy Manual containing NAES's maintenance policies incorporating Owner's maintenance philosophy.
- G. Site Safety Program Creation Plan
1. Outline with milestone dates for creating site specific safety plan
 2. NAES's existing Safety Program may be used as framework; however the plan will be site specific and incorporate industry best practices, Tacoma Fire, Port of Tacoma, OSHA/WISHA, PMSHA/WUTC, Coast Guard and Puget Sound Energy Safety requirements as they pertain to LNG operation.
 3. NAES to designate a Safety Program Lead who will serve as liaison between NAES & Owner's Engineering Representative

- H. Regulatory Compliance Program Creation Plan
 1. Work with Owner's Engineering Representative to achieve all necessary regulatory sign-offs prior to initial Facility commercial operation as they pertain to operations, maintenance & emergency procedures. NOTE: This is a critical path requirement. All required manuals and procedures must be in-place for the Facility to be certified by various regulatory stakeholders.
 2. Work with PSE Compliance to create framework for tracking and reporting compliance related matters (OSHA/WISHA, City of Tacoma, Tacoma Fire, WUTC/PMSHA, PSCAA, Coast Guard and all other applicable regulatory entities requirements).
 3. NAES to designate a Compliance Lead who will serve as liaison between NAES & Owner's Engineering Representative.
- I. Physical Security Program Creation Plan
 1. Review of as-built security infrastructure
 2. Create a framework for providing physical security from all probable threats.
 3. Outline with milestones dates for creating Security Program
 4. Security Program will incorporate MARSEC requirements where applicable
 5. NAES to designate a Security Lead who will serve as liaison between NAES & Owner's Engineering Representative
- J. Cyber Security Program Creation Plan
 1. Establish a framework to meet the requirements of Appendix F
- K. Environmental Program Creation Plan
 1. Work with PSE Environmental staff to review all Environmental Risks with Severity Matrix
 2. Create a mitigation, response & reporting plan for each identified risk
 3. Create a Spill Containment & Countermeasure (SPCC) Plan
 4. Outline with milestones dates for creation of Environmental Program
- L. Administrative Program Development
 1. Outline with milestone dates for creation of Administration Program
 2. Implement NAES's administrative programs in the areas of general administration, accounting, payroll, budget and procurement, incorporating Owner's requirements where necessary.
 3. Develop a Management and Compliance Checklist (MCC) to document key operational and reporting requirements, and the dates associated with each
- M. Accounting
 1. Install/implement accounting software.
 2. Train Site Personnel on NAES-implemented accounting program.
 3. Work with Owner's Engineering Representative to establish framework for cash flow between Owner & NAES to include prepayments of accounts, draw requests, month-end reconciliation & close-outs, periodic external auditing, cost pass-thrus, etc.
- N. Initial Budget Plan
 1. Work with Owner and EPC Contractor to evaluate projected fixed and variable costs.
 2. Synchronize and harmonize NAES's standard Home Office budgetary processes to ensure compatibility with Owner's.
 3. Establish Year 1 through Year 5 Capital and O&M budget estimates

4. Develop and issue a progress report format mutually acceptable to Owner and NAES.
 5. Develop and issue a plan for routine and extraordinary communications.
- O. Payroll Plan
1. Setup Site Personnel in payroll system.
 2. Prepare and distribute Facility time card approval and processing procedures.
 3. Train responsible site employee on payroll system.
 4. Computerized Maintenance Management System (CMMS)
 5. Procure NAES's preferred CMMS.
 6. Provide proposal for implementing approved CMMS changes; if approved, configure and install software, populate data, and train on usage, as applicable.
- P. Procurement Process
1. Collaboratively work with Owner to develop & document an official procurement process by which routine and non-routine purchases are justified, competitively bid, cost-estimated, purchased, invoiced and tracked for budget actuals.
- Q. Insurance Requirements
1. Outline with milestone dates for securing required insurance
 2. Obtain insurance policies specific to the Facility and required of NAES's internal polities
 3. Issue certificates of insurance
 4. Ensure Site Personnel are integrated into NAES's worker's compensation insurance program.
- R. Information Systems
1. Evaluate the Facility's as-is information technology infrastructure and source, install & implement the means to maintain a Facility information technology infrastructure framework capable of fulfilling all operational requirements of this Agreement.
- S. Management of Change Program Creation
1. Work with Owner to develop a management of change framework in which future modifications to Facility infrastructure are properly vetted, engineered and documented.
- T. Heavies Disposal Plan
1. Work with Owner and EPC Contractor to determine estimated Liquefaction Heavies production rate during commissioning & initial commercial operation.
 2. Work with Owner to establish process by which Heavies production is monitored and removal from site via truck are coordinated.
- U. Chemistry Program Plan
1. Work with Owner and EPC Contractor to determine chemical evaluation requirements (lubrication oils, amine, glycol, distilled water).
 2. Establish onsite staff-conducted sampling and off-site lab analysis regimes
 3. Plan to incorporate milestone dates for standing up the program.
- V. Communications Plan
1. Work with Owner to establish recurring meetings between NAES and Owner
 2. Create stakeholders communication tree outlining persons responsible for various aspects of Facility operation (i.e. budgeting, contracts, emergencies, etc.)

W. Warehousing & Spares Plan

1. Work with Owner & EPC Contractor to establish a recommended capital spares list
2. Establish an on-Site inventory & warehousing system
3. Plan to incorporate milestone dates for standing up the program.

I.2 Site Personnel Stand-Up Services

A. Initial On-Boarding

1. Facility staff will be hired and in-place by the dates mutually agreed upon in the HR Requirements Plan listed in Section I above.
2. Applicable Facility Staff will attend system level training courses presented by EPC Contractor. Please allot three (3) forty-hour work weeks for entire operations staff for such training.
3. It is the responsibility of the NAES to provide and track all NAES required employee initiation training. Site specific initial training will be addressed as stated in section 2 above.

B. Site Assistance for Programs & Procedures Creation

1. Site personnel to work with Home Office staff, Owner's Engineering Representative and EPC Contractor to establish the following programs and procedures as outlined in section I above.
 - i. Standard, Abnormal & Emergency Operations Procedures
 - ii. Maintenance Procedures.
 - iii. Site Safety Program
 - iv. Site Security Program
 - v. Site Compliance Program
2. Creation of such procedures will utilize & incorporate direct feedback from operations personnel to "fine-tune" the procedures for safe, accurate and efficient operation
3. Procedures will be jointly approved by both Owner and the NAES's Site supervisory staff.

C. Shift to Commercial Operations

1. NAES will have in-place all required personnel for Commercial Operations.
2. NAES will work with off-taker to ensure that all operational procedures are in-place and necessary trial-runs are conducted such that initial LNG bunkering operations are conducted in a manner so as to not delay off-taker's standard bunkering and underway scheduling timelines.

II. PRE-COMMERCIAL SERVICES (COMMISSIONING AND START-UP)

To the extent performed by Home Office Personnel, the Commissioning and Start-Up Services shall be compensated on a time and expenses basis as provided in Section 7.2 of the Agreement and by the Commissioning and Start-Up Fee. To the extent performed by Site Personnel, the Commissioning and Start-Up Services shall be compensated by the Commissioning and Start-Up Fee and the payment of Labor Costs as provided in Section 7.3.1 of the Agreement.

1. Construction Phase
 - a. Quality Assurance/Quality Control (QA/QC)
 - b. Construction Punch Listing
 - c. Document and handover package management
 - d. Facility wide start-up commissioning plan, scope and schedule, etc.
2. Pre-commission & Commissioning Period (estimated May through December 2020)
 - a. Commissioning & Startup (CSU) Lead – Scope, Schedule and Interface Management,
 - b. Assist with the services, including “sign-off” of system, subsystem, and Facility equipment.
 - c. Support interface and contractor management
 - d. Assist with the services, including “sign-off”
 - e. Develop the Ready for Start Up (RFSU) Plan and the Pre-Start Up Safety Review (PSSR)
 - f. Mechanical Lead – P&ID Walkdowns, Witness, Handover Package
 - g. Mechanical tests and support training of operators.
 - h. Electrical, Instrumentation & Controls (EIC) Lead – Witness loop checks, pre-commissioning handover package.
 - i. Document and handover package management
 - j. Perform other non-monetary Facility pre-commissioning and commissioning obligations of Owner under the EPC Contract
3. Start-up
 - a. CSU Lead – Scope, Schedule and Interface Management,
 - b. Assist staff in fine-tuning procedures.
 - c. Facility acceptance and hand-over to Operations (transition to Commercial Operations
 - d. Assist with TOTE procedures and trial runs and USCG and Class witness.
 - e. Perform other non-monetary Facility start-up obligations of Owner under the EPC Contract
4. Performance Testing support

III. COMMERCIAL OPERATIONAL SERVICES

The Operational Services shall be performed by a combination of Home Office Personnel and Site Personnel. To the extent performed by Site Personnel, the Operational Services shall be compensated by the Operations Fee and the payment of Labor Costs as provided in Section 7.3.1 of the Agreement. During the Operational Period, the Operational Services under the “Routine Home Office Personnel Operational Services” heading below shall be compensated by the Operations Fee without additional charge for Home Office Personnel time. The Operational Services under the “Reimbursable Home Office Personnel Services” heading below shall only be performed with the prior written approval of Owner and NAES as to scope and compensation method or included in an Owner-approved Budget. The Operational Services under the “Facility Engineering Services” heading below shall be compensated as provided in Section 7.2(vi) of the Agreement.

III.1 Site Personnel Operational Services

A. Routine Services

3. Consistent with Owner-approved Budget and Plan, NAES will provide Services to optimize all Facility liquefaction, bunkering, truck-rack delivery and gas system peak-shaving operations.

4. Assign work to either Site Personnel or vendors as cost-effective and appropriate based on guidance from Owner. Normally, Site Personnel conduct preventive maintenance and actions requiring a high degree of Facility knowledge while vendors perform tasks needing equipment or expertise that are not cost effective to maintain at the Facility (e.g. code welding, safety valve testing, specialized calibrations). Vendors also perform tasks that aid in minimizing outage time and costs.
- B. Program Implementation
1. Implement NAES's programs, policies, and procedures developed and issued during the Stand-Up Services as part of the Plan.
 2. Implement and fine-tune Facility's operations and maintenance procedures, chemistry regimes, environmental compliance processes, and safety plans.
- C. Routine Checks at Operation
1. Conduct frequent visual equipment inspections and log significant parameters such as pressures, temperatures, and flow rates. Trend and analyze this information as appropriate to determine safe, effective and efficient operation of the Facility.
- D. Routine, Preventative, and Fixed Interval Maintenance
1. Perform routine and preventive maintenance actions on all Facility systems and equipment in accordance with vendor instructions and the Plan.
 2. Using the CMMS database, identify all preventive maintenance requirements.
 3. Schedule and assign routine maintenance during Facility operation, planned outages, and forced or unscheduled outages
 4. Perform predictive maintenance to identify potential equipment failures or oversee performance by third parties, as appropriate in light of Owner-approved Administration Program Creation Plan staffing levels and capabilities of Site Personnel.
- E. Major Maintenance, Corrective Maintenance and Repairs
1. In coordination with and support of the Facility Agreements and operations plan, arrange for scheduled inspections and overhauls on major equipment. Retain vendors for unscheduled repairs as required; manage and oversee all repairs and modifications.
 2. Develop, maintain and implement an on-going five-year outage schedule.
 3. Within the CMMS, identify all maintenance that requires a Facility outage or equipment to be taken out of service.
 4. To the extent consistent with Facility Agreements and Owner direction, manage all Facility outages (planned, unscheduled, forced) to minimize outage duration, impact on production and cost.
 5. Develop and implement a detailed schedule to track all outage work and testing, including corrective maintenance actions, vendor work and scheduled preventive maintenance
 6. Obtain Owner approval of the schedule. Conduct preparations to support this plan, including ordering and receiving all required spare parts.
- F. Facility Administration
1. Budgeting. Prepare annual Budgets and Plan and submit them for Owner approval. Prepare monthly Draw Request and submit to Owner for funding of Project Account. Manage operations to comply with each Budget and Plan. Generate budget variance reports, as required.
 2. Payroll. Collect and review timesheets for accuracy. Enter timesheets into payroll system and submit them to NAES's Home Office Personnel for processing.

3. Procurement. Implement the procurement procedure, which was created as part of the Plan, to maintain an effective and efficient purchasing system. Procure, as agent for Owner, all materials, equipment, chemicals, supplies, services, parts, and other miscellaneous items required for the provision of the Services. Contract using terms and conditions approved by Owner in advance. Utilize the CMMS in all stages of procurement.
4. Accounts Payable. Ensure all vendor invoices and Site Personnel expense reimbursement forms have supporting documents and enter them into accounting system. Make timely payments from the Project Account for all invoices. Ensure monthly reconciliations of Project Account, petty cash, as well as debt or credit card purchases are submitted to Owner.
5. Inventory Control. Implement a cost-effective inventory control system designed to ensure that spare parts, materials, and supplies are properly stored and accounted for and that adequate supplies are available at all times to support the provision of the Services.
6. Personnel Matters.
 - i. In coordination with Home Office Personnel and in compliance with NAES's human resources policies and procedures, execute required human resources processes and address employee matters as they arise.
 - ii. In coordination with the Home Office Personnel, acquire and qualified Site Personnel to maintain the staffing levels and skill mix required for successful long-term provision of the Services Agreement
7. Facilities Housekeeping. Arrange for janitorial, garbage pickup, landscape services, snow removal (if needed), extermination services, and maintain all access roads, office buildings, and other structures in good repair at all times.
8. Reports. Prepare and submit to Owner operation and maintenance service reports as requested relative to performance, maintenance and repair status, Facility operating data, and any other information reasonably requested by Owner.
9. Environmental Data and Reporting. Collect Facility environmental data, including required air and water/waste water monitoring data and permit compliance information, and prepare draft environmental reports for Owner review. Obtain professional environmental support for environmental reports that are new, complex, non-routine (such as state or federal requests or event-triggered reports), or beyond the capabilities of current Site Personnel, as necessary to satisfy permit and regulatory reporting requirements.
10. Environmental Plans. Implement permit or regulatory required environmental plans, such as spill prevention plans, Storm water Pollution Prevention Plans, CEMS QA/QC plans, Greenhouse Gas Monitoring Plans or Accidental Release Prevention/Risk Management Plans, as applicable. Obtain professional environmental support for environmental plan development, modification, renewal or implementation as necessary to satisfy permit and regulatory requirements.
11. Waste and Hazardous Materials. NAES will be responsible for the onsite management of all wastes (including Hazardous Materials) generated by or used transportation, disposal and treatment by Owner of Facility Wastes in accordance with applicable Environmental Law. NAES will assist and consult with Owner concerning the selection of off-site transporters of Facility Wastes and locations of disposal or treatment of Facility Wastes; provided, however, that Owner will be responsible, as "generator" of Facility Waste for selecting and contracting with counterparties

concerning such transportation, disposal or treatment services. All Facility Wastes will be disposed of in the name of the Owner as the “generator” and “arranger” of such waste. NAES hereby agrees to act as Owner’s agent for the purposes of such disposal and will sign or otherwise authorize all such disposal on Owner’s behalf.

12. Security. Implement or arrange for implementation of security measures in accordance with the Owner-approved Facility security plan.

13. Drawings/Manuals Maintenance. Maintain the Facility library and update Facility manuals and vendor service manuals. Update (or arrange for updating) Facility drawings to reflect changes to the as-built configuration. In addition to document management, maintain physical Facility configuration control.

14. Community Relations. In coordination with the Owner, conduct a community relations program to establish the Facility and its Site Personnel as “good citizens” in the local community.

15. Training. Implement a continuing program of training designed to orient new Site Personnel, refresh/cross-train existing Site Personnel, qualify/re-qualify Site Personnel, and keep all Site Personnel aware of Owner-approved Facility safety requirements and emergency procedures.

16. Assistance to Owner. Provide assistance to Owner, as reasonably requested and funded, with the execution of Owner’s duties relative to operation of the Facility. This task includes such activities as the preparation and coordination of warranty Claims and Permit renewals, interacting with Owner’s management and personnel, and interfacing with the local community and authorities in the operation of the Facility (“Facility Wastes”) and will coordinate the off-Site.

III.2 Facility Engineering Services

- A. Monitor Regulatory Compliance
 - 1. Monitor law as it pertains to LNG for compliance purposes
 - 2. Review regulatory reports prepared by site personnel
- B. Monitor Facility Performance
 - 1. Model the Facility for production optimization purposes
 - 2. Remote monitoring (if allowable) (0800 to 1700 Pacific Time M-F)
 - 3. Track performance indicators and evaluate against benchmark facilities
 - 4. Monthly Production Benchmark reports
 - i. Comparison of actual production to Production Baseline Levels (PBL) and Production Target Levels (PTL)
 - ii. Identify targeted operational improvement opportunities
- C. Operator Training / Refresher Training
 - 1. On-site new operator and existing operator refresher training, 1 timely years (5 days)
 - 2. Inclusion of leading indicators, near-miss, and incident reporting programs to tailor periodic training
- D. LNG Engineering Core Team and Technical Authority
 - 1. Consultation on technical and operational issues
 - 2. Support routine Q&A from site personnel
 - 3. Management of Change engineering and safety review
 - 4. Review outage plans

5. Support managing Facility performance, mixed refrigerant composition, amine treating, etc.
 6. Routine trouble shooting and Facility outage support
 7. Promotion of industry Lessons Learned and Best Practices
 8. On-site assessment visits (6 times/year during first year of Operational Period; 4 times/year thereafter)
 9. "On call" industry leading LNG process expertise
- E. Exclusions. See Section III.4 of this Appendix A.

III.3 Routine Home Office Personnel Operational Services

- A. Monitoring of Regulatory Compliance
1. Safety
 - i. Monitoring regulatory developments in safety, and provision of periodic updates to Site Personnel.
 - ii. Maintenance of safety statistics and communication of lessons learned.
 - iii. At least one annual NAES-initiated visit to the Facility to perform safety audits
 - iv. Develop and make available to the Site Personnel standard tools, templates and general safety guidance materials, such as training templates, guidance on implementing programs and updating safety procedures.
 2. Environmental
 - i. Develop and make available to the Site Personnel standard tools, templates and general O&M guidance materials, such as management checklists for federal programs, training templates for federal programs, and guidance on implementing federal programs
 - ii. Monitor regulatory developments in federal environmental law as it pertains to LNG operations and compliance, and provide periodic updates to Site Personnel
 - iii. Conduct one annual Owner-initiated Owner visit to the Facility to perform an environmental program assessment, the scope of which is established by Owner
 3. Operational
 - i. Monitoring regulatory developments in operational & reporting requirements, and provision for periodic updates regarding these compliance matters to Site Personnel.
 - ii. Arranging periodic regulatory stakeholders (WUTC/PHMSA, Tacoma Fire Department, Coast Guard, etc.) meetings and inviting Site Personnel and Owner personnel to attend.
- G. Monitoring of Site Personnel and Facility Performance
1. Oversee Site Personnel training and qualification activities, by updating training program as appropriate, overseeing its implementation, and coordinating for web-based and other training mechanisms
 2. Quality assessment and management of Site Personnel performance and their implementation of Facility programs

3. Oversee program implementation by Site Personnel by implementing the Assessment Process in conjunction with the Plant Manager and by making NAES-initiated Site visits
 4. Review reports prepared by Site Personnel
 5. Conduct Outage plan review and guidance
 6. Tracking of performance indicators and evaluating Facility performance against the equivalent benchmark facilities
- H. Human Resource Functions in Support of Site Personnel
1. Assist Site Personnel in employee management activities, by performing the following activities:
 - i. Recruiting candidates for employment and arranging interviews Developing, maintaining, and communicating human resource policies and procedures
 - ii. Preparing and extending offers of employment
 - iii. Administering of the pre-employment screening and relocation process
 - iv. Conducting Site Personnel employee orientation and benefits enrollment
 - v. Administering of pay and benefits policies and programs
 - vi. Consulting regarding employee performance management, disciplinary action and termination
 - vii. Participating in the Site Personnel complaint and problem resolution process
 2. Developing, maintaining, and communicating human resource policies and procedures
 3. Monitoring changes to employment regulations
- I. Accounting, Procurement, and Insurance
1. Participate in annual Budget and Plan development process.
 2. Perform payroll processing services, other than that performed by Site Personnel; assistance to Site Personnel in usage of payroll software and responses to Site Personnel payroll questions.
 3. Site Personnel expense report processing
 4. Review of NAES invoices for accuracy and validity
 5. Facility participation in preferred vendor pricing initiative managed by Home Office Personnel.
 6. Provision of responses to Site Personnel questions regarding accounting (including MAS support, if applicable), CMMS, and procurement.
 7. Administer worker's compensation program; handle worker's compensation Claims.
 8. Maintain and renew blanket NAES insurance policies as required under Article IX
- J. NAES Fleet Integration (if applicable)
1. Coordinate transmission of know-how/lessons learned among NAES facilities, via email, webinars and regular conference calls among plant managers.
 2. Development and coordination of O&M conferences, conference calls, and webinars.
 3. Maintenance of web-based NAES portal and incident and injury reporting)(F)(6), by performing the following activities assessment.

III.4 Extra Work

The optional Services listed below are exclusions from the Routine Home Office Personnel Operational Services listed in Section III.3 of this Appendix A. Either Party may propose that NAES's Home Office Personnel perform one or more of the Services listed below. Upon the approval of Owner and NAES as to scope and compensation, NAES will make available its Home Office Personnel to perform such Extra Work. For clarity, this Section III.4 applies to work by Home Office Personnel only. To the extent performed by Site Personnel, the below Services shall be compensated by the Operations Fee and the payment of Labor Costs as provided in Section 7.3.1 of the Agreement.

- A. Updates or additions to Facility O&M Manuals, system descriptions, or drawings.
- B. Safety consulting or audits of safety practices.
- C. On-site assistance for regulatory visits
- D. Assistance with regulatory programs
- E. On-site project safety support, requested by Owner
- F. Input of Facility data into Facility information systems, including population and manipulation of CMMS data.
- G. CMMS training or consulting, including development of modification of processes and products outside of the CMMS features available before the Commercial Operations Date, including customization of the user interface or program functionality; development of customized reporting or customized integration solutions.
- H. Temporary fill-in for Site Personnel by Home Office Personnel
- I. On-site Outage support (including yearly turn-around support)
- J. Obtain, maintain and renew insurance policies specific to the Facility or Site and required of NAES under Article IX.
- K. On-site Project Management support, as requested by Owner (including yearly turn-around support)
- L. Site Physical Inventory Support
- M. Legal Support to Facility operations necessitated by occurrences outside NAES's control, including Owner Affiliate bankruptcy and Claims made against Owner in which NAES is not a party
- N. Environmental support for compiling and reviewing environmental reports and plans; customization and population of NAES standard tools and templates; state regulatory tracking, analysis and guidance; review, guidance and direct support on environmental projects and issues related to operations; and general day-to-day compliance support; Environmental consulting, auditing, permitting, developing customized training material or delivering training, environmental plan development or modification (such as Spill Prevention Control and Countermeasure Plans, Storm water Pollution Prevention Plans or Risk Management Plans), specialized Continuous Emissions Monitoring consulting, legacy or pre-existing issues support or Owner business support such as due diligence, asset sale, or strategic regulatory or permitting analysis
- O. Except to the extent included in the baseline services, consulting associated with compliance review and reporting beyond routine requests
- P. Nonroutine (outside 0800 to 1700 Pacific M-F) Engineering or other support for Facility emergencies, operational events,
- Q. Engineering or other support for capital projects or other Facility improvement initiatives
- R. Asset management functions
- S. Maintenance or direct placement services performed by NAES subsidiaries or services division

APPENDIX B – INCENTIVE AND LIQUIDATED DAMAGES PROVISIONS

A. INCENTIVE AND LIQUIDATED DAMAGES

1. Incentive. NAES may earn an Incentive in accordance with such criteria and metrics as are established in this Appendix B. The sum total of the Incentive in respect of any Year is limited to the Maximum Incentive (including escalation of the Maximum Incentive as provided for elsewhere in this Agreement).

2. Liquidated Damages. NAES may incur Liquidated Damages each Year in accordance with such criteria and metrics as are established in this Appendix B; provided, however, that the maximum amount of Liquidated Damages that may be incurred by NAES in any Year is limited to the Maximum Liquidated Damages (including escalation of the Maximum Liquidated Damages as provided for elsewhere in this Agreement).

3. Pro-ration. For any Year that is less than twelve calendar months, the Maximum Incentive (or Maximum Liquidated Damages) will be reduced by multiplying the then current Maximum Incentive (or Maximum Liquidated Damages) amount by the number of days in such partial Year as divided by the total number of days in that calendar year.

4. Criteria and metrics. The incentive payment earned by NAES as an Incentive, or payable by NAES as Liquidated Damages in a given Operating Year will be calculated using the following formula:

$$IP = \text{[REDACTED]}$$

where:

“IP” = the incentive payment for the Year.

“SF” = the Safety Factor for the Year, calculated in accordance with Section 4.1.

“EF” = the Environmental Factor for the Year, calculated in accordance with Section 4.2.

“T” = the Truck Loading Factor for the Year, calculated in accordance with Section 4.3.

“VAP” = the Vaporization Factor for the Year, calculated in accordance with Section 4.4.

“B” = the Ship Bunkering Factor for the Year, calculated in accordance with Section 4.5

“MB” = the Maximum Incentive for the Year, as escalated and pro-rated, if applicable.

If IP is a positive number, NAES will be entitled to receive this amount as an Incentive payment for the relevant Year, provided that in no event, will such Incentive exceed the Maximum Incentive attributable to such Year. If the IP is a negative number, NAES will pay Owner Liquidated Damages in this

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amount for the relevant Year, provided that in no event, will such Liquidated Damages exceed the Maximum Liquidated Damages attributable to such Year.

4.1 Safety Factor.

The Safety Factor is determined based upon the [REDACTED] below using the following equation: [REDACTED]

4.1.1 [REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

a) [REDACTED]

[REDACTED]

b) [REDACTED]

[REDACTED]

c) [REDACTED]

[REDACTED]

d) [REDACTED]

[REDACTED]

e) [REDACTED]

[REDACTED]

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4.1.2

4.2 Environmental Factor.

The Environmental Factor is based upon [REDACTED] below using the following equation: [REDACTED]

4.2.1

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

4.2.2

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

a)

b)

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[REDACTED]

4.3 Truck Loading Factor.

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

4.4 Vaporization Factor.

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

4.5 Ship Bunkering Factor.

[REDACTED]

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[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]



B. EMPLOYEE BONUS

NAES will pay its Site Personnel an Employee Bonus pursuant to Section 7.3.1 of the Agreement from a pool funded by Owner as determined in accordance with criteria to be agreed during the Budget and Plan process described in Section 5.3.1.2.

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APPENDIX C - FACILITY DESCRIPTION AND SPECIFICATIONS

1. LOCATION

1001 E. Alexander Ave., Tacoma, WA 98421

2. OWNERS

Joint Ownership: Puget Sound Energy, Inc. & Puget LNG, LLC

3. INLET GAS SUPPLIER

Puget Sound Energy

4. WATER & ELECTRICITY SUPPLIER

Tacoma Public Utilities

5. INTRODUCTION

This storage Facility is designed to receive natural gas from a pipeline and liquefy the gas for bunkering of marine vessels, bulk transport via trucks, and regasification during peak demand periods. The gas is received, filtered, metered and compressed before removing carbon dioxide and water. The gas is then liquefied utilizing a Mixed Refrigerant Loop (MRL) process and stored in a refrigerated full containment storage tank. The liquefied gas is then pumped to a dock on the Blair waterway for ship bunkering, to a truck loading station for bulk transport or to a vaporization system to provide peaking demand to the supply pipeline.

For detailed description of the Facility and its intended operation please refer to CB&I Document *“FACILITY DESCRIPTION FOR LONG TERM FACILITY OPERATIONS AND MAINTENANCE INVITATION TO BID”*.

6. PLANT CAPACITY

The Facility will receive natural gas from the pipeline and liquefy at a nominal rate of 250,000 gallons per day and store the product in an 8,000,000 gallon net full containment concrete storage tank. The LNG can then be pumped to over-the-road tankers, directly as liquid to adjacent customer Totem Ocean Trailer Express (TOTE), or re-gasified and sent back to the supply pipeline.

UNIT	CAPACITY
Liquefaction Rate	250,000 gallons/day net
Storage	8 million gallons
Truck Loading	Double Station, 300 gpm each
Ship Bunkering	2,640 gallons per minute
Vaporization	66,000 Dth/day
Backup Generation Power	Sufficient to support Facility operations <i>except</i> liquefaction

7. STORAGE TANK

DESCRIPTION	UNIT
Containment Type	Full Containment w/ Concrete Outer Wall and Roof
Net Capacity	8 MM Gallons
Boiloff / Temperature	0.08% of Gross Capacity per Day based on Pure Methane and 79.2 °F ambient.
Design Metal Temperature	-270° F
Tank Design Pressure	3.0 psi(g)

8. TOTE SHIP ARRIVAL FREQUENCY

Four hour load window every Wednesday and Friday based on bunkering a TOTE cargo carrier vessel with 436,000 gallons (total tank capacity is 581,000 gallon).

9. EQUIPMENT SPARING

Storage Tank	1 x 8 MM Gallon Net Full Concrete Containment
In-Tank Loading Pumps	3 x 50 %
Ex-Tank Vaporization Boost Pumps	1 x 100%
BOG Compressors	2 x 50 % (During Liquefaction & Loading) 2 x 100 % (Holding)
Liquefaction Refrigeration Compressor	1 x 100 %
Feed Gas Compressor	1 x 100 %
Heat Exchangers	1 X 100 %
Misc. Process Vessels	1 x 100 %
Pretreatment Pumps	2 x 100 %
Pretreatment Regen Compressor	1 x 100 %
Blair (TOTE) Loading Arm	1 x 100 %
Normal Operation Ground Flare	1 x 100 %
Water Bath LNG Vaporization	1 x 100 %
Cooling System: Air Coolers	1 X 100 %
Cooling System Pumps	2 X 100 %
Instrument Air Compressors	2 x 100 %
Diesel Essential Generator	1 x 100 %

10. VENTING AND FLARING

Vapor generated in the tank from heat leak, flash load and vapor displacement will be re-liquefied whenever liquefaction is occurring. Otherwise, it is returned to the supply pipeline whenever liquefaction is not occurring.

An enclosed ground flare is provided for disposal of the effluent stream from amine pretreatment and excess NGL (heavy ends) inventory. The enclosed ground flare also accommodates discretionary tank

venting. Emergency relief loads are vented to atmosphere for dispersion at a safe distance from personnel and equipment.

APPENDIX D - HOME OFFICE PERSONNEL RATES

The following hourly billing rates in Dollars apply to Home Office Personnel time reimbursable under Section 7.2 of the Agreement. These rates are valid through December 31, 2020. Rates for subsequent Years will be disclosed to Owner prior to becoming effective.

POWER SERVICES

Sr. Vice President
Vice President
General Manager
Asset Manager
Director
Manager
Process Analyst
Sr. Environmental Specialist
Environmental Specialist
Chief Engineer
Senior Engineer
Engineer
Project Engineer
I&C Project Technician
Sr. Operations Analyst
Operations Analyst

LNG ENGINEERING

Project Manager
Engineering Consultant
Health Safety and Environment
Regulatory and Compliance
Senior Engineer / Project Engineer
Designer & Piping
Project Services
Jr. Project Services / Graduate Engineer
Project Document Control / Admin
Commissioning Personnel

LEGAL & COMPLIANCE

General Counsel
Associate General Counsel
Senior Corporate Counsel
Corporate Counsel
Manager, Governance & Compliance



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FINANCE

Director/Controller
Sr. Manager, Finance
Manager, Finance
Sr. Accountant
Sr. Payroll Analyst
Accountant

HUMAN RESOURCES

VP, HR
Employee Relations Manager, HR
Manager, HR
Recruiter, HR
Generalist, HR

ADMIN

Manager
Sr. IT Support
Administrative Asst.



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APPENDIX E – FEE ESCALATION METHODOLOGY

Beginning January 1, 2021, and on each succeeding January 1st throughout the Term, the Operations Fee, the Start-Up and Commissioning Fee, the fixed amount for Facility Engineering Services in Section 7.2(vi) of the Agreement, the Maximum Incentive and the Maximum Liquidated Damages will be escalated by multiplying the relevant sum in effect during the immediately preceding Year by the decimal equivalent of the Escalation Factor (as defined below) and adding the result to such sum in effect.

“Escalation Factor” means a factor representing the percentage change found in “Table 5” on employment cost trends published by the United States Bureau of Labor Statistics entitled “Compensation (Not seasonally adjusted): Employment Cost Index for total compensation, for private industry workers, by occupational group and industry” (the “ECI”). NAES will determine the Escalation Factor for the following Year by reading the published percentage change for the 12 months ending in September of the Year for the “management, professional and related” line in the “service-providing industries” section found in the ECI. In the event that such calculation yields a number less than 1.0, the Escalation Factor will be fixed at 1.0 for such Year. ECI data is available at the U.S. Department of Labor, Bureau of Labor Statistics website. In the event the specific ECI datum is discontinued or superseded, a reasonable substitute or replacement datum will be identified by NAES, or in the absence of such substitute or replacement datum, the Parties will agree in good faith on a reasonable method for calculation of the Escalation Factor.

APPENDIX F – BUSINESS NETWORK REQUIREMENTS

As provided in Section 3.9 of the Agreement, NAES shall cause the IT Vendor and its subcontractors to provide and maintain a Business Network consistent with the requirements of this Appendix F.

F.1 Definitions. For the purposes of this Appendix F, the following definitions shall apply:

“Business Continuity” means IT Vendor’s ability to continue critical business operations without stoppage, irrespective of the adverse circumstances of an Unplanned Event.

“Business Continuity Plan” means the logistical plan created and documented by IT Vendor which specifies the policies, processes, and procedures IT Vendor will apply to recover after an Unplanned Event to partially or completely restore interrupted critical business operations within a predetermined period of time.

“Disaster Recovery” is defined as IT Vendor’s ability to recover or continue critical technology infrastructure and computing systems after an Unplanned Event.

“Disaster Recovery Plan” is defined as the logistical plan created and documented by IT Vendor which specifies the processes, policies, and procedures IT Vendor will apply to recover after an Unplanned Event to partially or completely restore interrupted critical technology infrastructure and computing systems within a predetermined period of time.

“Facility Confidential Information” means all information previously or subsequently received by NAES in connection with this Agreement that is identified as being proprietary and/or confidential, or that, by the nature of the circumstances surrounding the disclosure, reasonably ought to be treated as proprietary and confidential including non-public PSE operational, business, and financial data, of which examples include: Facility design; Facility Manuals; O&M Manuals; Facility security plans; Facility logs; Facility employee personal information; Owner employees personal information related to the Facility operation (e.g. Asset Manager); and non-public communications with regulatory or civil agencies. For the purposes of this Agreement, Owner customer or non-facility related Owner’s information will not reside on the Business Network.

“Recovery Point Capability” or “RPC” is defined as the actual tested and proven amount of data loss measured backward in time from the start of an Unplanned Event to the point of the last recoverable backup.

“Recovery Point Objective” or “RPO” is defined as the maximum acceptable amount of data loss measured backward in time from the start of an Unplanned Event to the point of the last recoverable backup, as solely defined by Owner. The RPO for purposes of the Agreement shall be 48 hours.

“Recovery Time Objective” or “RTO” is defined as the duration of time within which the Services, supporting technology infrastructure, and IT Vendor’s critical business operations must be restored after an Unplanned Event in order to avoid unacceptable consequences associated with an interruption in IT Vendor’s business processes. The RTO is measured forward in time, from the initial occurrence of an Unplanned Event to the restoration of the Services, and is solely defined by Owner. The RTO for purposes of this Addendum shall be 12 hours.

“Recovery Time Capability” or “RTC” means the actual tested and proven duration of time within which the Services, supporting technology infrastructure, and IT Vendor’s critical business operations are restored after an Unplanned Event. The RTC is measured forward in time, from the initial occurrence of an Unplanned Event to the restoration of the Services.

“Service Provider” means a third party entity that IT Vendor contracts with to provide technology services and/or systems access in support of the Services provided under the Agreement.

“Unplanned Event” is defined as a logical or physical incident or event causing an unexpected disruption in the IT Vendor’s ability to provide the Services to Owner, including: malware, compromised information systems, natural, technical, or man-made disasters, acts of crime or terrorism, or other business or technical disruptions.

F.2 Business Network Security

(a) NAES will implement and maintain the agreed physical and logical security controls as provided by IT Vendor and approved by Owner.

(b) NAES shall provide to Owner annually beginning at Commercial Operations Date of this Addendum a current summary description of its Business Network Security Program. The Business Network Security Program shall be documented and available for review and audited by Owner upon request. The Business Network Security Program will include:

(i) Physical Security Program - maintaining physical security of the Facility in which Facility Confidential Information will be processed, stored and/or transmitted.

(ii) Background Checks - taking reasonable precautions with respect to the employment of, and access given to, all Site Personnel, including background checks and security clearances that assign specific access privileges to Site Personnel.

(iii) Training - training of Site Personnel on the proper use of data, computer systems, and the importance of information security;

(iv) Access - restricting access to records and files containing Facility Confidential Information to those who need such information to perform their job duties; encryption of all records and files containing Facility Confidential Information that will travel across public networks without secure connections or VPN, transmitted wirelessly, or transmitted outside of the secure system of the business; and encryption of all Facility Confidential Information on laptops and other portable devices.

(v) Monitoring - monitoring of systems for unauthorized use of or access to Facility Confidential Information

(vi) Network Security - maintaining network and electronic security perimeter controls to protect Facility Confidential Information

(vii) Incident Response - taking appropriate corrective action; documenting and training on how to respond to an Unplanned Event and testing the plan on at least an annual basis

(viii) No Commingling of Data - maintaining all Facility Confidential Information so as to be compartmentalized or otherwise logically separate from, and in no way commingled with, other information of NAES or its other customers

(ix) Security Patches - applying security patches in a timely manner

(x) Anti-virus/anti-malware – ensuring the Business Network is protected by anti-virus/anti-malware software

(xi) Incorporation by Reference – in the event one or more of the requirements listed above are covered in alternate Facility documentation, that information may be incorporated by reference without inclusion in the Business Network Security Plan.

F.3 Security Incident Reporting

(a) NAES shall notify Owner within 12 hours of any recognized or suspected physical or logical breach of the security of the Business Network further subject to the following:

(i) Recognized breach involving Facility Confidential Information: 2 hours.

(ii) Suspected breach involving Facility Confidential Information: 4 hours.

(b) In the case of a suspected or recognized security breach involving Facility Confidential Information, NAES shall, upon Owner's request, promptly provide Owner with relevant security logs for investigative purposes to determine extent of Confidential Information breach.

(c) Upon recognizing a security breach, NAES shall also, upon Owner's request, modify its Facility data retention as specified by Owner until ninety (90) days after the breach is resolved.

(d) Vendor shall notify PSE's IT Support Center (ITSC) at (425) 398-6020; subsequent contact shall be mutually agreed upon.

F.4. Unplanned Events. Should an Unplanned Event occur, IT Vendor shall:

(a) Initiate the Disaster Recovery Plan and/or Business Continuity Plan, as applicable;

(b) Notify Owner as soon as possible, with initial contact to be made to Owner's IT Support Center (ITSC) at (425) 398-6020 and subsequent contact shall be as specified by Owner;

(c) Provide Owner updates hourly, or sooner should major status changes occur;

(d) Restore all Services and business operations that support the Services in a timeframe that meets or exceeds both the RTO and RPO; and

(e) Notify Owner upon the restoration of normal operations and/or Services.

F.5. Disaster Recovery and Business Continuity Planning. Throughout the term of the Agreement IT Vendor shall perform, at a minimum, the following Disaster Recovery activities to ensure IT Vendor's ability to provide uninterrupted Services after an Unplanned Event, or to recover within agreed-upon times:

(a) Build and maintain a Disaster Recovery and Business Continuity Plan which shall be updated:

(i.) At least once a year;

(ii.) in the event of major organizational changes;

(iii.) If professional or other services that support IT Vendor's ability to provide the Services are outsourced to a Service Provider;

(iv.) if any outsourced services are outsourced to an alternate Service Provider; and

(v.) If any outsourced services are insourced to be within IT Vendor's purview.

(b) Maintain a recovery facility or subscribe to recovery facility services that allow IT Vendor to restore Services per the requirements set forth herein;

(c) Perform comprehensive exercises of its Disaster Recovery and Business Continuity capabilities at least once a year, and also when major changes are made to production systems that affect the Services;

(d) Allow Owner to observe during scheduled recovery exercises, and allow Owner access to all systems to ensure all functionality and data have been restored;

(e) Allow Owner site visits unrelated to scheduled exercises; and

(f) Comply with Owner's requests for documentation to satisfy recovery questions.

F.6. Documentation. IT Vendor will provide the following documentation to Owner either directly or through an independent auditor on at least an annual basis:

- (a) Evidence of an owned and operational recovery facility or current subscription to recovery facility services;
- (b) Evidence that the Disaster Recovery Plan and Business Continuity Plan are both updated as specified herein;
- (c) Evidence that Disaster Recovery and Business Continuity exercises are both performed at least annually; and
- (d) Results from the Disaster Recovery and Business Continuity exercises demonstrating:
 - (i.) IT Vendor's execution of the respective plans; and
 - (ii.) Exercise results detailing:
 - A. successes;
 - B. failures;
 - C. remediation plan for failures and issues encountered during testing; and
 - D. RTC and RPC capabilities.

F.7. Communication. IT Vendor shall provide Owner with current contact information for IT Vendor's recovery management team, and shall provide updates during the Agreement term as necessary.