ATTACHMENT B

Credit Facility Final Term Sheet

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

ANNEX A

$1 BILLION
SENIOR REVOLVING CREDIT FACILITIES
SUMMARY OF PROPOSED TERMS AND CONDITIONS

Capitalized terms not otherwise defined herein have the same meanings as specified therefor in the Commitment Letter to which this Summary of Proposed Terms and Conditions is attached.

Borrower:	Puget Sound Energy, Inc. (the "Borrower").
Joint Lead Arrangers and Joint Bookrunners:	Wells Fargo Securities, LLC and RBS Securities Inc. will act as joint active lead arrangers and joint bookrunners (in such capacity, collectively, the "Active Lead Arrangers"), and Barclays Bank PLC, CoBank, ACB, Export Development Canada, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC will act as joint passive lead arrangers and joint bookrunners (in such capacity, collectively, the "Passive Lead Arrangers" and, together with the Active Lead Arrangers, the "Lead Arrangers").
Lenders:	Wells Fargo Bank, National Association, The Royal Bank of Scotland plc, Barclays Bank PLC, CoBank, ACB, Export Development Canada, Bank of America N.A., JPMorgan Chase Bank, N.A. and a syndicate of financial institutions and other entities (each a "Lender" and, collectively, the "Lenders").
Administrative Agent and Swingline Lender:	Wells Fargo Bank, National Association (in such capacity, the "Administrative Agent" or the "Swingline Lender", as the case may be).
Liquidity Facility Issuing Bank:	A Lender or Lenders reasonably acceptable to the Administrative Agent selected by the Borrower from time to time (the "Liquidity Facility Issuing Bank").
Hedging Facility Issuing Bank:	A Lender or Lenders reasonably acceptable to the Administrative Agent selected by the Borrower from time to time (collectively, the "Hedging Facility Issuing Bank" and together with the Liquidity Facility Issuing Bank, the "Issuing Bank").
Syndication Agent:	The Royal Bank of Scotland plc (in such capacity, the "Syndication Agent").
Co-Documentation Agents:	Barclays Bank PLC, CoBank, ACB, Export Development Canada, Bank of America N.A. and JPMorgan Chase Bank, N.A. (in such capacity, collectively, the "Co-Documentation Agents").
Senior Credit Facilities:	Senior revolving credit facilities (the "Senior Credit Facilities") in an aggregate principal amount of up to $1 billion, such Senior Credit Facilities to consist of: (a) A 5-year revolving credit liquidity facility in an aggregate principal amount of up to $650 million (the "Liquidity Facility") (with a $25 million subfacility for standby letters

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	of credit (each, a "Liquidity Facility Letter of Credit") and a $75 million subfacility for swingline loans (each, a "Swingline Loan")). Liquidity Facility Letters of Credit will be issued by the Liquidity Facility Issuing Bank and Swingline Loans will, at the sole discretion of the Swingline Lender, be made available by the Swingline Lender and each Lender with a commitment under the Liquidity Facility will purchase an irrevocable and unconditional participation in each Liquidity Facility Letter of Credit and Swingline Loan; and (b) 5-year revolving credit hedging facility in an aggregate principal amount of up to $350 million (the "Hedging Facility") (with a $75 million subfacility for standby letters of credit (each, a "Hedging Facility Letter of Credit" and together with the Liquidity Facility Letters of Credit, the "Letters of Credit"). Hedging Facility Letters of Credit will be issued by the Hedging Facility Issuing Bank and each Lender with a commitment under the Hedging Facility will purchase an irrevocable and unconditional participation in each Hedging Facility Letter of Credit.
Use of Proceeds:	The Liquidity Facility will be used to (a) refinance certain existing indebtedness of the Borrower and its subsidiaries (such refinancings, collectively, the "Refinancing"), (b) pay fees, commissions and expenses in connection with the Transactions (as defined below), (c) finance ongoing working capital requirements and other general corporate purposes and (d) support the energy purchases and hedging activities of the Borrower to the extent that there is not availability under the Hedging Facility for such purpose. The Hedging Facility will be used (a) to support the energy purchases and hedging activities of the Borrower and (b) to the extent that there is not availability under the Liquidity Facility for such purpose, to finance ongoing working capital requirements and other general corporate purposes. As used herein, the term "Transactions" means, collectively, the Refinancing, the initial borrowings and other extensions of credit under the Senior Credit Facilities and the payment of fees, commissions and expenses in connection with each of the foregoing.
Closing Date:	The date on which the Senior Credit Facilities are closed (the "Closing Date").
Availability:	The Liquidity Facility and the Hedging Facility will each be available on a revolving basis from and after the Closing Date until the Maturity Date (as defined below).
Senior Credit Facilities Increase:	After the Closing Date, the Borrower will be permitted to incur (a) increases in the Liquidity Facility (each, a "Liquidity Facility Increase"), in an aggregate principal amount for all such Liquidity

	Facility Increases of up to $300 million and (b) increases in the Hedging Facility (each, a "Hedging Facility Increase"), in an aggregate principal amount for all such Liquidity Facility Increases of up to $150 million; provided that, in each case, (i) no default or event of default exists immediately prior to or after giving effect thereto, (ii) no Lender will be required or otherwise obligated to provide any portion of such Liquidity Facility Increase or Hedging Facility Increase, (iii) each such Liquidity Facility Increase and Hedging Facility Increase shall have the same terms as the Liquidity Facility and the Hedging Facility, respectively, and (iv) any entity providing a commitment with respect to such Liquidity Facility Increase or Hedging Facility Increase, to the extent such entity is not already a Lender with respect to the applicable facilities, must be approved by the Administrative Agent, the Swingline Lender (in the case of a Liquidity Facility Increase), each Liquidity Facility Issuing Bank (in the case of a Liquidity Facility Increase) and each Hedging Facility Issuing Bank (in the case of a Hedging Facility Increase) (in each case, not to be unreasonably withheld). The proceeds of any Liquidity Facility Increases and Hedging Facility Increases may be used for the same purposes as proceeds of the Liquidity Facility and the Hedging Facility.
Documentation:	The documentation for the Senior Credit Facilities will include, among other items, a credit agreement and ancillary documents (collectively, the "Financing Documentation"), all consistent with this Term Sheet.
Guarantors:	None.
Security:	Unsecured.
Final Maturity:	The final maturity of the Liquidity Facility and the Hedging Facility will occur on the 5th anniversary of the Closing Date (the "Maturity Date"), and the commitments with respect to each of the Liquidity Facility and the Hedging Facility will automatically terminate on such date.
Interest Rates and Fees:	Interest rates and fees in connection with the Senior Credit Facilities will be as specified in the Fee Letters and on *Schedule I* attached hereto.
Prepayments and Commitment Reductions:	Commitments under the Senior Credit Facilities may be reduced at any time, in whole or in part, at the option of the Borrower, upon notice and in minimum principal amounts and in multiples to be agreed upon, without premium or penalty (except LIBOR breakage costs).
Conditions to Initial Extensions of Credit:	The making of the initial extensions of credit under the Senior Credit Facilities will be subject to satisfaction of the conditions precedent set forth in Section 2 of the Commitment Letter and as are usual and

customary for facilities of this type and such others deemed appropriate by the Administrative Agent and the Lead Arrangers, including, without limitation:

(a) Financing Documentation reflecting, and consistent with, the terms and conditions set forth in the Commitment Letters and Fee Letters and otherwise reasonably satisfactory to the Borrower and the Lenders, will have been executed and delivered and (ii) the Administrative Agent will have received such customary legal opinions which such opinions shall permit reliance by permitted assigns of each of the Administrative Agent and the Lenders, and documents and other instruments as are customary for transactions of this type including, without limitation, a certificate of the chief financial officer or the vice president, finance and treasurer of the Borrower as to the solvency of the Borrower and its subsidiaries, on a consolidated basis, after giving effect to each element of the Transactions.

(b) All necessary governmental and third party consents and all equityholder and board of directors (or comparable entity management body) authorizations shall have been obtained and shall be in full force and effect.

(c) All amounts due or outstanding in respect of that certain Credit Agreement dated as of February 6, 2009 by and among, *inter alios*, the Borrower, the lenders party thereto, the issuing banks referred to therein and Barclays Bank PLC, as facility agent, shall have been (or substantially simultaneously with the Closing Date shall be) paid in full, and all commitments (if any) in respect thereof shall have been terminated.

(d) The Borrower will have provided the documentation and other information to the Lenders that is required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act.

(e) All fees and expenses due to the Lenders, the Lead Arrangers, the Administrative Agent and King & Spalding LLP will have been paid.

(f) On or prior to the Closing Date, the commitments under that certain Credit Agreement, dated as of February 10, 2012, by and among Puget Energy, Inc. (the "Parent"), the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (as amended or otherwise modified, the "Parent Credit Agreement"), shall be reduced by an aggregate amount of at least $200 million.

Conditions to All Extensions of Credit:	Each extension of credit under the Senior Credit Facilities will be subject to satisfaction of the following conditions precedent: (a) all of the representations and warranties in the Financing Documentation

	shall be true and correct in all material respects (or if qualified by materiality or material adverse effect, in all respects) as of the date of such extension of credit, or if such representation speaks as of an earlier date, as of such earlier date, and (b) no default or event of default under the Senior Credit Facilities shall have occurred and be continuing or would result from such extension of credit.
Representations and Warranties:	To be based on those set forth in the Parent Credit Agreement with additions and modifications thereto to be mutually agreed upon.
Affirmative Covenants:	To be based on those set forth in the Parent Credit Agreement, with additions and modifications thereto to be mutually agreed upon.
Negative Covenants:	To be based on those set forth in the Parent Credit Agreement, with additions and modifications thereto to be mutually agreed upon; <u>provided</u>, the following modifications of the negative covenants (and related defined terms) will be included in the Financing Documentation: (a) the Borrower will be permitted to consummate one or more receivables securitization facilities on terms and conditions to be agreed upon; (b) the definition of "Total Funded Indebtedness" in the Parent Credit Agreement shall be modified for the Financing Documentation so that clause (c) of such definition is amended to read as follows: "all unreimbursed obligations relative to draws on all letters of credit issued to support Indebtedness of the kinds referred to in clauses (a) and (b) above"; (c) the definition of "Permitted Acquisition" in the Parent Credit Agreement shall be modified for the Financing Documentation so that (1) clause (ii) of such definition is deleted (but each other provision is retained--including, without limitation, the requirement of pro forma compliance with the financial covenant) and (2) a new provision is added to such definition requiring the Borrower to be the surviving entity of any Permitted Acquisition; and (d) Section 5.01(c) of the Parent Credit Agreement shall not be included.
Financial Covenants:	The ratio of Total Funded Indebtedness (definition to be agreed upon) to Total Capitalization (definition to be agreed upon) shall be less than or equal to 0.65 to 1.00.
Events of Default:	To be based on those set forth in the Parent Credit Agreement, with additions and modifications thereto to be mutually agreed upon.
Defaulting Lender Provisions, Yield Protection and Increased	Customary for facilities of this type, including, without limitation, in respect of breakage or redeployment costs incurred in connection with prepayments, cash collateralization for Letters of Credit or

Costs:	Swingline Loans in the event any lender under the Senior Credit Facilities becomes a Defaulting Lender (as such term shall be defined in the Financing Documentation), changes in capital adequacy and capital and liquidity requirements or their interpretation, change in law, illegality, unavailability, reserves without proration or offset and payments free and clear of withholding or other taxes. The Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.
Assignments and Participations:	(a) Subject to the consents described below (which consents will not be unreasonably withheld or delayed), each Lender will be permitted to make assignments to other financial institutions in respect of the Senior Credit Facilities in a minimum amount equal to \$5 million. (b) Consents: The consent of the Borrower will be required for any assignment unless (i) an Event of Default has occurred and is continuing or (ii) the assignment is to a Lender, an affiliate of a Lender or an Approved Fund (as such term shall be defined in the Financing Documentation); provided, that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 5 business days after having received notice thereof. The consent of the Administrative Agent will be required for any assignment in respect of the Senior Credit Facilities, to an entity that is not a Lender with a commitment in respect of the applicable facility, an affiliate of such Lender or an Approved Fund. The consent of the Liquidity Facility Issuing Bank and the Swingline Lender will be required for any assignment under the Liquidity Facility. The consent of the Hedging Facility Issuing Bank will be required for any assignment under the Hedging Facility. Participations will be permitted without the consent of the Borrower or the Administrative Agent. (c) No Assignment or Participation to Certain Persons. No assignment or participation may be made to natural persons, the Borrower or any of its respective affiliates or subsidiaries.
Required Lenders:	On any date of determination, those Lenders who collectively hold more than 50% of the outstanding loans and unfunded commitments under the Senior Credit Facilities, or if the Senior Credit Facilities

	have been terminated, those Lenders who collectively hold more than 50% of the aggregate outstandings under the Senior Credit Facilities (the "Required Lenders"); provided, however, that if any Lender shall be a Defaulting Lender (to be defined in the Financing Documentation) at such time, then the outstanding loans and unfunded commitments under the Senior Credit Facilities of such Defaulting Lender shall be excluded from the determination of Required Lenders.
Amendments and Waivers:	Amendments and waivers of the provisions of the Financing Documentation will require the approval of the Required Lenders, except that the consent of all Lenders directly adversely affected thereby will be required with respect to (i) increases in the commitment of such Lenders, (ii) reductions of principal, interest or fees, (iii) extensions of scheduled maturities or times for payment, (iv) reductions in the voting percentages and (v) any pro rata sharing provisions.
Indemnification:	The Borrower will indemnify the Lead Arrangers, the Administrative Agent, each Issuing Bank, each of the Lenders and their respective affiliates, partners, directors, officers, agents and advisors (each, an "indemnified person") and hold them harmless from and against all liabilities, damages, claims, costs and expenses (including reasonable fees, disbursements, settlement costs and other charges of counsel) relating to the Transactions or any transactions related thereto and the Borrower's use of the loan proceeds or the commitments; provided that no indemnified person will have any right to indemnification for any of the foregoing to the extent resulting from (x) such indemnified person's own gross negligence or willful misconduct or (y) a claim brought by the Borrower against an indemnified person for breach in bad faith of such indemnified person's obligations under the Financing Documentation, in each case as determined by a court of competent jurisdiction in a final and nonappealable judgment. This indemnification shall survive and continue for the benefit of all such persons or entities.
Expenses:	The Borrower shall pay (a) all reasonable out-of-pocket expenses (including, without limitation, reasonable fees and expenses of King & Spalding LLP) of the Administrative Agent and Wells Fargo Securities, LLC (promptly following written demand therefore) associated with the syndication of the Senior Credit Facilities and the preparation, negotiation, execution, delivery and administration of the Financing Documentation and any amendment or waiver with respect thereto and (b) all reasonable out-of-pocket expenses (including, without limitation, reasonable fees and expenses of counsel) of the Administrative Agent, each Issuing Bank and each of the Lenders promptly following written demand therefore in connection with the enforcement of the Financing Documentation or protection of rights thereunder.

Governing Law and Forum:	New York.
Waiver of Jury Trial and Punitive and Consequential Damages:	All parties to the Financing Documentation waive the right to trial by jury and the right to claim punitive or consequential damages.
Counsel for the Lead Arrangers and the Administrative Agent:	King & Spalding LLP.

SCHEDULE I

INTEREST AND FEES

Interest:

At the Borrower's option, loans (other than Swingline Loans) will bear interest based on the Base Rate or LIBOR, as described below:

A. Base Rate Option

Interest will be at the Base Rate plus the applicable Interest Margin (as described below). The "Base Rate" is defined as the highest of (a) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of 1%, (b) the prime commercial lending rate of the Administrative Agent, as established from time to time at its principal U.S. office (which such rate is an index or base rate and will not necessarily be its lowest or best rate charged to its customers or other banks) and (c) the daily LIBOR (as defined below) for a one month Interest Period (as defined below) plus the difference between the Interest Margin for LIBOR Rate Loans and the Interest Margin for Base Rate Loans. Interest shall be payable quarterly in arrears on the last day of each calendar quarter and on the Maturity Date and (i) with respect to Base Rate Loans based on the Federal Funds Rate and LIBOR, shall be calculated on the basis of the actual number of days elapsed in a year of 360 days and (ii) with respect to Base Rate Loans based on the prime commercial lending rate of the Administrative Agent, shall be calculated on the basis of the actual number of days elapsed in a year of 365/366 days. Any loan bearing interest at the Base Rate is referred to herein as a "Base Rate Loan".

Base Rate Loans will be made on same day notice and will be in minimum amounts to be agreed upon.

B. LIBOR Option

Interest will be determined for periods ("Interest Periods") of one, two, three or six months (or nine or twelve months if agreed to by all relevant Lenders) as selected by the Borrower and will be at an annual rate for Eurocurrency deposits for the corresponding deposits of U.S. dollars appearing on Reuters Screen LIBOR01 Page ("LIBOR") plus the applicable Interest Margin (as described below). LIBOR will be determined by the Administrative Agent at the start of each Interest Period and, other than in the case of LIBOR used in determining the Base Rate, will be fixed through such period. Interest will be paid on the last day of each Interest Period or, in the case of Interest Periods longer than three months, quarterly, and on the Maturity Date, and will be calculated on the basis of the actual number of days elapsed in a year of 360 days. LIBOR will be adjusted for maximum statutory reserve requirements (if any). Any loan bearing interest at LIBOR (other than a Base Rate Loan for which interest is determined by reference to LIBOR) is referred to herein as a "LIBOR Rate Loan".

LIBOR Rate Loans will be made on three business days' prior notice and will be in minimum amounts to be agreed upon.

Swingline loans will bear interest at the Base Rate plus the applicable Interest Margin.

Default Interest: Default interest of 2% shall accrue on terms and conditions based on those set forth in the Parent Credit Agreement, with additions and modifications thereto to be mutually agreed upon.

Commitment Fee: A commitment fee determined in accordance with the Pricing Grid set forth below (the "Commitment Fee") will accrue on the unused amounts of the commitments under the Senior Credit Facilities, with exclusions for Defaulting Lenders. Swingline loans will, for purposes of the Commitment Fee calculations only, not be deemed to be a utilization of the Senior Credit Facilities. Such commitment fee will be determined in accordance with the Pricing Grid set forth below. All accrued Commitment Fees will be fully earned and due and payable quarterly in arrears and on the Maturity Date (in each case calculated on a 360-day basis) for the account of the Lenders under the Senior Credit Facilities and will accrue from the Closing Date.

Letter of Credit Fees: The Borrower will pay to the Administrative Agent, for the account of the Lenders under the Senior Credit Facilities, letter of credit participation fees equal to the Interest Margin for LIBOR Rate Loans under the Senior Credit Facilities, in each case, on the undrawn amount of all outstanding Letters of Credit, with exclusions for Defaulting Lenders. In addition, the Borrower will pay a fronting fee with respect to each Letter of Credit in an amount to be mutually agreed between the Borrower and the applicable Issuing Bank, payable quarterly in arrears to such Issuing Bank for its own account.

Other Fees: The Lead Arrangers and the Administrative Agent will receive such other fees as will have been agreed in the fee letters between them and the Borrower.

Pricing Grid: The applicable Interest Margins and the Commitment Fee with respect to the Senior Credit Facilities shall be based on the following grid (the "Pricing Grid"):

Level	Credit Ratings	Interest Margin for LIBOR Rate Loans	Interest Margin for Base Rate Loans	Commitment Fee
I	≥ A-/A3	1.125%	0.125%	0.125%

II	BBB+/Baa1	1.250%	0.250%	0.175%
III	BBB/Baa2	1.500%	0.500%	0.225%
IV	BBB-/Baa3	1.750%	0.750%	0.275%
V	≤ BB+/Ba1	2.000%	1.000%	0.350%

The applicable Interest Margins and the Commitment Fee shall be based on the Borrower's debt rating for senior unsecured debt as determined by Moody's and S&P (the "Rating"); provided, that (a) if there is a one tier difference between the Ratings, then the tier corresponding to the higher Rating shall be used, (b) if there is a greater than one tier difference between the Ratings, then the tier immediately below the higher Rating shall be used, (c) if either (but not both) Moody's or S&P shall cease to be in the business of rating corporate debt obligations, the pricing levels shall be determined on the basis of the ratings provided by the other rating agency and (d) if at any time the senior unsecured debt of the Borrower is unrated by Moody's and S&P, the pricing level will be pricing level V; provided, that if the reason that there is no such Rating results from Moody's and S&P ceasing to issue debt ratings generally, then the Borrower and the Administrative Agent may select another nationally-recognized rating agency to substitute for Moody's and S&P for purposes of the foregoing pricing grid (and all references herein to Moody's and S&P, as applicable, shall refer to such substitute rating agency), and until a substitute nationally-recognized rating agency is so selected, the pricing level shall be determined by reference to the Rating most recently in effect prior to cessation.