PUGET SOUND ENERGY
Natural Gas Tariff

SUPPLEMENTAL SCHEDULE 137 (T)
Carbon Offset Service (T)

1. **AVAILABILITY:**

   1. Service under this schedule is available to all natural gas Customers as an option designed to provide Customers an opportunity to balance out the environmental impact of greenhouse gas emissions from their natural gas use by purchasing shares of a Carbon Offset. Service is on a continuing month to month basis unless terminated as provided herein.
   2. Participating Customers will support the development of greenhouse gas emission reduction and capture projects. Reducing the concentration of greenhouse gases such as methane and carbon dioxide in the atmosphere is achieved, for example, through methane-capture and forestry management projects. Priority will be given to projects which are located in the Pacific Northwest.

(C)

2. **TYPE OF SERVICE:** Service under this schedule is provided through Carbon Offsets created or obtained by the Company for purchase by its Customers. All Carbon Offsets will be verified and nationally certified by a third-party entity. (C)

3. **MONTHLY RATE:** Customers may purchase an unlimited number of blocks at $3.00 each. (R)

   One block equals 400 pounds of Carbon Dioxide Equivalent or approximately one fifth of one Carbon Offset. The charge for the number of blocks chosen in this program will be on the Customer's bill every month until terminated by the Customer.

   The purchase of two blocks per month is equal to offsetting emissions associated with the average natural gas consumption of a residential home over the course of a year. The minimum monthly purchase for Residential Customers is one block, or $3.00. The minimum monthly purchase for Commercial and Industrial Customers is two blocks, or $6.00. (T) (T) (R) (R)

   The monthly charge in this service is in addition to all other charges contained in the rate schedule under which the Customer receives service. The monthly charge for Carbon Offset blocks under this service will be applied to the Customer's billing regardless of actual natural gas usage. (T) (T)

(Continued on Sheet No. 1137-A)

PUGET SOUND ENERGY
Natural Gas Tariff

SUPPLEMENTAL SCHEDULE 137 (T)
Carbon Offset Service (Continued) (T)

4. **ENROLLMENT:** Customers are required to complete the Company's enrollment process to participate in this program. Initiation of service under this program will occur following acceptance and processing of the enrollment request by the Company. The Company may remove Customers from the program or refuse to enroll Customers who have not paid the Carbon Offset portion of their bill. Charges under this program are in addition to all other charges due for natural gas service to the Customer and shall be subject to all applicable charges such as taxes and late payment fee. (T)

   The Company will attempt to transfer a Customer's Carbon Offset choice and continue billing for Carbon Offset blocks when a Customer moves within the Company's natural gas service territory, however, a Customer may discontinue service under this schedule at any time in accordance with the "Termination by Customer" paragraph below.

5. **TERMINATION BY CUSTOMER:** Customers are required to notify the Company prior to their desired termination date in this service. Termination of this service will follow receipt and processing of the termination request by the Company. Customers who close their account will be billed a prorated amount based on the termination date. (T) (T)

6. **SPECIAL CONDITIONS OF SERVICE:** (T)

   1. The Company may limit Customer participation in this service to balance Customer demand with available Carbon Offsets created or obtained by the Company. (T)

   2. The Company shall forecast and plan to create or obtain Carbon Offsets to meet projected quantities purchased on an annual basis. (D) I (D)

(Continued on Sheet No. 1137-B)

PUGET SOUND ENERGY
Natural Gas Tariff

SUPPLEMENTAL SCHEDULE 137 (T)
Carbon Offset Service (Continued) (T)

7. **DEFINITIONS:** (T)

"Carbon Dioxide Equivalent" means the amount of other greenhouse gases such as methane that is equal to the global warming potential of one metric ton of carbon dioxide.

"Carbon Offset" is the unit that the Company creates or obtains in the marketplace that represents a verified amount of greenhouse gas reduction that is registered with a state, national or international trading authority or exchange. One Carbon Offset equals one metric ton or 2,204.6 pounds of carbon dioxide or Carbon Dioxide Equivalent.

8. **COST RECOVERY:** The Company will not seek to recover any costs beyond what it receives through participant fees. Participant fees will be used to fund the cost of Carbon Offsets, ongoing administration, marketing and overheads. Because it is a self-funded, pass-through service, the Company intends to recognize the revenues and expenditures of the service in deferred balance sheet accounts with no resulting impact on the income statement. Expenditures are required in order to establish participation in this service which means that they will be incurred prior to generation of revenues from Customers electing to participate in this Carbon Offset Program. (T) (T) (T) (T)

9. **ADJUSTMENTS:** Rates in this schedule are subject to adjustment by such other schedules in this tariff as may apply. (D) I (T) (D)

10. **GENERAL RULES AND REGULATIONS:** Service under this schedule is subject to the General Rules and Regulations contained in this tariff as they may be modified from time to time and other schedules of such tariff that may from time to time apply as they may be modified from time to time. (T) I (T)