

TRANSFER LINE INTERCONNECTION AND TRANSPORTATION AGREEMENT
BETWEEN
PUGET SOUND ENERGY, INC.
AND
KING COUNTY, WASHINGTON

This TRANSFER LINE INTERCONNECTION AND TRANSPORTATION AGREEMENT (“Agreement”) dated [DATE] (the “Effective Date”), is entered into by and between Puget Sound Energy, Inc. (“PSE”) and King County, a political subdivision of the state of Washington (“King County”). Each of PSE and King County is sometimes referred to in this Agreement individually as a “Party”; both of PSE and King County are sometimes referred to in this Agreement together as the “Parties.”

WITNESSETH:

WHEREAS, King County owns and operates the landfill gas purification plant located at the Cedar Hills Regional Landfill; and

WHEREAS, PSE is a corporation organized and doing business under the laws of the State of Washington, and a gas and electric utility regulated by the Washington Utilities and Transportation Commission; and

WHEREAS, King County intends to process the methane gas produced by the Cedar Hills Regional Landfill in a safe, economical, and environmentally acceptable manner and to cooperate in furthering the State of Washington’s policy of meeting energy demand through projects that produce energy from resources such as landfill gas; and

WHEREAS, King County has the rights to sell the gas recovered, treated, processed, and converted into Pipeline Quality Gas at such facility; and

WHEREAS, PSE owns and operates certain pipeline and related facilities between the Cedar Hills Landfill Gas Processing Facility and the interstate pipeline facilities operated by Northwest Pipeline GP (“NWP”); and

WHEREAS, King County desires to sell Pipeline Quality Gas to PSE; and

WHEREAS, pursuant and subject to the terms of the NAESB Agreements executed by the Parties as of [DATE], PSE shall purchase Pipeline Quality Gas produced by King County at the Cedar Hills Landfill Gas Processing Facility for use in providing energy to PSE’s utility customers; and

WHEREAS, the Parties desire to set forth the terms under which PSE will provide services related to the Pipeline Quality Gas (“Services”) and the terms under which King County will compensate PSE for the Services; and

WHEREAS, the Parties desire to set forth the terms under which King County may use the PSE Facilities;

NOW, THEREFORE, PSE and King County, for good and valuable consideration, the receipt of which is hereby acknowledged, hereby agree as follows:

ARTICLE 1 **DEFINITIONS**

For the purposes of this Agreement, the following capitalized terms used but not otherwise defined herein have the definitions set forth below.

“Cedar Hills Landfill Gas Processing Facility” means the landfill gas recovery, treatment, and processing facility located at the landfill commonly known as the Cedar Hills Regional Landfill.

“Dekatherm” or **“Dth”** means the unit of energy equal to 1,000,000 British thermal units or 1 MMBtu.

“King County Facilities” means the Cedar Hills Landfill Gas Processing Facility and all other facilities or equipment necessary for producing Pipeline Quality Gas from Landfill Gas, including facilities or equipment for separation, compressing, drying, and delivering Pipeline Quality Gas to the Point of Delivery.

“Landfill Gas” means the gas containing methane and other compounds produced by the Cedar Hills Regional Landfill which has not yet been processed by the King County Facilities.

“Measurement Devices” means the devices, owned and operated by PSE that are located at the Point of Measurement and that measure the volume and properties of gas delivered at the Point of Measurement.

“NAESB Agreements” means those certain agreements entered into by King County and PSE for the purchase of King County’s Pipeline Quality Gas by PSE.

“Odorization Equipment” means that equipment owned and operated by PSE as necessary for PSE to appropriately odorize the Pipeline Quality Gas.

“Pipeline Quality Gas” means gas meeting or exceeding the specifications identified in the three-party agreement into which the Parties and NWP will enter into in accordance with Article 5.

“Point of Delivery” means the valve downstream of King County’s 4th stage compression and upstream of the PSE-owned Odorization Equipment, which is located just behind the generator house at the King County Facilities.

“Point of Measurement” means the point between the Transfer Line and the interconnect with NWP’s interstate pipeline facilities where the Measurement Devices are located.

“Processed Gas” means Landfill Gas which has been processed by King County Facilities.

“PSE Facilities” means the equipment and facilities owned and operated by PSE for purposes of this Agreement, including, but not limited to, the Transfer Line, Measurement Devices, and Odorization Equipment.

“Standard cubic foot” or **“SCF”** means the quantity of gas contained in 1 cubic foot volume at 60 degrees Fahrenheit and 14.73 pounds per square inch absolute pressure.

“Transfer Line” means the pipeline owned and operated by PSE that transports Pipeline Quality Gas from King County Facilities to the interconnect with the interstate pipeline facilities owned by NWP.

ARTICLE 2 TERM OF AGREEMENT

Section 2.01 This Agreement shall become effective upon the Effective Date. The Agreement shall remain in effect from the Effective Date until the earlier of: (i) October 31, 2035; (ii) termination pursuant to the terms of this Agreement; or (iii) termination by written agreement of the Parties.

Section 2.02 The term may be extended by mutual written agreement of the Parties for an additional term of 10 years.

Section 2.03 In the event of a termination, all payment obligations incurred prior to termination shall be and hereby are preserved until satisfied.

ARTICLE 3 SERVICES.

Section 3.01 PSE hereby agrees to perform the Services as set forth on Appendix A to this Agreement, which is hereby incorporated by reference herein.

ARTICLE 4 PAYMENT AND INVOICING FOR SERVICES

Section 4.01 King County hereby agrees to pay PSE for the Services according to the pricing schedule in Appendix B to this Agreement which is hereby incorporated by reference herein.

ARTICLE 5 **GAS QUALITY**

Section 5.01 The Parties will establish the specifications and standards that Pipeline Quality Gas must meet in a separate, three-party agreement by and between PSE, King County, and NWP to be negotiated in good faith and executed between the Parties and NWP.

ARTICLE 6 **FORCE MAJEURE**

Section 6.01 Neither PSE nor King County shall be liable to the other Party for any delay in the performance of any of their respective obligations under this Agreement to the extent such delay is caused by acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, pandemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests or restraints of leaders and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the order of any court or governmental authority having jurisdiction, and any other cause, whether of the kind enumerated herein or otherwise, not reasonably within the control of the Party claiming delay and which by the exercise of due diligence such Party is unable to prevent or overcome (each such event "Force Majeure"). Failure to prevent or settle a strike or strikes shall not be considered a matter within the control of the Party claiming suspension.

Section 6.02 Such causes or contingencies affecting the performance under this Agreement by either PSE and King County, however, shall not relieve either Party of liability in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either Party of its obligations to make payments of amounts then due in respect of Pipeline Quality Gas that has already been delivered to the Point of Measurement.

ARTICLE 7 **ASSISTANCE DURING START-UP AND TESTING**

Section 7.01 Each Party shall cooperate with, and provide reasonable assistance to, the other Party, without charge, during start-up and testing of the King County Facilities and the PSE Facilities. Each Party shall provide written notice to the other, as soon as possible, of the readiness of their respective facilities to perform such Party's obligations under this Agreement.

ARTICLE 8 **EMERGENCIES; EXPECTED KING COUNTY HOURS OF OPERATION**

Section 8.01 PSE may, without liability, interrupt, pause or suspend the Services as necessary for purposes of carrying out repairs or mitigating exigent risks and shall provide maximum feasible notice of emergency interruptions, and, to the extent practicable, the estimated duration of any such interruption, pause, or suspension of the Services.

ARTICLE 9

POSSESSION OF GAS AND RESPONSIBILITY AND INDEMNIFICATION

Section 9.01 King County shall be deemed to be in control and possession of the gas until such gas shall have been delivered to the Point of Delivery. PSE shall be deemed to be in control and possession of the gas once it is delivered to the Point of Delivery and shall assume responsibility for, and risk of loss in connection with, the transportation of such gas. PSE will be deemed to take title to any and all Pipeline Quality Gas that PSE purchased pursuant to the NAESB Agreements once such Pipeline Quality Gas has been delivered to the Point of Measurement. King County will retain title to all gas after its delivery to the Point of Measurement that PSE has not taken title to under the foregoing sentence. King County shall indemnify and hold harmless PSE, its successors and assigns, and the respective directors, officers, agents, and employees of PSE, its successors and assigns, from and against all losses, liabilities and claims, including without limitation, reasonable attorneys' fees and court costs (collectively "Claims"), from any and all persons, arising from or out of claims of title, personal injury, or property damage to the extent arising out of or in connection with (i) any Landfill Gas, Processed Gas and Pipeline Quality Gas prior to the delivery of any such gas to the Point of Measurement; and (ii) the failure of any gas delivered to the Point of Measurement to qualify as Pipeline Quality Gas unless such failure was caused by or attributable to an act or omission of PSE. PSE shall indemnify and hold harmless King County, its successors and assigns, and the respective directors, officers, agents, and employees of PSE, its successors and assigns, from and against all Claims, from any and all persons, arising from or out of claims of title, personal injury, or property damage to the extent arising out of or in connection with any Landfill Gas, Processed Gas, and Pipeline Quality Gas after the delivery of any such gas to the Point of Measurement except for any Claims arising from the failure of any gas delivered to the Point of Measurement to qualify as Pipeline Quality Gas unless such failure was caused by or attributable to an act or omission of King County. The terms of this Section 9.01 supersede anything to the contrary in the NAESB Agreements.

Section 9.02 In connection with any action to enforce this Article 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). This Article 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.

ARTICLE 10

INDEMNIFICATION AND LIMITATION OF LIABILITY

Section 10.01 Each Party agrees to indemnify and hold harmless the other Party for claims by third parties for personal injury, death, or property damage to the extent caused by or resulting from: (i) the negligent or intentional acts, errors, or omissions of the indemnifying Party, (ii) the indemnifying Party's breach of applicable law, except, in either of (i) or (ii), to the extent such matter is otherwise addressed under the indemnification obligations set forth in Article 9 of this Agreement.

Section 10.02 NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, OTHER THAN A PARTY'S INDEMNIFICATION OBLIGATIONS SET FORTH IN ARTICLES 9 AND 10, AND A PARTY'S RIGHTS TO EQUITABLE RELIEF AS MAY BE EXPRESSLY SET FORTH IN THIS AGREEMENT, A PARTY'S LIABILITY FOR BREACH OF ANY PROVISION OF THIS AGREEMENT SHALL BE LIMITED TO DIRECT DAMAGES. EXCEPT AS SET FORTH IN THE PRECEDING SENTENCE, (i) SUCH DIRECT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY OF THE NON-BREACHING PARTY AND ALL OTHER REMEDIES AT LAW OR EQUITY ARE HEREBY WAIVED, AND (ii) NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

ARTICLE 11 **DISPUTE RESOLUTION AND APPLICABLE LAW**

Section 11.01 Venue for any suit, legal action, or other legal proceeding arising out of or relating to this Agreement shall lie either in the Superior Court of Washington for King County or in the United States District Court for the Western District of Washington, both of which are located in Seattle, Washington. Each Party consents to the jurisdiction of these two courts in any such suit, action, or proceeding involving this Agreement. The Parties agree that a final judgment in any such suit, action, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or by any other manner provided by law. Each Party shall pay its own attorneys' fees and costs in connection with any legal action hereunder.

Section 11.02 Except as otherwise expressly provided in this Agreement and before any Party initiates any lawsuit or legal proceedings pursuant to this Article 11, the Parties will attempt in good faith to resolve through negotiations any dispute, claim or controversy arising out of or relating to this Agreement; provided, however, that either Party may seek interim relief to the extent necessary to preserve its rights hereunder or protect its property during the continuance of the resolution process set forth in this Article 11. Either Party may initiate negotiations by providing notice to the other Party, setting forth the subject of the dispute and the relief requested. The recipient of such notice shall respond within seven (7) days with a written statement of its position on, and recommended solution to, the dispute. If the dispute is not resolved by this exchange of correspondence, then representatives of each Party with full settlement authority will meet at a mutually agreeable time and place within ten (10) days of the initial notice in order to exchange relevant information and perspectives, and to attempt to resolve the dispute. If the Parties do not resolve such dispute within twenty (20) days of the initial notice, then either Party shall at any time thereafter have the right to exercise any of its rights and remedies provided to it hereunder or otherwise available at law or in equity (subject to the limitations set forth herein).

Section 11.03 The laws of the State of Washington shall govern the interpretation and application of this Agreement, without regard to any State's choice of law principles.

ARTICLE 12 **INSURANCE**

Section 12.01 Throughout the term of this Agreement, King County shall, at King County's expense, maintain Commercial General Liability insurance with minimum per occurrence limits of ten million dollars (\$10,000,000), providing coverage for any and all costs, including defense costs, losses, and damages resulting from personal injury, bodily injury (including death), and property damage. Such insurance shall include products liability, completed operations, and blanket contractual liability coverage, as well as coverage for XCU (Explosion, Collapse, and Underground) hazards. These requirements for insurance coverage limits may be satisfied by a combination of Primary and Excess Commercial General Liability policies. In the event that any policy is written on a "claims made" basis, and such policy is not renewed during the Term of this Agreement, King County shall obtain for such policy the broadest basic and supplemental extended reporting period coverage commercially available on reasonable terms and conditions in the commercial insurance market and provide PSE with proof that such basic and supplemental extended reporting period coverage has been obtained.

Section 12.02 All insurance policies as provided above shall (i) be endorsed to include PSE, its officers, directors, employees, and agents as additional insureds, (ii) not be reduced, canceled, or otherwise materially changed without thirty (30) days' prior written notice to PSE, (iii) be primary with respect to PSE, and any other insurance or self-insurance maintained by PSE shall be excess of and not contributing insurance with King County's insurance, (iv) apply severally and not collectively to each insured against which or whom a claim is made or suit is brought, except that the inclusion of more than one insured shall not operate to increase the insurance company's limits of liability as set forth in the insurance policy, and (v) be endorsed as necessary to waive all subrogation rights against PSE. To the extent permitted by its insurance policies, King County hereby waives all rights of subrogation against PSE, its officers, directors, employees, and agents.

Section 12.03 Prior to delivering any Pipeline Quality Gas to the PSE Facilities, and throughout the Term of this Agreement, King County shall provide PSE with (a) evidence of insurance policies, showing the policy effective dates, limits of liability, and the schedule of terms, conditions, and endorsements, and (b) a copy of the endorsement naming PSE, its officers, directors, employees, and agents as additional insureds, showing the policy number(s), and signed by an authorized representative of the insurance company. Unless PSE notifies King County in writing within five business days of receipt, PSE shall be deemed satisfied with the coverage summarized in the certificate of coverage provided by King County to PSE. All insurance coverage pursuant hereto shall be issued by an insurer with a Best's Rating of not less than "A-VII."

Section 12.04 Notwithstanding anything in Article 12, King County represents that it is self-funded for its liability exposures. King County agrees to provide PSE with a certificate of self-insurance as adequate proof of coverage. King County further represents that it does not purchase Commercial General Liability insurance and is a self-insured governmental entity. Therefore, King County does not have the ability to add PSE as an additional insured. PSE acknowledges and accepts the foregoing as satisfaction of the insurance requirements set forth in this Article 12. However, if King County elects to cease self-insuring its liability exposures and to

purchase Commercial General Liability Insurance, King County agrees to add PSE as an additional insured and satisfy all other insurance requirements in Sections 12.01, 12.02, and 12.03.

ARTICLE 13 SEVERABILITY AND SURVIVAL

Section 13.01 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 remaining provisions shall remain in full force and effect as if such article, paragraph, clause, or provision of 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 provisions to achieve the intent of this Agreement.

Section 13.02 Articles 9, 10, and 11, and the obligations to make payments hereunder shall survive termination of this Agreement.

ARTICLE 14 INDEPENDENT CONTRACTORS

Section 14.01 Each Party shall furnish its own facilities, contractors, and employees to fully perform its obligations under this Agreement. Neither Party shall, by virtue of this Agreement, have (i) any responsibility for the payment or performance of any obligations of the other Party, (ii) 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 the 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 either Party.

ARTICLE 15 NO THIRD PARTY BENEFICIARIES

Section 15.01 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.

ARTICLE 16 INTERPRETATION

Section 16.01 This Agreement will be construed without regard to any presumption or other rule regarding construction against the Party causing this Agreement to be drafted.

ARTICLE 17 ASSIGNMENT

Section 17.01 King County may not assign this Agreement without PSE's prior written consent, which consent shall not be unreasonably withheld, provided the proposed assignee (the "King County Assignee") is capable of performing this Agreement in accordance with its terms and assumes all liability hereunder. PSE shall purchase Pipeline Quality Gas from the King County Assignee pursuant to this Agreement. Notwithstanding the preceding, this Agreement shall be fully assignable by King County, without the consent of PSE, provided such assignment is in connection with an assignment of all or any part of King County's rights or obligations under this Agreement as collateral security for amounts payable under any financing arrangement in connection with the Cedar Hills Landfill Gas Processing Facility. This Agreement shall also be fully assignable by PSE, subject to King County's written consent, which consent shall not be unreasonably withheld, 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.

ARTICLE 18 ACCESS TO RECORDS

Section 18.01 In addition to meter and gas testing records, the Parties shall, in accordance with generally accepted accounting principles consistently applied, maintain books, records, documents and other accounts necessary for the performance of this Agreement. Each Party and its duly authorized representatives shall have access to such 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.

ARTICLE 19 NOTICES, COMPUTATION OF TIME AND HOLIDAYS

Section 19.01 Any notice required by this Agreement to be given to either 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.

Section 19.02 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 emails which are confirmed by first class mail addressed to the applicable Party, directed to the following addresses, as maybe amended by written notice:

PUGET SOUND ENERGY, INC.
355 110th Ave NE.
Bellevue, WA 98004-9734
Attention: Mike Ostrowski

Email address: mike.ostrowski@pse.com

KING COUNTY, WASHINGTON
King County Department of Natural Resources and Parks
Attention: Solid Waste Division Deputy Director
201 S Jackson, Suite 6400
Seattle, WA 98104
Email address: commctr.swd@kingcounty.gov

Section 19.03 If the date for making any payment or performing any act is a day on which banking institutions are closed in the place where the payment is to be made or a legal holiday, payment may be made or the act performed on the next succeeding day which is neither a legal holiday nor a day when banking institutions are closed.

ARTICLE 20 **ENTIRETY OF AGREEMENT**

Section 20.01 This Agreement, including the Appendices A and B, supersedes all prior negotiations, representations, and agreements between the Parties relating to the subject matter hereof and constitutes the entire agreement between the Parties.

Section 20.02 This Agreement may be executed in two or more counterpart copies, each of which when so executed shall be considered for all purposes an original. Executed counterparts transmitted by facsimile or other electronic means shall be binding on the Parties.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Transfer Line Transportation Agreement to be signed by their duly authorized representatives as of the Effective Date referred to above.

PUGET SOUND ENERGY, INC.

BY _____

NAME:

TITLE:

DATE _____

KING COUNTY, WASHINGTON

BY _____

NAME:

TITLE:

DATE _____

TRANSFER LINE INTERCONNECTION AND TRANSPORTATION AGREEMENT
BETWEEN
PUGET SOUND ENERGY, INC.
AND
KING COUNTY, WASHINGTON

APPENDIX A
Description of Services

King County shall own, operate and maintain the King County Facilities.

PSE shall own, operate and maintain the PSE Facilities, including the Measurement Devices, Odorization Equipment and the Transfer Line for the transportation of Pipeline Quality Gas from the interconnect of the King County Facilities and the Transfer Line at the Point of Delivery, to the interconnect of the Transfer Line and NWP at the Point of Measurement, and shall provide for reasonable renewals and replacements thereof during the term of this Agreement.

Each Party shall provide the other Party reasonable access to its respective facilities to the extent necessary for the performance of this Agreement.

PSE shall monitor the electronic data transmitted to it regarding the quality and quantity of gas delivered, and may, subject to and in accordance with a plan to be mutually agreed upon by the Parties, such agreement to not be unreasonably withheld; periodically review and inspect the King County Facilities to ensure the proper operation of the King County Facilities and compliance with any applicable codes and safety requirements at a date and time mutually agreed upon by the Parties; provided, however, nothing herein shall be construed to impose any obligation on PSE to periodically review and inspect the King County Facilities; nor shall PSE's undertaking to review or inspect any portion of the King County Facilities relieve or diminish King County's obligation to review and inspect the King County Facilities for proper operation and compliance with any applicable codes and safety requirements.

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APPENDIX B
Pricing Schedule

King County shall pay to PSE a facilities charge (the “Facilities Charge”) in the amount of \$0.12 (12 cents) per Dth for each Dth of Pipeline Quality Gas delivered to the Point of Measurement. The Facilities Charge shall be designed to reimburse PSE for ownership, operation, and maintenance of the PSE Facilities.