



PUGET SOUND ENERGY

Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

April 30, 2015

Mr. Steven King, Executive Director & Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: Affiliated Interest and Subsidiary Transactions Report – WAC 480-90-264

Dear Mr. King:

In accordance with the requirements of WAC 480-90-264, we are submitting the enclosed report of affiliated interest and subsidiary transactions for the year ended December 31, 2014, pertaining to Puget Sound Energy (“PSE” or “the Company”).

If there are any questions concerning this report, please contact me at (425) 462-3202.

Sincerely,

Michael Stranik
Controller & Principal Accounting Officer

Enclosures

CC: Kathie Barnard
Kenneth Johnson

Puget Sound Energy, Inc.

Affiliated Interest and Subsidiary Transaction Report For the Year-to-Date December 31, 2014

1. Refer to Exhibit 1 for a summary of all transactions, except transactions provided at tariff rates, which occurred between Puget Sound Energy, Inc. (PSE), its affiliated interests and subsidiary.

Refer to Exhibit 2 for the corporate organization chart of PSE and its affiliated interests and subsidiaries.

2. Financial information for affiliated interests and subsidiary with total transactions with PSE that equal or exceed \$100,000 during the reporting period:
 - A. Refer to Exhibit 3 for balance sheets and income statements for affiliated interests and subsidiary.
 - B. Refer to Exhibit 2 for a description of the products or services provided to or from PSE and each affiliated interest or subsidiary.
 - C. Refer to Exhibit 4 for a description of the pricing basis or costing method, and procedures for allocating costs for such products or services. Corporate common costs were allocated on a monthly basis. Corporate policy regarding the allocation of common costs is outlined in PSE's Controller Manual CTM-8, attached as Exhibit 4. Refer to Exhibit 1 for the amount and accounts charged during the year.
 - D. Affiliated interest loan terms are as follows:
 - Puget Energy loan to PSE: maximum loan amount is \$29.6 million;
 - Average interest rate for the twelve months ended December 31, 2014 was 0.62%;
 - The year-end loan balance is provided in Exhibit 1.
 - E. There were no obligations or liabilities assumed by PSE on behalf of any affiliated interest or subsidiary during the year ended December 31, 2014.
 - F. Refer to Exhibit 2 for a description of activities of each affiliated interest or subsidiary having transactions with PSE.
 - G. Refer to Exhibit 2 for a list of officers and directors common to PSE and affiliated interests and subsidiaries.
3. Not Applicable
4. All outstanding contracts from the current and previous years have been filed with the commission.

**PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT**

EXHIBIT 1

EXHIBIT 1

Puget Sound Energy, Inc.
Summary of Transactions
For Year-to-Date December 31, 2014

The following represents all transactions and balances, except transactions provided at tariff rates, that occurred between PSE and its affiliated interests, and PSE and its subsidiaries.

	<u>Amount</u>
<u>Puget Holdings LLC</u>	
Accounts payable to PSE	\$ 177,691
Reimbursement of labor and other expenses to PSE	\$ 364,123
<u>Puget Intermediate Holdings, Inc.</u>	
Accounts payable to PSE	\$ 90,710
Reimbursement of labor and other expenses to PSE	\$ 204,827
<u>Puget Equico LLC</u>	
Accounts payable to PSE	\$ 527
Reimbursement of labor and other expenses to PSE	\$ 24,033
<u>Puget Energy, Inc.</u>	
Account payable to PSE	\$ 123,134
Note receivable from PSE	\$ 28,932,782
Interest receivable from PSE	\$ 17,011
Reimbursement of labor and other expenses to PSE	\$ 1,189,977
Interest income on Puget Energy note from PSE	\$ 181,681
Dividends Receivable from PSE	\$ 323,424,044
<u>Puget Western, Inc.</u>	
Accounts payable to PSE	\$ 48,649
Reimbursement of labor and other expenses to PSE	\$ 520,001
Dividends paid to PSE	\$ 8,500,000

The following represents all transactions and balances, except transactions provided at tariff rates, that occurred between PSE and its possible affiliated interest.

	<u>Amount</u>
<u>Macquarie Capital (USA), Inc.</u>	
Bond Issuance Fees	\$ -
<u>Macquarie Energy, LLC</u>	
Electric Transmission Service	\$ 15,263

**PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT**

EXHIBIT 2

EXHIBIT 2

COMPANIES WITH AN AFFILIATED INTEREST

PUGET HOLDINGS, LLC. (Puget Holdings) is a limited liability energy services holding company formed on October 11, 2007 in the State of Delaware, which directly owns Puget Intermediate Holdings, Inc. (Puget Intermediate). All of the operations of Puget Holdings are conducted through its indirect subsidiary Puget Sound Energy (PSE). Puget Holdings has its principal executive office at 10885 NE 4th Street, Suite 1200, Bellevue, Washington 98004.

PUGET INTERMEDIATE HOLDINGS, INC. (Puget Intermediate) is an energy services holding company formed on October 24, 2007 in the State of Washington that directly owns Puget Equico, LLC. All of the operations of PIH are conducted through its indirect subsidiary PSE. Puget Intermediate has its principal executive office at 10885 NE 4th Street, Suite 1200, Bellevue, Washington 98004.

PUGET EQUICO, LLC (Puget Equico) is a limited liability energy services holding company formed on October 1, 2008 in the State of Washington, which directly owns Puget Energy. All of the operations of Puget Equico are conducted through its indirect subsidiary, PSE. Puget Equico has its principal executive office at 10885 NE 4th Street, Suite 1200, Bellevue, Washington 98004.

PUGET ENERGY, INC. (Puget Energy) is an energy services holding company incorporated in the State of Washington in 1999. All of its operations are conducted through its direct subsidiary PSE. Puget Energy has its principal executive office at 10885 NE 4th Street, Suite 1200, Bellevue, Washington 98004.

PUGET SOUND ENERGY, INC. (Puget Sound Energy) is a wholly-owned utility incorporated in the State of Washington, which generates purchases and sells electricity and purchases transports and sells natural gas in a service territory covering 6,000 square miles, principally in the Puget Sound region of Washington State. PSE has its principal executive office at Address: 10885 NE 4th Street, Suite 1200, Bellevue, Washington 98004. Puget Sound Energy had the following subsidiary at December 31, 2010.

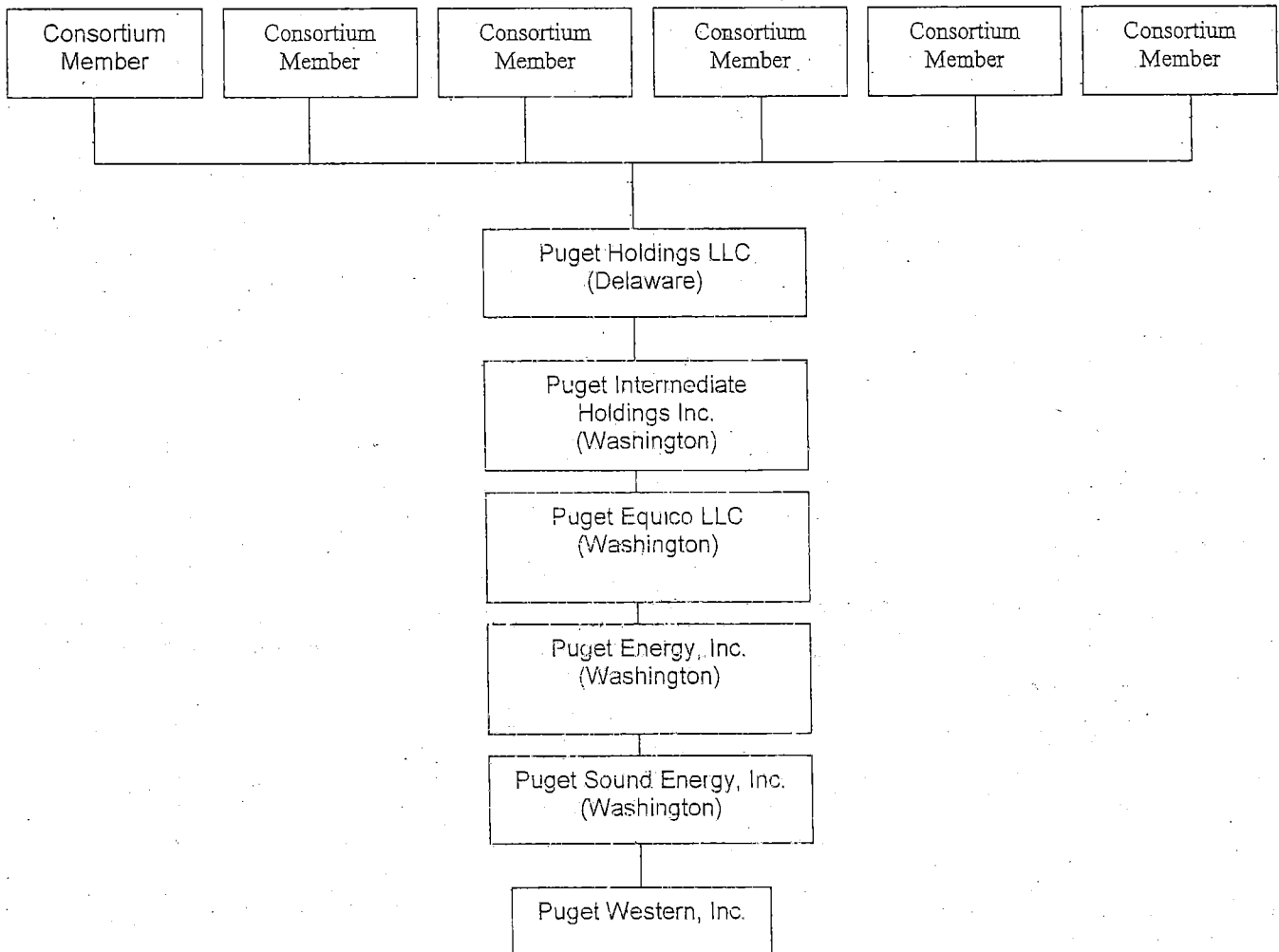
PUGET WESTERN, INC., a Washington corporation, is a real estate investment and development company. Address: 19515 North Creek Parkway, Suite 310, Bothell, Washington 98011.

COMPANIES THAT MAY HAVE AN AFFILIATED INTEREST

MACQUARIE CAPITAL (USA), INC. (Macquarie Capital (USA)), incorporated in March 1, 1994, is a Delaware Corporation that is a wholly owned subsidiary of Macquarie Holdings (USA), Inc. (the "Parent"), which is an indirect wholly owned subsidiary of Macquarie Group Limited ("MGL"), a non-operating holding company located in Sydney, Australia. Macquarie Capital (USA) principal place of business is at 125 West 55th Street, New York, NY 10019.

MACQUARIE ENERGY, LLC (Macquarie Energy), the surviving entity of an internal corporate reorganization that took effect February 1, 2010, pursuant to which the power marketer, Macquarie Cook Power, Incorporated, merged into is affiliated natural gas marketer Macquarie Cook Energy LLC. Macquarie Energy, LLC is an indirect, wholly-owned subsidiary of Macquarie Bank Limited, which in turn is wholly-owned by Macquarie Group Limited ("MGL"), an Australian-based company which is a global provider of banking, financial, advisory, investment and funds management services. Macquarie Energy, LLC is a Delaware limited liability company with its principal place of business at 500 Dallas Street, Suite 3100, Houston, TX 77002.

PUGET HOLDINGS CORPORATE STRUCTURE



PUGET HOLDINGS LLC LISTING OF SUBSIDIARIES

Puget Holdings LLC TIN #26-1273439 (formed 10/12/2007)

Directors

Melanie Dressel, Chair
Andrew Chapman
Daniel Fetter
Kimberly Harris
Benjamin Hawkins
Steve Hooper
Alan James
Christopher Leslie
David MacMillan
Mary McWilliams
Drew Murphy
Christopher Trumpy

Officers

Kimberly J. Harris, President and Chief Executive Officer
Daniel A. Doyle, Senior Vice President and Chief Financial Officer
Steve R. Secrist, Senior Vice President, General Counsel and
Corporate Secretary
Michael J. Stranik, Controller and Principal Accounting Officer
Samuel S. Osborne, Assistant Secretary
Brandon J. Lohse, Treasurer

Puget Intermediate Holdings Inc. TIN #26-1297959 (formed 10/24/2007)

Directors

Melanie Dressel, Chair
Andrew Chapman
Daniel Fetter
Kimberly Harris
Benjamin Hawkins
Steve Hooper
Alan James
Christopher Leslie
David MacMillan
Mary McWilliams
Drew Murphy
Christopher Trumpy

Officers

Kimberly J. Harris, President and Chief Executive Officer
Daniel A. Doyle, Senior Vice President and Chief Financial Officer
Steve R. Secrist, Senior Vice President, General Counsel and
Corporate Secretary
Michael J. Stranik, Controller and Principal Accounting Officer
Samuel S. Osborne, Assistant Secretary
Brandon J. Lohse, Treasurer

Puget Equico LLC TIN #26-3755171 (formed 10/1/2008)

Directors

Melanie Dressel, Chair
Andrew Chapman
Daniel Fetter
Kimberly Harris
Benjamin Hawkins
Steve Hooper
Alan James
Christopher Leslie
David MacMillan
Mary McWilliams
Drew Murphy
Christopher Trumpy

Officers

Kimberly J. Harris, President and Chief Executive Officer
Daniel A. Doyle, Senior Vice President and Chief Financial Officer
Steve R. Secrist, Senior Vice President, General Counsel and
Corporate Secretary
Michael J. Stranik, Controller and Principal Accounting Officer
Samuel S. Osborne, Assistant Secretary
Brandon J. Lohse, Treasurer

Puget Energy, Inc. TIN #91-1969407 (formed 4/23/1999)

Directors

Melanie Dressel, Chair
Andrew Chapman
Daniel Fetter
Kimberly Harris
Benjamin Hawkins
Steve Hooper
Alan James
Christopher Leslie
David MacMillan
Mary McWilliams
Drew Murphy
Christopher Trumpy

Officers

Kimberly J. Harris, President and Chief Executive Officer
Daniel A. Doyle, Senior Vice President and Chief Financial Officer
Steve R. Secrist, Senior Vice President, General Counsel, Chief Ethics
and Compliance Officer and Corporate Secretary
Michael J. Stranik, Controller and Principal Accounting Officer
Samuel S. Osborne, Assistant Secretary
Brandon J. Lohse, Treasurer

SUBSIDIARY OF PUGET ENERGY, INC.

Puget Sound Energy, Inc. TIN #91-0374630 (formed 9/12/1960)

Directors

Melanie Dressel, Chair
Andrew Chapman
Daniel Fetter
Kimberly Harris
Benjamin Hawkins
Steve Hooper
Alan James
Christopher Leslie
David MacMillan
Mary McWilliams
Drew Murphy
Herb Simon
Christopher Trumpy

Officers

Kimberly J. Harris, President and Chief Executive Officer
Philip K. Bussey, SVP and Chief Customer Officer
Daniel A. Doyle, Senior Vice President and Chief Financial Officer
Booga K. Gilbertson, Senior Vice President Operations
Margaret Hopkins, Vice President and Chief Information Officer
Marla Mellies, Senior Vice President and Chief Administrative Officer
David Mills, Vice President Energy Operations
Steve R. Secrist, Senior Vice President, General Counsel, Chief
Ethics and Compliance Officer and Corporate Secretary
Jason Teller, Vice President Customer Solutions
Andrew W. Wappler, Vice President Corporate Affairs
Michael J. Stranik, Controller and Principal Accounting Officer
Samuel S. Osborne, Assistant Secretary
Brandon J. Lohse, Treasurer

SUBSIDIARY OF PUGET SOUND ENERGY, INC.

2. Puget Western Inc. (Formed 5/10/60) TIN #91-0716282

Directors

Daniel A. Doyle, Chair
Roger Garratt
Clay Riding
Jason Teller

Officers

Gust M. Erikson, President
David Yasuda, Vice President
Daniel A. Doyle, Treasurer
Samuel S. Osborne, Secretary

PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT

EXHIBIT 3

PSE COMPANIES
BALANCE SHEET FOR DECEMBER 2014

	(1000) PSE	Standard Adjustments	Post Close Adjustments ("Top Side Entries")	(1004) Puget Western	Elimination Entries	TOTAL
ASSETS:						
Utility Plant:						
Electric	9,330,999,103					9,330,999,103
Gas	3,282,817,542					3,282,817,542
Common	512,842,286					512,842,286
Less: Accumulated deprec and amort	(4,449,680,309)					(4,449,680,309)
Net Plant	8,676,978,622					8,676,978,622
Other Property and Investments:						
Investment in Bonneville Exchange Power Contract						
Other Property and Investments	87,839,727			28,938,701	(29,865,413)	86,913,015
Total Other Property and Investments	87,839,727			28,938,701	(29,865,413)	86,913,015
Current Assets:						
Cash	35,530,642			1,935,016		37,465,658
Restricted cash	32,775,117			88,374		32,863,491
Accounts Receivable (Rpt Node)	277,763,873		36,753,431	796		314,518,100
Less allowance for doubtful accounts	(7,471,995)					(7,471,995)
Unbilled revenues	168,038,918					168,038,918
Purchased Gas Adjustment Receivable (PGA)	21,073,055					21,073,055
Materials and Supplies	83,189,281					83,189,281
Fuel and Gas Inventory	66,655,906					66,655,906
Current Portion FAS 133 Unrealized Gain/Loss (ST)	21,178,262					21,178,262
Taxes		301,244				301,244
Prepaid Expense and other	20,884,670			20,248		20,904,918
Taxes Receivable						
Current Portion of Deferred Income Taxes	208,447,495					208,447,495
Total Current Assets	928,065,224	301,244	36,753,431	2,044,434		967,164,333
Long-Term and Regulatory Assets:						
Regulatory assets:						
Regulatory asset for deferred income taxes	94,913,489					94,913,489
Regulatory asset for PURPA buyout costs						
Power Cost Adjustment Mechanism (PCA)	4,623,329					4,623,329
Other Regulatory Assets	866,792,822					866,792,822
Long-Term Assets:						
FAS 133 Unrealized Gain/Loss (LT)	3,170,484					3,170,484
Deferred Tax Asset				437,000	(437,000)	
Other Long-Term Assets	89,305,506					89,305,506
Total Long-Term and Regulatory Assets	1,058,805,630			437,000	(437,000)	1,058,805,630
TOTAL ASSETS	10,751,689,203	301,244	36,753,431	31,420,135	(30,302,413)	10,789,861,600
Capitalization:						
CAPITALIZATION AND LIABILITIES:						
Common equity	3,278,728,607			29,865,413	(29,865,413)	3,278,728,607
Preferred Stock						
Total shareholders' equity	3,278,728,607			29,865,413	(29,865,413)	3,278,728,607
Preferred stock subject to mandatory redemption						
Junior subordinated notes	250,000,000					250,000,000
Long-term Debt	3,510,860,000	(162,000,000)		2,411,777		3,351,271,777
Long-term Debt (acct 226 - Unamortized Debt Discount)	(13,140)					(13,140)
Total redeemable securities and long-term debt (Grand Total)	3,760,846,860	(162,000,000)		2,411,777		3,601,258,637
Total capitalization	7,039,575,467	(162,000,000)		2,411,777		6,879,987,244
Current Liabilities:						
Accounts Payable	270,554,296		36,753,431	263,938		307,571,665
Notes Payable						
Short-term Debt	85,000,000					85,000,000
Short Term Debt Owed to Puget Energy	28,932,785					28,932,785
Current maturities of Long-Term Debt		162,000,000				162,000,000
Accrued Expenses:						
Purchased gas liability						
Taxes	107,481,198	301,244				107,782,442
Salaries and wages	40,970,048					40,970,048
Interest	55,345,644					55,345,644
Current Portion FAS 133 Unrealized Gain/Loss (ST)	135,973,062					135,973,062
Current Portion of Deferred Income Taxes						
Other current liabilities	58,483,793	3,981,000				62,464,793
Total current liabilities	782,740,826	166,282,244	36,753,431	263,938		986,040,439
Long-Term Liabilities:						
Deferred income taxes	1,651,416,257			(1,121,993)	(437,000)	1,649,857,264
FAS 133 Unrealized Gain/Loss (LT)	60,062,562					60,062,562
Power Cost Adjustment Mechanism						
Regulatory Liabilities:						
Regulatory Liabilities:	630,650,654					630,650,654
Other Deferred Credits	587,243,437	(3,981,000)		1,000		583,263,437
Total long-term liabilities	2,929,372,910	(3,981,000)		(1,120,993)	(437,000)	2,923,833,917
TOTAL CAPITALIZATION AND LIABILITIES:	10,751,689,203	301,244	36,753,431	31,420,135	(30,302,413)	10,789,861,600

Consolidated Income Statement (GAAP)

Year Ended December 31, 2014

	(1000) PSE	PSE Adjust- ments	(1004) Puget Western	Puget Western Eliminate	Total PSE
Operating Revenues:					
Electric	2,083,796,786	-			2,083,796,786
Gas	1,012,859,129	-			1,012,859,129
Non-utility operating revenue	15,108,288	-	4,359,023		19,467,311
Total operating revenue	3,111,764,203	-	4,359,023	-	3,116,123,226
Operating Expenses:					
Energy Costs:					
Purchased electricity	514,442,449	(355,928)			514,086,521
Fuel	263,493,430	-			263,493,430
Residential/Farm Exchange	(129,036,285)	-			(129,036,285)
Purchased natural gas	458,690,776	-			458,690,776
FAS 133 Unrealized Gain/Loss	85,636,444	-			85,636,444
Utility operations and maintenance	562,174,764	(12,028,667)			550,146,097
Non-utility expense and other	22,664,714	-	1,064,704		23,729,418
Merger Related Costs	-	-			-
Depreciation, deplet.&amort.	370,960,644	-	1,335		370,961,979
Amortization	(5,355,542)	-			(5,355,542)
Conservation amortization	104,095,540	-			104,095,540
Taxes other than income taxes	298,231,034	12,384,595	366,168		310,981,798
Total operating expenses	2,545,997,969	-	1,432,207	-	2,547,430,176
Operating Income	565,766,234	-	2,926,816	-	568,693,050
Other Income (Deductions):					
Charitable Foundation Funding		-			-
Other income	25,938,586	-	(3,839)	(1,899,754)	24,034,993
Other expenses	(7,457,358)	-	-	-	(7,457,358)
Unhedged Interest Rate Deriv. Expense		-			-
Interest charges:					
AFUDC	5,611,082	-			5,611,082
Interest expense -- Investors		-			-
Interest expense -- Intercompany	(181,681)	-			(181,681)
Interest expense -- Other	(264,744,613)	-			(264,744,613)
Income Before Inc. Tax & Extraord. Items	324,932,250	-	2,922,977	(1,899,754)	325,955,473
Income Taxes	88,318,331	-	1,023,223		89,341,554
Net Income Before Extraordinary Items	236,613,919	-	1,899,754	(1,899,754)	236,613,919
Extraordinary Items	-	-			-
Net Income	236,613,919	-	1,899,754	(1,899,754)	236,613,919

PUGET WESTERN, INC.
BALANCE SHEET
DECEMBER 31, 2014

	PERIOD ENDED 12/31/2014	PERIOD ENDED 12/31/2013	\$ CHANGE FROM PRIOR YEAR END
CURRENT ASSETS			
Petty Cash	100	100	0
Cash - Money Market	1,808,292	2,557,559	(749,267)
Cash - MMkt Snoqualmie	88,374	88,344	30
Cash in Bank	126,624	55,334	71,290
Notes Receivable	273,000	0	273,000
Interest Receivable	796	0	796
Prepaid Rent	12,085	11,770	315
Prepaid Insurance	8,163	8,104	59
Total Current Assets	2,317,434	2,721,211	(403,777)
Long-Term Assets			
Furniture & Fixtures	298,267	288,108	10,159
Accum Depr FF&E	(285,573)	(284,238)	(1,335)
Sub-total	12,694	3,870	8,824
Investments			
Investment in Kinetic Ventures	88,630	92,469	(3,839)
Deferred Tax Asset-Kinetic	437,000	436,939	61
Sub-total	525,630	529,408	(3,778)
Land Held for Sale or Development			
Commercial Land	24,651,973	29,702,675	(5,050,702)
Project Development	3,912,404	4,104,529	(192,125)
Total Long-Term Assets	29,102,701	34,340,482	(5,237,781)
TOTAL ASSETS	31,420,135	37,061,693	(5,641,558)

PUGET WESTERN, INC.
BALANCE SHEET
DECEMBER 31, 2014

	PERIOD ENDED 12/31/2014	PERIOD ENDED 12/31/2013	\$ CHANGE FROM PRIOR YEAR END
CURRENT LIABILITIES			
Future Property Obligations	56,090	232,691	(176,601)
Salary & Wage Accrual	110,000	0	110,000
Interest Payable	50,848	50,848	0
Earnest Money Payable	2,000	0	2,000
Accounts Payable Accruals	45,000	45,000	0
Total Current Liabilities	263,938	328,539	(64,601)
LONG-TERM LIABILITIES			
Intercompany Payable to Parent-FIT	(1,052,061)	(2,058,597)	1,006,536
Notes Payable	2,411,777	2,411,777	0
Unearned Income	1,000	1,000	0
Deferred FIT	(69,932)	(86,679)	16,747
Total Long-Term Liabilities	1,290,784	267,501	1,023,283
TOTAL LIABILITIES	1,554,722	596,040	958,682
EQUITY			
Common Stock	10,200	10,200	0
Additional Paid-In-Capital	44,487,244	44,487,244	0
Retained Earnings	(16,531,791)	(6,923,507)	(9,608,284)
Y-T-D Net Profit (Loss)	1,899,760	(1,108,284)	3,008,044
TOTAL EQUITY	29,865,413	36,465,653	(6,600,240)
TOTAL LIABILITIES & EQUITY	31,420,135	37,061,693	(5,641,558)

Puget Western Inc
Income Statement
FOR THE YEAR TO DATE ENDED
DECEMBER 31, 2014

	ACTUAL YTD Ended 12/31/14	Budget YTD Ended 12/31/14	VARIANCE	ACTUAL YTD Ended 12/31/13	VARIANCE
INCOME					
Sales Revenue	\$10,589,000	\$15,000,000	(\$4,411,000)	\$1,866,500	\$8,722,500
Cost of Sale	5,711,347	9,505,000	\$3,793,653	1,673,812	\$4,037,535
Direct Selling Exp	807,124	1,200,000	\$392,876	140,763	\$666,361
GROSS PROFIT ON SALES	4,070,529	4,295,000	(224,471)	51,925	4,018,604
Rental Income	28,155	18,000	\$10,155	23,520	4,635
Interest Income	2,027	1,200	827	6,237	(4,210)
Earnest Money Revenue	5,000	-	5,000	-	-
Miscellaneous Income	253,313	-	253,313	800	252,513
TOTAL INCOME	4,359,024	4,314,200	44,824	82,482	4,271,542
EXPENSE					
North Creek Rent	90,182	96,000	5,818	88,406	1,776
Kinetic Value Adjustments	3,839	18,000	14,161	16,540	(12,701)
Consulting Fees	4,395	18,000	13,605	11,410	(7,015)
Legal Fees	-	6,000	6,000	-	0
Accounting Fees	26,065	30,000	3,935	25,131	934
Interest Expense	-	-	-	-	0
Bank Service Charges	6	1,200	1,194	25	(19)
B & O/Excise Taxes	-	1,200	1,200	-	0
Property Taxes	365,934	420,000	54,066	376,499	(10,565)
Snoqualmie Traffic Signal	-	-	-	375,360	(375,360)
Personal Property Tax	234	1,200	966	244	(10)
Marketing Expense	-	1,200	1,200	-	0
General & Admin. Expense	625,593	675,000	49,407	589,363	36,230
Depreciation Expense	1,335	1,200	(135)	554	781
Sub-Total	1,117,583	1,269,000	151,417	1,483,532	(365,949)
OPERATING EXPENSE					
Misc. Prop Mgmt Expense	22,706	60,000	37,294	41,091	(18,385)
Escrow/Title Fees	-	1,200	1,200	-	0
Employee Expense	-	1,200	1,200	-	0
Travel Expense	7,709	7,200	(509)	7,766	(57)
Training Expense	-	1,200	1,200	2,956	(2,956)
Meals & Entertainment	972	1,200	228	1,039	(67)
Office Supplies & Equipment	8,163	9,600	1,437	8,560	(397)
Utilities	208,210	192,000	(16,210)	178,825	29,385
Postage	408	1,200	792	253	155
Dues, Subscriptions, Manuals	755	1,200	445	831	(76)
Donations	500	1,200	700	685	(185)
Repairs & Maintenance	-	2,400	2,400	659	(659)
Leasing Expense	-	1,200	1,200	-	0
PSE Strander Lease Expense	54,860	54,000	(860)	46,420	8,440
Insurance Expense	13,935	18,000	4,065	13,892	43
Licenses	240	1,200	960	235	5
Property Option Expense	-	1,200	1,200	-	-
Miscellaneous	-	1,200	1,200	595	(595)
TOTAL OPERATING EXP.	318,458	356,400	37,942	303,807	15,246
TOTAL EXPENSES	1,436,041	1,625,400	189,359	1,787,339	(351,298)
INCOME (LOSS) BEFORE FIT	2,922,983	2,688,800	234,183	(1,704,857)	4,622,245
Federal Income Tax	1,023,223	942,400	(80,823)	(596,571)	1,619,794
NET INCOME	1,899,760	1,746,400	153,360	(1,108,286)	3,008,046

PUGET ENERGY
BALANCE SHEET FOR DECEMBER 2014

	(0500)		(1000)		PE
	Puget Energy	Adjustment	Puget Sound Energy	ELIMINATION	TOTAL
ASSETS:					
Utility Plant:					
Electric	(2,195,792,804)		9,330,999,103		7,135,206,299
Gas	(602,750,374)		3,282,817,542		2,680,067,168
Common	(39,916,137)		512,842,286		472,926,149
Less: Accumulated depreciation and amortization	2,838,459,315		(4,449,680,309)		(1,611,220,994)
Net Utility Plant	-	-	8,676,978,622	-	8,676,978,622
Other Property and Investments:					
Goodwill	1,656,512,951		-		1,656,512,951
Investment in BEP contract			-		-
Other Property and Investments	3,282,954,113		86,913,015	(3,278,728,607)	91,138,521
Total Other Property and Investments	4,939,467,064	-	86,913,015	(3,278,728,607)	1,747,651,472
Current Assets:					
Cash	61,782		37,465,658		37,527,440
Restricted Cash			32,863,491		32,863,491
Accounts receivable	28,949,797		314,518,100	(29,072,930)	314,394,967
Less allowance for doubtful accounts			(7,471,995)		(7,471,995)
Unbilled revenues			168,038,918		168,038,918
Purchased Gas Adjustment Receivable			21,073,055		21,073,055
Materials and Supplies, at average cost	0		83,189,281		83,189,281
Fuel and Gas Inventory, at average cost	2,777,467		66,655,906		69,433,373
Unrealized Gain/Loss on Derivative Instruments	0		21,178,262		21,178,262
Taxes			301,244		301,244
Prepaid Expense and other	0		20,904,918		20,904,918
Power Contract Acquisition Adjustment Gain	43,842,913		-		43,842,913
Taxes Receivable			-		-
Deferred Income Taxes	(47,002,819)		208,447,495		161,444,676
Total Current Assets	28,629,140	-	967,164,333	(29,072,930)	966,720,543
Long-Term and Regulatory Assets:					
Restricted cash			-		-
Regulatory asset for deferred income taxes	518,190		94,913,489		95,431,679
Regulatory asset for PURPA buyout costs			-		-
Power Cost Adjustment Mechanism			4,623,329		4,623,329
Regulatory assets related to power contracts	29,815,885		-		29,815,885
Other Regulatory Assets	42,562		866,792,822		866,835,384
Unrealized Gain/Loss on Derivative Instruments (LT)	0		3,170,484		3,170,484
Power Contract Acquisition Adjustment Gain	347,546,535		-		347,546,535
Other Long-Term Assets	6,968,561		89,305,506		96,274,067
Total Long Term and Regulatory Assets	384,891,733	-	1,058,805,630	-	1,443,697,363
TOTAL ASSETS	5,352,987,937	-	10,789,861,600	(3,307,801,537)	12,835,048,000
Capitalization:					
CAPITALIZATION AND LIABILITIES:					
Common equity	3,543,327,655		3,278,728,607	(3,278,728,607)	3,543,327,655
Preferred Stock			-		-
Total shareholders' equity	3,543,327,655	-	3,278,728,607	(3,278,728,607)	3,543,327,655
Preferred stock subject to mandatory redemption			-		-
Junior subordinated Notes			250,000,000		250,000,000
Long-term Debt	1,480,349,235		3,351,258,637		4,831,607,872
Total redeemable securities and long-term debt	1,480,349,235		3,601,258,637		5,081,607,872
Total capitalization	5,023,676,890	-	6,879,987,244	(3,278,728,607)	8,624,935,527
Current Liabilities:					
Accounts Payable	129,597		307,571,665	(123,134)	307,578,128
Dividends Declared -- Common Stock			-		-
Notes Payable			-		-
Short-term Debt			85,000,000		85,000,000
Short-term Debt Owed to Puget Energy			28,932,785	(28,932,785)	-
Current Maturities of LTD			162,000,000		162,000,000
Purchased gas liability			-		-
Taxes	0		107,782,442		107,782,442
Salaries and wages			40,970,048		40,970,048
Interest	23,584,941		55,345,644	(17,011)	78,913,574
Current Portion FAS 133 Unrealized Gain/Loss	6,222,142		135,973,062		142,195,204
Current Portion of Deferred Income Taxes			-		-
Power Contract Acquisition Adjustment Loss	3,592,500		-		3,592,500
Other	0		62,464,793		62,464,793
Total current liabilities	33,529,180	-	986,040,439	(29,072,930)	990,496,689
Long-Term Liabilities:					
Deferred income taxes	(127,501,368)		1,649,857,264		1,522,355,896
FAS 133 Unrealized Gain/Loss (LT)	2,850,373		60,062,562		62,912,935
Power Cost Adjustment Mechanism			-		-
Regulatory Liabilities	2,820,029		630,650,654		633,470,683
Liabilities Related to Power Contracts	391,389,448		-		391,389,448
Power Contract Acquisition Adjustment Loss	26,223,385		-		26,223,385
Other Deferred Credits	0		583,263,437		583,263,437
Total long-term liabilities	295,781,867	-	2,923,833,917	-	3,219,615,784
TOTAL CAPITALIZATION AND LIABILITIES:	5,352,987,937	-	10,789,861,600	(3,307,801,537)	12,835,048,000

Consolidated Income Statement (GAAP)					
Year Ended December 31, 2014			(0500)	PSE	PE/PSE
	Total PSE	Puget Energy	Elimination	Elimination	Total Puget Energy
Operating Revenues:					
Electric	2,083,796,786	-			2,083,796,786
Gas	1,012,859,129	-			1,012,859,129
Non-utility operating revenue	19,467,311	(2,951,789)			16,515,522
Total operating revenue	3,116,123,226	(2,951,789)	-	-	3,113,171,437
Operating Expenses:					
Energy Costs:					
Purchased electricity	514,086,521	-			514,086,521
Fuel	263,493,430	-			263,493,430
Residential/Farm Exchange	(129,036,285)	-			(129,036,285)
Purchased natural gas	458,690,776	-			458,690,776
FAS 133 Unrealized Gain/Loss	85,636,444	(1,490,673)			84,145,771
Utility operations and maintenance	550,146,097	-			550,146,097
Non-utility expense and other	23,729,418	(10,619,569)			13,109,849
Merger Related Costs	-	-			-
Depreciation, deplet.&amort.	370,961,979	-			370,961,979
Amortization	(5,355,542)	-			(5,355,542)
Conservation amortization	104,095,540	-			104,095,540
Taxes other than income taxes	310,981,798	-			310,981,798
Total operating expenses	2,547,430,176	(12,110,242)	-	-	2,535,319,934
Operating Income	568,693,050	9,158,453	-	-	577,851,503
Other Income (Deductions):					
Charitable Foundation Funding	-	-			-
Other income	24,034,993	236,798,479	(236,613,919)	(181,681)	24,037,872
Other expenses	(7,457,358)	-	-	-	(7,457,358)
Unhedged Interest Rate Deriv. Expense	-	(3,915,245)			(3,915,245)
Interest charges:					
AFUDC	5,611,082				5,611,082
Interest expense -- Investors	-				-
Interest expense -- Intercompany	(181,681)			181,681	-
Interest expense -- Other	(264,744,613)	(102,563,500)			(367,308,113)
Income Before Inc. Tax & Extraord. Items	325,955,473	139,478,187	(236,613,919)	-	228,819,741
Income Taxes	89,341,554	(32,356,465)			56,985,089
Net Income Before Extraordinary Items	236,613,919	171,834,652	(236,613,919)	-	171,834,652
Extraordinary Items	-	-	-	-	-
Net Income	236,613,919	171,834,652	(236,613,919)	-	171,834,652

PUGET EQUICO
BALANCE SHEET FOR DECEMBER 2014

	(0490) Equico	Adjustment	(0500) Puget Energy	ELIMINATION	Puget Equico TOTAL
ASSETS:					
Utility Plant:					
Electric			7,135,206,299		7,135,206,299
Gas			2,680,067,168		2,680,067,168
Common			472,926,149		472,926,149
Less: Accumulated depreciation and amortization			(1,611,220,994)		(1,611,220,994)
Net Utility Plant	-	-	8,676,978,622	-	8,676,978,622
Other Property and Investments:					
Goodwill			1,656,512,951		1,656,512,951
Investment in BEP Contract			-		-
Other Property and Investments	3,543,327,655		91,138,521	(3,543,327,655)	91,138,521
Total Other Property and Investments	3,543,327,655	-	1,747,651,472	(3,543,327,655)	1,747,651,472
Current Assets:					
Cash	34,109		37,527,440		37,561,549
Restricted Cash			32,863,491		32,863,491
Accounts receivable			314,394,967	(527)	314,394,440
Less allowance for doubtful accounts			(7,471,995)		(7,471,995)
Unbilled revenues			168,038,918		168,038,918
Purchased Gas Adjustment Receivable			21,073,055		21,073,055
Materials and Supplies, at average cost			83,189,281		83,189,281
Fuel and Gas Inventory, at average cost			69,433,373		69,433,373
Unrealized Gain/Loss on Derivative Instruments			21,178,262		21,178,262
Income Taxes		-	301,244		301,244
Prepaid Expense and other			20,904,918		20,904,918
Power Contract Acquisition Adjustment Gain			43,842,913		43,842,913
Taxes Receivable			-		-
Deferred Income Taxes			161,444,676		161,444,676
Total Current Assets	34,109	-	966,720,543	(527)	966,754,125
Long-Term and Regulatory Assets:					
Restricted cash			-		-
Regulatory asset for deferred income taxes			95,431,679		95,431,679
Regulatory asset for PURPA buyout costs			-		-
Power Cost Adjustment Mechanism			4,623,329		4,623,329
Regulatory Assets related to power contracts			29,815,885		29,815,885
Other Regulatory Assets			866,835,384		866,835,384
Unrealized Gain/Loss on Derivative Instruments (LT)			3,170,484		3,170,484
Power Contract Acquisition Adjustment Gain			347,546,535		347,546,535
Income Taxes		-	-		-
Other Long-Term Assets			96,274,067		96,274,067
Total Long Term and Regulatory Assets	-	-	1,443,697,363	-	1,443,697,363
TOTAL ASSETS	3,543,361,764	-	12,835,048,000	(3,543,328,182)	12,835,081,582
Capitalization:					
CAPITALIZATION AND LIABILITIES:					
Common equity	3,543,442,857		3,543,327,655	(3,543,327,655)	3,543,442,857
Total shareholders' equity	3,543,442,857	-	3,543,327,655	(3,543,327,655)	3,543,442,857
Junior subordinated Notes			250,000,000		250,000,000
Long-term Debt			4,831,607,872		4,831,607,872
Total redeemable securities and long-term debt	-	-	5,081,607,872	-	5,081,607,872
Total capitalization	3,543,442,857	-	8,624,935,527	(3,543,327,655)	8,625,050,729
Current Liabilities:					
Accounts Payable	527		307,578,128	(527)	307,578,128
Dividends Declared to Puget Intermediate			-		-
Notes Payable			-		-
Short-term Debt			85,000,000		85,000,000
Short-term Debt Owed to Puget Energy			-		-
Current Maturities of LTD			162,000,000		162,000,000
Purchased gas liability			-		-
Taxes		-	107,782,442		107,782,442
Salaries and wages			40,970,048		40,970,048
Interest			78,913,574		78,913,574
Current Portion FAS 133 Unrealized Gain/Loss			142,195,204		142,195,204
Power Contract Acquisition Adjustment Loss			3,592,500		3,592,500
Other			62,464,793		62,464,793
Total current liabilities	527	-	990,496,689	(527)	990,496,689
Long-Term Liabilities:					
Deferred income taxes	(81,620)	-	1,522,355,896		1,522,274,276
FAS 133 Unrealized Gain/Loss (LT)			62,912,935		62,912,935
Power Cost Adjustment Mechanism			-		-
Regulatory Liabilities			633,470,683		633,470,683
Regulatory Liabilities Related to Power Contracts			391,389,448		391,389,448
Power Contract Acquisition Adjustment Loss			26,223,385		26,223,385
Other Deferred Credits			583,263,437		583,263,437
Total long-term liabilities	(81,620)	-	3,219,615,784	-	3,219,534,164
TOTAL CAPITALIZATION AND LIABILITIES:	3,543,361,764	-	12,835,048,000	(3,543,328,182)	12,835,081,582

Consolidated Income Statement (GAAP)
Year Ended December 31, 2014

	Total Puget Energy	(0490) Puget Equico	PE Elimination	Equico/ PE Elim- ination	Total Puget Equico
Operating Revenues:					
Electric	2,083,796,786	-			2,083,796,786
Gas	1,012,859,129	-			1,012,859,129
Non-utility operating revenue	16,515,522	-			16,515,522
Total operating revenue	3,113,171,437	-	-	-	3,113,171,437
Operating Expenses:					
Energy Costs:					
Purchased electricity	514,086,521	-			514,086,521
Fuel	263,493,430	-			263,493,430
Residential/Farm Exchange	(129,036,285)	-			(129,036,285)
Purchased natural gas	458,690,776	-			458,690,776
FAS 133 Unrealized Gain/Loss	84,145,771	-			84,145,771
Utility operations and maintenance	550,146,097	-			550,146,097
Non-utility expense and other	13,109,849	25,074			13,134,923
Merger Related Costs	-	-			-
Depreciation, deplet.&amort.	370,961,979	-			370,961,979
Amortization	(5,355,542)	-			(5,355,542)
Conservation amortization	104,095,540	-			104,095,540
Taxes other than income taxes	310,981,798	-			310,981,798
Total operating expenses	2,535,319,934	25,074	-	-	2,535,345,008
Operating Income	577,851,503	(25,074)	-	-	577,826,429
Other Income (Deductions):					
Charitable Foundation Funding	-	-			-
Other income	24,037,872	171,834,652	(171,834,652)		24,037,872
Other expenses	(7,457,358)	-			(7,457,358)
Unhedged Interest Rate Deriv. Expense	(3,915,245)	-			(3,915,245)
Interest charges:					
AFUDC	5,611,082	-			5,611,082
Interest expense -- Investors	-	-			-
Interest expense -- Intercompany	-	-			-
Interest expense -- Other	(367,308,113)	-			(367,308,113)
Income Before Inc. Tax & Extraord. Items	228,819,741	171,809,577	(171,834,652)	-	228,794,667
Income Taxes	56,985,089	(8,805)			56,976,284
Net Income Before Extraordinary Items	171,834,652	171,818,383	(171,834,652)	-	171,818,383
Extraordinary Items	-	-			-
Net Income	171,834,652	171,818,383	(171,834,652)	-	171,818,383

PUGET INTERMEDIATE, INC.
BALANCE SHEET FOR DECEMBER 2014

	(0480)		(0490)		Puget Intermediate
	Intermediate	Adjustment	Puget Equico	ELIMINATE	TOTAL
ASSETS:					
Utility Plant:					
Electric			7,135,206,299		7,135,206,299
Gas			2,680,067,168		2,680,067,168
Common			472,926,149		472,926,149
Less: Accumulated depreciation and amortization			(1,611,220,994)		(1,611,220,994)
Net Utility Plant	-	-	8,676,978,622	-	8,676,978,622
Other Property and Investments:					
Goodwill			1,656,512,951		1,656,512,951
Investment in BEP			-		-
Other	3,543,442,857		91,138,521	(3,543,442,857)	91,138,521
Total Other Property and Investments	3,543,442,857	-	1,747,651,472	(3,543,442,857)	1,747,651,472
Current Assets:					
Cash	17,588		37,561,549		37,579,137
Restricted Cash			32,863,491		32,863,491
Dividends Receivable from PE			-		-
Accounts receivable			314,394,440	(90,710)	314,303,730
Less allowance for doubtful accounts			(7,471,995)		(7,471,995)
Unbilled revenues			168,038,918		168,038,918
Purchased Gas Adjustment Receivable			21,073,055		21,073,055
Materials and Supplies, at average cost			83,189,281		83,189,281
Fuel and Gas Inventory, at average cost			69,433,373		69,433,373
Unrealized Gain/Loss on Derivative Instruments			21,178,262		21,178,262
Income Taxes			301,244		301,244
Prepaid Expense and other			20,904,918		20,904,918
Power Contract Acquisition Adjustment Gain			43,842,913		43,842,913
Taxes Receivable			-		-
Deferred Income Taxes	(59,150,000)		161,444,676		102,294,676
Total Current Assets	(59,132,412)	-	966,754,125	(90,710)	907,531,003
Long-Term and Regulatory Assets:					
Restricted cash			-		-
Purchased Gas Adjustment Receivable			-		-
Regulatory asset for deferred income taxes			95,431,679		95,431,679
Power Cost Adjustment Mechanism			4,623,329		4,623,329
Regulatory Assets related to power contracts			29,815,885		29,815,885
Other Regulatory Assets			866,835,384		866,835,384
Unrealized Gain/Loss on Derivative Instruments (LT)			3,170,484		3,170,484
Power Contract Acquisition Adjustment Gain			347,546,535		347,546,535
Income Taxes			-		-
Other Long-Term Assets			96,274,067		96,274,067
Total Long Term and Regulatory Assets	-	-	1,443,697,363	-	1,443,697,363
TOTAL ASSETS	3,484,310,445	-	12,835,081,582	(3,543,533,567)	12,775,858,460
Capitalization:					
CAPITALIZATION AND LIABILITIES:					
Common equity	2,333,643,769		3,543,442,857	(3,543,442,857)	2,333,643,769
Total shareholders' equity	2,333,643,769	-	3,543,442,857	(3,543,442,857)	2,333,643,769
Junior subordinated Notes			250,000,000		250,000,000
Long-term Debt - Investors	1,626,822,716		-		1,626,822,716
Long-term Debt			4,831,607,872		4,831,607,872
Total redeemable securities and long-term debt	1,626,822,716	-	5,081,607,872	-	6,708,430,588
Total capitalization	3,960,466,485	-	8,625,050,729	(3,543,442,857)	9,042,074,357
Minority Interest					
Current Liabilities:					
Accounts Payable	90,710		307,578,128	(90,710)	307,578,128
Dividends Declared to Puget Holdings			-		-
Notes Payable			-		-
Short-term Debt			85,000,000		85,000,000
Short-term Debt Owed to Puget Energy			-		-
Current Maturities of LTD			162,000,000		162,000,000
Purchased gas liability			-		-
Taxes			107,782,442		107,782,442
Salaries and wages			40,970,048		40,970,048
Interest - Investors			-		-
Interest - Others			78,913,574		78,913,574
Current Portion FAS 133 Unrealized Gain/Loss			142,195,204		142,195,204
Current Portion of Deferred Income Taxes			-		-
Power Contract Acquisition Adjustment Loss			3,592,500		3,592,500
Other			62,464,793		62,464,793
Total current liabilities	90,710	-	990,496,689	(90,710)	990,496,689
Long-Term Liabilities:					
Deferred income taxes	(476,246,750)	-	1,522,274,276		1,046,027,526
FAS 133 Unrealized Gain/Loss (LT)			62,912,935		62,912,935
Power Cost Adjustment Mechanism			-		-
Regulatory Liabilities			633,470,683		633,470,683
Regulatory Liabilities Related to Power Contracts			391,389,448		391,389,448
Power Contract Acquisition Adjustment Loss			26,223,385		26,223,385
Other Deferred Credits			583,263,437		583,263,437
Total long-term liabilities	(476,246,750)	-	3,219,534,164	-	2,743,287,414
TOTAL CAPITALIZATION AND LIABILITIES:	3,484,310,445	-	12,835,081,582	(3,543,533,567)	12,775,858,460

<u>Consolidated Income Statement (GAAP)</u> <u>Year Ended December 31, 2014</u>	Total Puget Equico	(0480) Puget Intermediate	Equico Elimination	PIH/ Equico Elim- ination	Total Puget Intermediate
Operating Revenues:					
Electric	2,083,796,786	-	-	-	2,083,796,786
Gas	1,012,859,129	-	-	-	1,012,859,129
Non-utility operating revenue	16,515,522	-	-	-	16,515,522
Total operating revenue	3,113,171,437	-	-	-	3,113,171,437
Operating Expenses:					
Energy Costs:					
Purchased electricity	514,086,521	-	-	-	514,086,521
Fuel	263,493,430	-	-	-	263,493,430
Residential/Farm Exchange	(129,036,285)	-	-	-	(129,036,285)
Purchased natural gas	458,690,776	-	-	-	458,690,776
FAS 133 Unrealized Gain/Loss	84,145,771	-	-	-	84,145,771
Utility operations and maintenance	550,146,097	-	-	-	550,146,097
Non-utility expense and other	13,134,923	206,357	-	-	13,341,280
Merger Related Costs	-	-	-	-	-
Depreciation, deplet.&amort.	370,961,979	-	-	-	370,961,979
Amortization	(5,355,542)	-	-	-	(5,355,542)
Conservation amortization	104,095,540	-	-	-	104,095,540
Taxes other than income taxes	310,981,798	-	-	-	310,981,798
Total operating expenses	2,535,345,008	206,357	-	-	2,535,551,365
Operating Income	577,826,429	(206,357)	-	-	577,620,072
Other Income (Deductions):					
Charitable Foundation Funding	-	-	-	-	-
Other income	24,037,872	171,818,383	(171,818,383)	-	24,037,872
Other expenses	(7,457,358)	-	-	-	(7,457,358)
Unhedged Interest Rate Deriv. Expense	(3,915,245)	-	-	-	(3,915,245)
Interest charges:					
AFUDC	5,611,082	-	-	-	5,611,082
Interest expense -- Investors	-	(167,019,525)	-	-	(167,019,525)
Interest expense -- Intercompany	-	-	-	-	-
Interest expense -- Other	(367,308,113)	-	-	-	(367,308,113)
Income Before Inc. Tax & Extraord. Items	228,794,667	4,592,500	(171,818,383)	-	61,568,784
Income Taxes	56,976,284	(58,276,292)	-	-	(1,300,008)
Net Income Before Extraordinary Items	171,818,383	62,868,792	(171,818,383)	-	62,868,792
Extraordinary Items	-	-	-	-	-
Net Income	171,818,383	62,868,792	(171,818,383)	-	62,868,792

PUGET HOLDINGS, LLC.
BALANCE SHEET FOR DECEMBER 2014

	(0470) Puget Holdings LLC	Adjustment	(0480) Puget Intermediate	ELIMINATE	Puget Holdings LLC TOTAL
ASSETS:					
Utility Plant:					
Electric		-	7,135,206,299		7,135,206,299
Gas			2,680,067,168		2,680,067,168
Common			472,926,149		472,926,149
Less: Accumulated depreciation and amortization			(1,611,220,994)		(1,611,220,994)
Net Utility Plant			8,676,978,622		8,676,978,622
Other Property and Investments:					
Goodwill			1,656,512,951		1,656,512,951
Investment in BEP			-		-
Other	2,333,643,769		91,138,521	(2,333,643,769)	91,138,521
Total Other Property and Investments	2,333,643,769		1,747,651,472	(2,333,643,769)	1,747,651,472
Current Assets:					
Cash	27,771		37,579,137		37,606,908
Restricted Cash			32,863,491		32,863,491
Accounts receivable			314,303,730	(177,691)	314,126,039
Less allowance for doubtful accounts			(7,471,995)		(7,471,995)
Unbilled revenues			168,038,918		168,038,918
Purchased Gas Adjustment Receivable			21,073,055		21,073,055
Materials and Supplies, at average cost			83,189,281		83,189,281
Fuel and Gas Inventory, at average cost			69,433,373		69,433,373
Unrealized Gain/Loss on Derivative Instruments			21,178,262		21,178,262
Income Taxes		100	301,244		301,344
Prepaid Expense and other			20,904,918		20,904,918
Power Contract Acquisition Adjustment Gain			43,842,913		43,842,913
Taxes Receivable			-		-
Deferred Income Taxes	23,100,000		102,294,676		125,394,676
Total Current Assets	23,127,771	100	907,531,003	(177,691)	930,481,183
Long-Term and Regulatory Assets:					
Restricted cash			-		-
Purchased Gas Adjustment Receivable			-		-
Regulatory asset for deferred income taxes			95,431,679		95,431,679
Power Cost Adjustment Mechanism			4,623,329		4,623,329
Regulatory Assets related to Power Contracts			29,815,885		29,815,885
Other Regulatory Assets			866,835,384		866,835,384
Unrealized Gain/Loss on Derivative Instruments (LT)			3,170,484		3,170,484
Power Contract Acquisition Adjustment Gain			347,546,535		347,546,535
Income Taxes	(14,345,130)	14,345,130	-		-
Other Long-Term Assets			96,274,067		96,274,067
Total Long Term and Regulatory Assets	(14,345,130)	14,345,130	1,443,697,363	-	1,443,697,363
TOTAL ASSETS	2,342,426,410	14,345,230	12,775,858,460	(2,333,821,460)	12,798,808,640
Capitalization:					
CAPITALIZATION AND LIABILITIES:					
Common equity	2,343,039,914	-	2,333,643,769	(2,333,643,769)	2,343,039,914
Total shareholders' equity	2,343,039,914	-	2,333,643,769	(2,333,643,769)	2,343,039,914
Preferred stock subject to mandatory redemption			-		-
Junior subordinated Notes			250,000,000		250,000,000
Long-term Debt - Investors			1,626,822,716		1,626,822,716
Long-term Debt			4,831,607,872		4,831,607,872
Total redeemable securities and long-term debt			6,708,430,588		6,708,430,588
Total capitalization	2,343,039,914		9,042,074,357	(2,333,643,769)	9,051,470,502
Minority Interest					
Current Liabilities:					
Accounts Payable	177,691		307,578,128	(177,691)	307,578,128
Notes Payable			-		-
Short-term Debt			85,000,000		85,000,000
Short-term Debt Owed to Puget Energy			-		-
Current Maturities of LTD			162,000,000		162,000,000
Purchased gas liability			-		-
Taxes	(100)	100	107,782,442		107,782,442
Salaries and wages			40,970,048		40,970,048
Interest - Investors			-		-
Interest - Other			78,913,574		78,913,574
Current Portion FAS 133 Unrealized Gain/Loss			142,195,204		142,195,204
Current Portion of Deferred Income Taxes			-		-
Power Contract Acquisition Adjustment Loss			3,592,500		3,592,500
Other			62,464,793		62,464,793
Total current liabilities	177,591	100	990,496,689	(177,691)	990,496,689
Long-Term Liabilities:					
Deferred income taxes	(791,095)	14,345,130	1,046,027,526		1,059,581,561
FAS 133 Unrealized Gain/Loss (LT)			62,912,935		62,912,935
Power Cost Adjustment Mechanism			-		-
Regulatory Liabilities			633,470,683		633,470,683
Regulatory Liabilities Related to Power Contracts			391,389,448		391,389,448
Power Contract Fair Value Loss			26,223,385		26,223,385
Other Deferred Credits			583,263,437		583,263,437
Total long-term liabilities	(791,095)	14,345,130	2,743,287,414	-	2,756,841,449
TOTAL CAPITALIZATION AND LIABILITIES:	2,342,426,410	14,345,230	12,775,858,460	(2,333,821,460)	12,798,808,640

<u>Consolidated Income Statement (GAAP)</u> <u>Year Ended December 31, 2014</u>	Total Puget Intermediate	(0470) Puget Holdings	PIH Elimination	PH/PIH Elimination	Total Puget Holdings
Operating Revenues:					
Electric	2,083,796,786	-	-	-	2,083,796,786
Gas	1,012,859,129	-	-	-	1,012,859,129
Non-utility operating revenue	16,515,522	-	-	-	16,515,522
Total operating revenue	3,113,171,437	-	-	-	3,113,171,437
Operating Expenses:					
Energy Costs:					
Purchased electricity	514,086,521	-	-	-	514,086,521
Fuel	263,493,430	-	-	-	263,493,430
Residential/Farm Exchange	(129,036,285)	-	-	-	(129,036,285)
Purchased natural gas	458,690,776	-	-	-	458,690,776
FAS 133 Unrealized Gain/Loss	84,145,771	-	-	-	84,145,771
Utility operations and maintenance	550,146,097	-	-	-	550,146,097
Non-utility expense and other	13,341,280	364,997	-	-	13,706,277
Merger Related Costs	-	-	-	-	-
Depreciation, deplet.&amort.	370,961,979	58,645	-	-	371,020,624
Amortization	(5,355,542)	-	-	-	(5,355,542)
Conservation amortization	104,095,540	-	-	-	104,095,540
Taxes other than income taxes	310,981,798	-	-	-	310,981,798
Total operating expenses	2,535,551,365	423,642	-	-	2,535,975,007
Operating Income	577,620,072	(423,642)	-	-	577,196,430
Other Income (Deductions):					
Charitable Foundation Funding	-	-	-	-	-
Other income	24,037,872	62,868,792	(62,868,792)	-	24,037,872
Other expenses	(7,457,358)	-	-	-	(7,457,358)
Unhedged Interest Rate Deriv. Expense	(3,915,245)	-	-	-	(3,915,245)
Interest charges:					
AFUDC	5,611,082	-	-	-	5,611,082
Interest expense -- Investors	(167,019,525)	-	-	-	(167,019,525)
Interest expense -- Intercompany	-	-	-	-	-
Interest expense -- Other	(367,308,113)	-	-	-	(367,308,113)
Income Before Inc. Tax & Extraord. Items	61,568,784	62,445,150	(62,868,792)	-	61,145,142
Income Taxes	(1,300,008)	156,867	-	-	(1,143,141)
Net Income Before Extraordinary Items	62,868,792	62,288,284	(62,868,792)	-	62,288,284
Extraordinary Items	-	-	-	-	-
Net Income	62,868,792	62,288,284	(62,868,792)	-	62,288,284

**PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT**

EXHIBIT 4



PUGET SOUND ENERGY

The Energy To Do Great Things

CTM-8

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references

key words

Approvals

/s/ Michael J. Stranik
Controller & Principle Accounting Officer

/s/ Susan Free
Manager Revenue Requirements

BACKGROUND

On January 16, 2009 pursuant to the First Condition of Order No. 08 issued by the Commission on December 30, 2008 in Docket No. U-072375, Puget Holdings LLC ("Puget Holdings") and Puget Sound Energy, Inc. ("PSE") accepted each of the conditions set forth in Attachment B to Order No. 08 as to the purchase of PSE by Puget Holdings. Puget Holdings closed on the purchase of the outstanding common stock of Puget Energy, Inc. (Puget Energy) on February 6, 2009 and in doing so accepted the terms of the Washington Utilities and Transportation Commission's order.

In Order No. 08 the Washington Utilities and Transportation Commission, approved and adopted subject to conditions a Settlement Stipulation proposed by all parties except Public Counsel, authorizing Puget Holdings to acquire Puget Energy, and its wholly-owned subsidiary PSE. As part of the requirements in Docket No. UE-072375 PSE must adhere to the following commitments¹ from the Settlement Stipulation regarding allocation of costs:

- 9. PSE will (i) maintain separate books and records; (ii) agree to prohibitions against loans or pledges of utility assets to Puget Energy or Public Holdings without Commission approval; and (iii) generally hold PSE customers harmless from any business and financial risk exposures associated with Puget Energy, Puget Holdings, or any of their subsidiaries or affiliates, without Commission approval.
- 19. Puget Holdings and PSE will make reasonable commitments, consistent with recent Commission merger orders, to provide access to PSE's books and records; access to financial information and filings; audit rights with respect to the documents supporting any costs that may be allocable to PSE; and access to PSE's board

¹ Please see Attachment B to Order No. 08, Docket No. U-072375 for further Commission clarification regarding several of the listed commitments.



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minutes, audit reports, and information provided to credit rating agencies pertaining to PSE.

20. Affiliate Transactions, Cross-Subsidization: PSE agrees (i) to file cost allocation methodologies used to allocate Puget Energy or Puget Holdings-related costs to PSE; (ii) to propose methods and standards for treatment of affiliate transactions; and (iii) that there will be no cross-subsidization by PSE customers of unregulated activities.
21. Transaction Costs: PSE and Puget Holdings agree that there will be no recovery of legal and financial advisory fees associated with the Proposed Transaction in rates and no recovery of the acquisition premium in rates.
26. In furtherance of Commitment 9:
 - (a) Puget Holdings and PSE commit that PSE's customers will be held harmless from the liabilities of any non-regulated activity of PSE or Puget Holdings. In any proceeding before the Commission involving rates of PSE, the fair rate of return for PSE will be determined without regard to any adverse consequences that are demonstrated to be attributable to the non-regulated activities. Any new non-regulated subsidiary will be established as a subsidiary of either Puget Holdings, Puget Intermediate Holdings Inc., or Puget Energy rather than as a subsidiary of PSE. Measures providing for separate financial and accounting treatment will be established for each non-regulated activity.
 - (b) Puget Holdings and PSE will notify the Commission subsequent to Puget Holdings' board approval and as soon as practicable following any public announcement of: (1) any acquisition of a regulated or unregulated business representing 5 percent or more of the capitalization of Puget Holdings; or (2) the change in effective control or acquisition of any material part of PSE by any other firm, whether by merger, combination, transfer of stock or assets.
 - (c) Neither PSE nor Puget Holdings will assert in any future proceedings, that, by virtue of the Proposed Transaction and the



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resulting corporate structure, the Commission is without jurisdiction over any transaction that results in a change of control of PSE.

27. In furtherance of Commitment 19:
- (a) PSE and Puget Holdings will maintain the necessary books and records so as to provide an audit trail for all corporate, affiliate, or subsidiary transactions with PSE, or that result in costs that may be allocable to PSE.
 - (b) PSE will provide Commission Staff and Public Counsel access to books and records (including those of Puget Holdings or any affiliate or subsidiary companies) required to be accessed to verify or examine transactions with PSE, or that result in costs that may be allocable to PSE. The Proposed Transaction will not result in reduced access to the necessary books and records that relate to transactions with PSE, or that result in costs that may be allocable to PSE, and the Proposed Transaction and resulting corporate structure will not be used by PSE as a basis to oppose requests for such books and records made by the Commission or by Commission Staff or Public Counsel.
 - (c) Nothing in the Proposed Transaction will limit or affect the Commission's rights with respect to inspection of accounts, books, papers and documents of PSE pursuant to RCW 80.04.070 or RCW 80.16.030. Nothing in the Proposed Transaction will limit or affect the Commission's rights with respect to inspection of accounts, books, papers and documents of Puget Holdings pursuant to RCW 80.16.030; provided, that such right to inspection shall be limited to those accounts, books, papers and documents of Puget Holdings that pertain to transactions affecting PSE's regulated utility operations.
 - (d) Puget Holdings and PSE will provide the Commission with access to written information provided by and to credit rating agencies that pertains to PSE. Puget Holdings and each of its members will also provide the Commission with access to written information provided by and to credit rating agencies that pertains to Puget



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Holdings' subsidiaries to the extent such information may potentially affect PSE.

28. In furtherance of Commitment 20:
- (a) If and when any subsidiary of PSE becomes a subsidiary of Puget Holdings, Puget Intermediate Holdings Inc., or Puget Energy, PSE will so advise the Commission within thirty (30) days and will submit to the Commission a written document setting forth PSE's proposed corporate and affiliate cost allocation methodologies.
 - (b) PSE will notify the Commission of any change in corporate structure that affects PSE's corporate and affiliate cost allocation methodologies. PSE will propose revisions to such cost allocation methodologies to accommodate such changes. PSE will not argue that compliance with this provision constitutes approval by the Commission of a particular methodology for corporate and affiliate cost allocation.
 - (c) PSE and Puget Holdings will comply with all applicable provisions of Title 80 RCW, including those pertaining to transfers of property under Chapter 80.12 RCW, affiliated interests under Chapter 80.16 RCW, and securities and the assumption of obligations and liabilities under Chapter 80.08 RCW.
 - (d) With respect to the ratemaking treatment of affiliate transactions, PSE and Puget Holdings will comply with the Commission's then-existing practice; provided, however, that nothing in this Commitment limits PSE from also proposing a different ratemaking treatment for the Commission's consideration or limit the positions any other party may take with respect to ratemaking treatment.
 - (e) PSE will bear the burden of proof in any general rate case that any corporate and affiliate cost allocation methodology it proposes is reasonable for ratemaking purposes. Neither PSE nor Puget Holdings will contest the Commission's authority to disallow, for retail ratemaking purposes in a general rate case, unsupported, unreasonable, or misallocated costs from non-regulated or affiliate businesses to PSE's regulated utility operations.



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29. PSE and Puget Holdings acknowledge that all existing orders issued by the Commission with respect to PSE or its predecessors, Puget Sound Power & Light Company and Washington Natural Gas Company, will remain in effect, and are not modified or otherwise affected by the Proposed Transaction or any order of the Commission approving the Proposed Transaction. Notwithstanding the immediately preceding sentence, the Commission's *Order Accepting Stipulation and Approving Corporate Reorganization to Create a Holding Company, With Conditions*, dated August 15, 2000, in Docket No. UE-991779 will be superseded and replaced in its entirety by any order of the Commission approving the Proposed Transaction.

Guidelines that existed at the time Order No. 08 in WUTC Docket No. U-072375 was issued were sufficient to maintain the new commitments outlined above. These guidelines were based on testimony provided in WUTC Docket No. UE-960195 and are summarized as follows.

As part of the merger proceeding in Docket No. UE-960195, the Commission reviewed and approved the cost allocation methodology presented by PSE. In the Commission order on page 48, it states:

- h. The method for allocating costs between electric and gas operations and for accounting for intra-company transfers of natural gas set forth in the Stipulation shall be implemented.*

In Exhibit T-21 of Docket UE-960195, Merger Application, the direct testimony proposes cost allocation methodology for electric, gas, common and non-regulated business. The cost allocation factors were:

1. *direct charging;*
2. *allocation using causal relationship; and*
3. *allocation using a general allocation factor.*

In the direct testimony, direct charging and allocation using causal relationships are defined as:

Direct charging - Direct charging will be the preferred method for assignment of costs. When a cost can be uniquely identified to one



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service or the other, the costs will be charged to an account for that specific service.

Allocation using causal relationships – Costs that cannot be directly charged to one service or the other. Costs will be allocated based upon a common cause of the cost.

In addition, the direct testimony addresses nonregulated subsidiary companies. In the testimony, when utility personnel provide services to nonregulated subsidiaries, the subsidiary would be billed for the salary, employee benefits and facility costs associated with supporting the utility employee. This methodology as discussed in Docket No. UE-960195 is consistent with previous cost allocations of Puget Sound Power & Light Company. Below is an excerpt from this testimony:

Where practical, nonregulated subsidiaries will maintain separate facilities for staff and operations. The cost for these facilities and personnel will be charged to nonoperating expenses using the FERC system of accounts. When utility personnel provide service to the nonregulated subsidiary, the subsidiary will be billed for the salary, employee benefits and facility costs associated with supporting the utility employee. Facility costs will include an allocation for building rental, telephone service, purchasing support, payroll support, human resource and administrative support. Charges by subsidiary to the regulated company would have a similar overhead applied to its labor costs.

GUIDELINE

The purpose of this guideline is that PSE customers must be held harmless from the liabilities of any non-regulatory activities of PSE, Puget Holdings or other Puget Holdings' affiliated entities. The following guidelines are intended to establish procedures for allocating costs that are corporate in nature among and between PSE, Puget Holdings and its affiliates. Allocations will be based upon direct charging or upon an allocation using causal relationship. Any related transactions will be charged on a monthly basis to the appropriate company.

When utility personnel provide service to Puget Holdings, affiliates or subsidiaries, utility personnel will directly charge their time. In addition to their direct labor, labor overheads will be applied along with a facility overhead. Labor overheads will include the following overhead rates that are applied on direct labor: benefits, payroll tax, PTO, and incentives. Facility overhead includes an allocation for



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building rental, telephone service, purchasing support, payroll support, and accounting support that is applied on direct labor.

For cost allocation purposes herein, factors used for causal relationships will be determined as of December 31 of each year. Below are general guidelines for determining cost allocation of corporate related costs:

Function	Basis of Allocation
Salaries/Employee Expenses	Direct charging, or causal or general allocation
PSE independent Directors' Fees/Expenses	Direct charging, or causal or general allocation
Reimbursements of expenses of non-independent directors of PSE	Direct or causal allocation
Directors' & Officers Liability Insurance	Direct charging, or causal or general allocation
SEC and Other Regulatory Filing Fees	Direct charging, or causal or general allocation
Audit Fees	Direct charging, or causal or general allocation
Consultants and contract labor costs	Direct charging, or causal or general allocation
Line of Credit Fees and interest payments	Direct charging, or causal or general allocation
Legal Fees	Direct charging, or causal or general allocation
Impacts related to FAS-141R business combination accounting requirements	Direct charging, or causal or general allocation
Rating Agency Fees	Direct charging, or causal or general allocation