

PUGET SOUND ENERGY

**SCHEDULE 139
VOLUNTARY LONG TERM RENEWABLE ENERGY SERVICE AGREEMENT**

Attachment "A" – Service Agreement

THIS SCHEDULE 139 VOLUNTARY LONG TERM RENEWABLE ENERGY SERVICE AGREEMENT ("Service Agreement"), dated as of the June 14, 2017, is made and entered into by and between **City of Lacey** (the "Customer") and PUGET SOUND ENERGY, a Washington Corporation, (the "Company"), for service under the Company's Electric Tariff G Schedule 139. Terms defined in Schedule 139 and in the General Rules and Provisions (Schedule 80) of the Company's tariff for electric service shall have the same meanings where used in this Agreement.

RECITALS

- A. The Company is a public service company engaged in the sale and delivery of electric energy pursuant to its Electric Tariff G.
- B. Customer is receiving Electric Service under the Company's Electric Tariff G, Schedule 24, 25, 26, 31, 40, 43, 46 or 49, and desires to participate in the Company's Voluntary Long Term Renewable Energy program offered under Schedule 139.
- C. The Company and the Customer have worked jointly to encourage the development of Renewable Energy projects that (i) could provide clean energy to customers at a long-term contracted rate, (ii) support the local economy, and (iii) could be publicized and leveraged for external benefit. The Parties agree that the Wind – 20 Years (the "Resource Option") should meet these criteria, and the Parties thus now agree to enter into this Service Agreement with each other, for mutual benefit.
- D. The Company will sell and the Customer will purchase from the Company Renewable Energy Credits (RECs), where applicable, and Renewable Energy at a contracted volume equal to 100% of the load of all meters located at each subscribed service address (the sum of Anticipated Average Annual Loads) as listed in Section 5, with such amount to be allocated from Renewable Energy generated by the Resource Option, pursuant to one of the contracted rates described.

AGREEMENT

- 1. **Request and Acknowledgement.** The Customer requests service under Schedule 139 and acknowledges that Schedule 139 requires a minimum term. Service under Schedule 139 will be billed on the Customer's existing statement. The Resource Option Energy Charge is fixed as shown in Section 7. The Energy Charge Credit will be updated with each general rate case, power cost only rate case or other power-related filings.
- 2. **Resource.** Under this Service Agreement the Company will receive Renewable Energy into its Balancing Authority Area from where it can serve the Customer.
- 3. **Renewable Energy Credits.** The Company will acquire the RECs that are created with the electricity production, where applicable. The Company will transfer the RECs to the Customer

REDACTED VERSION

Issued: August 1, 2016
Effective: September 30, 2016
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which must be retired in WREGIS. Alternatively, at the Customer's request, the Company will retire the RECs in WREGIS. As the Customer is receiving a retail product, the RECs may not be resold or transferred to another party.

- 4. **Resource Option.**
Number: 13901W20
Description: Large wind project in Thurston and Lewis Counties, Washington
- 5. **Customer Service Address and Account Numbers.** The Customer requests service under this Service Agreement for the service addresses, account numbers and meter numbers listed in Attachment B. The aggregated Anticipated Average Annual Load is included in Attachment B.
- 6. **Term.** The term of this Service Agreement shall commence in the year **2019**, on the first day of the Customer's normal billing cycle, in the first month following the commencement of commercial operation of the Resource Option, and delivery therefrom of energy to the Company sufficient to satisfy the obligations set forth in this Service Agreement. This Service Agreement terminates in the year **2038** after 12 billing cycles.
- 7. **Rates.** Schedule 139 rates are in addition to all charges under the Customer's existing Electric Service schedule. Rates include a charge per kWh for the contracted energy as outlined in Table 1 and a credit for the energy-related power cost component of the Energy Charge set forth in Schedule 24, 25, 26, 31, 40, 43, 46 or 49 of the Electric Tariff WN U-60 under which the Customer is taking Electric Service. The Energy Charge Credit will be updated with each general rate case, power cost only rate case, or other power-related filings, while the Resource Option Energy Charge will remain fixed as outlined in the Table 1. below.

Table 1

Calendar Year	2019	2020	2021	2022	2023	2024	2025
Rate per kWh	\$0.05021	\$0.05122	\$0.05224	\$0.05329	\$0.05435	\$0.05544	\$0.05655
Calendar Year	2026	2027	2028	2029	2030	2031	2032
Rate per kWh	\$0.05768	\$0.05883	\$0.06001	\$0.06121	\$0.06244	\$0.06368	\$0.06496
Calendar Year	2033	2034	2035	2036	2037	2038	
Rate per kWh	\$0.06626	\$0.06758	\$0.06893	\$0.07031	\$0.07172	\$0.07315	

- 8. **Early Exit Fee.** Customers may elect to terminate this Service Agreement prior to the Termination Date with 60 days' notice to the Company. Customers who choose to discontinue their service under this Schedule will be charged for the net cost of the remaining Renewable Energy that was to be delivered to the Customer under the remaining term of the Service Agreement. This amount will be based on: 1) the remaining term of the Service Agreement, 2) the amount of annual Renewable Energy needs ("full requirements") of each of the discontinued Customer' locations as listed in Section 5 of the Service Agreement, 3) the contracted energy rates agreed to in Section 7 of the Service Agreement, and 4) a credit for PSE's then-current

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avoided costs (filed consistent with WAC 480-107-055). Termination of service under this Schedule will follow receipt and processing of the termination request by the Company.

9. **Resource Option Inadequacy.** If the Resource Option will not be available at the start of the commencement year, the Customer's agreement will be delayed to align with the Resource Option. If the Renewable Energy produced by the Resource Option and purchased by the Company is insufficient in any calendar year to satisfy the full requirements of the Customer, the Company will work with the Customer to source and retire for the Customer RECs from alternative resources, with costs for the RECs limited to the net amount to be collected under Schedule 139 from the Customer for the remainder of the calendar year. If, at the Company's determination, the Resource Option will not be adequate to meet the full requirements of the Customer, then this Service Agreement will be terminated with no liability to the Customer or to the Company. If a replacement project can be sourced and mutually agreed upon, a new Service Agreement will be created.
10. **Credit.** Customer authorizes that the Company may run a credit report on Customer and/or request audited financial statements for the purpose of determining the Customer's creditworthiness for this service.
11. **Energy Efficiency Services.** The Customer and the Company will continue to partner on mutually beneficial energy efficiency projects which will reduce energy demand on an annual basis. These services will have no bearing on the cost of energy as proposed in Table 1.
12. **Electrical Work.** In order to ensure continued qualification for service under Schedule 139, the Customer must contact the Company through their business account services representative when any electrical work is being conducted.
13. **Governing Law.** This Service Agreement will be governed by and interpreted, construed and enforced in accordance with the laws of the State of Washington.

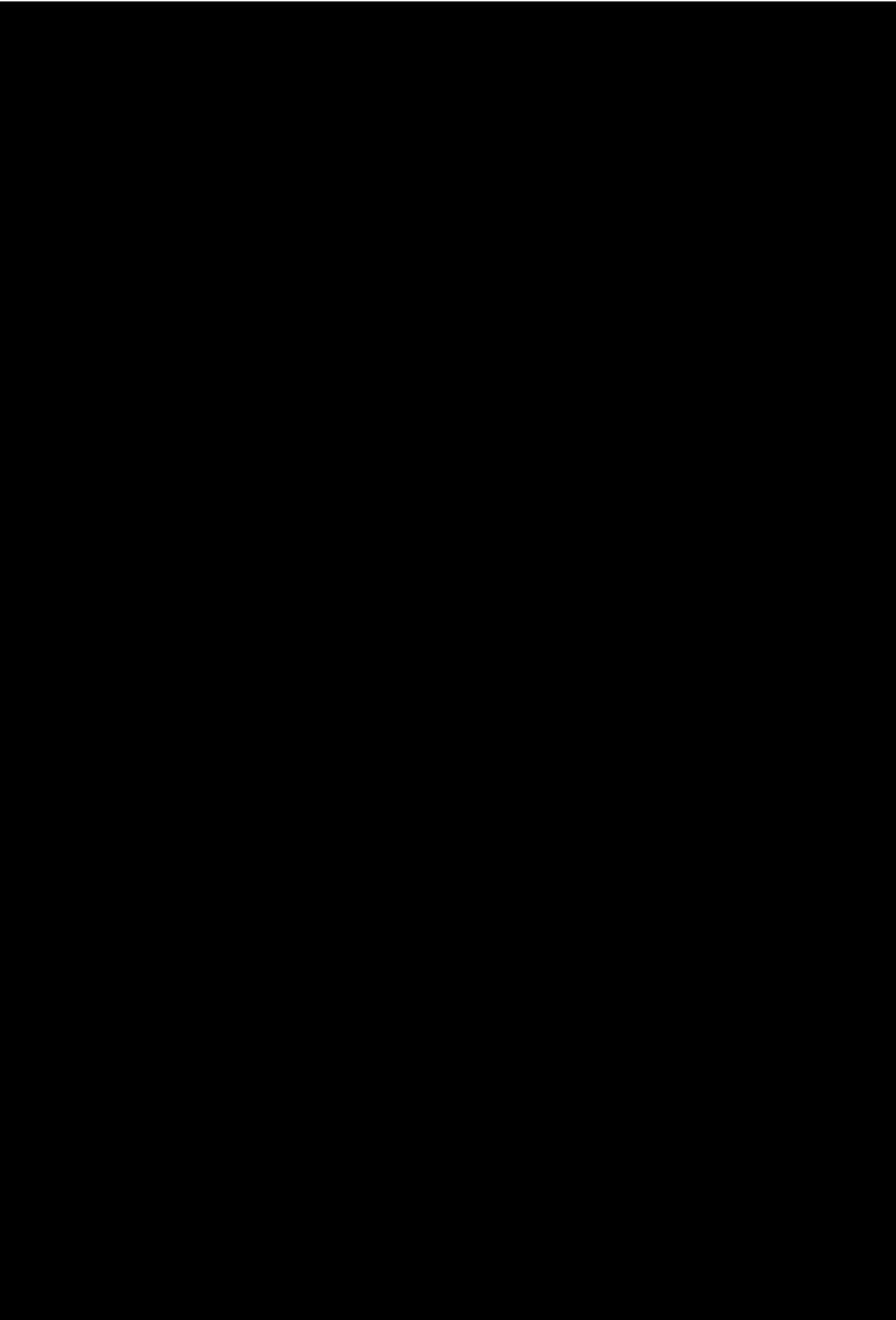
IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement as of the date first written above.

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By *Shirley K. Boney*
Its *SVP ACCO 7.18.17*

CITY OF LACEY

Scott Spence
Scott Spence
City Manager



SCHEDULE 139
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Attachment "B" to Service Agreement

