EXH. SEF-12C
DOCKET UE-20___
2020 PSE PCORC
WITNESS: SUSAN E. FREE

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **PUGET SOUND ENERGY,** **Respondent**	**Docket UE-20____**

ELEVENTH EXHIBIT (CONFIDENTIAL) TO THE PREFILED DIRECT TESTIMONY OF

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

REDACTED VERSION

DECEMBER 9, 2020

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket UE-200893
Puget Sound Energy
Proposed Revisions to electric Schedule 95, Power Cost Adjustment Clause

PUBLIC COUNSEL INFORMAL DATA REQUEST NO. 001:

Would you please arrange to have Public Counsel provided with the workpapers, data, and calculations that support the statements made in this filing? We are particularly interested in supporting data and narratives relating to those listed below. Thank you.

(a) "The rating agency response to this decision was swift. Over the course of the next month few weeks, all three rating agencies issued guidance that acknowledged the GRC decision was credit negative and will strain future cash flows and place downward pressure on credit metric performance. S&P briefly put the company on credit watch negative as a result of the order and Fitch and S&P have both since reaffirmed their ratings outlook on the company as negative."

(b) "PSE is now forecasting that it will have another substantial under-recovery in its PCA mechanism in calendar year 2020 that will result in the need to collect another large receivable from customers. These balances are expected to continue to grow until PSE's rates are reset to better align with its growing power cost expenses."

(c) "Increasing debt levels will further stress credit metrics. It is imperative that past unrecovered PCA cost get included in rates quickly to reduce debt levels and pave the way to recover current and future underrecoveries until the PCA baseline rate can be adjusted in a future rate proceeding."

Response:

(a) Please see Attachments A through E to Puget Sound Energy's (PSE") Response to Public Counsel Informal Data No. 001 for rating agency reports that support the statement quoted in part (a) of this request.

(b) As of October 31, 2020, PSE had a year-to-date Power Cost Adjustment ("PCA") under-recovery of [redacted], with [redacted] assigned to customers according to the PCA sharing bands. Based on projected load and power costs, PSE expects continued PCA under-recoveries in the last two months of the year and projects a year-end total under-recovery of [redacted], with [redacted] assigned to customers.

Attachment F to PSE’s Response to Public Counsel Informal Data Request No. 001 includes PSE’s calculation of actual plus forecasted PCA under-recovery for calendar year 2020 according to Schedule B of the PCA mechanism.

Attachment G to PSE’s Response to Public Counsel Informal Data Request No. 001 contains PSE’s forecasted under-recovery in its PCA mechanism for calendar year 2021. Assuming the variable baseline rate from its 2019 General Rate Case remains in place throughout the year, PSE projects a [redacted] under-recovery in 2021 with [redacted] assigned to customers.

(c) Please see part (a) of this response.

Shaded information is designated as CONFIDENTIAL per WAC 480-07-160 as marked in PSE’s Response to Public Counsel Informal Data Request No. 001 Attachments F and G. Amounts are confidential until such time as PSE files its Form 10K, which is expected by the end of February 2021

ATTACHMENT A to
PSE’s Response to Public Counsel
Informal Data Request No. 001

MOODY'S
INVESTORS SERVICE

ISSUER COMMENT
17 July 2020

Rate this Research

RATINGS

Puget Sound Energy, Inc.

Domicile	Bellevue, Washington, United States
Long Term Rating	Baa1
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Puget Energy, Inc.

Domicile	Bellevue, Washington, United States
Long Term Rating	Baa3
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Source: Moody's Investors Service

Contacts

Nana Hamilton +1.212.553.9440
AVP-Analyst
nana.hamilton@moodys.com

Michael G. Haggarty +1.212.553.7172
Associate Managing Director
michael.haggarty@moodys.com

CLIENT SERVICES

Americas	1 212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Puget Sound Energy, Inc.

Puget Sound Energy's rate case outcome is credit negative

On 8 July 2020, Puget Sound Energy, Inc. (PSE) received a final order from the Washington Utilities and Transportation Commission (WUTC) on electric and gas general rate cases initially filed by the utility in June 2019. The WUTC authorized an electric revenue increase of $29.5 million or 1.6% but extended the amortization of certain regulatory assets, effectively reducing the revenue increase to $857,000 or 0.05%. With respect to gas operations, the commission also extended regulatory asset amortization, lowering its authorized revenue increase of $36.5 million or 4% to $1.3 million or 0.15%. PSE had requested rate increases of $139.9 million or 6.9% and $65.5 million or 7.9% for electric and gas operations respectively. The commission also authorized a below industry average return on equity of 9.4%, slightly lower than the utility's requested and previously allowed ROE of 9.5%, and an equity capitalization of 48.5%, equal to the utility's request and previously authorized equity capitalization.

The desire to limit customer rate increases in light of the uncertain economic environment caused by the coronavirus pandemic was an important driver of the WUTC's decisions. Nevertheless, the rate case outcome is credit negative for PSE and parent Puget Energy, Inc. (Puget) because it will constrain cash flow growth which, together with higher debt to help fund about $2 billion of capital investments over the last two years, will pressure credit metrics.

Without any management actions to mitigate the negative cash flow impact of the rate case outcome, we estimate that PSE and Puget's credit metrics will remain on the weak end of our expected range for the credit, with operating cash flow before working capital changes (CFO pre-WC) to debt ratios in the high teens at PSE and around 11-12% at Puget over the next two years.

Both PSE and Puget have seen their debt coverage metrics deteriorate steadily since a favorable multi-year rate plan ended in 2017. The companies' credit metrics were particularly low in 2019 because of the adverse effects of an Enbridge Inc. (Baa2 positive) pipeline rupture and a colder than normal winter on purchased gas costs. These costs are being recovered over a three year period instead of the usual one year time frame to reduce the impact on customers. Still, even after adjusting for the purchased gas receivable, PSE's and Puget's 2019 credit metrics were lower than historical levels, with estimated CFO pre-WC to debt ratios of approximately 18% and 11%, respectively, compared with 20.3% and 12.9% in 2018 and 24% and 14.6% in 2017.

Although PSE's regulatory proceedings since 2017 have been characterized by some contention, we had expected Washington's Clean Energy Bill, passed in May 2019, to result in more credit supportive outcomes for the utility. The clean energy legislation includes the potential for enhanced cost recovery mechanisms that can improve utility financial performance and provides a legal and regulatory framework to reduce carbon exposure. The law acknowledges the WUTC's authority to implement performance and incentive based regulation, multiyear rate plans and other "flexible regulatory mechanisms" to achieve the state's public interest objectives. The bill's application by the WUTC will ultimately determine its benefits to utilities. However, given current economic conditions, the WUTC's focus was on mitigating the economic impact of the coronavirus pandemic on PSE's customers.

Other notable provisions of the rate case order include:

» Rejection of PSE's attrition adjustment proposal as not in the public interest at this time.

» To help mitigate regulatory lag, approval of an end of period rate base valuation and approval of certain pro-forma capital additions such Get to Zero investments to improve customer experience and advanced metering infrastructure (AMI) through the end of 2019.

» A requirement that PSE continue deferring the recovery of a return on AMI investments, though deemed prudent, until the completion of the project when the benefits to all customers would be evaluated.

» A requirement that PSE return unprotected excess deferred income taxes (EDIT) associated with tax reform over a three year amortization period and return 2019 and 2020 protected EDIT over a 12 month period.

» Disallowance of recovery of $7.2 million of costs to install SmartBurn controls at Colstrip units 3 and 4, citing a failure on PSE's part to maintain contemporaneous documentation of decision making.

The rate case order is still within the adjudicative process where PSE can file for reconsideration by the WUTC and petition a Washington Superior Court to review the order.

REPORT NUMBER 1237958

CLIENT SERVICES

Americas	1 212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MOODY'S
INVESTORS SERVICE

ATTACHMENT B to PSE's Response to Public Counsel Informal Data Request No. 001

FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Puget Energy and Puget Sound Energy; Outlook Revised to Negative

Mon 27 Jul, 2020 - 5:01 PM ET

Fitch Ratings - New York - 27 Jul 2020: Fitch Ratings has affirmed Puget Energy Inc.'s (PE) Long-Term Issuer Default Rating (LT IDR) at 'BBB-' and Puget Sound Energy, Inc.'s (PSE) LT IDR of 'BBB+'. The Rating Outlook for both entities has been revised to Negative from Stable.

PSE's recent rate case order will significantly impair PE's consolidated credit metrics, raising FFO leverage to be approximately 6.0x through 2021, exceeding the downgrade guideline ratio of 5.5x. PE and PSE could be downgraded if mitigating actions are not forthcoming or insufficient to strengthen their credit metrics. Sustained lack of constructive regulatory relationship will also be a catalyst for a downgrade.

KEY RATING DRIVERS

Negative Rate Case:

On July 8, 2020, PSE received a final order from the Washington Utilities and Transportation Commission (WUTC) approving a $186.3 million combined revenue requirement for both electric and gas segments, compared with requested $205 million. After adjustments related to riders and excess deferred income taxes (EDIT), revenue requirement was reduced to approximately $66 million.

However, in an effort to mitigate impact of rate increase during the pandemic, WUTC extended the amortization of certain regulatory assets, the deferrals of the electric decoupling and of the purchased gas cost, further reducing rate increase to $2.2 million.

WUTC denied PSE's request for an attrition adjustment which could have added $23.9 million for electric and $11.7 million for natural gas. PSE will refund $51.7 million unprotected EDIT in three years versus the requested four years. WUTC also requested that PSE refund the 2019-2020 protected-plus EDIT within 12 months starting July 20, 2020. PSE will defer recovery of return on Advanced Metering Infrastructure investment until installation is complete and customer's benefits can be evaluated. The authorized ROE is 9.4%, which is slightly below sector average. The 48.5% equity capitalization remains the same as previously authorized in the last rate case.

Credit Metrics:

Absent any mitigating actions, Fitch estimates that PE's consolidated FFO leverage will exceed 6.0x in 2020 and be near 6.0x in 2021, exceeding the downgrade guideline ratio of 5.5x. Fitch will update our projections when PE's mitigation plans are forthcoming. PSE's credit metrics will remain consistent with its current rating. However, as Fitch intends to maintain the existing two-notch IDR differential between PSE and PE, PE's consolidated credit metrics is the primary rating driver for PSE.

Parent-Subidiary Linkage:

Fitch applies a bottom-up approach in rating PSE and PE. PSE's ratings reflect its standalone credit profile, as well as its linkage with PE, while PE's ratings reflect a consolidated credit profile. Fitch typically limits PSE's IDR to a maximum of two notches above PE's IDR. Currently, the notching differential is two notches.

Fitch generally considers PSE to be stronger than PE due to its lower leverage and lower operating risks as a regulated utility. A high level of parent-only debt (approximately 30%) results in weaker credit metrics at PE. While operational and strategic ties are strong, a prescribed regulatory capital structure provides reasonable protection, allowing PSE to be notched above PE.

The notching differential also reflects the ring-fencing measures in place as conditions to receive Washington commission's approval of PE's 2009 buyout by a consortium of investors. They include a nonconsolidation opinion and a requirement that at least one of PSE's directors is an independent director. Without the unanimous vote of all directors, including the independent director, PSE will not consent to the institution of bankruptcy proceedings or the inclusion of PSE in any bankruptcy proceeding by PE or its affiliates. PSE is prohibited from lending or pledging utility assets to PE or upstream owners without the permission of the commission and there will be no cross-subsidization by PSE customers for unregulated activities. PSE is prohibited from making upstream distributions if the common equity ratio is less than 44%. Dividends are also restricted if PSE's issuer rating is below investment grade. If PSE is downgraded below investment grade, while its EBITDA interest coverage is equal to or greater than 3.0x on an annualized basis, PSE is allowed to distribute dividends only up to an amount sufficient to service debt at PE, and to satisfy financial covenants in PE's credit facilities. Under this scenario, PE is prohibited from distributing to its equity owners.

DERIVATION SUMMARY

PE's peers include Cleco Corporate Holdings, LLC (Cleco, BBB-/Stable), IPALCO Enterprises, Inc. (BBB-/Stable) and DPL Inc. (BB/Negative), all of which are holding companies operating one primary utility. All four companies have sizable parent-only debt. PE has approximately 30% parent-only debt, which is similar to IPALCO and lower than both Cleco's and DPL's 60%.

PSE operates an electric and gas utility with a much larger customer base and higher gross revenue than Cleco Power LLC (BBB/Stable), Dayton Power & Light Company (BBB-/Negative) and Indianapolis Power & Light Co. (BBB+/Stable). However, PSE's service territory is less favorable than its peers, as it is subject to restrictive regulation and progressive energy goals in Washington, a primary credit concern.

PE's credit metrics weakened in recent years due to capex, mixed rate case results and tax reform. Incorporating the July 2020 rate case order, FFO Leverage is expected hover around 6x through 2021, similar to that of Cleco, stronger than DPL but weaker than IPALCO. Similar to Cleco Power, DP&L and IPL, PSE's standalone credit metrics remain consistent with its current rating, but it is upward-restricted by PE's ownership.

KEY ASSUMPTIONS

--Rate case implemented;

--Certain mitigation scenarios have been incorporated in Fitch's projection.

RATING SENSITIVITIES

PE:

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--PE's Outlook can be stabilized if FFO Leverage improves to below 5.5x on a sustained basis after taking sufficient mitigation measures.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--PE could be downgraded if mitigating actions are not forthcoming or insufficient to strengthen the credit metrics to below FFO leverage above 5.5x on a sustained basis;

--Sustained lack of constructive regulatory relationship and continued regulatory lag will also be catalysts for a downgrade;

--A downgrade at PSE could lead to the same at PE.

PSE:

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--PSE's Outlook can be stabilized if PE's Outlook is stabilized.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--A downgrade at PE could lead to a downgrade at PSE;

--If PSE's FFO leverage sustains above 4.8x, negative rating pressure could mount.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Non-Financial Corporate issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance, if present, is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity(ies), either due to their nature or to the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

RATING ACTIONS

ENTITY/DEBT	RATING		
Puget Sound Energy, Inc.	LT IDR	BBB+ Rating Outlook Negative	Affirmed
	ST IDR	F2	Affirmed
• senior secured	LT	A	Affirmed
• senior unsecured	ST	F2	Affirmed
Puget Energy Inc.	LT IDR	BBB- Rating Outlook Negative	Affirmed

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Julie Jiang
Director
Primary Rating Analyst
+1 212 908 0708
Fitch Ratings, Inc. 33 Whitehall Street New York 10004

Barbara Chapman, CFA
Senior Director
Secondary Rating Analyst
+1 646 582 4886

Philip Smyth, CFA
Senior Director
Committee Chairperson
+1 212 908 0531

MEDIA CONTACTS

Elizabeth Fogerty
New York
+1 212 908 0526
elizabeth.fogerty@thefitchgroup.com

Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA

Parent and Subsidiary Rating Linkage (pub. 27 Sep 2019)

Corporates Notching and Recovery Ratings Criteria (pub. 14 Oct 2019) (including rating assumption sensitivity)

Corporate Hybrids Treatment and Notching Criteria (pub. 11 Nov 2019)

Corporate Rating Criteria (pub. 01 May 2020) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v7.9.0 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Puget Energy Inc.	EU Endorsed
Puget Sound Energy, Inc.	EU Endorsed

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The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ENDORSEMENT POLICY

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Corporate Finance Utilities and Power North America United States

ATTACHMENT C to PSE's Response to Public Counsel Informal Data Request No. 001

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's affirms the ratings of Puget Energy and Puget Sound Energy; outlooks stable

25 Aug 2020

Approximately $6 billion of debt securities affected

New York, August 25, 2020 -- Moody's Investors Service, ("Moody's") today affirmed the Baa3 Issuer Rating and Baa3 senior secured rating of Puget Energy, Inc. (Puget) and the Baa1 Issuer Rating, A2 senior secured rating and Prime-2 short-term rating for commercial paper of its subsidiary Puget Sound Energy, Inc. (PSE). The outlooks for Puget and PSE remain stable. A complete list of ratings is included at the end of this press release.

RATINGS RATIONALE

"Although PSE's unfavorable July 2020 rate case outcome will delay needed cash flow recovery, the rating affirmations and stable outlooks at both Puget and PSE acknowledge the Washington Utilities and Transportation Commission's (WUTC) stated objective to limit the customer rate impact in the currently uncertain economic environment caused by the coronavirus pandemic" stated Nana Hamilton, Moody's analyst. "As a result, we expect Puget's and PSE's debt coverage metrics to be weak for their respective ratings over the next two years but anticipate that Puget's management will take some mitigating actions to limit a deterioration of the company's debt coverage metrics until the utility files its next rate case," added Hamilton. The stable outlook reflects our expectation that this financial weakness will be temporary and that regulatory support for the utility will improve once the pandemic passes and the economy recovers.

Since the end of a credit supportive multi-year rate plan in 2017, the results of PSE's regulatory proceedings have been inconsistent, leading to slow cash flow growth. A combination of higher debt to fund significant capital expenditures, increased regulatory lag and federal tax reform have resulted in a steady decline in PSE's and Puget's debt coverage metrics since 2017.

Despite recent challenging regulatory proceedings, we had expected Washington's Clean Energy Transformation Act (CETA), passed in May 2019, to result in more credit supportive outcomes for the utility. The clean energy legislation includes the potential for enhanced cost recovery mechanisms that can improve utility financial performance and provides a legal and regulatory framework to reduce carbon exposure. The law acknowledges the WUTC's authority to implement performance and incentive-based regulation, multiyear rate plans and other "flexible regulatory mechanisms" to achieve the state's clean energy public interest objectives.

The utility's July 2020 rate case outcome was again unpredictable, contrary to our expectations following of the new legislation, and will continue to exacerbate regulatory lag. However, we understand that the outcome was heavily influenced by the coronavirus-driven economic instability. On 31 July 2020, following a motion for clarification filed by PSE, the WUTC corrected errors related to Excess Deferred Income Taxes (EDIT) and power costs to authorize an effective total electric and gas revenue increase of $38.7 million [1]. The revenue increase reflects reductions for riders and EDIT and the extension of the amortization of certain regulatory assets.

The commission had initially authorized an effective rate increase of $2.2 million on 8 July 2020, well below the utility's requested revenue increase of $204 million. The WUTC also authorized a below industry average return on equity (ROE) of 9.4%, equity capitalization of 48.5% and rejected PSE's approximately $40 million attrition adjustment proposal to mitigate regulatory lag as not in the public interest at this time [2].

We continue to view the CETA as potentially credit positive, if the supportive provisions contained in the legislation are implemented, and the outcome of PSE's next regulatory proceeding will be important to both issuers' credit profiles. In the near-term, we expect Puget's management to take actions to mitigate the negative cash flow impact of the recent rate case outcome through a combination of O&M, capital expenditure and dividend reductions. Nevertheless, PSE's and Puget's credit metrics will remain weak for their ratings over the next two years, with operating cash flow before working capital changes (CFO pre-WC) to debt ratios of around 17%-19% and 11%-13% at PSE and Puget, respectively.

The rapid spread of the coronavirus outbreak, severe global economic shock, low oil prices and asset price volatility are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. We do not consider the impact of the coronavirus outbreak to be a material credit driver for Puget given PSE's rate regulated business model. Nevertheless, we are watching for electricity usage declines, utility bill payment delinquency and the regulatory response to counter these effects on earnings and cash flow.

Environmental, social and governance considerations incorporated into our credit analysis for PSE and Puget are primarily related to carbon regulations and social risks related to demographic and societal trends, as well as customer and regulatory relations. PSE has moderate carbon transition risk within the regulated utility sector as some of its energy is generated by fossil fuels. However, with the retirement of units 1 and 2 of the Colstrip coal power plant at the end of 2019 and the pending sale of unit 3, PSE's owned coal generation capacity will be substantially lower, down to about 6% of total owned generation capacity, reducing the utility's carbon transition risk.

The stable outlook reflects our view that the outcome of PSE's recent rate case was largely driven by the unexpected economic circumstances caused by the coronavirus pandemic and that PSE will be granted more credit supportive rate relief and more timely cash flow recovery in its next rate case. If this occurs, we would expect credit metrics to recover to above 19% and above 13% for PSE and Puget, respectively in 2022, and beyond.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

What Could Change the Rating -- Up

A rating upgrade for Puget could be considered if Puget sustains a CFO pre-WC to debt ratio of 16% or higher or if PSE's rating is upgraded.

A rating upgrade could be considered for PSE if there is an improvement in the Washington regulatory environment that supports a CFO pre-WC to debt ratio above 22% on a consistent basis and if leverage at the holding company is reduced.

What Could Change the Rating -- Down

The ratings of both Puget and PSE could be downgraded if decisions by the WUTC continue to be inconsistent and unsupportive of credit quality, particularly with regard to the utility's next rate case, further exacerbating regulatory lag. A downgrade could also occur if there is a material change in financial policies including extraordinary shareholder dividends.

Puget's ratings could be downgraded if CFO pre-WC to debt is sustained below 13% or if PSE's rating is downgraded. PSE's rating could be downgraded if CFO pre-WC to debt is sustained below 19% or if Puget's rating is downgraded.

Affirmations:

..Issuer: Forsyth (City of) MT, Rosebud County

....Senior Secured PC Revenue Refunding Bonds, Affirmed A2

..Issuer: Puget Energy, Inc.

.... Issuer Rating, Affirmed Baa3

....Senior Secured Global Notes, Affirmed Baa3

..Issuer: Puget Sound Energy, Inc.

.... Issuer Rating, Affirmed Baa1

....Senior Secured First Mortgage Bonds, Affirmed A2

....Senior Secured Notes, Affirmed A2

....Senior Secured Shelf, Affirmed (P)A2

....Senior Unsecured Commercial Paper, Affirmed P-2

..Issuer: Puget Sound Energy, Inc. (Old)

....Senior Secured First Mortgage Bonds, Affirmed A2

....Senior Secured Medium-Term Notes, Affirmed A2

....Underlying Senior Secured Medium-Term Notes, Affirmed A2

....Senior Secured Notes, Affirmed A2

..Issuer: Washington Natural Gas Company

....Senior Secured First Mortgage Bonds, Affirmed A2

Outlook Actions:

..Issuer: Puget Energy, Inc.

....Outlook, Remains Stable

..Issuer: Puget Sound Energy, Inc.

....Outlook, Remains Stable

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in June 2017 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1072530 . Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004 .

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1133569 .

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the EU and is endorsed by Moody's Deutschland GmbH, An der Welle 5, Frankfurt am Main 60322, Germany, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that issued the credit rating is available on www.moodys.com.

REFERENCES/CITATIONS

[1] https://www.utc.wa.gov/_layouts/15/CasesPublicWebsite/CaseItem.aspx?item=document&id=00204&year=2019&docketNumber=190529&resultSource=&page=1&query=UE190529&refiners=&isModal=false&omItem=false&doItem=false 31-Jul-2020.

[2] https://www.utc.wa.gov/_layouts/15/CasesPublicWebsite/CaseItem.aspx?item=document&id=00010&year=2019&docketNumber=190274&resultSource=&page=1&query=UE190274&refiners=&isModal=false&omItem=false&doItem=false 08-Jul-2020.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Nana Hamilton
Asst Vice President - Analyst
Infrastructure Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 1 212 553 0376

Client Service: 1 212 553 1653

Michael G. Haggarty
Associate Managing Director
Infrastructure Finance Group
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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ATTACHMENT D to PSE's Response to Public Counsel Informal Data Request No. 001

S&P Global
Ratings

RatingsDirect®

Research Update:

Puget Energy Inc. And Subsidary Ratings Placed On CreditWatch Negative Over Regulatory Concerns

July 23, 2020

PRIMARY CREDIT ANALYST

Matthew L O'Neill
New York
(1) 212-438-4295
matthew.oneill
@spglobal.com

Rating Action Overview

- Bellevue, Wash.-based Puget Sound Energy Inc.'s (PSE's) recent rate order from the Washington Utilities and Transportation Commission (WUTC) was less than credit supportive, effectively negating a rate increase over the next two years. The order substantially reduced a requested rate increase to mitigate the economic effects of the COVID-19 pandemic on customers.
- S&P Global Ratings expects this development to significantly affect parent Puget Energy Inc.'s (PE's) consolidated financial measures, with funds from operations to debt declining below our downgrade threshold of 13%; however, we expect the company could take steps to offset this weakness.
- In addition, we view the WUTC's decision as a potential shift in the company's regulatory construct that increases business risk for both PSE and PE.
- As a result, we are placing the ratings on PE and PSE on CreditWatch with negative implications.
- The CreditWatch placement reflects the increased probability we could lower the ratings in the next three months.

Rating Action Rationale

The CreditWatch placement reflects the increased possibility of a downgrade over the next three months. The order was significantly weaker than expected in that the company requested a nearly $200 million rate increase and only received $2 million. The commission also denied the company's request for an attrition adjustment of roughly $39 million, which increases the company's regulatory lag. The WUTC's decision raises concerns regarding the company's regulatory construct and increases the business risk for PSE and PE. We will be focusing on future rate cases in the state, particularly, PacifiCorp, whose rate order is expected by November 2020, to give us additional information on whether the regulatory environment for the utilities to operate has materially weakened. This could result in a downward revision of PE and PSE's business risk profile.

We also expect the company to take steps to protect financial measures and will reevaluate the ratings impact of any potential improvement as we get that information. If the company is unable to offset the weakness in its financial metrics or if business risk further deteriorates further, we would lower the ratings.

Our ratings on PE are lower by one notch to reflect our negative comparative ratings analysis modifier. This is in line with our view of both the company's financial and business risk profiles that we view as consistently reflecting the lower end of the range for their categories. Looking forward, PSE may be more susceptible to regulatory lag and unfavorable regulatory decisions, which dims our view of the company's overall management of regulatory risk in the state.

CreditWatch

We expect to resolve the CreditWatch in the coming months when we receive additional information regarding any actions the company takes to mitigate the weakness in financial measures along with additional information around regulatory actions in the state. Additional information around the company's action plan or the regulatory construct in the state could prompt rating actions, including a rating affirmation. We would also expect to lower the ratings if in our view the regulatory construct in the state materially weakens.

Ratings Score Snapshot

BBB-/CreditWatch Negative/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant

- Cash flow/leverage: Significant

Anchor: a-

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile : bbb+

Group credit profile: bb+

Entity status within group: Insulated (-2 notches from the SACP)

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: The Treatment Of Non-Common Equity Financing In Nonfinancial Corporate Entities, April 29, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

Ratings Affirmed; CreditWatch

	To	From
Puget Energy Inc.		
Issuer Credit Rating	BBB-/Watch Neg/--	BBB-/Negative/--
Puget Sound Energy Inc.		
Issuer Credit Rating	BBB/Watch Neg/A-2	BBB/Negative/A-2

Ratings Affirmed; CreditWatch; Recovery Rating Unchanged

	To	From
Puget Sound Energy Inc.		
Senior Secured	A- /Watch Neg	A-
Recovery Rating	1+	1+
Puget Energy Inc.		
Senior Secured	BBB-/Watch Neg	BBB-

Puget Sound Energy Inc.

Commercial Paper	A-2/Watch Neg	A-2

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

ATTACHMENT E to PSE's Response to Public Counsel Informal Data Request No. 001

Research Update:

Puget Energy Inc., Pugent Sound Energy Inc. Ratings Affirmed; Off CreditWatch On Clarification Order; Outlook Negative

August 21, 2020

Rating Action Overview

- Bellevue, Wash.-based Puget Sound Energy Inc. (PSE) recently received a clarification order from the Washington Utilities and Transportation Commission (WUTC) regarding the General Rate Case order issued in July. The clarification order increased PSE's annual revenue requirement by clearing up errors in the deferred income tax calculation and power cost recoveries.
- As a result, we expect financial measures to marginally improve.
- We are affirming the ratings on Puget Energy Inc. (PE) and PSE and removing them from CreditWatch where we placed them with negative implications on July 23, 2020. Our rating outlook is negative.
- The negative outlooks on PE and PSE reflects our expectation of PE's consolidated funds from operations (FFO) to debt of about 13%, indicating minimal financial cushion at the current rating level and broader uncertainty about the company's ability to effectively mitigate regulatory lag.

PRIMARY CREDIT ANALYST

Matthew L O'Neill
New York
(1) 212-438-4295
matthew.oneill
@spglobal.com

SECONDARY CONTACTS

Gabe Grosberg
New York
(1) 212-438-6043
gabe.grosberg
@spglobal.com

Fei She, CFA
New York
+ 2124380405
fei.she
@spglobal.com

Rating Action Rationale

The removal of the ratings from CreditWatch reflects the WUTC's clarification order and the company's marginally improving financial measures. The clarification order increases PSE's annual revenue requirement to about $39 million from the previous rate order of about $2 million. As a result, we expect financial measures to marginally improve, somewhat lowering the probability of a downgrade.

The negative outlook reflects PE's minimal financial cushion and the possibility of our reassessing our view of the regulatory construct in the state of Washington. Washington State passed legislation in 2019 that allowed the WUTC to approve multiyear rate plans and allow

Exh. SEF-12C
Page 32 of 40

recovery for some utility investments deemed useful up to 48 months after rates are approved. We expected these measures would be implemented in the near term, reducing regulatory lag, and allowing Washington's utilities to effectively manage regulatory risk. Additionally, our assessment of the PE and PSE's business risk profiles incorporates our expectations that these measures would take hold, supporting credit quality. However, PSE's last rate order, even after incorporating the clarification order, only provides for a modest rate increase and does not allow for attrition adjustments. This decision is inconsistent with our current assessment and should the company continue to exhibit substantial regulatory lag, we would likely revise our assessment of the company's business risk profile downward.

We will also continue to monitor PacifiCorp's filed stipulation. Should the WUTC materialy deviate from the proposed settlement, it could be indicative of a more negative trend of increasing regulatory lag and the possibility of a more difficult regulatory environment in Washington than previously expected.

Our base case assumes very gradual improvement to the financial measures. We expect that the company will proactively take steps to improve PE's consolidated financial measures. This includes cost reductions and successful future rate case filings that will reduce the regulatory lag and allow the company to more consistently earn closer to its allowed return on equity.

Outlook

The negative outlook on Puget Energy Inc. reflects our expectation FFO to debt of about 13%, indicating minimal financial cushion at the current rating level and broader uncertainty about the company's ability to effectively mitigate regulatory lag.

Downside scenario

We could lower the ratings on PE and PSE over the next 12 months if the group credit profile weakens or the company's business risk erodes as a result of further deterioration in the regulatory construct in Washington, inhibiting the utilities' abilities to earn close to their authorized return on equity. We could also lower the ratings if PE's consolidated financial measures weaken, reflecting FFO to debt of consistently less than 13%.

Upside scenario

We could revise the outlook to stable over the next 12 to 18 months if the group credit profile does not weaken and PE's FFO to debt is consistently greater than 13%, PE consistently improves its management of regulatory risk by reducing regulatory lag reflecting a regulatory construct in Washington that is not weakening and demonstrates improved cash flow consistency and predictability.

Ratings Score Snapshot

Issuer Credit Rating: BBB-/Negative/--

Business risk: Excellent

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant

- Cash flow/leverage: Significant

Anchor: a-

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile: bbb+

Group credit profile: bb+

Entity status within group: Insulated (-2 notches)

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014

- Criteria | Corporates | General: The Treatment Of Non-Common Equity Financing In Nonfinancial Corporate Entities, April 29, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
Puget Energy Inc.		
Issuer Credit Rating	BBB-/Negative/--	BBB-/Watch Neg/--
Puget Sound Energy Inc.		
Issuer Credit Rating	BBB/Negative/A-2	BBB/Watch Neg/A-2
Issue-Level Ratings Affirmed; Off CreditWatch; Recovery Ratings Unchanged		
Puget Sound Energy Inc.		
Senior Secured	A-	A-/Watch Neg
Recovery Rating	1+	1+
S&P Published Underlying Rating	A-	A-/Watch Neg
Senior Secured	A-	A-/Watch Neg
Recovery Rating	1+	1+
Issue-Level Ratings Affirmed; Off CreditWatch		
Puget Sound Energy Inc.		
Senior Secured	A-	A-/Watch Neg
Commercial Paper	A-2	A-2/Wach Neg
Puget Energy Inc.		
Senior Secured	BBB-	BBB-/Watch Neg

ATTACHMENT F to
PSE's Response to Public Counsel
Informal Data Request No. 001

Shaded information is designated as CONFIDENTIAL per WAC 480-07-160

2020 PCA Schedule B actual plus forecast

Power cost under/over-recoveries and allocation to PCA sharing bands
October 31, 2020

Amounts for 2020 are confidential until such time as PSE files its Form 10K which is expected by the end of February 2021.

				actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	forecast	forecast
			2020	**Jan-20**	**Feb-20**	**Mar-20**	**Apr-20**	**May-20**	**Jun-20**	**Jul-20**	**Aug-20**	**Sep-20**	**Oct-20**	**Nov-20**	**Dec-20**
Variable Component	**FERC Acct.**														
Steam Operating Fuel	501		[redacted]	$3,958,150	$5,600,228	$4,806,082	$4,554,386	$1,510,204	$1,379,776	$3,430,890	$4,306,028	$2,607,492	[redacted]	[redacted]	[redacted]
Other Power Generation Fuel	547		[redacted]	$17,930,659	$12,725,323	$18,604,036	$14,013,636	$5,610,116	$5,905,785	$10,379,809	$15,354,867	$18,202,197	[redacted]	[redacted]	[redacted]
Purchased & Interchanged	555		[redacted]	$49,656,616	$43,310,485	$41,595,246	$32,361,560	$38,067,005	$34,743,286	$29,072,562	$28,507,990	$25,399,615	[redacted]	[redacted]	[redacted]
Purchases/Sales of Non-Core Gas	45600012, 18		[redacted]	$552,765	$1,162,925	$581,937	($3,695)	$303,319	$71,291	$1,075,862	($705,579)	($864,707)	[redacted]	[redacted]	[redacted]
Brokerage Fees	55700003		[redacted]	$54,888	$34,337	$62,320	$35,824	$28,138	$25,094	$27,667	$35,774	$37,379	[redacted]	[redacted]	[redacted]
Sales to Other Util	447		[redacted]	($6,636,073)	($4,565,989)	($5,622,569)	($6,017,407)	($2,281,623)	($1,933,966)	($4,443,361)	($8,051,102)	($7,762,358)	[redacted]	[redacted]	[redacted]
Wheeling	565		[redacted]	$10,382,627	$10,235,596	$10,351,209	$10,604,125	$10,423,473	$10,324,044	$10,265,944	$10,157,236	$10,340,223	[redacted]	[redacted]	[redacted]
Montana Energy Tax			[redacted]	$10,582	$74,591	$74,590	$70,707	$73,620	$73,619	$76,129	$73,978	$73,978	[redacted]	[redacted]	[redacted]
Subtotal Variable Components			[redacted]	$75,910,215	$68,577,497	$70,452,851	$55,619,137	$53,734,252	$50,588,929	$49,885,502	$49,679,193	$48,033,819	[redacted]	[redacted]	[redacted]
Adjustments															
Centralia PPA Equity Return			[redacted]	$421,226	$393,791	$420,687	$407,664	$421,253	$407,664	$421,253	$421,253	$407,664	[redacted]	[redacted]	[redacted]
Energy Imbalance Market Fixed Cost Adjustment			[redacted]	$616,827	$616,827	$616,827	$616,827	$616,827	$616,827	$616,827	$616,827	$616,827	[redacted]	[redacted]	[redacted]
Total allowable cost			[redacted]	$76,948,268	$69,588,115	$71,490,365	$56,643,628	$54,772,332	$51,613,420	$50,923,582	$50,717,273	$49,058,310	[redacted]	[redacted]	[redacted]
Full Load (KWh)			[redacted]	2,200,151,477	2,041,234,594	2,055,952,907	1,637,391,756	1,538,136,735	1,486,045,121	1,625,050,877	1,638,051,931	1,543,093,381	[redacted]	[redacted]	[redacted]
Delivered Load (KWh)			[redacted]	2,032,459,697	1,946,004,894	1,861,833,580	1,464,967,722	1,385,879,895	1,364,865,963	1,531,493,834	1,532,153,178	1,417,939,075	[redacted]	[redacted]	[redacted]
Loss %			[redacted]	-7.6%	-4.7%	-9.4%	-10.5%	-9.9%	-8.2%	-5.8%	-6.5%	-8.1%	[redacted]	[redacted]	[redacted]
Variable Baseline Rate															
2017 GRC (w/o MSFT) May 2019 - October 14, 2020	0.033034	$/kWh	[redacted]	$67,140,274	$64,284,326	$61,503,810	$48,393,744	$45,781,156	$45,086,982	$50,591,367	$50,613,148	$46,840,199	[redacted]	[redacted]	[redacted]
2019 GRC October 15, 2020 -	0.034753	$/kWh	[redacted]										[redacted]	[redacted]	[redacted]
Baseline Rate revenue			[redacted]	$67,140,274	$64,284,326	$61,503,810	$48,393,744	$45,781,156	$45,086,982	$50,591,367	$50,613,148	$46,840,199	[redacted]	[redacted]	[redacted]
Imbalance for Sharing			[redacted]	$9,807,994	$5,303,789	$9,986,555	$8,249,884	$8,991,176	$6,526,437	$332,215	$104,125	$2,218,110	[redacted]	[redacted]	[redacted]
Imbalance Less Firm Wholesale															
Dec 19, 2017 - Oct 14, 2020	0.03344%		[redacted]	$9,804,715	$5,302,016	$9,983,215	$8,247,125	$8,988,169	$6,524,255	$332,103	$104,090	$2,217,369	[redacted]	[redacted]	[redacted]
October 15, 2020 -	0.03143%		[redacted]										[redacted]	[redacted]	[redacted]
Cumulative Imbalance			[redacted]	$9,804,715	$15,106,730	$25,089,945	$33,337,070	$42,325,239	$48,849,494	$49,181,598	$49,285,688	$51,503,056	[redacted]	[redacted]	[redacted]
Assignment of Imbalance to Bands															
First band - deadband			[redacted]	$9,804,715	$15,106,730	$17,000,000	$17,000,000	$17,000,000	$17,000,000	$17,000,000	$17,000,000	$17,000,000	[redacted]	[redacted]	[redacted]
2nd Band - next			[redacted]	$0	$0	$8,089,945	$16,337,070	$23,000,000	$23,000,000	$23,000,000	$23,000,000	$23,000,000	[redacted]	[redacted]	[redacted]
3rd Band - next			[redacted]	$0	$0	$0	$0	$2,325,239	$8,849,494	$9,181,598	$9,285,688	$11,503,056	[redacted]	[redacted]	[redacted]
Total			[redacted]	$9,804,715	$15,106,730	$25,089,945	$33,337,070	$42,325,239	$48,849,494	$49,181,598	$49,285,688	$51,503,056	[redacted]	[redacted]	[redacted]
Company's Share	band limit +/-														
First band - deadband	$17,000,000	100%	[redacted]	$9,804,715	$15,106,730	$17,000,000	$17,000,000	$17,000,000	$17,000,000	$17,000,000	$17,000,000	$17,000,000	[redacted]	[redacted]	[redacted]
2nd Band - next	$23,000,000	50% 35%	[redacted]	$0	$0	$4,044,973	$8,168,535	$11,500,000	$11,500,000	$11,500,000	$11,500,000	$11,500,000	[redacted]	[redacted]	[redacted]
3rd Band - next	$1,000,000,000	10%	[redacted]	$0	$0	$0	$0	$232,524	$884,949	$918,160	$928,569	$1,150,306	[redacted]	[redacted]	[redacted]
Subtotal Cumulative Company Share			[redacted]	$9,804,715	$15,106,730	$21,044,973	$25,168,535	$28,732,524	$29,384,949	$29,418,160	$29,428,569	$29,650,306	[redacted]	[redacted]	[redacted]
Company Share monthly			[redacted]	$9,804,715	$5,302,016	$5,938,242	$4,123,563	$3,563,989	$652,425	$33,210	$10,409	$221,737	[redacted]	[redacted]	[redacted]
Customer Share (positive is potential customer surcharge, negative is potential customer credit)													[redacted]	[redacted]	[redacted]
Cumulative Customer Share (deferral account)				$0	$0	$4,044,973	$8,168,535	$13,592,715	$19,464,545	$19,763,438	$19,857,119	$21,852,751	[redacted]	[redacted]	[redacted]
Monthly Customer Share (deferral account)			[redacted]	$0	$0	$4,044,973	$4,123,563	$5,424,180	$5,871,829	$298,893	$93,681	$1,995,632	[redacted]	[redacted]	[redacted]

REDACTED VERSION

ATTACHMENT G to PSE's Response to Public Counsel Informal Data Request No. 001

REDACTED VERSION

Shaded information is designated as CONFIDENTIAL per WAC 480-07-160

2021 PCA Schedule B forecast

Power cost under/over-recoveries and allocation to PCA sharing bands

August 27, 2020

				2021	*forecast* Jan-21	*forecast* Feb-21	*forecast* Mar-21	*forecast* Apr-21	*forecast* May-21	*forecast* Jun-21	*forecast* Jul-21	*forecast* Aug-21	*forecast* Sep-21	*forecast* Oct-21	*forecast* Nov-21	*forecast* Dec-21
Variable Component	**FERC Acct.**															
Steam Operating Fuel	501			[redacted]												
Other Power Generation Fuel	547															
Purchased & Interchanged	555															
Purchases/Sales of Non-Core Gas	45600012, 18															
Brokerage Fees	55700003															
Sales to Other Util	447															
Wheeling	565															
Montana Energy Tax																
Subtotal Variable Components																
Adjustments																
Centralia PPA Equity Return																
Energy Imbalance Market Fixed Cost Adjustment																
Total allowable cost																
Full Load (KWh)																
Delivered Load (KWh)																
Loss %																
Variable Baseline Rate																
2019 GRC October 15, 2020 -		0.034753 $/kWh														
Baseline Rate revenue																
Imbalance for Sharing																
Imbalance Less Firm Wholesale																
October 15, 2020 -		0.03143%														
Cumulative Imbalance																
Assignment of Imbalance to Bands																
First band - deadband																
2nd Band - next																
3rd Band - next																
Total																
Company's Share	band limit +/-															
First band - deadband	$ 17,000,000	100%														
2nd Band - next	$ 23,000,000	50%	35%													
3rd Band - next	$ 1,000,000,000	10%														
Company Share monthly																
Customer Share (positive is potential customer surcharge, negative is potential customer credit)																
Cumulative Customer Share (deferral account)				[redacted]												
Monthly Customer Share (deferral account)																