

**Schedule 137
Renewable Generation Incentives**

AVAILABLE:

Individual Projects – Customers may apply for generation incentives as allowed by WAC 458-20-273 (Renewable energy system cost recovery) with the Washington University extension energy program (“Program Administrator”). Qualifying systems include solar energy systems, wind generators, and anaerobic digesters that process manure from livestock into biogas and dried manure using microorganisms in a closed oxygen free container. Availability of this program is determined by the Program Administrator under the provisions of RCW 82.16.110 through 82.16.150. In order to participate the customer must follow all rules of participation, certification requirements and any other additional processes as determined by the Program Administrator. The Company will follow the Program Administrator’s guidance on which Customers to pay, and the amount, each year.

Community Solar Projects – Generation incentives are available to customers that participate in a community solar project. The Company or community solar project administrator, on behalf of the community solar participants, may apply for an incentive cost recovery incentive with the Program Administrator. Availability of this program is determined by the Program Administrator under the provisions of RCW 82.16.110 through 82.16.150. In order to participate the customer must follow all rules of participation, certification requirements and any other additional processes as determined by the Program Administrator. The Company will follow the Program Administrator’s guidance on which Customers to pay, and the amount, each year.

Shared Commercial Solar Projects - Generation incentives are available to commercial customers that participate in a shared commercial solar project. The Company or administrator of a shared commercial solar project, on behalf of the shared commercial solar project participants, may apply for an incentive cost recovery incentive with the Program Administrator. Availability of this program is determined by the Program Administrator under the provisions of RCW 82.16.110 through 82.16.150. In order to participate the customer must follow all rules of participation, certification requirements and any other additional processes as determined by the Program Administrator. The Company will follow the Program Administrator’s guidance on which Customers to pay, and the amount, each year.

APPLICABLE:

To eligible Customers who install an eligible renewable generation system or agree to participate in a Community Solar project or a Shared Commercial Project interconnected in the Company’s Washington service territory. Customers must apply for interconnection with the Company and receive certification of their renewable energy system through the Program Administrator. Upon approval of completion of installation of a qualifying renewable energy system and meeting interconnection standards, the customer’s generation will be interconnected and measured by the Company.

CUSTOMER PAYMENTS FOR SYSTEMS CERTIFIED PRIOR TO SEPTEMBER 30, 2017:

Generation incentive payments will be based on a fiscal year of July 1st of one year through June 30th of the following year. Incentive payments will be made to eligible customers, as determined by the Program Administrator. Incentive payments to customers participating in non-utility community solar projects will be made in accordance with RCW 82.16 and RCW 80.28.

Participants in the renewable energy investment cost recovery program will continue to receive payments for electricity produced through June 30, 2020, at the same rates paid to participants for electricity produced between July 1, 2015, and June 30, 2016. The renewable generation incentive payment includes a credit


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CUSTOMER PAYMENTS FOR SYSTEMS CERTIFIED PRIOR TO SEPTEMBER 30, 2017: (Continued)

or payment of up to \$5,000 annually available to customers or each member of a Community Solar Project in proportion to their ownership share of the project.

The following tables describe the application of the economic development factors. The actual incentive payment to customers and Community Solar Projects must be computed using the customer's and Community Solar Project's actual measured electric kilowatt-hours generated.

Annual Incentive Payment Calculation Table for Non-Community Projects

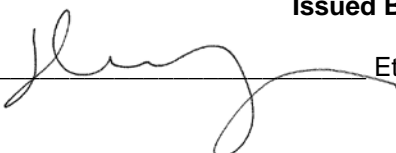
Customer and Community Solar Project -generated power applicable rates	Base rate (0.15) multiplied by applicable factor equals incentive payment rate	Kilowatt-hours generated	Incentive payment amount equals incentive payment rate multiplied by Kilowatt- hours generated
Solar modules or solar stirling converters manufactured in Washington state Factor: 2.4 (two and four-tenths)	\$0.36		
Solar or wind generating equipment with an inverter manufactured in Washington state Factor: 1.2 (one and two-tenths)	\$0.18		
Anaerobic digester or other solar equipment or wind generator equipped with blades manufactured in Washington state Factor: 1.0 (one)	\$0.15		
All other electricity produced by wind Factor: 0.8 (eight-tenths)	\$0.12		

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Both solar modules and inverters manufactured in Washington state Factor: (2.4 + 1.2)= 3.6	\$0.54		
Wind generator equipment with both blades and inverter manufactured in Washington state Factor: (1.0 + 1.2)= 2.2	\$0.33		

Annual Incentive Payment Calculation Table for Community Solar Projects

Customer-generated power applicable factors	Base rate (0.30) multiplied by applicable factor equals incentive payment rate	Gross kilowatt-hours generated	Incentive payment amount equals incentive payment rate multiplied by kilowatt- hours generated
Solar modules manufactured or solar stirling converters in Washington state Factor:2.4 (two and four-tenths)	\$0.72		
Solar equipment with an inverter manufactured in Washington state Factor:1.2 (one and two tenths)	\$0.36		
Other solar equipment Factor: 1.0 (one)	\$0.30		
Both Solar modules and inverters manufactured in Washington state Factor: (2.4 +1.2)= 3.6	\$1.08		

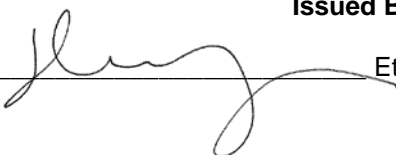
In order for customers to continue to receive incentive payments as described in this section, a customer or community solar project administrator, who has by September 30, 2017, submitted a complete certification to the Department of Revenue, must apply to the Program Administrator by April 30, 2018, for a re-certification authorizing the Company to annually remit the incentive payments for each kilowatt-hour generated by the renewable energy system through June 30, 2020.

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CUSTOMER PAYMENTS FOR SYSTEMS CERTIFIED AFTER SEPTEMBER 30, 2017:

Generation incentive payments will be based on a fiscal year of July 1st of one year through June 30th of the following year. Incentive payments will be made to eligible customers, as determined by the Program Administrator. The following table describes the computation of the incentive payment for systems certified after September 30, 2017. The made in Washington bonus is added to the applicable base rate as determined by the Program Administrator. The total incentive payment rate is then multiplied by the gross kilowatt-hours generated. The actual incentive payment received must be computed using the renewable energy system's actual measured gross electric kilowatt-hours generated.

Annual Investment Payment Calculation Table

Fiscal Year of System Certification	Base Rate – Residential-Scale	Base Rate – Commercial-Scale	Base Rate – Community Solar	Base Rate – Shared Commercial Solar	Made in Washington Bonus
2018	\$0.16	\$0.06	\$0.16	\$0.06	\$0.05
2019	\$0.14	\$0.04	\$0.14	\$0.04	\$0.04
2020	\$0.12	\$0.02	\$0.12	\$0.02	\$0.03
2021	\$0.10	\$0.02	\$0.10	\$0.02	\$0.02

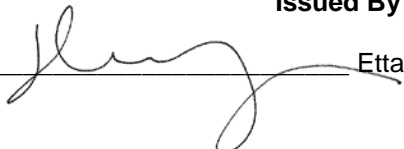
RULES AND REGULATIONS:

Service under this Schedule is subject to the General Rules and Regulations contained in the tariff of which this Schedule is a part and to those prescribed by regulatory authorities

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