

## PUGET SOUND ENERGY, INC.

### ENGINEERING SERVICES AND CONSTRUCTION AGREEMENT

This Engineering Services and Construction Agreement, dated as of [ Date ] (“Agreement”), is made and entered into by and between Puget Sound Energy, Inc., a Washington corporation (“PSE”), and [ Customer Name ], a [ State ] corporation (“Customer”). This Agreement includes, and incorporates by this reference, PSE’s Standard Terms and Conditions for Services (“Standard Terms and Conditions”), a copy of which is attached hereto or has otherwise been provided to Customer. Terms used in this Agreement with initial letters capitalized and not otherwise defined have the meanings set forth in the Standard Terms and Conditions. Both of PSE and Customer are sometimes referred to herein together as “Parties”; each of PSE and Customer is sometimes referred to herein as “Party.”

**1. Term.** The term of this Agreement (the “Term”) shall commence as of the date of this Agreement and shall end upon the completion of the terms of this Agreement by both Parties. Except as otherwise specifically provided for in the applicable Statement of Work or Section 6 of the Standard Terms and Conditions, the Parties’ respective rights and obligations with respect to any Services subject to any Statement of Work signed by the Parties during the Term shall survive any termination of the Term for a period of two (2) years following such termination.

**2. Provision of Services.** PSE shall use commercially reasonable efforts to perform for Customer such Services as may be specified in Statements of Work agreed upon from time to time by the Parties during the Term of this agreement. Such Services shall be performed in accordance with PSE’s standard practices and applicable tariffs.

**3. Statements of Work.** Each Statement of Work shall be in writing and signed by both Parties. Unless otherwise agreed to by the Parties, Statements of Work shall include, without limitation, the following with regard to the Services covered by such Statement of Work: (a) a detailed description of the Services; (b) any Results to be delivered by PSE to Customer in connection with the Services; (c) a description of any specifications, documents, data, information, services, and other items to be furnished by Customer; (d) the fees, reimbursable expenses, and other compensation payable by Customer to PSE for the Services; and (e) the schedule or term for performance of the Services. PSE shall not be obligated to perform, and Customer shall not be obligated to pay for, any Services that are not specifically set forth in a Statement of Work.

**4. Compliance.** In performing any Statement of Work, PSE agrees to comply with Customer’s reasonable rules and regulations for access to and activities in and around premises controlled by Customer to the extent PSE has received advance written notice of such rules and regulations. Each Party agrees to comply with all applicable law in the performance of its responsibilities and obligations under this Agreement and any Statement of Work.

**5. Audit.** For a period of two (2) years after receipt of an invoice regarding a Statement of Work, either Party shall have the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of such invoice. If such examination reveals any inaccuracy, the necessary adjustments shall be made to such invoice, and payments or credits (as appropriate) shall be made promptly to correct such inaccuracy.

6. **Interpretation.** To the extent this Agreement and any Statement of Work contain inconsistent terms, the terms of the Statement of Work shall control.

7. **Notices.** Any notice, request, approval, consent, order, instruction, direction or other communication under this Agreement given by either Party to the other Party shall be in writing and shall be deemed to be effective upon receipt. Notice shall be delivered in person to an authorized representative or mailed, properly addressed and stamped with the required postage, to the intended recipient at the address and to the attention of the person(s) specified below.

Customer:  
[ Name ]

PSE:  
**Puget Sound Energy, Inc.**

Name: [ Contact Name ]  
Title: [ Contact Title ]  
Address: [ Mailing Address ]

Name: Andrew Lightfoot  
Title: Major Account Executive  
Address: P.O. Box 97034  
PSE-11N  
Bellevue, WA 98009-9734

Telephone: [ Contact Number ]

Telephone: (425) 457-9756

Either Party may from time to time change such name and address by giving the other Party notice of such change in accordance with this section.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first set forth above.

Customer:  
**City of Tacoma**

PSE:  
**Puget Sound Energy, Inc.**

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

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

Name: Elizabeth A. Pauli  
Title: City Manager

Name: Bill Donahue  
Title: Manager, Natural Gas Resources

Address: 747 Market Street, 12<sup>th</sup> Floor  
Tacoma, WA 98402

Address: P.O. Box 97034,  
PSE-10S  
Bellevue, WA 98009-9734

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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

Name: Michael P. Slevin, III, P.E.  
Title: Environmental Services Director

Attest:

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

Name: Dorus Sorum

Title: City Clerk

Approved as to Form:

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

Chief Deputy City Attorney

**PUGET SOUND ENERGY, INC.**  
**STANDARD TERMS AND CONDITIONS FOR SERVICES**

These Standard Terms and Conditions for Services (“Standard Terms and Conditions”) are incorporated into and constitute a material part of the Engineering Services and Construction Agreement, dated as of [ Date ](the “Agreement”), between Puget Sound Energy, Inc. (“PSE”) and the customer identified on the signature page of the Agreement (the “Customer”). References in these Standard Terms and Conditions to “this Agreement” are intended to be references to the Agreement together with these Standard Terms and Conditions. PSE and Customer agree as follows:

**Section 1. Definitions**

Whenever used in this Agreement with initial letters capitalized, the following terms shall have the following specified meanings:

“**Defaulting Party**” means a Party that has committed a material breach or default in the performance of any of its obligations under this Agreement or any Statement of Work.

“**Results**” means any and all plans, studies, reports, documents, data, specifications, designs, analysis, recommendations, estimates, drawings, information, notes, results and other items to be delivered to Customer by PSE as part of the Services under this Agreement and the applicable Statement of Work.

“**Services**” means the design, planning, development, engineering, construction, management, coordination, implementation, installation and other services performed or to be performed by PSE under this Agreement and any applicable Statement of Work.

“**Statement of Work**” means a written order that is agreed upon and signed by both Parties for the performance of specific Services under this Agreement. The Parties presently anticipate that each Statement of Work shall be substantially in the form attached hereto as *Exhibit A*.

“**Terminating Party**” means, with respect to any Statement of Work, a Party that has given written notice of material breach or default and its intent to terminate such Statement of Work pursuant to Section 6 of these Standard Terms and Conditions.

**Section 2. Performance of Services**

**2.1 Coordination.** The Parties shall consult and cooperate to coordinate the Services with Customer’s other operations (e.g., to avoid substantial interference with Customer’s other operations by the Services, to avoid substantial interference with the Services by Customer’s other operations, and to provide for the effective, efficient, expeditious and orderly performance of the Services) and to enable and facilitate PSE’s performance of the Services. Without limiting the foregoing, Customer shall provide PSE access to Customer’s facilities and the Customer-furnished items as required for PSE’s performance of the Services and

PSE’s other obligations in accordance with the applicable Statement of Work and this Agreement.

**2.2 Schedule.** PSE shall use commercially reasonable efforts to perform the Services in accordance with any schedule set forth in the applicable Statement of Work. Neither Party shall be liable for, or be considered to be in breach or default on account of, any delay or failure to perform any Services due to any cause or condition beyond its reasonable control (including, but not limited to, any fire, storm, flood, wind and acts of God or the elements; strikes or lockouts; acts of public enemy or terrorist acts; acts of civil, military, or governmental authority; breakdown of or damage to any equipment, facilities or other property; unavailability of materials, supplies, equipment, transportation, services and other necessary items; and any act or omission of the other Party).

**2.3 Changes.** Any change in the Services shall be subject to agreement of the Parties. Either Party may, from time to time, propose changes in the Services to be performed under this Agreement (including, but not limited to, additions to the Services, the deletion of Services, changes in the schedule, order or priority of particular Services and changes in the Customer-furnished items). If any agreed-upon change in the Services causes an increase or decrease in the time required for the performance of any Services or in PSE’s costs to perform any Services, then the schedules for performance of such Services and the compensation payable to PSE shall be equitably adjusted. If the Parties agree upon any such change and related adjustments, the Parties shall prepare, agree upon and sign an amendment to the applicable Statement of Work or other written instrument evidencing such agreement.

**2.4 Notification of Defects.** Customer shall promptly notify PSE of any defect, deficiency, error or nonconformity known to or discovered by Customer on Customer owned property.

**Section 3. Compensation**

**3.1 Amount.** Customer shall pay PSE for the Services described in any Statement of Work (as changed, amended or modified by agreement of the Parties from time to time) in accordance with the rates, charges, reimbursable expenses and other amounts specified in the applicable Statement of Work, together with any applicable sales, use, excise and other taxes.

**3.2 Customer Delays.** If Customer delays (e.g., by request or other action or inaction) the performance of any Services by PSE, then Customer shall pay PSE for any increase in PSE's costs as a result of the delay. If performance is delayed or prevented by reason of a Force Majeure, then Customer shall be not be responsible for any increase in PSE's costs arising from such delay or prevention. Upon removal or termination of the Force Majeure occurrence, the Parties shall promptly perform its obligations in an orderly and expedited manner using industry accepted best practices.

**3.3 Force Majeure.** For purposes of this Agreement, "Force Majeure" means any event or circumstance (or combination thereof) and the continuing effects of any such event or circumstance (whether or not such event or circumstance was foreseeable or foreseen) that delays or prevents performance by the Parties of any of the obligations under this Agreement, but only to the extent that and for so long as the event or circumstance is beyond the reasonable control of the Parties and shall include, without limitation, all of the following events and circumstances: (i) acts of nature, including volcanic eruption, landslide, earthquake, flood, lightning, tornado or other unusually severe storm or environmental conditions, perils of the sea, wildfire or any other natural disaster; (ii) acts of public enemies, armed conflicts, act of foreign enemy, acts of terrorism (whether domestic or foreign, state-sponsored or otherwise), war (whether declared or undeclared), blockade, insurrection, riot, civil disturbance, revolution or sabotage; (iii) any form of compulsory government actions, acquisitions or condemnations, changes in applicable law, export or import restrictions, customs delays, rationing or allocations; and (iv) accidents or other casualty, damage, loss or delay during transportation, explosions, fire, epidemics, quarantine or criminal acts.

**3.3 Payment.** Unless otherwise specified in the applicable Statement of Work, PSE shall issue itemized invoices for amounts payable monthly. Customer shall pay such amounts within thirty (30) days after receipt of PSE's invoice. Any amount not paid when due shall be subject to finance charges equal to one percent (1.0%) per month or the highest rate permitted by applicable usury law, whichever is less, determined and compounded daily from the date due until the date paid. PSE may accept any check or payment in any amount without prejudice to PSE's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying a check or payment or elsewhere shall be construed as an accord or satisfaction or as an account stated.

## **Section 4. Points of Receipt Service For Electric Service and/or Natural Gas Service**

**4.1 Primary Voltage Systems.** For overhead or underground primary voltage systems, the point of delivery and metering shall be, unless otherwise agreed to by PSE, at a point on the property line of the premises to be served that is, in PSE's sole judgment, most conveniently located with respect to PSE's transmission or distribution system. Customer shall install, own, and maintain all electrical equipment and facilities on the load side of the primary metering facilities.

**4.2 Underground Secondary Voltage Service.** For underground service at secondary voltages, the point of delivery shall be at (a) the load side of the transformer or secondary handhole if located on the private property being served or (b) the property line if the distribution facilities are located on a public right-of-way. The transformer, handhole, or secondary connection location shall be at the point that is, in PSE's sole judgment, most conveniently located with respect to the PSE's distribution facilities. Customer shall install, own, and maintain all secondary facilities on the load side of the transformer or secondary handhole.

**4.3 Overhead Secondary Voltage Service.** For overhead service at secondary voltages, the point of delivery shall be at a point on the outside of the structure to be served that is, in PSE's sole judgment, most conveniently located with respect to the PSE's distribution facilities.

**4.4 Point of Receipt Service for Gas Service.** The point of receipt of Customer's biomethane gas, as identified on the Site Plan, Attachment A to this Agreement.

**4.5 Relocation of Points of Receipt Service and Removal of Electric and/or Natural Gas Facilities.** Any costs and expenses incurred by PSE in connection with removing or moving electrical line extensions and/or natural gas extensions to a location other than that which PSE would deem most convenient, or in connection with upgrading or increasing the capacity of electrical line extensions shall, to the extent that such moving, removing, upgrading or capacity increase results from a Customer request, notify Customer of the need for the relocation and PSE shall invoice Customer for these relocation costs pursuant to Section 3 of the Statement of Work.

**4.6 Ownership of Facilities.** PSE shall own, operate, and maintain all electric distribution facilities and natural gas facilities installed by PSE pursuant to this Agreement or any Statement of Work unless otherwise specified in the Statement Of Work.

## **Section 5. Limitation**

**5.1 Limited Warranty.** PSE warrants that the Services and any Results shall comply in all material respects with the specifications and other requirements set forth in the applicable Statements of Work. PSE shall use commercially reasonable efforts to correct any Services or Results that do not comply with the foregoing warranty, provided that Customer notifies PSE of such noncompliance in accordance with Section 2.4 of this Agreement.

**5.2 Exclusivity.** THE WARRANTY AND REMEDY SET FORTH IN PARAGRAPH 5.1 ARE EXCLUSIVE. EXCEPT AS SET FORTH IN PARAGRAPH 5.1, PSE HEREBY DISCLAIMS, AND CUSTOMER HEREBY WAIVES, ANY REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH REGARD TO ANY SERVICES, RESULTS OR OTHER ITEMS PROVIDED BY PSE UNDER THIS AGREEMENT (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY ARISING OUT OF COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE).

## **Section 6. Ownership of Results; License and Confidential Information**

**6.1 Ownership of Results; License.** Any Results or other items delivered by PSE to Customer in connection with the Services or otherwise under this Agreement shall be owned exclusively by PSE. PSE hereby grants to Customer and to Customer's subcontractors, an irrevocable, perpetual, nonexclusive, paid-up license, to use and reproduce the Results delivered to Customer under this Agreement for purposes of Biomethane **Receipt Service** by PSE at the location referred to in the applicable Statement of Work. Customer and its subcontractor(s) shall not use or reproduce such Results for any other purpose.

**6.2 Confidential Information.** In the course of performance under this Agreement, either Party may disclose certain confidential or proprietary information to the other Party. In the event any confidential or proprietary information is provided, unless otherwise specifically authorized by the disclosing Party, the receiving Party shall (a) use such information solely for the purposes for which it is provided by the other Party, (b) not disclose such information to any third party other than the subcontractors of the receiving Party without the disclosing Party's consent (which may be granted or withheld in the disclosing Party's sole discretion) and (c) otherwise protect such confidential information from unauthorized use and disclosure to the same extent that it protects its own confidential and proprietary information of a similar nature, but in any event, to a standard of care no less protective than a reasonable person would use

to protect its confidential information. This paragraph shall not apply to any information that (i) is or was acquired by the receiving Party from a third party and is not subject to an obligation restricting the receiving Party's use or disclosure thereof; (ii) is independently developed by the receiving Party without reliance upon or use of the confidential or proprietary information of the other Party; or (iii) is or has become generally publicly available through no fault or action of the receiving Party. Further, this paragraph shall not apply to any use or disclosure that is required by applicable law, legal process or governmental authority; provided, that the receiving Party shall give the disclosing Party reasonable advance notice of any disclosure of such information (e.g., so as to afford the disclosing Party a reasonable opportunity to appear, object and obtain a protective order or other appropriate relief regarding such disclosure). The respective rights and obligations of each Party under this Section 6 shall survive any termination or completion of this Agreement or any Statement of Work.

**6.3 Equitable Relief.** In the event of any breach of the provisions set forth in Paragraph 6.2, the disclosing Party may suffer irreparable harm and have no adequate remedy at law. In the event of such breach or the threat of such breach, the disclosing Party shall be entitled (in addition to any and all other remedies) to injunctive relief, specific performance and other equitable remedies without proof of monetary damages or the inadequacy of other remedies.

**6.4 Recovery.** The prevailing Party shall be entitled (in addition to any and all other remedies) to recover any and all costs and expenses (including, without limitation, reasonable attorneys' fees) that it may incur in connection with any legal action to recover damages or other relief on account of any breach of Paragraph 6.2.

## **Section 7. Termination of Statements of Work**

**7.1 Notice of Material Breach or Default.** If either Party commits a material breach or default in the performance of any of its obligations under this Agreement or any Statement of Work with respect to any Services, then the other Party may give the Defaulting Party written notice of the breach or default (including, but not necessarily limited to, a description of the Services with respect to which the breach or default has occurred, a statement of the facts relating to the breach or default, the provisions of this Agreement or any applicable Statement of Work that are in breach or default, and the action required in the non-breaching Party's view to cure the breach or default) and the Terminating Party's intent to terminate the Statement of Work covering such Services pursuant to this paragraph if the breach or default is not cured within thirty (30) days after the Defaulting Party's receipt of such notice (or such later date as may be specified in such notice).

**7.2 Notice of Termination in the Event of Default.** If the Defaulting Party fails to cure any material breach or default specified in any notice under Paragraph 7.1

within thirty (30) days after receipt of such notice (or such later date as may be specified in such notice), then the Terminating Party may terminate the Statement of Work covering the Services with respect to which such breach or default has occurred and is continuing by giving the Defaulting Party written notice of such termination.

**7.3 Effect of Termination.** If any Statement of Work is terminated pursuant to and in accordance with this Section 7, then, unless otherwise specifically provided for in the applicable Statement of Work, the following shall apply: (a) the Parties shall cooperate to effect an orderly, efficient, effective, expeditious and safe termination of the Parties' respective activities under the terminated Statement of Work; (b) PSE shall return to Customer any and all Customer-furnished items delivered by Customer to PSE under the terminated Statement of Work; (c) PSE shall provide Customer with any Results and other deliverable items completed up to and including the effective date of termination; (d) PSE shall have no obligation to perform any Services under the terminated Statement of Work after the effective date of the termination; (e) if Customer terminates for convenience pursuant to Section 7.4, Customer shall pay to PSE any fees, reimbursable expenses, compensation or other amounts payable for the Services performed under the terminated Statement of Work prior to the effective date of the termination, together with any costs (including, without limitation, any wind-up costs, restocking costs and costs to close trenches) that PSE incurs in connection with the orderly, efficient, effective, expeditious and safe termination of PSE's activities under the terminated Statement of Work; (f) if the Statement of Work is terminated due to material breach or default, the party in breach or default shall be responsible for those fees, reimbursable expenses, compensation and costs resulting from the breach or event of default, and Customer shall pay all other fees, reimbursable expenses, compensation and costs pursuant to the terms of this Agreement; (g) any and all liabilities accrued prior to the effective date of the termination shall survive; and (h) the Parties' respective rights and obligations under Sections 3, 4, 5 and 7 of these Standard Terms and Conditions with respect to any Services covered by the terminated Statement of Work shall survive.

**7.4 Termination for Convenience.** Customer, in its sole discretion, may terminate this Agreement and/or any or all Statements of Work by providing PSE not less than ten (10) days' written notice of such termination. If this Agreement or any Statement of Work is terminated pursuant to this provision, then, unless otherwise specifically provided for in the applicable Statement of Work, the provisions of Paragraph 7.3 above shall apply.

## **Section 8. Miscellaneous**

**8.1 Limitations.** EXCEPT FOR ANY LIABILITY ARISING UNDER SECTION 6, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR

RELATING TO THIS AGREEMENT, ANY SERVICES, OR ANY RESULTS OR ANY OTHER ITEMS PROVIDED UNDER ANY STATEMENT OF WORK. EXCEPT FOR ANY LIABILITY ARISING UNDER SECTION 6, THE TOTAL LIABILITY OF EITHER PARTY (WHETHER IN CONTRACT, TORT, WARRANTY, STRICT LIABILITY OR OTHERWISE) WITH REGARD TO THIS AGREEMENT, THE SERVICES, RESULTS OR ANY OTHER ITEMS PROVIDED UNDER ANY STATEMENT OF WORK SHALL NOT EXCEED THE TOTAL COMPENSATION PAID BY CUSTOMER TO PSE UNDER THE APPLICABLE STATEMENT OF WORK.

**8.3 Independent Contractor.** PSE shall be and act as an independent contractor (and not as the agent or representative of Customer) in the performance of this Agreement. This Agreement shall not be interpreted or construed as (a) creating or evidencing any association, joint venture, partnership or franchise between the Parties, (b) imposing any partnership or franchisor obligation or liability on either Party or (c) prohibiting or restricting PSE's performance of any services for any third party.

**8.4 Assignment.** Neither Party shall assign this Agreement without prior written consent of the other Party, which consent shall not be unreasonably withheld. Subject to the foregoing restriction on assignment, this Agreement shall be fully binding upon, inure to the benefit of, and be enforceable by the Parties and their respective successors and assigns.

**8.5 Nonwaiver.** Any failure by either Party to insist upon or enforce strict performance by the other Party of any of the provisions of this Agreement, or to exercise any right or remedy under this Agreement, shall not be construed as a waiver or relinquishment to any extent of any right to assert or rely upon any such provision, right or remedy in that or any other instance; rather, the same shall be and remain in full force and effect.

**8.6 Applicable Law; Jurisdiction.** This Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the state of Washington without reference to its choice of law principles to the contrary. Customer hereby irrevocably consents to the jurisdiction and venue of the federal, state and local courts located in King County, Washington, U.S.A., in connection with any action arising out of or in connection with this Agreement, the Services or any Statement of Work.

**8.7 Entire Agreement.** This Agreement (including all Statements of Work and exhibits and engineering services and construction services agreement) constitutes the entire agreement, and supersedes any and all prior agreements, between PSE and Customer with respect to the Services. No amendment, modification or waiver of any of the provisions of this Agreement or any Statement of Work shall be valid unless set forth in a written instrument signed by the Party to be bound thereby.

## **EXHIBIT A**

### **STATEMENT OF WORK**

Capitalized terms used in this Statement of Work, unless otherwise defined herein, have the meanings set forth in the Engineering Services and Construction Agreement dated as of [ Date ] between Puget Sound Energy, Inc. and [ Customer ] (“Customer”).

#### **1. Description of the Biomethane Receipt Services:**

In reliance upon the specifications provided by Customer pursuant to Section 2 below, PSE shall undertake engineering and construction of system additions and modifications necessary to receive Customer’s biomethane to the location identified on the Site Plan(s) attached hereto as Attachment A. In connection with such studies, PSE shall:

(a) With the cooperation of Customer, develop a final scope of design and construction work, cost estimate, permit strategy, and project schedules for receiving Customer’s biomethane from the point of receipt as identified on the attached Site Plan(s). The scope of work shall be adequate to describe the changes in PSE’s system necessary for receiving Customer’s biomethane at the anticipated and mutually agreed quantities and will be built upon the Proposal submitted to Customer on (date), Attachment B. The biomethane shall conform to the minimum quality standards and undergo the required testing procedures set forth in the Receipt Service Agreement and Safety Service Contract (Attachment C).

(b) Upon receipt from Customer of a notice to proceed with the design and a notice to proceed with construction, undertake detailed design, prepare final cost estimate, and (if notified) construction of system additions and modifications consistent with the specifications set forth in Section 2 below.

#### **PSE Scope of Work and Deliverables:**

#### **2. Specifications, documents, data, information, services, and other items to be furnished by Customer:**

(a) Customer will provide Site Plan (Attachment A)

(b) Placeholder

(c) The Parties each acknowledge that the scope of work, estimates, and project schedule provided by PSE pursuant to this Scope of Work are based on the information set forth by Customer in Attachment A for each building or facility listed on attached Site Plan(s).

#### **3. Fees, reimbursable expenses, and other compensation:**

**Project Estimate:**

\$1,858,039.00



(a) Customer shall pay or reimburse to PSE all of the costs and expenses incurred by PSE in performing the work described in this Statement of Work, except to the extent Customer is otherwise obligated to pay or reimburse PSE for such costs, and expenses pursuant to applicable rates, and tariffs (including, without limitation, PSE's electric Rate Schedule 62) on file with the Washington Utilities and Transportation Commission. For purposes of this Statement of Work, "costs and expenses" shall include, without limitation, any and all direct and indirect costs and expenses reasonably allocable or necessarily incurred by PSE in performing the services described herein including, but not limited to, the cost of labor, personnel, taxes, permits, approvals, assessments, inspections, tests, transportation, materials, supplies, equipment, tools, utilities, services, rental charges, consumables, premiums for bonds or insurance, disposal, overhead, administration, lifetime operations and maintenance costs of the PSE equipment and any other costs and expenses incurred by PSE. If, at the completion of services performed under this Engineering Services and Construction Agreement PSE discovers that the actual costs were not invoiced or paid, PSE will adjust the costs to actual costs. Customer may dispute any such costs by providing a written claim of the disputed cost within 30 days of the receipt of the invoice.

(b) PSE shall provide Customer with invoices for amounts due PSE from the Customer pursuant to this Statement of Work. PSE shall submit itemized invoices to support the charges and to track costs related to modifications and additions to the [electric and/or natural gas delivery systems] as described in Standard Terms and Conditions For Services Section 2.3.

(c) Customer shall pay each itemized invoice within thirty (30) days of the date of receipt.

(d) If the Customer terminates this agreement prior to completion of work as described in Section 1, the Customer shall reimburse PSE all actual costs and expenses incurred by PSE on this project in accordance with Section 7 of PSE's Standard Terms and Conditions, which are incorporated into this agreement.

#### **4. Schedule:**

##### **Project Schedule:**

Other than those commitments set forth in Section 2.2 of the Standard Terms and Conditions For Services, PSE makes no commitment to Customer as to any schedule for performance of the services described herein.

#### **5. Other:**

The Parties acknowledge that this Agreement is not a commitment to acquire or provide natural gas service, and should any such service be provided to Customer, the provision of such service is a matter outside of the scope of this Agreement. It is further acknowledged by the Parties that any service for the project not covered by this Statement of Work (if any is provided) will be provided subject to applicable rates and tariffs on file with the Washington Utilities and Transportation Commission or otherwise subject to the mutual written agreement of the Parties as approved by the Washington Utilities and Transportation Commission.

**6. Point of Contact:**

The point of contact for each Party shall be:

Customer:  
**City of Tacoma/Environmental Services**

PSE:  
**Puget Sound Energy, Inc.**

Name: Dave Koberstein, P.E.  
Title: Project Manager  
Address: 326 East D Street, Tacoma, WA 98421

Name: Shawnte Anderson  
Title: Project Manager  
Address: P.O. Box 97034,  
PSE-9S  
Bellevue, WA 98009-9734

Telephone: 425.456.2894

Telephone: 253.502.2112

Either Party may from time to time change the contact information by giving the other Party notice of such change in accordance with this section.

IN WITNESS WHEREOF, the Parties have executed this Statement of Work as of the dates set forth below their names.

Customer:  
**City of Tacoma**

PSE:  
**Puget Sound Energy, Inc.**

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

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

Name: Elizabeth A. Pauli  
Title: City Manager

Name: Roque Bamba  
Title: Manager, Major Projects

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

Address: P.O. Box 97034,  
PSE-9S  
Bellevue, WA 98009-9734

Name: Mike P. Slevin III. P.E.  
Title: Environmental Services Director

Date: \_\_\_\_\_

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

Name: Andrew Cherullo  
Title: Finance Director

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

Attest:

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

Name: Doris Sorum  
Title: City Clerk

Approved as to Form:

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

Title: Deputy City Attorney

Address: 326 East D Street, Tacoma, WA 98421

Date: \_\_\_\_\_

**Attachment A**

**Site Plan(s) To Be Provided By Customer:**

**Attachment B**

**PSE Proposal (include pdf):**

**Attachment C**  
**Receipt Service Agreement and Safety Service Contract**  
**(as previously applied to City of Tacoma staff)**

# Receipt Service Agreement

This Receipt Service Agreement ("Agreement") between Puget Sound Energy, Inc. ("PSE") and City of Tacoma, a municipal corporation operating under the laws of the state of Washington ("Customer") (together "Parties" or individually a "Party") is for Biomethane received into the gas distribution system of PSE at Customer's central wastewater treatment plant, located at 2201 Portland Avenue Tacoma, Washington, ("Customer's Location"), and is effective as of \_\_\_\_\_ ("Effective Date").

**WHEREAS**, Customer desires to deliver Biomethane from Customer's Biomethane processing facility ("Customer's Facility") located at Customer's Location into PSE's gas distribution system; and

**WHEREAS**, the Biomethane will be delivered by Customer into PSE's gas distribution system where, depending on relative location and PSE operating conditions that may change from time to time, the Biomethane may displace natural gas and become the sole source of supply to individual end-use PSE customers, or may blend with natural gas and become diluted, reducing or eliminating otherwise unacceptable impacts on individual end-use PSE customers; and

**WHEREAS**, the Parties desire to ensure the Biomethane delivered by Customer is suitable for transportation on PSE's gas distribution system and suitable for physical delivery to end users; and

**WHEREAS**, the Parties have entered into this Agreement to ensure the Biomethane supplied by Customer meets Minimum Gas Quality as determined by PSE; and

**WHEREAS**, the Parties will be executing concurrently herewith a Safety Service Contract to ensure Biomethane delivered by Customer meets safety levels established by PSE;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, and subject to all of the terms and conditions set forth herein, the Parties agree as follows:

1. Definitions.
  - a. **Biogas** is a product of anaerobic digestion of biomass and may be further processed to meet Biomethane specifications. Biogas includes gases derived from landfills, wastewater treatment plants and dairy and farm wastes as set forth in RCW 43.325.010.

- b. **Biomethane** is generally extracted from Biogas through cleanup and conditioning. Biomethane, also known as Renewable Gas, is considered suitable for many end-user applications and may be considered suitable for inclusion in natural gas pipeline systems.
- c. **Customer System:** All facilities necessary for producing Biomethane that meets the Minimum Gas Quality suitable for receipt on PSE's natural gas distribution system, including scrubbing, compressing, drying, and delivering Biomethane that meets the Minimum Gas Quality to the Receipt Point, but excludes any equipment, including meters, that PSE chooses to install within the Customer System. The Customer System shall also include all Monitoring Equipment and facilities for monitoring and interrupting the flow of Biomethane as described in this Receipt Service Agreement.
- d. **Daily Contract Volume:** The maximum daily volume of Biomethane that may be received into PSE's distribution system during each Gas Day. The Daily Contract Volume shall be determined in PSE's sole judgment based on the location of the Biomethane receipt relative to expected system gas flow, system design and the Minimum Gas Quality to be received.
  - i. **Gas Day:** Twenty-four consecutive hours beginning at 7:00 a.m. Pacific Time on a given calendar day and ending at 7:00 a.m. Pacific Time on the next calendar day.
- e. **Indemnitees** means PSE, its successors and assigns, and the respective directors, officers, shareholders, employees, agents and representatives of PSE and its successors and assigns.
- f. **Interconnecting Line:** That pipe which is downstream of the Point of Receipt and is owned by PSE and specifically used to move Biomethane from the Point of Receipt to PSE's distribution system.
- g. **Minimum Gas Quality** means the specifications set forth in Section 12 of this Receipt Service Agreement which shall be established for the Biomethane received into PSE's distribution system from Customer.
- h. **Monitoring Equipment:** All instruments and equipment owned and operated by Biomethane Customer and used by Biomethane Customer and PSE to monitor and confirm Biomethane delivered to PSE pursuant to this Schedule meets the Minimum Gas Quality.
- i. **Pipeline Integrity Protective Constituents** means constituents that may impact PSE pipeline system integrity or end-use customer equipment.
- j. **Point Of Receipt** means the point at which custody of the Biomethane passes from Customer to PSE and, unless otherwise agreed by Customer and PSE, the Point of Receipt will be delineated by a receipt meter.



- k. **RTU**: Remote Telemetry Unit.
  - l. **SCADA**: Supervisory Control and Data Acquisition.
  - m. **Standard Cubic Feet** or **Scf** means the quantity of gas under standard conditions of 60 degrees F and 14.73 psi.
2. Responsibility.
- a. Gas Quality Monitoring Program. Customer shall establish, maintain and administer a gas quality monitoring program with the knowledge and cooperation of PSE to ensure that Biomethane supplied by Customer and received into the distribution system of PSE, pursuant to the Service Agreement, meets or exceeds the Minimum Gas Quality set forth in Section 12. The Minimum Gas Quality will be developed by PSE and may be modified by PSE as provided herein as necessary to properly maintain a safe and reliable gas distribution system and ensure no unacceptable impacts on end-use PSE customers. PSE shall share the bases for such modifications with Customer.
  - b. Further Transportation of Biomethane. All Biomethane received into PSE's distribution system shall be further transported to a delivery location on the PSE distribution system under a transportation rate schedule (i.e.: Rate Schedules 31T, 41T, 85T, 86T, 87T or Special Contract for transportation service.) Extension, reinforcement or modification of PSE's distribution system (including installation of monitoring, odorization, metering, communication or other necessary equipment) to allow for receipt of Biomethane shall be accomplished under Section 3.
3. Ownership of Equipment and Facilities.
- a. Customer shall design, purchase, install and own the Monitoring Equipment, the Customer System, including all facilities designed to process Biomethane that meets the Minimum Gas Quality and to deliver such Biomethane to the Point of Receipt. These facilities shall include but not be limited to equipment necessary to scrub, dry, compress, monitor and interrupt gas. Customer represents to PSE that the Customer System, the Monitoring Equipment, and any line on the Customer side of the Receipt Point is constructed in accordance with all applicable codes and standards.
  - b. Unless otherwise agreed, Customer shall pay for, and PSE shall design, install and own the receipt meter, the Interconnecting Line, the PSE SCADA RTU and the facilities necessary to odorize the Biomethane.
  - c. Upon request by PSE, Customer shall submit to PSE, to the extent practicable, all information reasonably pertinent to the design and construction of, the Customer System (and related metering and odorizing facilities) and unless otherwise agreed, within ten (10) business days prior to making any material changes or

modifications to the Customer System (and related metering and odorizing facilities), Customer shall submit to PSE all information reasonably pertinent to the changed or modified Customer System (and related metering and odorizing facilities) and the possible impact on the quality of the Biomethane. PSE shall have the right to review the same and to consult with Customer concerning such design and construction and changes or modifications; provided, that nothing herein shall be construed to impose any obligation or duty on PSE to assist in such design, construction, changes or modifications; nor shall any undertaking by PSE to consult with Customer, relieve or diminish Customer's obligation with respect to the design, construction and operation of the Customer System. Further, PSE's undertaking any review as provided in this Section 3.c will not relieve or reduce Customer's obligation to review and inspect the Customer System and related facilities for proper operation and compliance with any applicable codes, safety requirements and this Agreement. PSE shall have the right to inspect the Customer System and related facilities upon request.

4. Operation and Maintenance.

- a. Customer shall use its best efforts to operate, maintain, repair and replace the Customer System to ensure that the Customer System is and remains adequate to produce Biomethane that meets the Minimum Gas Quality and Customer shall operate, maintain, repair and replace the Monitoring Equipment and Customer System to ensure the interruption of delivery of Biomethane that does not meet the Minimum Gas Quality.
- b. Customer shall pay for, and PSE shall operate, maintain and repair the receipt meter, odorizing facilities, the Interconnecting Line and the PSE SCADA RTU. Unless otherwise agreed by Customer and PSE, Customer shall provide for reasonable renewals and replacements thereof during the term of this Agreement.
- c. Both PSE and Customer shall provide reasonable access to their facilities for purposes of operation, maintenance, repair and inspections pursuant to this Agreement.
- d. Customer and PSE may provide for operation and maintenance to be undertaken by each other or by other persons or entities pursuant to separate agreements, subject to approval by PSE and Customer, which approval shall not be unreasonably withheld.
- e. PSE shall monitor the electronic data transmitted to it regarding the quality and quantity of Biomethane delivered, and shall have the right to periodically review, inspect and observe requested tests of the Customer System and related facilities to satisfy itself as to the proper operation of the Customer System and compliance with any applicable codes, safety requirements and this Agreement; provided, that nothing herein shall be construed to impose any obligation on PSE to periodically review and inspect the Customer System, related facilities or any portion thereof; nor shall PSE's undertaking to review or inspect any portion of the Customer

System or related facilities relieve or diminish Customer's obligation to review and inspect the Customer System and related facilities for proper operation and compliance with any applicable codes, safety requirements and this Agreement.

- f. PSE shall perform receipt meter calibrations on an annual basis. PSE shall notify Customer five days notice of scheduled annual receipt meter calibrations. Customer shall be permitted to inspect and witness such calibrations, including the process and equipment used therein, and shall receive copies of any reports summarizing the results of these activities. Upon reasonable demand by Customer and at a cost to be borne by Customer, PSE shall undertake more frequent calibrations, and shall provide Customer with all results. Equitable adjustments shall be made in the event that a meter is found to have been inaccurate.

5. Curtailement and Unauthorized Supply and Balancing of Biomethane.

- a. PSE has the right to curtail Biomethane receipts due to emergency conditions on its system, planned maintenance or the failure of the Biomethane to meet the Minimum Gas Quality. PSE shall not be liable for damages occasioned by such partial or total curtailment of Biomethane receipts under this Agreement.
- b. If Customer fails to comply with PSE's request to partially or totally curtail supply of Biomethane in accordance with Section 5.a, penalties and charges described in PSE's Rule No. 23 Section 5 may be assessed to Customer. For purposes of this Agreement, all references in Rule No. 23 Section 5 to "use" of or "consuming" gas will be interpreted to mean "supply" of Biomethane.
- c. Daily Balancing.
  - i. Balancing service is included in the basic charge per month under this Agreement. The balancing service will provide daily balancing equivalent to the difference between the Customer's daily Confirmed Nomination and daily Biomethane volumes received from Customer. All accumulated daily volumes received during a billing period are subject to the monthly balancing provisions of Section 5.c.ii.
  - ii. Daily received volumes will be accumulated at the end of the current billing period and shall be equal to Customer's total Confirmed Nominations for the current billing period. For any accumulated received volumes not equal to accumulated Confirmed Nominations, the provisions in subparagraphs d, e, f and h of this section 5 apply. PSE will communicate on each business day (Monday through Friday except holidays) to Customer and/or Customer's Agent (as authorized by Customer) information regarding any imbalance (Overrun or Underrun) on a business day basis. The monthly invoice, typically issued in the first week of the month for the prior month's service, will include, either with the bill or as a separate mailing, any cumulative imbalance and is notice to Customer of such imbalance.

d. Monthly Imbalances.

- i. At each month end, a "Monthly Imbalance" occurs if the accumulated daily received volumes for the billing period differ from the accumulated daily Confirmed Nominations for the billing period. If the accumulated daily received volumes for the billing period are in excess of the accumulated daily Confirmed Nominations for the billing period, the Monthly Imbalance is a "Monthly Overrun". If the accumulated daily received volumes for the billing period are less than the accumulated daily Confirmed Nominations for the billing period, the Monthly Imbalance is a "Monthly Underrun". A "cumulative "balance" is the result of any accumulated Monthly Imbalances (Overrun or Underrun) of a Customer.
- ii. A Cumulative Imbalance must be within the "Allowed Imbalance Tolerance", a range that is +/-5% of the current billing period's cumulative daily Confirmed Nominations. If a Cumulative Imbalance is not within the Allowed Imbalance Tolerance, the Cumulative Imbalance (Overrun or Underrun) may be subject to the applicable charges as Excess Volume or Deficiency Volume. If the Cumulative Imbalance is within the Allowed Imbalance Tolerance, or has gone from positive to negative or negative to positive, there is no current monthly charge applicable to those volumes as an Excess Volume or Deficiency Volume.

e. Cumulative Overrun:

- i. A "Cumulative Overrun" exists when the sum of the current Monthly Imbalance and the prior month's Cumulative Imbalance yields an Overrun. "Excess Volume" is determined at each month end when a Cumulative Overrun exists. Excess Volume is defined as the number of therms of Cumulative Overrun that are greater than the upper end of the Allowed Imbalance Tolerance.
- ii. A Cumulative Overrun amount will be communicated with monthly bills. For a bill that reflects an Excess Volume, Customer will be given until the end of the second subsequent billing period following the bill reflecting an Excess Volume (approximately 50 non-Constraint Period days) to eliminate all Excess Volume by bringing the Cumulative Overrun within the Allowed Imbalance Tolerance or by creating a Cumulative Underrun. If the Excess Volume is not eliminated by the second subsequent bill, Customer will be billed a charge of \$1.00 per therm for all Excess Volume in addition to Customer's normal charges. In the event the month end Excess Volume has not been eliminated at the end of billing periods following the second subsequent bill, Customer will again be billed an amount equal to the second subsequent bill, and Customer will again be billed an amount equal to the Excess Volume at a charge of \$1.00 per therm. Billing for Excess Volume will continue each month until a month end when the Excess Volume is

eliminated. A total month end Excess Volume of less than 10 therms will not be considered an Excess Volume for billing purposes.

- iii. In lieu of the charge for Excess Volume, Customer may elect to have PSE buy out the Excess Volume by PSE paying 75% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian border as reported in the Platts publication Inside FERC's Gas Market Report (including revenue related taxes). Customer must notify PSE in writing of its intent to exercise the option for PSE to buy out the Excess Volume not later than the fifteenth (15th) day of the month in which the Excess Volume credit would be assessed. If Customer exercises this buy out option, Customer's Excess Volume is eliminated, and the Cumulative Overrun is reduced by the current Excess Volume sold. PSE will credit Customer's account within thirty days of receipt of Customer's written intent to exercise the option for PSE to buy out the Excess Volume.
- f. Cumulative Underrun.
- i. A "Cumulative Underrun" exists when the sum of the current Monthly Imbalance and the prior month's Cumulative Imbalance yields an Underrun. Deficiency Volume is determined at each month end when a Cumulative Underrun exists. "Deficiency Volume" is defined as the number of therms of Cumulative Underrun that are less than the lower end of the Allowed Imbalance Tolerance.
  - ii. A Cumulative Underrun amount will be communicated with monthly bills. For a bill that reflects a Deficiency Volume, Customer will be given until the end of the second subsequent billing period following the bill reflecting a Deficiency Volume (approximately 50 non-Constraint Period days) to eliminate the Deficiency Volume by bringing the Cumulative Underrun within the Allowed Imbalance Tolerance or by creating a Cumulative Overrun. If the Deficiency volume is not eliminated by the second bill, Customer will be billed a charge of \$1.00 per therm for all Deficiency Volume in addition to the Customer's normal charges. In the event the Deficiency Volume has not been eliminated at the end of billing periods following the second subsequent bill, Customer will again be billed an amount equal to the Deficiency Volume at a charge of \$1.00 per therm. Billing for Deficiency Volumes will continue each month until a month end when the Deficiency Volume has been eliminated. A total month end Deficiency Volume of less than 10 therms will not be considered a Deficiency Volume for billing purposes.
  - iii. In lieu of the charge for Deficiency Volume, Customer may elect to cash out its Deficiency Volume and Customer will pay to PSE on the Deficiency Volume a price per therm that is 125% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian Border, as reported in the Platts publication inside FERC's Gas Market Report (including

revenue related taxes). Customer must notify PSE in writing of its intent to exercise the option to buy out the Deficiency Volume not later than the fifteenth (15th) day of the month in which the Deficiency Volume charge would be assessed. If Customer exercises this buy out option, Customer's Deficiency Volume is eliminated, and the Cumulative Underrun is reduced by the current Deficiency Volume purchased. Customer must include payment for the Excess Volume with its written letter of intent.

- g. Constraint Period provision. If receipt of Customer's gas supply is delayed because of a PSE-imposed constraint (Curtailment or entitlement) of service (a "Constraint Period"), the period for balancing the volume received from Customer with Customer's Confirmed Nomination will be extended by the number of days service was constrained.
- h. Balancing upon termination. If there exists a Cumulative Overrun upon termination of service under this tariff ("Termination" or "Terminated" in this paragraph) Customer shall have 15 non-Constraint Period days following Termination to eliminate the Cumulative Overrun. At the end of the 15-day period the Overrun amount shall become the property of PSE by its purchase at a price equal to 75% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian Border, as reported in the Platts publication inside FERC's Gas Market Report (including revenue related Taxes). If a Cumulative Underrun exists following 15 non-Constraint Period days after Termination by Customer the Underrun shall be eliminated by a charge of 125% of the then-current first-of-month index for the point entitled Northwest Pipeline Corp. Canadian Border as reported in the Platts publication Inside FERC's Gas Market Report (included revenue related taxes).

## 6. Procedure.

- a. Testing and Verification. Customer shall undertake the testing described in Section 12 to ensure the quality of the Biomethane. If Customer cannot verify that its Biomethane meets the Minimum Gas Quality in Section 12, Customer shall take the appropriate steps described in Section 12 below. Customer shall provide testing data to PSE on an as-requested basis. In addition, tracking, archiving, and retention periods for the original data held by Customer will be consistent with Section 11.c below.
- b. Changes by Customer. Changes to this Agreement, including to Section 12, may be made by Customer as warranted to fit changing production needs and/or conditions at Customer's Facility, provided that PSE approves such changes in writing prior to implementation of such change, and such approval shall not be unreasonably withheld. Other changes may be made to the Minimum Gas Quality in Section 12 if agreed to by the Parties in writing or as provided in Section 6.c.

- c. Changes by PSE.
- i. Changes to Section 12 of this Agreement may be made by PSE in its sole discretion based on: the gas quality specifications listed in the Northwest Pipeline, LLC FERC Gas Tariff or PSE's WUTC Natural Gas Tariff; recommendations by the American Gas Association or the Gas Technology Institute; documented changes to gas distribution system operating conditions or to meet new or revised generally accepted natural gas utility practices regarding gas quality or testing; or as ordered by a regulatory body having authority in the matter. PSE agrees to provide Customer, in writing, the reasons for such changes, and will provide a minimum of 24 months prior notice before changes are implemented to Section 12 of this Agreement.
  - ii. Changes to this Agreement, including to Section 12 for reasons other than those listed in Section 6.c.i, may be made by PSE, provided that Customer approves such changes in writing and such approval shall not be unreasonably withheld.
  - iii. If Customer is unable to comply with PSE's changes to Section 12, then Customer may terminate this Agreement at no cost or liability to Customer, except for amounts owed at the time of termination.
- d. Special Tests. PSE may request special testing at any time with reasonable advance notice if PSE has a specific concern with the Biomethane quality or sampling results or methods. Upon a request for special testing, Customer shall promptly provide PSE a Biomethane sample and PSE shall have that Biomethane sample analyzed by an independent certified third party laboratory (ELAP certified where applicable). The cost of such testing will be borne by Customer if such testing demonstrates that the contaminant or constituent of special concern exists in a concentration (i) above the level provided in Section 12.b, or (ii) at a level that would require testing of the contaminant or constituent at the next higher level of testing in Section 12.g. If, after such testing, the contaminants or constituents are determined to exist in concentrations below the levels provided in Section 12.b or below the level that would require testing at the next higher level in Section 12.g, then the cost of testing shall be borne by PSE.
- e. Operational Issues. Customer shall develop operational procedures that will include planned and automatic shut-down conditions, measures and procedures to ensure the prompt and safe shutdown of Biomethane deliveries from Customer's Facility to PSE's distribution system. Customer shall make a copy of such operational procedures available to PSE. PSE shall have the option to require and witness a scheduled planned shut-down exercise and a scheduled automatic shut-down exercise intended to verify proper response to an instrument detecting that the Biomethane does not meet the gas quality specifications identified in Section 12.b, on an annual basis during the Term of this Agreement. Such exercises shall be coordinated among the Parties, so as to minimize impact on operations.

Customer's facilities shall be designed and maintained to automatically suspend delivery of Biomethane to PSE facilities when the equipment monitoring the gas quality specifications identified in Section 12.b detects a deviation from the specification.

7. Emergencies, Planned Maintenance and Suspension of Receipts by PSE.
  - a. PSE Emergencies and Planned Maintenance. PSE may interrupt Biomethane receipts as necessary for purposes of carrying out emergency repairs or reasonable planned maintenance to its distribution system. PSE shall provide maximum feasible notice of emergency interruptions and at least thirty (30) days' prior written notice of interruptions for planned maintenance. Interruptions for planned maintenance should be minimized, with the intent of not exceeding five (5) days in any 12-month period. PSE will coordinate, whenever possible to incorporate scheduled maintenance of its facilities during planned shut-down or maintenance of Customer's Facility.
  - b. Customer Emergencies and Planned Maintenance. Customer may interrupt Biomethane receipts at no cost to Customer in order to carry out emergency repairs or planned maintenance to its Facility. Customer shall provide at least ten (10) days' prior written notice of interruptions for planned maintenance. Customer shall not be required to give prior notification to PSE of routine increases or decreases in supply. Customer shall provide telephone notification to PSE prior to interrupting supply, except in an emergency, and before restarting Biomethane deliveries.
  - c. Suspension of Receipts by PSE. PSE shall have the right at any time during the Term, without incurring any liability therefor to Customer, to interrupt, suspend or curtail (through manual operation, automatic operation or otherwise) receipt or acceptance of delivery of Biomethane from Customer's Location, if PSE reasonably determines that the failure to do so may:
    - i. endanger any person or property, or PSE's natural gas system, or any natural gas system with which PSE's system is interconnected or any other PSE customer's natural gas equipment;
    - ii. cause or contribute to an imminent significant disruption of natural gas service to PSE customers;
    - iii. interfere with any construction, installation, inspection, testing, repair, replacement, improvement, alteration, modification, operation, use or maintenance of, or addition to, PSE's natural gas system or other property of PSE; or
    - iv. interfere with the performance, system capacity, integrity, reliability or stability of PSE's natural gas system or any system or PSE customer's equipment with which PSE's natural gas system is interconnected.



PSE shall promptly notify Customer of the reasons for any such interruption, suspension or curtailment. PSE shall use reasonable efforts to mitigate and limit the duration of any such interruption, suspension or curtailment. If the Biomethane otherwise meets the Minimum Gas Quality in Section 12 of this Agreement, and the period of interruption, suspension or curtailment by operation of this Section 7.c exceeds forty-eight (48) hours in a calendar month, upon request of Customer, PSE shall pro-rate charges to Customer for that month.

8. Term, Charges and Payment.

a. Term. The term of this Agreement shall commence on the Effective Date and shall terminate upon the later of (a) the permanent disconnection of the Customer's Facility from the PSE distribution system (the "Term"), or (b) termination of this Agreement by Customer pursuant to Section 6.c.(iii).

b. Charges.

i. PSE shall invoice Customer, and Customer shall pay to PSE: a Basic Charge each month equal to four hundred forty-four dollars and thirty cents (\$444.30) to recover metering, nomination and billing costs; and a Gas Quality Monitoring Charge each month equal to **one thousand one hundred forty-six dollars and twenty cents (\$1,146.20)** [Note: PSE is awaiting updated rate information for this charge]. These charges shall be assessed when Customer begins to deliver and PSE begins to receive gas from the Customer.

ii. The Basic Charge is the same as the charge in PSE's Schedule 41T, Distribution, System Transportation Service (Firm-Large Volume High Load). The Basic Charge will be adjusted so as to remain the same as the charge in PSE's Schedule 41T which will be adjusted from time to time as approved by the Washington Utilities and Transportation Commission.

iii. The Gas Quality Monitoring Charge will be adjusted annually, on or after [month] 1 of each year starting with [month and year], based on percentage changes to the producer price index (PPI) for Engineering Services (4532), not seasonally adjusted, as published by the Bureau of Labor Statistics. The Base Period for determining this adjustment will be [month and year]. The calculation will compare the Base Period (month and year) PPI with the PPI in [month] of the then-current year. The percentage change to the PPI for Engineering Services (4532) will be applied to the initial Gas Quality Monitoring Charge (\$1,146.20) to determine the adjusted Gas Quality Monitoring Charge.

c. Invoicing and Payment. Consistent with PSE's Rule No. 9, invoices shall be issued monthly and are due and payable upon receipt.

9. Possession of Gas and Responsibility; Release and Indemnity.

- a. Possession of Gas. Customer shall be deemed to be in control and possession of the Biomethane until such Biomethane shall have been delivered to the Point of Receipt (at or upstream of the PSE distribution system), after which PSE shall be deemed to be in control and possession of the Biomethane. PSE shall have no responsibility with respect to any Biomethane until it is received by PSE at the Point of Receipt, or on account of anything which may be done, happen or arise with respect to such Biomethane before such receipt, and Customer shall have no responsibility with respect to any Biomethane after its receipt by PSE at the Point of Receipt, or on account of anything which may be done, happen or arise with respect to such Biomethane after such receipt.
- b. Customer releases and shall defend, indemnify and hold harmless each of the Indemnitees from and against all claims, losses, harm, suits, liabilities, obligations, damages, penalties, costs and expenses (including, but not limited to, reasonable attorneys' fees and any incremental taxes payable by PSE on the amount of any indemnities paid by Customer to PSE pursuant to this Section 9) of whatsoever kind and nature (including, without limitation, relating to the injury to or death of any person, including employees of Customer)(collectively "Claims") to the extent caused by or resulting from: Customer's negligent operation or maintenance of Customer's Facility; the interconnection of Customer's Facility with PSE's natural gas distribution system; or negligent delivery of Biomethane from Customer to the PSE natural gas distribution system. However, Customer shall not be required to so defend, indemnify or hold harmless such Indemnitee from any claim, loss, harm, liability, damage, cost or expense to the extent caused by or resulting from the negligence or concurrent negligence of such Indemnitee or its directors, officers, employees, agents or representatives.

Notwithstanding the other provisions of this Section 9, as between Customer and PSE, Customer shall be liable for any Claim to the extent such Claim arises from the failure of any Biomethane received by PSE from Customer to meet the gas quality requirements in Section 12. Customer's indemnification liabilities pursuant to this Agreement shall not be limited to the extent of its insurance coverages.

In connection with any action to enforce this Section 9, each Party hereby waives any immunity, defense or protection under any workers' compensation, industrial insurance or similar laws (including, but not limited to, the Washington Industrial Insurance Act, Title 51 of the Revised Code of Washington ("RCW")). This section 9 shall 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.

10. Governing Law. The laws of the State of Washington shall govern the interpretation and application of this Agreement, without regard to such State's choice of law principles.

11. Miscellaneous.

- a. Limitation on Liability. A Party's liability for breach of any provision of this Agreement shall be limited to direct actual damages. Such direct actual damages shall be the sole and exclusive remedy of any Party with respect to breach of this Agreement by the other Party and all other remedies at law or equity are hereby waived and no Party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, or otherwise.
  
- b. Assignment. This Agreement shall be fully assignable by Customer, subject to the written consent of PSE, which consent shall not be unreasonably withheld, provided the proposed assignee is capable of performing this Agreement in accordance with its terms. Notwithstanding the preceding sentence, this Agreement shall be fully assignable by Customer without the consent of PSE if such assignment is in connection with an assignment of all or any part of Customer's rights or obligations under this Agreement as collateral security for amounts payable under any financing arrangement in connection with the Customer's Facility. This Agreement shall be fully assignable by PSE, subject to the provisions in RCW 80.12.020, and provided the proposed assignee is capable of performing this Agreement in accordance with its terms. Subject to the foregoing restrictions on assignment, this Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Parties.
  
- c. Access to Records. Customer and PSE shall maintain books, records, documents and other accounts relating to the performance of this Agreement. PSE or its duly authorized representative shall have access to Customer's books, records, documents and accounts as relate to matters covered by this Agreement for purposes of inspection, review and copying for a period of three (3) years after completion of the work or services that are the subject of such books, records, documents and accounts.
  
- d. Notice. Any notice required by this Agreement to be given to a Party shall be effective when it is received by such Party, and in computing any period of time related to such notice, such period shall commence at 12:01 p.m. prevailing time at the place of receipt on the date of receipt of such notice.

All notices required or appropriate under this Agreement shall be given in writing by hand, by overnight courier, by first-class postage prepaid mail return receipt requested, by registered or certified mail return receipt requested, or by e-mail or facsimile which are confirmed by first class mail addressed to the applicable Party, directed to the following addresses, as may be amended by written notice:

CUSTOMER:

\_\_\_\_\_  
\_\_\_\_\_, WA  
\_\_\_\_\_

Attention: \_\_\_\_\_  
Facsimile No.: \_\_\_\_\_

PUGET SOUND ENERGY, INC.  
P.O. Box 97034 PSE  
Bellevue, WA 98009-9734  
Attention: Rates  
Facsimile No.: (425) 462-3414

- e. Severability. If any article, paragraph, clause or provision of this Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall be unaffected by such invalidity or unenforceability and all the remaining provisions of this Agreement shall remain in full force and effect as if such article, paragraph, clause or provision or any part thereof so adjudicated had not been included herein, and the Parties shall exercise their best efforts to correct the article, paragraph, clause or provision giving rise to such invalidity or unenforceability and substitute appropriate agreements and contractual arrangements to achieve the intent of this Agreement.
- f. Independent Contractors. Each Party shall furnish its own facilities, contractors and employees to fully perform its obligations under this Agreement. No Party shall, by virtue of this Agreement, have any responsibility for the payment or performance of any obligations of any other Party. Further, no Party shall have, by virtue of this Agreement, any right, power or authority to act as the agent of, to enter into any contract, to make any representation or warranty or to incur any obligation or liability of any other Party. This Agreement shall not be interpreted or construed to create any association, joint venture or partnership between the Parties or to impose any partnership obligation or liability upon any of the Parties.
- g. No Third-Party Beneficiaries. This Agreement is for the benefit of, and will be enforceable by, the Parties only. This Agreement is not intended to confer any right or benefit on any third party (including, but not limited to, any employee of any party). No action may be commenced or prosecuted against a Party by any third party claiming as a third-party beneficiary of this Agreement or any of the transactions contemplated by this Agreement.
- h. Interpretation. This Agreement will be construed without regard to any presumption or other rule regarding construction against the Party causing this Agreement to be drafted.
- i. Entirety of Agreement. This Agreement supersedes all prior negotiations, representations and agreements between the Parties relating to the subject matter hereof and constitutes the entire Agreement regarding gas quality between the Parties.

- j. Counterparts. This Agreement may be executed in two counterpart copies, each of which when so executed shall be considered for all purposes an original.
12. Biomethane Delivery Specifications. The Minimum Gas Quality and the protocol for monitoring and periodic testing of the Biomethane shall be determined in PSE's sole judgment based on the location of the Biomethane receipt relative to minimum expected system gas flow, system design and the Daily Contract Volume to be received.
- a. Prior to injection of Biomethane into Company's system ("pre-injection"), Customer shall conduct two tests over a two- to six-week period (tests shall not be less than fourteen days apart) for the constituents identified in this Section 12.
- i. Pre-injection testing shall be performed by Customer using independent certified third-party laboratories (Environmental Laboratory Accreditation Program (ELAP) certified, where applicable). Company shall be notified of the Biomethane sampling and tests and have the option to observe the samples being taken. Test results shall be shared with Company within five business days of Customer's receipt of the test results.
- ii. If during pre-injection testing, any pipeline integrity protective constituent is found to be above the lower action level, the Biomethane cannot be accepted or transported by Company's pipeline system. Customer shall make necessary modifications to lower the pipeline integrity protective constituents below the lower action level and restart pre-injection testing.
- b. All Biomethane delivered for receipt into PSE's system shall conform to the "non-quantifiable quality specifications" in this Section 12.b at the time of delivery:
- i. Merchantability: The Biomethane shall not contain dust, sand, dirt, gums, oils or other substances at levels that would be injurious to PSE's facilities or that would cause gas in PSE's system to be unmarketable.
- ii. Liquids: The Biomethane shall contain no liquids at or immediately downstream of the receipt point.
- c. Biomethane Delivery. Biomethane delivered for receipt into PSE's system shall conform to the following quantifiable quality specifications at the time of delivery. For each specification listed in this Section 12.c, the actual value corresponding to the characteristic of the Biomethane being tested will be measured, calculated, evaluated, and enforced either on a continuous basis, or at a frequency based on the normal cycling time of the applicable instrument(s). Each instrument must have a normal measurement frequency of not less than once every eight minutes.
- i. Heating Value: The minimum heating value is nine hundred and eighty-five (985) Btu (gross) per Standard Cubic Feet on a dry basis. The maximum

heating value is one thousand one hundred fifty (1150) Btu (gross) per Standard Cubic Feet on a dry basis. Prior to the execution of this Gas Quality Agreement, PSE in its sole discretion may specify a higher minimum and/or a lower maximum heating value based on the specific physical location of the receipt point on the PSE system.

- ii. Moisture Content or Water Content: The Biomethane dew point shall be no higher than 9 degrees F and measured at or above a pressure of two hundred (200) psig.
- iii. Hydrogen Sulfide: The Biomethane shall not contain more than twenty-five hundredths (0.25) of one (1) grain of hydrogen sulfide, measured as hydrogen sulfide, per one hundred (100) Standard Cubic Feet. The Biomethane shall not contain any entrained hydrogen sulfide treatment chemical (solvent) or its by-products in the Biomethane stream.
- iv. Mercaptan Sulfur: The Biomethane shall not contain more than three tenths (0.3) grains of mercaptan sulfur, measured as sulfur, per hundred Standard Cubic Feet. Mercaptan sulfur shall include only the following: Methyl mercaptan; Ethyl mercaptan; i-propyl mercaptan; n-propyl mercaptan; i-butyl mercaptan; n-butyl mercaptan; and t-butyl mercaptan.
- v. Total Sulfur: The Biomethane shall not contain more than five (5) grains of total sulfur compounds, measured as sulfur, per one hundred (100) Standard Cubic Feet. These sulfur compounds include only the following: carbonyl sulfide; carbon disulfide; hydrogen sulfide; sulfur dioxide; the mercaptans listed in Section 12.b.iv; dimethyl sulfide; dimethyl disulfide; and methyl ethyl sulfide.
- vi. Carbon Dioxide: The Biomethane shall not have a total carbon dioxide content in excess of two percent (2%) by volume.
- vii. Oxygen: The Biomethane shall not have an oxygen content in excess of two-tenths of one percent (0.2%) by volume, and Customer will make every reasonable effort to keep the Biomethane free of oxygen.
- viii. Inerts: The Biomethane shall not contain in excess of three percent (3%) total inerts (the total combined carbon dioxide, nitrogen, oxygen and any other inert compound) by volume.
- ix. Hydrocarbons: For Biomethane delivered at a pressure between 100 and 1000 psia, the Biomethane hydrocarbon dew point is not to exceed 15 degrees F at delivery pressure.
- x. Delivery Temperature: The Biomethane delivery temperature is not to be below 40 degrees F or above 120 degrees F.

xi. Interchangeability: The Biomethane shall have a minimum Wobbe Number of 1305 and shall have a Wobbe Number not greater than 1400. The Wobbe Number will be calculated using the Btu (gross) content and specific gravity of the Biomethane. The Biomethane shall meet American Gas Association's Lifting Index, Flashback Index and Yellow Tip Index interchangeability indices for high methane gas relative to a typical composition of gas in PSE's system serving the area. Acceptable specification ranges are:

- Lifting Index (IL)  
IL  $\leq$  1.06
- Flashback Index (IF)  
IF  $\leq$  1.2
- Yellow Tip Index (IY)  
IY  $\geq$  0.8

xii. Specific Gravity: All Biomethane not subject to enrichment by any non-methane hydrocarbons, shall have a specific gravity no greater than 0.577. For all Biomethane subject to enrichment by any non-methane hydrocarbons, the specific gravity shall be determined on a case-by-case basis.

- d. Biomethane Refusal. Customer shall not deliver, and PSE shall refuse to accept any Biomethane tendered for transportation by Customer if such Biomethane does not meet the specifications at the time of delivery as set out in Section 12.a and 12.b above.
- e. Biomethane Deviations. PSE may grant specific deviations to the Minimum Gas Quality specifications defined in Section 12.b above, if such Biomethane will not have a negative impact on system operations or end-use customer equipment. Any such deviation must be approved by PSE at or prior to the time of delivery.
- f. Biomethane Testing Costs. Customer shall be responsible for costs associated with Biomethane testing requirements defined in Section 12, and shall not be responsible for PSE's discretionary Biomethane testing or monitoring, except as identified in Section 6.d.
- g. Biomethane Constituents. In addition to the specifications set out in Sections 12.a and 12.b above, Biomethane must not contain Pipeline Integrity Protective Constituents described below at concentrations which would prevent or restrict the normal marketing of biomethane or be at levels that would be injurious to pipeline facilities. Biomethane to be accepted and transported in the PSE pipeline system shall be subject to periodic testing and monitoring. The Trigger Level is the level where additional periodic testing and analysis of the constituent is required. The Lower Action Level, where applicable, is used to screen Biomethane during the initial Biomethane quality review and as an ongoing screening level during the periodic testing. The Upper Action Level, where

applicable, establishes the point at which the immediate shut-off of the Biomethane supply occurs.

Constituent	Trigger Level	Lower Action Level	Upper Action Level
<i>Pipeline Integrity Protective Constituent Levels (*)</i>			
Siloxanes	0.01 mg Si/m <sup>3</sup>	-	-
Ammonia	0.001%	-	-
Hydrogen	0.10%	-	-
Mercury	0.08 mg/m <sup>3</sup>	-	-
Biologicals	4 x 10 <sup>4</sup> /scf (qPCR per APB, SRB, IOB group) and commercially free of bacteria of >0.2 microns (***)	-	-

Notes: (\*)The Pipeline Integrity Protective Constituent Lower and Upper Action Limits not provided above will be established at a later date. Until that time, Biomethane supplies that contain Pipeline Integrity Protective Constituents exceeding the Trigger Level, but lacking a Lower or Upper Action Level, will be analyzed and addressed on a case-by-case basis based on the Biomethane's potential impact on pipeline system integrity. (\*\*) qPCR – Quantitative polymerase chain reaction; APB – Acid producing Bacteria; SRB – Sulfate-reducing Bacteria; IOB – Iron-oxidizing Bacteria.

**h. Biomethane Periodic Testing.**

- i. Group 1 Constituent means any constituent with a concentration below the Trigger Level.
- ii. Group 2 Constituent means any constituent with a concentration at or above the Trigger Level.
- iii. Group 1 Constituent Testing:
  - (a) A Group 1 Constituent shall be tested once every 12-month period in which deliveries occur. Thereafter, if the Group 1 Constituent is found below the Trigger Level during two consecutive annual periodic tests, the Group 1 Constituent may be tested once every two-year period in which deliveries occur.
  - (b) A Group 1 Constituent will become a Group 2 Constituent if testing indicates a concentration at or above the Trigger Level.



- iv. Group 2 Constituent Testing:
  - (a) A Group 2 Constituent shall be tested quarterly (at least once every three-month period in which deliveries occur).
  - (b) A Group 2 Constituent will become a Group 1 Constituent if testing indicates a concentration below the Trigger Level during four consecutive tests.
- i. Biomethane Shut-Off and Restart Procedures.
  - i. Biomethane deliveries shall be automatically shut-off by Customer when any on-line gas quality monitoring instrument, or any calculated value from an on-line gas quality monitoring instrument, indicates the Biomethane does not meet Minimum Gas Quality.
  - ii. Biomethane deliveries shall be manually shut-off by Customer when any on-line gas quality monitoring instrument is known to not be providing current and accurate measurements, unless PSE provides written notice in advance of delivery that it will accept delivery.
  - iii. Notwithstanding other provisions in this Agreement, Biomethane deliveries following an automatic or manual shut-off as described in Sections 12.h.i or 12.h.ii above, may restart when the instrument is verified to be operating properly, by calibration or other means necessary, and the Biomethane meets Minimum Gas Quality.
  - iv. Biomethane deliveries from Customer may be shut-off when there is a change in the biogas source at the facility or the gas processing equipment that PSE or Customer determines will potentially increase the level of any constituent listed in Section 12.f over the previously measured baseline levels; including, among others, a shutdown of Customer's facility that exceeds 6 months.
  - v. Biomethane deliveries from Customer shall be shut-off when testing indicates a constituent listed in Section 12.f exceeds allowable concentration levels in the following situations:
    - (a) If applicable, a Pipeline Integrity Protective Constituent is found at or above the Lower Action Level three times in a 12-month period in which deliveries occur.
    - (b) Immediate shut-off if the level of an individual constituent is found above the Upper Action Level.
    - (c) The Biomethane contains constituents at concentrations which prevent or restrict the normal marketing of Biomethane or are at levels that are

injurious to pipeline facilities, or are at levels that present a safety hazard to PSE employees and/or the general public.

- vi. In order to restart Biomethane deliveries following a shut-off pursuant to Sections 12.h.iv or 12.h.v, Customer shall test the Biomethane using independent certified third party laboratories (ELAP certified where applicable). Deliveries can then resume, subject to the periodic testing requirements in Section 12.i, if the test indicates: (1) the Biomethane complies with the Minimum Gas Quality specifications contained in Section 12.b of this Agreement; and, if applicable, (2) the Pipeline Integrity Protective Constituents are below the Lower Action Level. Thereafter, constituents shall be reevaluated by PSE for eligibility for less frequent testing.
  
- j. Testing Procedures. Customer shall collect samples upstream of the PSE meter. Samples will be analyzed by independent certified third party laboratories (ELAP certified where applicable). Customer shall provide notice to PSE at least 2 business days in advance of scheduled Biomethane sample extractions, in order to allow PSE an opportunity to observe the procedure. PSE will confirm with Customer whether PSE will observe the procedure within 1 business day of such notification. If PSE confirms it will observe the procedure, Customer will provide a more specific window of time for the procedure. Sample testing results will be available and will be transmitted to PSE within 2 weeks of testing or other time period as agreed in writing in advance of the testing. Customer will notify PSE in advance in the event Customer intends to undertake sampling procedures that will require more than 2 weeks for processing.

PUGET SOUND ENERGY, INC.

\_\_\_\_\_

By: Greg Zeller

Title: Director, Customer Care

Date: \_\_\_\_\_

Customer:

\_\_\_\_\_

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

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

Date: \_\_\_\_\_

**Exhibit A**  
**to**  
**Receipt Service Agreement**

This Exhibit A is an addendum to the Biomethane Receipt Service Gas Quality Agreement (Agreement) between PSE and City of Tacoma ("Customer").

A. PSE agrees to accept receipt of up to \_\_\_\_ scft per hour of biomethane, meeting the minimum gas quality standards described herein, at a pressure not less than \_\_\_\_ psig at the Point of Receipt.

B. \_\_\_\_

C. \_\_\_\_



This page intentionally left blank

## Safety Service Contract

This Safety Service Contract (“Contract”) between Puget Sound Energy, Inc. (“PSE”) and City of Tacoma, a municipal corporation operating under the laws of the state of Washington (“Customer”) (together “Parties” or individually “Party”) is for the purpose of establishing Safety Requirements for Biomethane delivered to PSE under the Parties’ Receipt Service Agreement, and is effective as of \_\_\_\_\_ (“Effective Date”).

**WHEREAS**, Customer desires to deliver Biomethane from Customer's Biomethane processing facility ("Customer's Facility") located at Customer's central wastewater treatment plant, located at 2201 Portland Avenue Tacoma, Washington, into PSE's gas distribution system; and

**WHEREAS**, the Parties have negotiated and will be executing concurrently herewith a Receipt Service Agreement to ensure the Biomethane delivered by Customer is suitable for transportation on PSE's gas distribution system and for physical delivery to end users; and

**WHEREAS**, the Parties have entered into this Contract to ensure Biomethane delivered by Customer meets the Safety Requirements established by PSE;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein contained, and subject to all of the terms and conditions set forth herein, the Parties agree as follows:

1. **Definitions.** Terms used in this Contract that are defined in the Receipt Service Agreement shall be given the same meaning herein as in the Receipt Service Agreement. Defined terms used in this Contract that are not defined in the Receipt Service Agreement are defined in this Contract.
  - a. **Safety Requirements** means the specifications set forth in Section 5.a. and 5.b. of this Contract which shall be established for the Biomethane received into PSE’s distribution system from Customer.
2. **Responsibility.** Customer shall establish, maintain and administer a gas quality monitoring program with the knowledge and cooperation of PSE to ensure that Biomethane supplied by Customer and received into the distribution system of PSE, pursuant to this Contract, meets or exceeds the Safety Requirements . The Safety Requirements may be modified by PSE as provided at section 4.c herein as necessary to properly maintain a safe and reliable gas distribution system and ensure no unacceptable impacts on end-use PSE customers. PSE shall share the bases for such modifications with Customer.
3. **Term.** The term of this Agreement shall commence when the Customer begins to deliver Biomethane gas into PSE’s gas distribution system and shall terminate upon the later of (a) the permanent disconnection of the Customer's Facility from the PSE distribution system (the "Term"), or (b) termination of this Agreement by Customer pursuant to Section 4.c.iii.
4. **Procedure.**

- a. Testing and Verification. Customer shall undertake the testing described in Section 5 to ensure the quality of the Biomethane. If Customer cannot verify that its Biomethane meets the Safety Requirements in Section 5, Customer shall take the appropriate steps described in Section 5 below. Customer shall provide testing data to PSE on an as-requested basis. In addition, tracking, archiving, and retention periods for the original data held by Customer will be consistent with Section 7.c.
- b. Changes by Customer. Changes to this Contract, including to Section 5, may be made by Customer as warranted to fit changing production needs and/or conditions at Customer's Facility, provided that PSE approves such changes in writing prior to implementation of such change, and such approval shall not be unreasonably withheld. Other Customer initiated changes may be made to the Safety Requirements in Section 5 if agreed to by the Parties in writing or as provided herein.
- c. Changes by PSE.
  - i. Changes to Section 5 of this Agreement may be made by PSE in its sole discretion based on: the gas quality specifications listed in the Northwest Pipeline, LLC FERC Gas Tariff or PSE's WUTC Natural Gas Tariff; recommendations by the American Gas Association or the Gas Technology Institute; documented changes to gas distribution system operating conditions or to meet new or revised generally accepted natural gas utility practices regarding gas quality or testing; or as ordered by a regulatory body having authority in the matter. PSE agrees to provide Customer, in writing, the reasons for such changes, and will provide a minimum of 24 months prior notice before changes are implemented to Section 5 of this Agreement.
  - ii. Changes to this Agreement, including to Section 5 for reasons other than those listed in Section 4.c.1, may be made by PSE, provided that Customer approves such changes in writing and such approval shall not be unreasonably withheld.
  - iii. If Customer is unable to comply with PSE's changes to Section 5, then Customer may terminate this Agreement at no cost or liability to Customer, except for amounts owed at the time of termination.
- d. Special Tests. PSE may request special testing at any time with reasonable advance notice if PSE has a specific concern with the Biomethane quality or sampling results or methods. Upon a request for special testing, Customer shall promptly provide PSE a Biomethane sample and PSE shall have that Biomethane sample analyzed by an independent certified third party laboratory (ELAP certified where applicable). The cost of such testing will be borne by Customer if such testing demonstrates that the constituent of special concern exists in a concentration (i) above the level provided in Section 5.a, or (ii) at a level that would require testing of the contaminant or constituent at the next higher level of testing in Section 5.c. If, after such testing, the constituents are determined to exist in concentrations below the levels provided in Section 5.a or below the level that would require testing at the next higher level in Section 5.c, then the cost of testing shall be borne by PSE.



5. Safety Protective Constituents. In addition to the specifications identified in the Receipt Service Agreement, Biomethane must not contain constituents described below at concentrations which would prevent or restrict the normal marketing of biomethane, be at levels that would be injurious to pipeline facilities, or be at levels that would present a safety hazard to PSE employees and/or the general public.

a. Type A and Type B Safety Protective Constituents. Safety Protective Constituents are constituents that may impact safety and include two types of constituents ("Type A Constituents") and ("Type B Constituents").

<b>Constituent</b>	<b>Trigger Level mg/m<sup>3</sup> (ppmv) (*)</b>	<b>Lower Action Level mg/m<sup>3</sup> (ppmv)</b>	<b>Upper Action Level mg/m<sup>3</sup> (ppmv)</b>
<u>Type-A Constituents</u>			
p-Dichlorobenzenes	5.7 (0.95)	57 (9.5)	140 (24)
Ethylbenzene	26 (6.0)	260 (60)	650 (150)
Vinyl Chloride	0.84 (0.33)	8.4 (3.3)	21 (8.3)
<u>Type-B Constituents</u>			
Toluene	904 (240)	9,000 (2,400)	45,000 (12,000)
Alkyl Thiols (mercaptans) (**)	(12)	(120)	(610)

Notes: (\*) The first number in this table are in milligrams per cubic meter (mg/m<sup>3</sup>), while the second number ( ) is in parts per million by volume (ppmv). (\*\*) Methyl mercaptan, Ethyl mercaptan, i-propyl mercaptan, n-propyl mercaptan, t-butyl Mercaptan.

b. Cumulative Safety Risk. If any Safety Protective Constituents are found at or above the Trigger Level, the risk from Type-A and Type-B Constituents must be calculated by summing the risk for each Safety Protective Constituent above the Trigger level. The calculation is described in Section 5.d.v below.

<b>Total Risk from Type-A and Type-B Constituents</b>			
<b>Risk Management Levels</b>	<b>Risk from Type-A Constituents</b>	<b>Hazard Index from Type-B Constituents</b>	<b>Action</b>

Trigger Level 1	$\geq 1.0$	$\geq 0.1$	Periodic Testing Required
Lower Action Level 2	$\geq 10.0$	$\geq 1.0$	Supply shut-in after three exceedances in 12- month period in which deliveries occur
Upper Action Level 3	$\geq 25.0$	$\geq 5.0$	Immediate supply shut- in
1. For any Safety Protective Constituent. 2. Sum of the Safety Protective Constituents exceeding the trigger level. 3. Any individual Safety Protective Constituent or the sum of any Safety Protective Constituents exceeding the trigger level.			

- c. Pre-injection Testing. Prior to injection of Biomethane into Company's system ("pre-injection"), Customer shall conduct two tests over a two- to six-week period (tests shall not be less than fourteen days apart) for the constituents identified in this Section 5.
- i. Pre-injection testing shall be performed by Customer using independent certified third-party laboratories (Environmental Laboratory Accreditation Program (ELAP) certified, where applicable). Company shall be notified of the Biomethane sampling and tests and have the option to observe the samples being taken. Test results shall be shared with Company within five business days of Customer's receipt of the test results.
  - ii. If during pre-injection testing, any Safety Protective Constituent is found at or above the trigger level, the total potential risk of the Biomethane must be calculated as described in Section 5.b and Section 5.d of this Safety Service Contract and the calculator in Exhibit A. The total potential risk can be calculated by summing the individual risk for each constituent above the trigger level. If the total potential Type-A risk or Type-B risk is at or above the lower action level (the Type-A risk lower action level is  $> 10$  in a million and the Type-B risk lower action level is a Hazard Index of  $>1$ ), the Biomethane cannot be accepted or transported by Company's pipeline system. Customer shall make necessary modifications to lower the total Type-A risk or Type-B risk below the lower action level and restart pre-injection testing.
- d. Biomethane Periodic Testing.
- i. Group 1 Constituent means any constituent with a concentration below the Trigger Level.

- ii. Group 2 Constituent means any constituent with a concentration at or above the Trigger Level.
- iii. Group 1 Constituent Testing:
  - (a) A Group 1 Constituent shall be tested once every 12-month period in which deliveries occur. Thereafter, if the Group 1 Constituent is found below the Trigger Level during two consecutive annual periodic tests, the Group 1 Constituent may be tested once every two-year period in which deliveries occur.
  - (b) A Group 1 Constituent will become a Group 2 Constituent if testing indicates a concentration at or above the Trigger Level.
- iv. Group 2 Constituent Testing:
  - (a) A Group 2 Constituent shall be tested quarterly (at least once every three-month period in which deliveries occur).
  - (b) A Group 2 Constituent will become a Group 1 Constituent if testing indicates a concentration below the Trigger Level during four consecutive tests.
- v. Total risk from Type-A and Type-B Constituents:
  - (a) The total risk from Type-A and Type-B Constituents shall be calculated for all Safety Protective Group 2 Constituents.
    - (i) Type-A Risk: The potential Type-A risk for Group 2 compounds can be estimated by summing the individual potential risk for each Type-A constituent of concern. Specifically, the Type-A risk can be calculated using the ratio of the concentration of the constituent in the Biomethane to the safety protective ("trigger") concentration value corresponding to one in a million risk for that specific Type-A constituent and then summing the risk for all the Group 2 constituents. (For reference, see the calculator in Exhibit A.)
    - (ii) Type-B Risk: The potential Type-B risk can be calculated using the ratio of the concentration of the constituent in Biomethane to the safety protective concentration value corresponding to a hazard quotient of 0.1 for that specific Type-B constituent, then multiplying the ratio by 0.1, and then summing the Type-B chronic risk for these Group 2 constituents. (For reference, see the calculator in Exhibit A.)
  - (b) If four consecutive quarterly tests demonstrate that the total risk from Type-A or Type-B Constituents is below the Lower Action Level, monitoring can be reduced to once every 12-month period in which deliveries occur.

- (c) If annual testing demonstrates that total risk from Type-A or Type-B Constituents is at or above the Lower Action Level, then testing for the Type-A or Type-B Constituents will revert to quarterly.
- e. Biomethane Shut-Off and Restart Procedures.
- i. Change in Biogas Source or Gas Processing Facility. Biomethane deliveries from Customer may be shut-off when there is a change in the biogas source at the facility or the gas processing equipment that PSE or Customer determines will potentially increase the level of any constituent listed in Section 5.a or the cumulative risk in Section 5.b over the previously measured baseline levels; including, among others, a shutdown of Customer's facility that exceeds 6 months.
  - ii. Safety Protective Constituent Testing Results. Biomethane deliveries from Customer shall be shut-off when testing indicates a constituent listed in Section 5.a or the cumulative safety risk in Section 5.b exceeds allowable concentration levels in the following situations:
    - (a) The total risk from Type-A or Type-B Constituents is found at or above the Lower Action Level three times in a 12-month period in which deliveries occur.
    - (b) The total risk from Type-A or Type-B Constituents is found at or above the Upper Action Level.
    - (c) Immediate shut-off if the level of an individual constituent is found above the Upper Action Level.
    - (d) The Biomethane contains constituents at concentrations which prevent or restrict the normal marketing of Biomethane, are at levels that are injurious to pipeline facilities, or are at levels that present a safety hazard to PSE employees and/or the general public.
  - iii. In order to restart Biomethane deliveries following a shut-off, Customer shall test the Biomethane using independent certified third party laboratories (ELAP certified where applicable). Deliveries can then resume, subject to the periodic testing requirements in Section 5.c, if the test indicates the total risk from Type-A and Type-B Constituents is below the Lower Action Level. Thereafter, constituents shall be reevaluated by PSE for eligibility for less frequent testing.
- f. Testing Procedures. Customer shall collect samples upstream of the PSE meter. Samples will be analyzed by independent certified third party laboratories (ELAP certified where applicable). Customer shall provide notice to PSE at least 2 business days in advance of scheduled Biomethane sample extractions, in order to allow PSE an opportunity to observe the procedure. PSE will confirm with Customer whether PSE will observe the procedure within 1 business day of such notification. If PSE confirms it will observe the procedure, Customer will provide a more specific window of time for the procedure. Sample testing results will be available and will be transmitted to PSE within 2 weeks of testing or other time period as agreed in writing in advance of the testing. Customer will

notify PSE in advance in the event Customer intends to undertake sampling procedures that will require more than 2 weeks for processing.

6. Governing Law. The laws of the State of Washington shall govern the interpretation and application of this Agreement, without regard to such State's choice of law principles.

7. Miscellaneous.

a. Limitation on Liability. A Party's liability for breach of any provision of this Agreement shall be limited to direct actual damages. Such direct actual damages shall be the sole and exclusive remedy of any Party with respect to breach of this Agreement by the other Party and all other remedies at law or equity are hereby waived and no Party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, or otherwise.

b. Assignment. This Agreement shall be fully assignable by Customer, subject to the written consent of PSE, which consent shall not be unreasonably withheld, provided the proposed assignee is capable of performing this Agreement in accordance with its terms. Notwithstanding the preceding sentence, this Agreement shall be fully assignable by Customer without the consent of PSE if such assignment is in connection with an assignment of all or any part of Customer's rights or obligations under this Agreement as collateral security for amounts payable under any financing arrangement in connection with the Customer's Facility. This Agreement shall be fully assignable by PSE, subject to the provisions in RCW 80.12.020, and provided the proposed assignee is capable of performing this Agreement in accordance with its terms. Subject to the foregoing restrictions on assignment, this Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Parties.

c. Access to Records. Customer and PSE shall maintain books, records, documents and other accounts relating to the performance of this Agreement. PSE or its duly authorized representative shall have access to Customer's books, records, documents and accounts as relate to matters covered by this Agreement for purposes of inspection, review and copying for a period of three (3) years after completion of the work or services that are the subject of such books, records, documents and accounts.

d. Notice. Any notice required by this Agreement to be given to a Party shall be effective when it is received by such Party, and in computing any period of time related to such notice, such period shall commence at 12:01 p.m. prevailing time at the place of receipt on the date of receipt of such notice.

All notices required or appropriate under this Agreement shall be given in writing by hand, by overnight courier, by first-class postage prepaid mail return receipt requested, by registered or certified mail return receipt requested, or by e-mail or facsimile which are confirmed by first class mail addressed to the applicable Party, directed to the following addresses, as may be amended by written notice:

CUSTOMER:

\_\_\_\_\_  
\_\_\_\_\_,  
\_\_\_\_\_, WA xxxxx  
Attention: \_\_\_\_\_  
Facsimile No.: \_\_\_\_\_

PUGET SOUND ENERGY, INC.  
P.O. Box 97034 PSE  
Bellevue, WA 98009-9734  
Attention: Rates  
Facsimile No.: (425) 462-3414

- e. Severability. If any article, paragraph, clause or provision of this Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall be unaffected by such invalidity or unenforceability and all the remaining provisions of this Agreement shall remain in full force and effect as if such article, paragraph, clause or provision or any part thereof so adjudicated had not been included herein, and the Parties shall exercise their best efforts to correct the article, paragraph, clause or provision giving rise to such invalidity or unenforceability and substitute appropriate agreements and contractual arrangements to achieve the intent of this Agreement.
- f. Independent Contractors. Each Party shall furnish its own facilities, contractors and employees to fully perform its obligations under this Agreement. No Party shall, by virtue of this Agreement, have any responsibility for the payment or performance of any obligations of any other Party. Further, no Party shall have, by virtue of this Agreement, any right, power or authority to act as the agent of, to enter into any contract, to make any representation or warranty or to incur any obligation or liability of any other Party. This Agreement shall not be interpreted or construed to create any association, joint venture or partnership between the Parties or to impose any partnership obligation or liability upon any of the Parties.
- g. No Third-Party Beneficiaries. This Agreement is for the benefit of, and will be enforceable by, the Parties only. This Agreement is not intended to confer any right or benefit on any third party (including, but not limited to, any employee of any party). No action may be commenced or prosecuted against a Party by any third party claiming as a third-party beneficiary of this Agreement or any of the transactions contemplated by this Agreement.
- h. Interpretation. This Agreement will be construed without regard to any presumption or other rule regarding construction against the Party causing this Agreement to be drafted.
- i. Entirety of Agreement. This Agreement supersedes all prior negotiations, representations and agreements between the Parties relating to the subject matter hereof and constitutes the entire Agreement regarding gas quality between the Parties.
- j. Counterparts. This Agreement may be executed in two counterpart copies, each of which when so executed shall be considered for all purposes an original.

Company:

PUGET SOUND ENERGY, INC.

---

By: Greg Zeller

Title: Director, Customer Care

Date: \_\_\_\_\_

Customer:

---

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

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

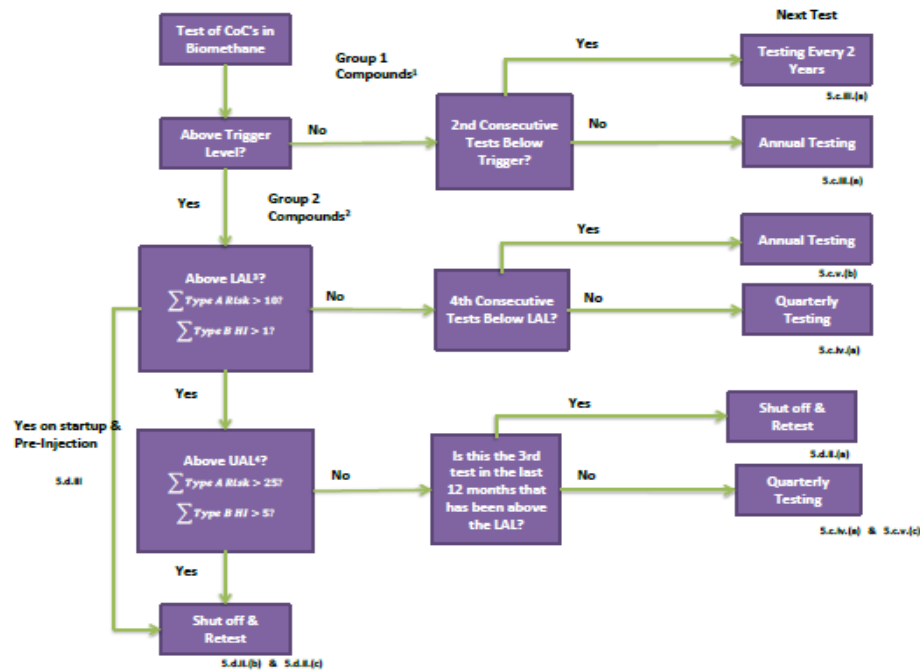
Date: \_\_\_\_\_

# Exhibit A to Safety Service Contract

Calculator

## Biomethane Safety Protective Constituents Testing Frequency Flowchart

All biomethane producers are required to periodically analyze the concentrations of their Safety Protective Constituents of Concern (CoC) in order to determine the required frequency of testing and potential for shutoff. The flowchart is a visual representation of the process as outlined in Sections 5.c. and 5.d. of the Safety Service Contract.



<sup>1</sup>Group 1 Compounds are tested on an individual basis

<sup>2</sup>Group 2 Compounds are tested collectively for a total

Type A risk and Type B Hazard Index. Group 2 Compounds can move to Group 1 after four consecutive tests below the trigger level

<sup>3</sup>Lower Action Level (LAL)

<sup>4</sup>Upper Action Level (UAL)

Note: Upon request, PSE can provide a supplemental calculation tool.

This tool will analyze batch test data in order to determine testing frequency and if immediate facility shutdown is required.