

ATTACHMENT A

One Page Summary Describing the Transaction

**Puget Sound Energy
New Replacement \$1.0 billion Credit Facilities
RCW 80.08.030 (1), (2) and (3) Compliance Filing**

PSE CREDIT FACILITY UPDATE

Update on PSE credit facility refinance

February 6, 2013

Status Update

At its November 2, 2012 meeting, the Board of Directors approved resolutions authorizing Puget Sound Energy (“PSE”) to enter into a new 5-year revolving credit facility totaling \$1 billion.

The Company expects to close the new credit facility in early February. The Company secured over \$1.5 billion in commitments from a total of 19 banks on terms similar to or better than indicated in the materials submitted for Board approval.

Of the 19 total lenders, 14 are also lenders to Puget Energy. The two active joint-lead arrangers are Wells Fargo and Royal Bank of Scotland. The lender group includes CoBank, Export Development Bank of Canada and National Rural Utilities, which combined for over 27% of the total facility holds. These three banks don’t seek additional business and, as a result, by allocating fee based business to other lenders, enhance the returns of the other relationship banks. The 19 lenders reflects a net reduction of 9 banks from the existing PSE facility.

As the Board authorized, a condition precedent to closing the PSE facility is notification to reduce the size of the Puget Energy facility to \$800 million from \$1.0 billion.

While the size of both the new PSE facility and the existing PE facility have been reduced, if PE and PSE exercised the accordion features and the banks agreed, the total size of PE and PSE bank facilities would increase to \$1.3 billion and \$1.45 billion, respectively. Entering into a receivables securitization facility could further increase PSE's access to liquidity to \$1.7 billion.

Comparison of Approved Terms to Actual Terms

As can be seen in the more detailed table below, the Company was able to improve upon the indicative terms presented to the Board. The improved conditions include;

- 1) larger accordion feature \$450mm vs. \$350mm,
- 2) commitment fees of 22.5 bps vs. 23 bps,
- 3) arrangement fees of 13 bps vs. 15 bps,
- 4) average upfront fees of 23 bps vs. 25 bps,
- 5) larger swing line sublimit of \$75mm vs. \$50mm and
- 6) larger letter of credit sublimit of \$100mm vs. \$50mm.

Additionally, management was able to eliminate or modify numerous other administrative constraints or covenants from the old agreement thereby maximizing operational flexibility.

Finally, PSE was able to reduce its existing annual admin fee from \$125,000 down to \$25,000. This reduction alone saves the Company \$500,000 over the life of the loan.

	Indicative Terms			Actual Terms		
Total Facility Size:	\$1.0 billion revolving credit facility (\$650 million liquidity and, \$350 million hedging facilities)			\$1.0 billion revolving credit facility (\$650 million liquidity and, \$350 million hedging facilities)		
Accordion Feature:	\$350 million			\$450 million		
Tenor:	5 years			5 years		
Joint Bookrunners:	2-3 Active 3-4 Passive			2 Active 5 Passive		
Pricing:	Ratings	Drawn	Undrawn	Ratings	Drawn	Undrawn
	BBB+ / Baa1	L + 125 bps area	18.0 bps	BBB+ / Baa1	L + 125 bps area	17.5 bps
	BBB/Baa2	L + 150 bps area	23.0 bps	BBB/Baa2	L + 150 bps area	22.5 bps
	BBB- / Baa3	L + 175 bps area	30.0 bps	BBB- / Baa3	L + 175 bps area	27.5 bps
	BBB- / Baa3	L + 200 bps area	37.5 bps	< BBB- / Baa3	L + 200 bps area	35 bps
	If split rated, pricing based on the higher of the two ratings			If split rated, pricing based on the higher of the two ratings		
Arrangement Fees:	15 bps			13 bps		
Upfront Fees:	Upfront fees based on commitment and paid on final allocation: Range expected between 20 – 30 bps			Average 23 bps > \$100mm = 25.0bps > \$75mm = 22.5bps < \$75mm = 20bps		
Annual Admin Fee:	\$25,000			\$25,000		
Financial Covenants:	Debt to capital of 65%			Debt to capital of 65%		
Syndication:	Similar to PE facility with 3-5 additional lenders			19 Total banks, similar to PE facility with 5 additional lenders		
Swing Line Sublimit:	\$50 million			\$75 million		
LC Sublimit	\$50 million			\$25 million & \$75 million respectively between both facilities		