

**EXH. DEM-4
DOCKET U-180680
WITNESS: DAVID E. MILLS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**IN THE MATTER OF THE JOINT
APPLICATION OF PUGET SOUND
ENERGY, ALBERTA INVESTMENT
MANAGEMENT CORPORATION,
BRITISH COLUMBIA INVESTMENT
MANAGEMENT CORPORATION,
OMERS ADMINISTRATION
CORPORATION, AND PGGM
VERMOGENSBEHEER B.V. FOR AN
ORDER AUTHORIZING PROPOSED
SALES OF INDIRECT INTERESTS
IN PUGET SOUND ENERGY**

Docket U-180680

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

DAVID E. MILLS

ON BEHALF OF PUGET SOUND ENERGY

SEPTEMBER 5, 2018

PROPOSED COMMITMENTS OF THE JOINT APPLICANTS IN SUPPORT OF THE PROPOSED TRANSACTIONS

The following list sets forth those commitments previously made in (1) the 2008 Acquisition Order, (2) the LNG Order, and (3) the 2017 GRC Order, as described in the Prefiled Direct Testimony of David E. Mills, Exh. DEM-1T. This exhibit clarifies which commitments have expired or been satisfied, and which are ongoing.

Accompanying certain commitments are “new” and “renewed” commitments that the Joint Applicants include in this application. All commitments include corresponding explanations as appropriate.

Definitions

Certain terms used below were originally developed in reference to a specific underlying proceeding with different underlying transactions and parties. For the sake of clarity and for ease of reference, these terms are defined below, and are periodically clarified in the commitments where noted.

“2008 Acquisition Order” means *In the Matter of the Joint Application of Puget Holdings LLC and Puget Sound Energy, Inc., For an Order Authorizing Proposed Transaction*, Docket U-072375, Order 08, *Approving and Adopting Settlement Stipulation; Authorizing Transaction Subject to Conditions* (Dec. 30, 2008).

“2008 Transaction” means the transaction proposed in Docket U-072375, and which established the current PSE ownership structure.

“2017 GRC Order” means *Washington Utilities & Transportation Commission v. Puget Sound Energy*, Dockets UE-170033 & UG-170034, Order 08, *Final Order Rejecting Tariff Sheets; Approving and Adopting Settlement Stipulation; Resolving Contested Issues; and Authorizing and Requiring Compliance Filing* (Dec. 5, 2017).

“Commission” means the Washington Utilities and Transportation Commission.

“Commission Staff” means the Staff of the Washington Utilities and Transportation Commission.

“EBITDA” means earnings before interest, taxes, depreciation, and amortization.

“Joint Applicants” means the applicants in Docket U-180680 (i.e., PSE, Alberta Investment Management Corporation, British Columbia Investment Management Corporation, OMERS Administration Corporation, and PGGM Vermogensbeheer B.V.).

“Joint Parties” means the signatories to the Multiparty Settlement Stipulation in Docket U-072375, including Puget Holdings, PSE, Commission Staff, Industrial Customers of Northwest Utilities, Northwest Industrial Gas Users, The Energy Project, NW Energy Coalition, and The Kroger Company.¹

¹ See Attachment A to the 2008 Acquisition Order.

Definitions (contd.)

“LNG Order” means *In the Matter of the Petition of Puget Sound Energy, Inc. for (i) Approval of a Special Contract for Liquefied Natural Gas Fuel Service with Totem Ocean Trailer Express, Inc. and (ii) a Declaratory Order Approving the Methodology for Allocating Costs Between Regulated and Non-regulated Liquefied Natural Gas Services*, Docket UG-151663, Order 10 at 8, *Final Order Approving and Adopting Settlement Stipulation; Reopening Record and Amending Order 08 in Docket U-072375* (Nov. 1, 2016).

“Proposed Transactions” mean the proposed transactions seeking Commission approval in Docket U-180680.

“PSE” means Puget Sound Energy, Inc.

“Public Counsel” means the Public Counsel Section of the Washington State Attorney General’s Office.

“Puget Energy” means Puget Energy, Inc.

“Puget Equico” means Puget Equico LLC.

“Puget Holdings” means Puget Holdings LLC

“Puget Intermediate” means Puget Intermediate Holdings Inc.

“Puget LNG” means Puget LNG, LLC.

2008 Acquisition Order Commitments

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
1	1	PSE and Puget Holdings commit to continue the Service Quality measures currently in place for PSE or as may be modified in any future proceeding.	PSE and Puget Holdings commit to continue the Service Quality measures currently in place for PSE or as may be modified in any future proceeding.	No changes. Commitment 1 in Docket U-072375 is ongoing and renewed as Commitment 1 in Docket U-180680. See Commitment 1 in Exh. DEM-3.
2	2	Puget Holdings acknowledges PSE's need for significant amounts of capital to invest in its energy supply and delivery infrastructure and commits that meeting these capital requirements will be considered a high priority by the Boards of Puget Holdings and PSE.	Puget Holdings acknowledges PSE's need for significant amounts of capital to invest in its energy supply and delivery infrastructure and commits that meeting these capital requirements will be considered a high priority by the Boards of Puget Holdings and PSE.	No changes. Commitment 2 in Docket U-072375 is ongoing and renewed as Commitment 2 in Docket U-180680. See Commitment 2 in Exh. DEM-3.
N/A	3	N/A	Puget Holdings will secure and provide at closing contractually committed credit facilities for PSE and Puget Energy of a term not less than three years, in an amount not less than \$1.4 billion to support PSE's capital expenditure program as set forth in the summary of PSE's multi-year Business Plan, dated October 19, 2007. Commission Clarification: To ensure the availability of funds necessary to support PSE's capital expenditure program, Puget Holding's \$1.4 billion commitment must be fulfilled with either committed credit facilities, or with additional equity. Joint Applicants must file an affidavit with the Commission, prior to closing of the transaction, affirming that the capital	Commitment 3 in Docket U-072375 was satisfied following the 2008 Acquisition Order.

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
			<p>expenditure credit facilities described in Commitment 3 have been secured on terms substantively identical to the credit agreements provided in Exhibit 424. 2008 Acquisition Order at 149 (emphasis in original).</p>	
3	4	<p>Puget Holdings acknowledges PSE's obligations under Washington's Renewable Portfolio Standard and commits to support PSE with additional expertise and capital as necessary to enable PSE to fulfill those obligations.</p>	<p>Puget Holdings acknowledges PSE's obligations under Washington's Renewable Portfolio Standard and commits to support PSE with additional expertise and capital as necessary to enable PSE to fulfill those obligations.</p>	<p>No changes. Commitment 4 in Docket U-072375 is ongoing and renewed as Commitment 3 in Docket U-180680. <i>See</i> Commitment 3 in Exh. DEM-3.</p>
4	5	<p>Puget Holdings commits to work with PSE to acquire all renewable energy resources required by law and such other renewable energy resources as may from time to time be deemed advisable in accordance with its biennial integrated resource planning process.</p>	<p>Puget Holdings commits to work with PSE to acquire all renewable energy resources required by law and such other renewable energy resources as may from time to time be deemed advisable in accordance with its biennial integrated resource planning process.</p>	<p>No changes. Commitment 5 in Docket U-072375 is ongoing and renewed as Commitment 4 in Docket U-180680. <i>See</i> Commitment 4 in Exh. DEM-3.</p>
5	6	<p>Puget Holdings commits to and supports PSE's goal to reduce its carbon footprint by 50 percent by 2040.</p>	<p>Puget Holdings commits to and supports PSE's Greenhouse Gas and Carbon Policy contained in PSE's current Integrated Resource Plan.</p>	<p>PSE's Greenhouse Gas and Carbon Policy from the 2007 Integrated Resource Plan is no longer applicable.</p> <p>Joint Applicants have offered Commitment 5 in Docket U-180680 to reflect PSE's most recent carbon reduction goals. <i>See</i> Commitment 5 in Exh. DEM-3.</p>
N/A	7	N/A	<p>Puget Holdings commits to and supports PSE's energy efficiency goals and objectives set forth in PSE's May 2007 Integrated Resource Plan and its</p>	<p>Commitment 6 in Docket U-072375, which addressed PSE's energy efficiency goals and objectives from the 2007 Integrated Resource Plan, is no longer applicable.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
N/A	8	N/A	<p>ongoing collaborative efforts to expand and enhance them.</p> <p>Within ninety (90) days of the Proposed Transaction closing, PSE and Puget Holdings will file a non-consolidation opinion with the Commission which concludes, subject to customary assumptions and exceptions, that the ring fencing provisions are sufficient that a bankruptcy court would not order the substantive consolidation of the assets and liabilities of PSE with those of Puget Energy or its affiliates or subsidiaries.</p> <p>Commission Clarification: Puget Holdings and Puget Energy must file an affidavit with the Commission stating that neither Puget Holdings nor Puget Energy, nor any of their subsidiaries, will seek to include PSE in a bankruptcy without the unanimous consent of PSE's board of directors including PSE's independent director. 2008 Acquisition Order at 150 (emphasis in original).</p>	<p>Commitment 8 in Docket U-072375 was satisfied following the closing of the 2008 Transaction.</p>
6	9	<p>PSE will (i) maintain separate books and records; (ii) agree to prohibitions against loans or pledges of utility assets to Puget Energy or Puget Holdings, or any of their subsidiaries or affiliates, without Commission approval; and (iii) generally hold PSE customers harmless from any business and financial risk exposures associated with</p>	<p>PSE will (i) maintain separate books and records; (ii) agree to prohibitions against loans or pledges of utility assets to Puget Energy or Puget Holdings without Commission approval; and (iii) generally hold PSE customers harmless from any business and financial risk exposures associated with</p>	<p>Portions of Commitment 9 in Docket U-072375 that required filing a form of notice to prospective lenders were satisfied following the 2008 Transaction.</p> <p>The remaining portion of Commitment 9 in Docket U-072375 is ongoing and</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>Puget Energy, Puget Holdings and its other affiliates.</p>	<p>Puget Energy, Puget Holdings and its other affiliates.</p> <p>Commission Clarification: Commitment 9(ii) is modified to read “agree to prohibitions against loans or pledges of utility assets to Puget Energy, Puget Holdings, or any of their <u>subsidiaries or affiliates</u>, without Commission approval.”</p> <p>2008 Acquisition Order at 150.</p> <p>Commission Clarification: Pursuant to Commitment 9(iii), Puget Energy and Puget Holdings will file with the Commission, prior to closing of the transaction, a form of notice to prospective lenders describing the ring-fencing provisions included in Commitments 8, 9, 10, 24, 35, 36, 37, 39, and 40 stating that these provisions provide no recourse to PSE assets as collateral or security for debt issued by Puget Energy or Puget Holdings. This notice also must include a statement that any change in control of Puget Holdings or change in ownership of ten percent or more of Puget Holdings, including lenders taking equity interest, requires Commission approval, as specified in the Commission clarification of Commitment 26. This notice must be provided to prospective lenders.</p> <p>2008 Acquisition Order at 150.</p>	<p>renewed as Commitment 6 in Docket U-180680.</p> <p>See Commitment 6 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
7	10	PSE will maintain separate debt and preferred stock, if any. PSE will maintain its own corporate and debt credit ratings, as well as ratings for long-term debt and preferred stock.	PSE will maintain separate debt and preferred stock, if any. PSE will maintain its own corporate and debt credit ratings, as well as ratings for long-term debt and preferred stock.	No changes. Commitment 10 in Docket U-072375 is ongoing and renewed as Commitment 7 in Docket U-180680. <i>See</i> Commitment 7 in Exh. DEM-3.
N/A	11	N/A	Any net cost savings that may be achieved by PSE as a result of the Proposed Transaction will be reflected in subsequent rate proceedings, as such savings materialize.	Commitment 11 in Docket U-072375 was satisfied as part of the rate proceedings following the 2008 Transaction.
8	12	Puget Holdings and PSE commit that PSE will honor its labor contracts.	Puget Holdings and PSE commit that PSE will honor its labor contracts.	No changes. Commitment 12 in Docket U-072375 is ongoing and renewed as Commitment 8 in Docket U-180680. <i>See</i> Commitment 8 in Exh. DEM-3.
9	13	PSE will maintain its pension funding policy in accordance with sound actuarial practice.	PSE will maintain its pension funding policy in accordance with sound actuarial practice.	No changes. Commitment 13 in Docket U-072375 is ongoing and renewed as Commitment 9 in Docket U-180680. <i>See</i> Commitment 9 in Exh. DEM-3.
10	14	PSE and Puget Holdings will maintain staffing and presence in the communities in which PSE operates at levels sufficient to maintain the provision of safe and reliable service and cost-effective operations.	PSE and Puget Holdings will maintain staffing and presence in the communities in which PSE operates at levels sufficient to maintain the provision of safe and reliable service and cost-effective operations.	No changes. Commitment 14 in Docket U-072375 is ongoing and renewed as Commitment 10 in Docket U-180680. <i>See</i> Commitment 10 in Exh. DEM-3.
N/A	15	N/A	As part of the Proposed Transaction, Puget Holdings will seek to retain all current senior management of PSE. This Commitment shall not limit the ability of PSE to determine its organizational structure and select and retain personnel best able to meet PSE's need over time.	Commitment 15 in Docket U-072375 was satisfied following the 2008 Transaction.

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
11	16	<p>At least one director of PSE will be an Independent Director who is not a member, stockholder, director (except as such Independent Director of PSE), officer, or employee of Puget Holdings or its affiliates. The organizational documents for PSE will not permit PSE, without the unanimous consent of all its directors including the Independent Director, to consent to the institution of bankruptcy proceedings or the inclusion of PSE in bankruptcy proceedings. The Chief Executive Officer of PSE will be a member of the board of PSE. The Puget Holdings governance will be on terms substantively the same as presented in the Draft LLC Agreement Term Sheet presented at hearing (Exhibit 63HC in Docket U-072375), including an Independent Manager as clarified by Exhibit 408 in Docket U-072375. The Puget Energy, Puget Intermediate, and Puget Equico governance agreements will also include an independent manager as clarified by Exhibits 409 and 410 in Docket U-072375. The Puget Holdings, Puget Intermediate, Puget Equico, and Puget Energy governance agreements will be modified, as necessary, to require, in addition to supermajority member approval, supermajority Board approval, including the affirmative vote of the Independent</p>	<p>At least one director of PSE will be an Independent Director who is not a member, stockholder, director (except as such Independent Director of PSE), officer, or employee of Puget Holdings or its affiliates. The organizational documents for PSE will not permit PSE, without the unanimous consent of all its directors including the Independent Director, to consent to the institution of bankruptcy proceedings or the inclusion of PSE in bankruptcy proceedings. The Chief Executive Officer of PSE will be a member of the board of PSE Commission Clarification: The Puget Holdings LLC governance will be on terms substantively the same as presented in the Draft LLC Agreement Term Sheet presented at hearing (Exhibit 63HC), including an Independent Manager as clarified by Exhibit 408. The Puget Energy Inc., Puget Intermediate Inc. and Equico LLC governance agreements will also include an independent manager as clarified by Exhibits 409 and 410. The Puget Holdings, Puget Intermediate, Equico, and Puget Energy governance agreements will be modified, as necessary, to require, in addition to supermajority member approval, supermajority Board approval, including the affirmative vote of the Independent</p>	<p>The final sentence of the Commission clarification of Commitment 16 in Docket U-072375 was satisfied following the closing of the 2008 Transaction.</p> <p>The remainder of Commitment 16 in Docket U-072375 is ongoing and renewed (subject to expansion to clarify the nature of the exhibit referenced therein) as Commitment 11 in Docket U-180680. See Commitment 11 in Docket U-180680.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>Manager, of matters identified in Appendix C to the Draft LLC Agreement Term Sheet, subparts (D), (E) and (F).</p>	<p>Manager, of matters identified in Appendix C to the Draft LLC Agreement Term Sheet, subparts (D), (E) and (F). Puget Holdings LLC will file a copy of its final Corporate Bylaws with the Commission prior to closing of the transaction. 2008 Acquisition Order at 151.</p>	
12	17	<p>PSE and Puget Holdings commit that PSE and Puget Energy corporate headquarters will remain in PSE's service territory.</p>	<p>PSE and Puget Holdings commit that PSE and Puget Energy corporate headquarters will remain in PSE's service territory.</p>	<p>No changes. Commitment 17 in Docket U-072375 is ongoing and renewed as Commitment 12 in Docket U-180680. <i>See</i> Commitment 12 in Exh. DEM-3.</p>
13	18	<p>PSE and Puget Sound Energy Foundation will maintain its existing level of corporate contributions and community support in the State of Washington, as set forth in the current approved five-year business plan of PSE.</p>	<p>PSE and Puget Sound Energy Foundation will maintain its existing level of corporate contributions and community support in the State of Washington (as identified by PSE for such region in its budget for 2007) for a period five years after closing. Upon closing of the Proposed Transaction, Puget Holdings will make a one-time contribution of \$5 million to the Puget Sound Energy Foundation.</p>	<p>Commitment 18 in Docket U-072375 was satisfied over the period following the close of the 2008 Transaction.</p> <p>Joint Applicants have offered Commitment 13 in Docket U-180680 to reflect the most recent level of corporate contributions and community support. <i>See</i> Commitment 13 in Exh. DEM-3.</p>
14	19	<p>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 minutes, audit reports, and</p>	<p>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 minutes, audit reports, and</p>	<p>No changes. Commitment 19 in Docket U-072375 is ongoing and renewed as Commitment 14 in Docket U-180680. <i>See</i> Commitment 14 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
15	20	<p>information provided to credit rating agencies pertaining to PSE.</p> <p>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. The cost-allocation methodology filed pursuant to this Commitment 15 will be a generic methodology that does not require Commission approval prior to its being proposed for specific application in a general rate case or other proceeding affecting rates.</p>	<p>information provided to credit rating agencies pertaining to PSE.</p> <p>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.</p> <p>Commission Clarification: The cost-allocation methodology filed pursuant to Commitment 20 will be a generic methodology that does not require Commission approval prior to its being proposed for specific application in a general rate case or other proceeding affecting rates. 2008 Acquisition Order at 151.</p>	<p>No changes. Commitment 20 in Docket U-072375 is ongoing and renewed as Commitment 15 in Docket U-180680. See Commitment 15 in Exh. DEM-3.</p>
16	21	<p>Transaction Costs: PSE and Puget Holdings agree that there will be no recovery of legal and financial advisory fees associated with the Proposed Transactions in rates and no recovery of the acquisition premium in rates. The scope of transaction costs in this Commitment 16 includes any compensation of senior executives tied to the Proposed Transactions.</p>	<p>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.</p> <p>Commission Clarification: The scope of transaction costs in Commitment 21 includes any compensation of senior executives tied to change of control. 2008 Acquisition Order at 151.</p>	<p>Commitment 21 in Docket U-072375 was satisfied over the period following the close of the 2008 Transaction.</p> <p>Joint Applicants have offered Commitment 16 in Docket U-180680 to reflect that there will be no recovery of legal and financial advisory fees tied to the Proposed Transactions in rates. See Commitment 16 in Exh. DEM-3.</p>
17	22	<p>PSE and Puget Holdings commit to maintain existing low-income programs</p>	<p>PSE and Puget Holdings commit to maintain existing low-income programs</p>	<p>Commitment 22 in Docket U-072375 is ongoing and renewed as</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>or as such programs may be modified in any future proceeding. In addition, PSE and Puget Holdings commit to increase the budgeted funding of low-income energy efficiency programs in future years at a level commensurate with increases in funding for energy efficiency programs for other residential customers through the Conservation Resource Advisory Group (CRAG) process.</p>	<p>or as such programs may be modified in any future proceeding. In addition, the Joint Applicants commit to increase the budgeted funding of low-income energy efficiency programs in future years at a level commensurate with increases in funding for energy efficiency programs for other residential customers through the CRAG process.</p>	<p>Commitment 17 in Docket U-180680. Such Commitment 17 has been revised to clarify that the parties responsible for this commitment are PSE and Puget Holdings. <i>See</i> Commitment 17 in Exh. DEM-3.</p>
18	23	<p>PSE and Puget Holdings commit to continue to work with low-income agencies to address issues of low-income customers.</p>	<p>PSE and Puget Holdings commit to continue to work with low-income agencies to address issues of low-income customers.</p>	<p>No changes. Commitment 23 in Docket U-072375 is ongoing and renewed as Commitment 18 in Docket U-180680. <i>See</i> Commitment 18 in Exh. DEM-3.</p>
19	24	<p>Puget Holdings and PSE will not advocate for a higher cost of debt or equity capital as compared to what PSE's cost of debt or equity capital would have been absent the change in ownership at Puget Holdings. For future ratemaking purposes Commitments 19, 20(a) and 6(iii) are clarified as follows: (a) Determination of PSE's debt and equity costs will be no higher than such costs would have been assuming PSE's credit ratings by S&P and Moody's in effect on the day before the Proposed Transactions closed and</p>	<p>Puget Holdings and PSE will not advocate for a higher cost of debt or equity capital as compared to what PSE's cost of debt or equity capital would have been absent Puget Holdings' ownership. Commission Clarification: For future ratemaking purposes Commitments 24, 26(a) and 9(iii) are clarified as follows: (a) Determination of PSE's debt and equity costs will be no higher than such costs would have been assuming PSE's credit ratings by S&P and Moody's in effect on the day before the transaction closes and applying those credit</p>	<p>In light of the fact that Commitment 24 in Docket U-072375 specifically referenced costs associated with the 2008 Transaction, the Joint Applicants understand that the commitment is ongoing, and affirm it in that respect. Additionally, the Joint Applicants have deleted subpart (b) of the Commission's clarification because there are no potential prepayment premiums or increased costs of debt associated with existing PSE debt retired, repaid, or replaced as a part of the Proposed Transactions. Joint Applicants have offered Commitment 19 in Docket U-180680 to</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>applying those credit ratings to then-current debt and equity markets, unless PSE proves that a lower credit rating is caused by circumstances or developments not the result of financial risks or other characteristics of the Proposed Transactions.</p> <p>(b) Determination of the allowed return on equity in future general rate cases will include selection and use of one or more proxy group(s) of companies engaged in businesses substantially similar to PSE, without any limitation related to PSE's ownership structure.</p>	<p>ratings to then-current debt and equity markets, unless PSE proves that a lower credit rating is caused by circumstances or developments not the result of financial risks or other characteristics of the transaction.</p> <p>(b) PSE bears the burden to prove prudent in a future general rate case any prepayment premium or increased cost of debt associated with existing PSE debt retired, repaid, or replaced as a part of the transaction.</p> <p>(c) Determination of the allowed return on equity in future general rate cases will include selection and use of one or more proxy group(s) of companies engaged in businesses substantially similar to PSE, without any limitation related to PSE's ownership structure.</p>	<p>reflect the Proposed Transactions. See Commitment 19 in Exh. DEM-3.</p>
N/A	25	N/A	<p>In furtherance of Commitment 8, if the ring-fencing provisions are insufficient to obtain a non-consolidation opinion, Puget Holdings and PSE agree to promptly undertake the following actions:</p>	<p>Commitment 25 in Docket U-072375 was satisfied following the closing of the 2008 Transaction.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
20	26	<p>In furtherance of Commitment 6:</p> <p>(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, or Puget Energy rather than as a subsidiary of PSE. Measures providing for separate financial and</p>	<p>(i) Notify the Commission of this inability to obtain a non-consolidation opinion.</p> <p>(ii) Propose and implement, upon Commission approval, such additional ring-fencing provisions around PSE as are sufficient to obtain a non-consolidation opinion subject to customary assumptions and exceptions.</p>	<p>Commitment 26 in Docket U-072375 is ongoing and renewed as Commitment 20 in Docket U-180680, with revisions to clarify that its application is not limited to the 2008 Transaction. See Commitment 20 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>accounting treatment will be established for each non-regulated activity.</p> <p>(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.</p> <p>(c) Neither PSE nor Puget Holdings will assert in any future proceedings that the Commission is without jurisdiction over any transaction that results in a change of control of PSE.</p> <p>As regards Commitments 20(b), 20(c) and 22(c), within 14 days following the notice required by Commitment 20(b) PSE and Puget Holdings will seek Commission approval of any sale or transfer of: (1) any part of PSE that will give a new or existing member of Puget</p>	<p>and accounting treatment will be established for each non-regulated activity.</p> <p>(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.</p> <p>(c) Neither PSE nor Puget Holdings will assert in any future proceedings that, by virtue of the Proposed Transaction and the resulting corporate structure, the Commission is without jurisdiction over any transaction that results in a change of control of PSE.</p> <p>Commission Clarification: As regards Commitments 26(b), 26(c) and 28(c), within 14 days following the notice required by Commitment 26(b) PSE and</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>Holdings effective control of PSE, either in terms of ownership shares, or in terms of voting power under the then-applicable Puget Holdings LLC Agreement, or; (2) any material part of PSE. The term “material part of PSE” means any sale or transfer of stock representing ten percent or more of the equity ownership of Puget Holdings or PSE. (Exhibit 419 in Docket U-072375) No sale or transfer subject to Commitment 26(b) may close prior to approval by the Commission</p>	<p>Puget Holdings will seek Commission approval of any sale or transfer of: (1) any part of PSE that will give a new or existing member of Puget Holdings effective control of PSE, either in terms of ownership shares, or in terms of voting power under the then-applicable Puget Holdings LLC Agreement, or; (2) any material part of PSE. The term “material part of PSE” means any sale or transfer of stock representing ten percent or more of the equity ownership of Puget Holdings or PSE. (Exhibit 419) No sale or transfer subject to Commitment 26(b) may close prior to approval by the Commission. 2008 Acquisition Order at 153-54.</p>	
21	27	<p>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, including reports produced by Puget Holdings for its members, or any affiliate or</p>	<p>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</p>	<p>Commitment 27 in Docket U-072375 is ongoing and renewed as Commitment 21 in Docket U-180680, with minor revisions for purposes of clarification that the commitment applies to the Proposed Transactions. See Commitment 21 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>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 Transactions 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 Transactions 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.</p> <p>(c) Nothing in the Proposed Transactions 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 Transactions will limit or affect the Commission's rights with respect to inspection of accounts, books, papers and documents of Puget Holdings</p>	<p>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.</p> <p>(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</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>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.</p> <p>(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 Holdings' subsidiaries to the extent such information may potentially affect PSE.</p>	<p>those accounts, books, papers and documents of Puget Holdings that pertain to transactions affecting PSE's regulated utility operations.</p> <p>(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 Holdings' subsidiaries to the extent such information may potentially affect PSE.</p> <p>Commission Clarification: Commitment 27(b) includes reports Puget Holdings produces for its investors, to the extent those reports are pertinent to PSE. 2008 Acquisition Order at 155.</p>	
22	28	<p>In furtherance of Commitment 15:</p> <p>(a) If and when any subsidiary of PSE becomes a subsidiary of Puget Holdings, Puget Intermediate, or Puget Energy, PSE will so advise the Commission within thirty (30) days and will submit to the</p>	<p>In furtherance of Commitment 20:</p> <p>(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</p>	<p>No changes. Commitment 28 in Docket U-072375 is ongoing and renewed as Commitment 22 in Docket U-180680. See Commitment 22 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>Commission a written document setting forth PSE's proposed corporate and affiliate cost allocation methodologies.</p> <p>(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.</p> <p>(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.</p> <p>(d) With respect to the ratemaking treatment of affiliate transactions, PSE and Puget Holdings will comply with the</p>	<p>to the Commission a written document setting forth PSE's proposed corporate and affiliate cost allocation methodologies.</p> <p>(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.</p> <p>(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.</p> <p>(d) With respect to the ratemaking treatment of affiliate transactions, PSE and Puget Holdings will comply with the</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>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.</p> <p>(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.</p>	<p>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.</p> <p>(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.</p>	
23	29	<p>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 Transactions or any</p>	<p>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</p>	<p>Commitment 29 in Docket U-072375 remains ongoing but is specifically tied to the implications of the 2008 Transaction.</p> <p>The Joint Applicants have renewed this commitment with respect to the Proposed Transactions. Commitment 23</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>order of the Commission approving the Proposed Transactions. Notwithstanding the immediately preceding sentence, the Commission's <i>Order Accepting Stipulation and Approving Corporate Reorganization to Create a Holding Company, With Conditions</i>, dated August 15, 2000, in Docket No. UE-991779 is acknowledged to be superseded and replaced in its entirety by the 2008 Acquisition Order.</p>	<p>order of the Commission approving the Proposed Transaction. Notwithstanding the immediately preceding sentence, the Commission's <i>Order Accepting Stipulation and Approving Corporate Reorganization to Create a Holding Company, With Conditions</i>, 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.</p>	<p>in Docket U-180680 has been modified for clarification purposes only, to reflect the existence of the 2008 Acquisition Order.</p>
24	30	<p>Nothing in these Commitments shall be interpreted as a waiver of Puget Holdings' or PSE's rights to request confidential treatment for information that is the subject of any of the Commitments.</p>	<p>Nothing in these Commitments shall be interpreted as a waiver of Puget Holdings' or PSE's rights to request confidential treatment for information that is the subject of any of the Commitments.</p>	<p>No changes. Commitment 30 in Docket U-072375 is ongoing and renewed as Commitment 24 in Docket U-180680. <i>See</i> Commitment 24 in Exh. DEM-3.</p>
25	31	<p>PSE and Puget Holdings understand that the Commission has authority to enforce these Commitments in accordance with their terms. If there is a technical violation of the terms of these Commitments, then the offending party may, at the discretion of the Commission, have a period of thirty (30) calendar days to cure such technical violation. The scope of this Commitment 25 includes the authority of the Commission to compel from Puget Holdings and Puget Energy the attendance of witnesses pertinent to matters affecting PSE. Puget Holdings</p>	<p>The Joint Applicants understand that the Commission has authority to enforce these Commitments in accordance with their terms. If there is a technical violation of the terms of these Commitments, then the offending party may, at the discretion of the Commission, have a period of thirty (30) calendar days to cure such technical violation. Commission Clarification: The scope of Commitment 31 includes the authority of the Commission to compel from Puget Holdings and Puget Energy the attendance of witnesses pertinent to</p>	<p>The first sentence of Commitment 31 in Docket U-072375 has been revised in Commitment 25 in Docket U-180680 to reflect the fact that PSE and Puget Holdings are directly responsible for performance. The portion of this commitment requiring Puget Holdings to file an affidavit with the Commission was satisfied in connection with the 2008 Transaction. <i>See</i> Commitment 25 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>waives its right to interpose any legal objection it might otherwise have to the Commission’s jurisdiction to require the appearance of any such witnesses</p>	<p>matters affecting PSE. Puget Holdings waives its right to interpose any legal objection it might otherwise have to the Commission’s jurisdiction to require the appearance of any such witnesses. 2008 Acquisition Order at 155 Commission Clarification: Puget Holdings must file with the Commission prior to closing the transaction an affidavit affirming that it will submit to the jurisdiction of Washington state courts for enforcement of the Commission’s orders adopting these commitments and subsequent orders affecting PSE. 2008 Acquisition Order at 155 (emphasis in original).</p>	
N/A	32	N/A	<p>By April 1, 2009 and each April 1 thereafter through April 1, 2013, PSE will file a report with the Commission regarding the implementation of the Commitments as of December 31 of the preceding year. The report will, at a minimum, provide a description of the performance of each of the Commitments. If any of the Commitments is not being met, relative to the specific terms of the Commitment, the report shall provide proposed corrective measures and target dates for completion of such measures. PSE will make publicly available at the Commission non-confidential portions of the report.</p>	<p>Commitment 32 in Docket U-072375 was satisfied consistent with the stated timeline.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
26	33	<p>Puget Holdings and PSE acknowledge that the Commitments are being made by Puget Holdings and PSE and are binding only upon them (and their affiliates where noted). Puget Holdings and PSE are not requesting in this proceeding a determination of the prudence, just and reasonable character, rate or ratemaking treatment, or public interest of the investments, expenditures or actions referenced in the Commitments, and the Parties in appropriate proceedings may take such positions regarding the prudence, just and reasonable character, rate or ratemaking treatment, or public interest of the investments, expenditures or actions as they deem appropriate. The Commitments made by Puget Holdings and PSE also are binding, upon their successors in interest.</p>	<p>Puget Holdings and PSE acknowledge that the Commitments are being made by Puget Holdings and PSE and are binding only upon them (and their affiliates where noted). Puget Holdings and PSE are not requesting in this proceeding a determination of the prudence, just and reasonable character, rate or ratemaking treatment, or public interest of the investments, expenditures or actions referenced in the Commitments, and the Parties in appropriate proceedings may take such positions regarding the prudence, just and reasonable character, rate or ratemaking treatment, or public interest of the investments, expenditures or actions as they deem appropriate. Commission Clarification: The Commitments made by Puget Holdings and PSE also are binding, upon their successors in interest. 2008 Acquisition Order at 156.</p>	<p>No changes. Commitment 33 in Docket U-072375 is ongoing and renewed as Commitment 26 in Docket U-180680. See Commitment 26 in Exh. DEM-3.</p>
N/A	34	<p>N/A</p>	<p>Joint Applicants commit to provide rate credits of \$100 million (\$10 million per year for a 10-year period) commencing at the closing of the Proposed Transaction. These rate credits will be allocated between PSE's gas and electric operations on an annual basis based upon the traditional Federal Energy Regulatory Commission four-factor allocation methodology. For natural gas</p>	<p>Commitment 34 in Docket U-072375 is being satisfied consistent with the stated timeline.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
			<p>customers, these credits will be returned on an equal percent of margin basis to all natural gas customers. For electric customers, these credits will be returned on an equal percent of margin basis to all electric customers. These rate credits will consist of two components:</p> <p>(a) An \$8.8 million rate credit per year for ten years that is not offsettable, but that reflects the Investor Consortium’s willingness to accept what, in effect, is a reduction in its returns for a ten-year period.</p> <p>(b) A \$1.2 million fully offsettable rate credit per year for ten years connected with the savings associated with de-listing from the New York Stock Exchange. To the extent PSE can demonstrate in any subsequent rate proceeding that these savings are reflected in the underlying cost of service, the rate credit would cease to be provided separately to customers</p>	
27	35	<p>PSE will have a common equity ratio of not less than 44 percent, except to the extent a lower equity ratio is established for ratemaking purposes by the Commission. PSE and Puget Holdings represent that Puget Holdings is not</p>	<p>Joint Applicants commit that as of the closing of the transaction (or within sixty (60) days thereof), PSE will have a common equity ratio of not less than 50 percent. Joint Applicants commit that at</p>	<p>The first sentence of Commitment 35 in Docket U-072375, which required a stated common equity ratio within 60 days of the 2008 Transaction, was satisfied consistent with the stated timeline.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
	<p>prohibited from issuing new equity to third parties. PSE and Puget Holdings will not amend the LLC Agreement or other transaction documents to prohibit Puget Holdings from issuing new equity to third parties (including public markets). The transaction documents also permit PSE to issue certain hybrid securities to third parties (including public markets) and Puget Holdings. If Puget Holdings makes a new equity issuance for the purpose of (i) contributing the proceeds thereof (through its relevant subsidiaries) to Puget Energy or PSE, or (ii) applying the proceeds thereof toward the purchase from PSE of hybrid securities that are permitted to be issued under the transaction documents, the proceeds of any such new equity issuances by Puget Holdings shall be used for such purpose. PSE and Puget Holdings will provide an annual certificate of an officer of Puget Holdings certifying that neither Puget Holdings nor PSE is prohibited from undertaking the transactions described above.</p>	<p>all times thereafter, PSE will have a common equity ratio of not less than 44 percent, except to the extent a lower equity ratio is established for ratemaking purposes by the Commission. Joint Applicants represent that Puget Holdings is not prohibited from issuing new equity to third parties. Joint Applicants will not amend the LLC Agreement or other transaction documents to prohibit Puget Holdings from issuing new equity to third parties (including public markets). The transaction documents also permit PSE to issue certain hybrid securities to third parties (including public markets) and Puget Holdings. If Puget Holdings makes a new equity issuance for the purpose of (i) contributing the proceeds thereof (through its relevant subsidiaries) to Puget Energy or PSE, or (ii) applying the proceeds thereof toward the purchase from PSE of hybrid securities that are permitted to be issued under the transaction documents, the proceeds of any such new equity issuances by Puget Holdings shall be used for such purpose. Joint Applicants will provide an annual certificate of an officer of Puget Holdings certifying that neither Puget Holdings nor PSE is prohibited from undertaking the transactions described above.</p>	<p>The remainder of the commitment is ongoing and renewed as Commitment 27 in Docket U-180680. The Joint Applicants have revised this Commitment 27 for clarity, to reflect the parties directly responsible for compliance. See Commitment 27 in Exh. DEM-3.</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
28	36	<p>PSE shall not be permitted to declare or make any PSE distribution unless, on the date of such PSE distribution, the PSE common equity ratio after giving effect to such PSE distribution is not less than 44%, except to the extent a lower equity ratio is established for ratemaking purposes by the Commission.</p>	<p>PSE shall not be permitted to declare or make any PSE distribution unless, on the date of such PSE distribution, the PSE common equity ratio after giving effect to such PSE distribution is not less than 44%, except to the extent a lower equity ratio is established for ratemaking purposes by the Commission.</p>	<p>No changes. Commitment 36 in Docket U-072375 is ongoing and renewed as Commitment 28 in Docket U-180680. See Commitment 28 in Exh. DEM-3.</p>
29	37	<p>Puget Energy may not declare or make a Puget Energy distribution, unless on the date of such Puget Energy distribution, the ratio of consolidated EBITDA to consolidated interest expense for the most recently ended four fiscal quarter period prior to such date is equal or greater than 2.00 to 1.00.</p>	<p>Puget Energy may not declare or make a PE distribution, unless on the date of such PE distribution, the ratio of consolidated EBITDA to consolidated interest expense for the most recently ended four fiscal quarter period prior to such date is equal or greater than 2.00 to 1.00.</p>	<p>Commitment 37 in Docket U-072375 is ongoing and renewed as Commitment 29 in Docket U-180680. The Joint Applicants have made a minor change to clarify that references to “PE” were to Puget Energy. See Commitment 29 in Exh. DEM-3.</p>
30	38	<p>All of the common stock of Puget Energy shall be owned by Puget Equico, a Washington limited liability company. Puget Equico shall be a wholly-owned subsidiary of Puget Intermediate. Puget Equico shall be a bankruptcy-remote special purpose entity, and shall not have debt.</p>	<p>The Joint Applicants agree to amend the corporate organizational structure by inserting a new entity (tentatively identified as “Equico”) in the organizational structure between Puget Intermediate and Puget Energy. See the post-acquisition organizational chart in Exhibit No. ___ (CJL-10). In summary, following closing of the Proposed Transaction, all of the common stock of Puget Energy will be owned by “Equico,” which will be a new Washington limited liability company. “Equico” will be a wholly-owned subsidiary of Puget Intermediate. “Equico” is expected to be established</p>	<p>Portions of Commitment 38 in Docket U-072375 requiring specific action following the 2008 Transaction have been satisfied.</p> <p>The remainder of Commitment 38 in Docket U-072375 is ongoing and renewed as Commitment 30 in Docket U-180680. The Joint Applicants have revised this Commitment 30 for clarity, to reflect the existence of Puget Equico. See Commitment 30 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
31	39	<p>Each of Puget Energy and PSE will continue to be rated by both Standard & Poor's Ratings Group and Moody's Investors Service, Inc.</p>	<p>as a bankruptcy-remote special purpose entity, and shall not have debt.</p> <p>The Joint Applicants will use best efforts to obtain and maintain from Standard & Poor's Ratings Group confirmation of separation between the respective corporate credit rating for each of Puget Energy and PSE within the ninety (90) days following the closing of the Proposed Transaction. If the Joint Applicants are unable to obtain or maintain ratings separation, the Joint Applicants will make a filing with the Commission explaining the basis for their failure to obtain or maintain such separation, and parties will have an opportunity to participate and propose additional commitments</p>	<p>Portions of Commitment 39 in Docket U-072375 requiring specific action following the 2008 Transaction have been satisfied.</p> <p>The remainder of Commitment 39 in Docket U-072375 is ongoing and renewed as Commitment 31 in Docket U-180680. See Commitment 31 in Exh. DEM-3.</p>
32	40	<p>PSE shall not declare or make any distribution, unless, on the date of such distribution, either:</p> <p>(a) The ratio of PSE EBITDA to PSE interest expense for the most recently ended four fiscal quarter period prior to such date is equal or greater than 3.00 to 1.00; or</p> <p>(b) PSE's corporate credit/issuer rating is at least BBB- (or its then equivalent) with S&P and Baa3 (or its then equivalent) with Moody's.</p>	<p>PSE shall not declare or make any distribution, unless, on the date of such distribution, either:</p> <p>(a) The ratio of PSE EBITDA to PSE interest expense for the most recently ended four fiscal quarter period prior to such date is equal or greater than 3.00 to 1.00; or</p> <p>(b) PSE's corporate credit/issuer rating is at least BBB- (or its then equivalent) with S&P and Baa3 (or its then equivalent) with Moody's.</p>	<p>Commitment 40 in Docket U-072375 is ongoing and renewed as Commitment 32 in Docket U-180680.</p> <p>The Joint Applicants have revised this Commitment 32 for clarity, to reflect the existence of Puget Equico and to clarify that the commitment applies to the Proposed Transactions.</p> <p>See Commitment 31 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
	<p>However, if PSE satisfies part (a) above but its corporate credit/issuer rating is downgraded to a level below BBB- (or its then equivalent) with Standard & Poor's Ratings Group or Baa3 (or its then equivalent) with Moody's Investors Service, Inc., then PSE shall provide notice to the Commission of such downgrade within two business days of PSE's receipt of notice of such downgrade. Following such downgrade, distributions by PSE to Puget Energy shall be limited to an amount sufficient (i) to service debt at Puget Energy, and (ii) to satisfy financial covenants in the credit facilities of Puget Energy, and distributions by Puget Energy to Puget Equico shall cease. If PSE seeks to make any distribution to Puget Energy greater than such amount and Puget Energy seeks to make any distribution to Equico whatsoever, PSE and Puget Energy shall within forty-five calendar days (or earlier if PSE anticipates that such a downgrade (or petition with the Commission to show cause why (i) PSE should be permitted to make any distribution to Puget Energy in excess of such amount and (ii) Puget Energy should be permitted to make any distribution to Puget Equico. It is the expectation of the Joint Parties</p>	<p>However, if PSE satisfies part (a) above but its corporate credit/issuer rating is downgraded to a level below BBB- (or its then equivalent) with Standard & Poor's Ratings Group or Baa3 (or its then equivalent) with Moody's Investors Service, Inc., then PSE shall provide notice to the Commission of such downgrade within two business days of PSE's receipt of notice of such downgrade. Following such downgrade, distributions by PSE to Puget Energy shall be limited to an amount sufficient (i) to service debt at Puget Energy, and (ii) to satisfy financial covenants in the credit facilities of Puget Energy, and distributions by Puget Energy to Equico shall cease. If PSE seeks to make any distribution to Puget Energy greater than such amount and Puget Energy seeks to make any distribution to Equico whatsoever, PSE and Puget Energy shall within forty-five calendar days of such downgrade (or earlier if PSE anticipates that such a downgrade may be forthcoming) file a petition with the Commission to show cause why (i) PSE should be permitted to make any distribution to Puget Energy in excess of such amount and (ii) Puget Energy should be permitted to make any distribution to Puget Equico. It is the expectation of the Joint Parties that the</p>	<p>However, if PSE satisfies part a) above but its corporate credit/issuer rating is downgraded to a level below BBB- (or its then equivalent) with Standard & Poor's Ratings Group or Baa3 (or its then equivalent) with Moody's Investors Service, Inc., then PSE shall provide notice to the Commission of such downgrade within two business days of PSE's receipt of notice of such downgrade. Following such downgrade, distributions by PSE to Puget Energy shall be limited to an amount sufficient (i) to service debt at Puget Energy, and (ii) to satisfy financial covenants in the credit facilities of Puget Energy, and distributions by Puget Energy to Equico shall cease. If PSE seeks to make any distribution to Puget Energy greater than such amount and Puget Energy seeks to make any distribution to Equico whatsoever, PSE and Puget Energy shall within forty-five calendar days of such downgrade (or earlier if PSE anticipates that such a downgrade may be forthcoming) file a petition with the Commission to show cause why (i) PSE should be permitted to make any distribution to Puget Energy in excess of such amount and (ii) Puget Energy should be permitted to make any distribution to Equico. It is the expectation of the Joint Parties that the</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
	<p>that the Commission within sixty (60) days after PSE's and Puget Energy's filing of such petition will issue an order granting or denying such petition. In considering such petition, due consideration shall be given to the financial performance and credit rating of PSE and to whether PSE has, and is expected to achieve, financial metrics that fall within the ranges used by Standard & Poor's Ratings Group and Moody's Investors Service, Inc. for investment grade-rated utility companies and any changes in such ranges since the date of closing of the 2008 Transaction; provided that nothing in this commitment shall prohibit the parties from advancing any arguments regarding factors the Commission should consider. If PSE's corporate credit/issuer rating is subsequently upgraded to BBB- (or its then equivalent) or above with Standard & Poor's Ratings Group or Baa3 (or its then equivalent) or above with Moody's Investors Service, Inc., then PSE shall provide notice to the Commission of such upgrade within two business days of PSE's receipt of notice of such upgrade, and neither PSE nor Puget Energy shall be subject to any dividend restriction pursuant to this Commitment</p>	<p>that the Commission within sixty (60) days after PSE's and Puget Energy's filing of such petition will issue an order granting or denying such petition. In considering such petition, due consideration shall be given to the financial performance and credit rating of PSE and to whether PSE has, and is expected to achieve, financial metrics that fall within the ranges used by Standard & Poor's Ratings Group and Moody's Investors Service, Inc. for investment grade-rated utility companies and any changes in such ranges since the date of closing of the 2008 Transaction; provided that nothing in this commitment shall prohibit the parties from advancing any arguments regarding factors the Commission should consider. If PSE's corporate credit/issuer rating is subsequently upgraded to BBB- (or its then equivalent) or above with Standard & Poor's Ratings Group or Baa3 (or its then equivalent) or above with Moody's Investors Service, Inc., then PSE shall provide notice to the Commission of such upgrade within two business days of PSE's receipt of notice of such upgrade, and neither PSE nor Puget Energy shall be subject to any dividend restriction pursuant to this Commitment</p>	<p>Commission within sixty (60) days after PSE's and Puget Energy's filing of such petition will issue an order granting or denying such petition. In considering such petition, due consideration shall be given to the financial performance and credit rating of PSE and to whether PSE has, and is expected to achieve, financial metrics that fall within the ranges used by Standard & Poor's Ratings Group and Moody's Investors Service, Inc. for investment grade-rated utility companies and any changes in such ranges since the date of closing of the Proposed Transaction; provided that nothing in this commitment shall prohibit the parties from advancing any arguments regarding factors the Commission should consider. If PSE's corporate credit/issuer rating is subsequently upgraded to BBB- (or its then equivalent) or above with Standard & Poor's Ratings Group or Baa3 (or its then equivalent) or above with Moody's Investors Service, Inc., then PSE shall provide notice to the Commission of such upgrade within two business days of PSE's receipt of notice of such upgrade, and neither PSE nor Puget Energy shall be subject to any dividend restriction pursuant to this Commitment as of the date PSE provides such notice to the Commission.</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
	<p>as of the date PSE provides such notice to the Commission.</p> <p>Commitments 28, 29, and 32, which limit upward dividends or distributions from PSE to Puget Energy and from Puget Energy to Puget Equico, are clarified as follows:</p> <p>(a) If the ratio of PSE EBITDA to PSE interest expense is equal to or greater than 3.0 and PSE's corporate credit/issuer rating with S&P and Moody's (or their then equivalents) is investment grade, distributions from PSE to Puget Energy are not limited so long as PSE's equity ratio is equal to or greater than 44 percent [Commitment 28] and distributions from Puget Energy to Puget Equico are not limited so long as consolidated PSE/Puget Energy interest expense is equal to or greater than 2.0.</p> <p>(b) If the ratio of PSE EBITDA to PSE interest expense is less than 3.0, but PSE's corporate credit/issuer rating with S&P and Moody's (or their then equivalents) is investment</p>	<p>Commission Clarification:</p> <p>Commitments 36, 37 and 40, which limit upward dividends or distributions from PSE to Puget Energy and from Puget Energy to Equico, are clarified as follows:</p> <p>(a) If the ratio of PSE EBITDA to PSE interest expense is equal to or greater than 3.0 and PSE's corporate credit/issuer rating with S&P and Moody's (or their then equivalents) is investment grade, distributions from PSE to Puget Energy are not limited so long as PSE's equity ratio is equal to or greater than 44 percent [Commitment #36] and distributions from Puget Energy to Equico are not limited so long as consolidated PSE/Puget Energy EBITDA to consolidated PSE/Puget Energy interest expense is equal to or greater than 2.0. [Commitment #37]</p> <p>(b) If the ratio of PSE EBITDA to PSE interest expense is less than 3.0, but PSE's corporate credit/issuer rating with S&P and Moody's (or their then equivalents) is investment grade, distributions from PSE to Puget Energy are not limited so long as PSE's equity ratio is equal to or</p>		

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>grade, distributions from PSE to Puget Energy are not limited so long as PSE's equity ratio is equal to or greater than 44 percent [Commitment 28] and distributions from Puget Energy to Puget Equico are not limited so long as consolidated PSE/Puget Energy EBITDA to interest expense is equal to or greater than 2.0. [Commitment 29]</p> <p>(c) If the ratio of PSE EBITDA to PSE interest expense is equal to or greater than 3.0, but PSE's corporate credit/issuer rating with either S&P or Moody's (or their then equivalents) is not investment grade, distributions from PSE to Puget Energy are limited as specified in Commitments 28 and 32, unless allowed by specific Commission approval. No distributions are allowed from Puget Energy to Equico.</p> <p>If the ratio of PSE EBITDA to PSE interest expense is less than 3.0 and PSE's corporate credit/issuer rating with either S&P or Moody's (or their then equivalents) is not investment grade, no distributions are allowed from PSE to Equico.</p>	<p>greater than 44 percent [Commitment #36] and distributions from Puget Energy to Equico are not limited so long as consolidated PSE/Puget Energy EBITDA to consolidated PSE/Puget Energy interest expense is equal to or greater than 2.0. [Commitment #37]</p> <p>(c) If the ratio of PSE EBITDA to PSE interest expense is equal to or greater than 3.0, but PSE's corporate credit/issuer rating with either S&P or Moody's (or their then equivalents) is not investment grade, distributions from PSE to Puget Energy are limited as specified in Commitments 36 and 40, unless allowed by specific Commission approval. No distributions are allowed from Puget Energy to Equico.</p> <p>If the ratio of PSE EBITDA to PSE interest expense is less than 3.0 and PSE's corporate credit/issuer rating with either S&P or Moody's (or their then equivalents) is not investment grade, no distributions are allowed from PSE to Puget Energy and no distributions are allowed from Puget Energy to Equico.</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
33	41	<p>Puget Energy and no distributions are allowed from Puget Energy to Puget Equico.</p> <p>PSE and Puget Holdings commit that (i) the board of directors of PSE will include at least three directors who are residents of the region, one of whom shall be the chief executive officer of PSE, and (ii) the board of directors of Puget Energy will include at least two directors who are residents of the region, one of whom shall be the chief executive officer of PSE. The term “regional” as it applies to Commitment 33 means Washington State.</p>	<p>Joint Applicants commit that (i) the board of directors of PSE will include at least three directors who are residents of the region, one of whom shall be the chief executive officer of PSE, and (ii) the board of directors of Puget Energy will include at least two directors who are residents of the region, one of whom shall be the chief executive officer of PSE. Commission Clarification: The term “regional” as it applies to Commitment 41 means Washington State.</p>	<p>No changes. Commitment 41 in Docket U-072375 is ongoing and renewed as Commitment 33 in Docket U-180680. See Commitment 33 in Exh. DEM-3.</p>
N/A	42	N/A	<p>Joint Applicants agree to PSE’s proposal to increase bill assistance benefits for qualifying low-income customers by making the appropriate tariff filings in the on-going general rate case to:</p> <ul style="list-style-type: none"> (a) increase the total aggregate funding cap for its low-income customer bill assistance program to approximately \$15 million per year from approximately \$10.25 million per year, and (b) permit benefit funds not distributed to qualifying customers in any single program year be able to be 	<p>Commitment 42 in Docket U-072375 has been satisfied consistent with the stated timeline.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
			<p>carried over to provide supplemental benefit funding to be available in the next program year.</p> <p>Furthermore, the Joint Applicants agree to PSE's proposal for clarification of the program accounting rules to define the program caps to include benefits and administrative costs. Amounts to be set in rates would include a gross-up over and above the program caps sufficient to cover PSE's revenue sensitive items</p>	
34	43	<p>PSE will to the extent practical, comply with the rules applicable to a registrant under NYSE rules. Please see Exhibit No. 81 (EMM-11) at pages 1-4 in Docket U-072375 for an analysis of PSE's present reporting and governance obligations under NYSE Corporate Governance Standards. Such analysis identifies the applicable NYSE rule, describes the current requirement, describes the post-closing requirement, and sets forth PSE's post-closing commitment with respect to each requirement in the event a current requirement is not a continuing obligation. Such analysis also details the requirements of the NYSE with respect to the following:</p> <ul style="list-style-type: none"> (a) annual report availability, (b) interim financial statements, (c) independent directors, 	<p>PSE will to the extent practical, comply with the rules applicable to a registrant under NYSE rules. Please see Exhibit No. 81 (EMM-11) at pages 1-4 for an analysis of PSE's present reporting and governance obligations under NYSE Corporate Governance Standards. Such analysis identifies the applicable NYSE rule, describes the current requirement, describes the post-closing requirement, and sets forth PSE's post-closing commitment with respect to each requirement in the event a current requirement is not a continuing obligation. Such analysis also details the requirements of the NYSE with respect to the following:</p> <ul style="list-style-type: none"> (a) annual report availability, (b) interim financial statements, (c) independent directors, (d) director executive sessions, 	<p>Commitment 43 in Docket U-072375 is ongoing and renewed as Commitment 34 in Docket U-180680. The Joint Applicants have revised this Commitment 34 for clarity to specify the source of the referenced exhibits. See Commitment 34 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>(d) director executive sessions, (e) communication with non-management directors, (f) nominating and governance committee matters, (g) compensation committee matters, (h) the audit committee and committee membership, (i) the internal audit function, (j) corporate governance guidelines, (k) disclosure of corporate governance guidelines, (l) code of business conduct and ethics, and (m) officer certification. Puget Energy and PSE will each comply with applicable NYSE rules and the requirements of the Sarbanes-Oxley Act as specified in Exhibit 422, Attachment A, column entitled “post-closing commitment” in Docket U-072375. Unless the Commission approves otherwise, Puget Energy and PSE will comply with any new NYSE rules, or rules not covered in Exhibit 422 in Docket U-072375. The independent managers or directors on the PSE, Puget Energy, and Puget Holdings boards will be members of the nominating/governance, compensation, and audit committees and their</p>	<p>(e) communication with non-management directors, (f) nominating and governance committee matters, (g) compensation committee matters, (h) the audit committee and committee membership, (i) the internal audit function, (j) corporate governance guidelines, (k) disclosure of corporate governance guidelines, (l) code of business conduct and ethics, and (m) officer certification. Commission Clarification: Puget Energy and PSE will each comply with applicable NYSE rules and the requirements of the Sarbanes-Oxley Act as specified in Exhibit 422, Attachment A, column entitled “post-closing commitment.” Unless the Commission approves otherwise, Puget Energy and PSE will comply with any new NYSE rules, or rules not covered in Exhibit 422 (Attachment C to this Order). The independent managers or directors on the PSE, Puget Energy, and Puget Holdings boards will be members of the nominating/governance, compensation, and audit committees and</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
35	44	<p>affirmative vote will be required on all matters subject to vote.</p> <p>Puget Energy and PSE will continue to make the same SEC financial reporting requirements after closing of the Proposed Transactions with respect to the following:</p> <ul style="list-style-type: none"> (a) Section 13(a) disclosure requirements, (b) Section 15(d) disclosure requirements, and (c) indenture covenants disclosure requirements. 	<p>their affirmative vote will be required on all matters subject to vote.</p> <p>Joint Applicants commit that Puget Energy and PSE will continue to make the same SEC financial reporting requirements after closing of the Proposed Transaction with respect to the following:</p> <ul style="list-style-type: none"> (a) Section 13(a) disclosure requirements, (b) Section 15(d) disclosure requirements, and (c) indenture covenants disclosure requirements. 	<p>Commitment 44 in Docket U-072375 is ongoing and renewed as Commitment 35 in Docket U-180680, with minor revisions for purposes of clarification that the commitment applies to the Proposed Transactions. <i>See</i> Commitment 35 in Exh. DEM-3.</p>
36	45	<p>PSE and Puget Holdings commit to the following commitments with respect to the Sarbanes-Oxley Act for both PSE and Puget Energy:</p> <ul style="list-style-type: none"> (a) Section 201 guidance on the use of outside auditors, (b) Section 202 pre-approval requirements with respect to the engagement and compensation of auditors, (c) Section 203 requirements with respect to audit partner rotation, (d) Section 204 guidance with respect to the requirements of auditor reports to audit committees, (e) Section 206 guidance with respect to auditor conflicts of interest, 	<p>Joint Applicants commit to the following post-closing commitments with respect to the Sarbanes-Oxley Act for both PSE and Puget Energy:</p> <ul style="list-style-type: none"> (a) Section 201 guidance on the use of outside auditors, (b) Section 202 pre-approval requirements with respect to the engagement and compensation of auditors, (c) Section 203 requirements with respect to audit partner rotation, (d) Section 204 guidance with respect to the requirements of auditor reports to audit committees, (e) Section 206 guidance with respect to auditor conflicts of interest, 	<p>Commitment 45 in Docket U-072375 is ongoing and renewed as Commitment 36 in Docket U-180680, with minor revisions for purposes of clarification that the commitment applies to the Proposed Transactions. <i>See</i> Commitment 36 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		<p>(f) Section 301 requirements with respect to audit committee requirements,</p> <p>(g) Section 302 requirements with respect to corporate responsibility for financial reports,</p> <p>(h) Section 401 requirements with respect to the form and content of periodic and annual reports,</p> <p>(i) Section 403 requirements with respect to disclosures of certain transactions involving management and shareholders,</p> <p>(j) Section 404 requirements with respect to management assessment of internal controls,</p> <p>(k) Section 406 requirements with respect to the code of ethics for senior financial officers,</p> <p>(l) Section 407 requirements with respect to disclosure of audit committee financial expert, and</p> <p>(m) Section 906 requirements with respect to corporate responsibility for financial statements.</p>	<p>(f) Section 301 requirements with respect to audit committee requirements,</p> <p>(g) Section 302 requirements with respect to corporate responsibility for financial reports,</p> <p>(h) Section 401 requirements with respect to the form and content of periodic and annual reports,</p> <p>(i) Section 403 requirements with respect to disclosures of certain transactions involving management and shareholders,</p> <p>(j) Section 404 requirements with respect to management assessment of internal controls,</p> <p>(k) Section 406 requirements with respect to the code of ethics for senior financial officers,</p> <p>(l) Section 407 requirements with respect to disclosure of audit committee financial expert, and</p> <p>(m) Section 906 requirements with respect to corporate responsibility for financial statements.</p>	
37	46	<p>PSE will continue to meet all the applicable FERC reporting requirements with respect to annual reports (FERC Form 1) and quarterly reports (FERC Form 3) after closing of the Proposed Transactions.</p>	<p>PSE will continue to meet all the applicable FERC reporting requirements with respect to annual reports (FERC Form 1) and quarterly reports (FERC Form 3) after closing of the Proposed Transaction.</p>	<p>Commitment 46 in Docket U-072375 is ongoing and renewed as Commitment 37 in Docket U-180680, with minor revisions for purposes of clarification that the commitment</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
N/A	47	N/A	<p>Each of the Joint Applicants agrees that PSE will undertake a study, in collaboration with stakeholders, to identify potential energy efficiency improvements in its distribution, transmission and generation assets (consistent with any analysis required as part of the Integrated Resource Plan (“IRP”) process) and present the results of such study to the Conservation Resource Advisory Group (CRAG) for its consideration and potential inclusion as part of PSE’s energy efficiency portfolio. These potential improvements in PSE’s energy efficiency improvements in its distribution, transmission and generation assets are in addition to end-use energy efficiency improvements.</p>	<p>applies to the Proposed Transactions. See Commitment 37 in Exh. DEM-3.</p> <p>Commitment 47 in Docket U-072375 has been satisfied consistent with the stated timeline.</p>
N/A	48	N/A	<p>Each of the Joint Applicants agrees that PSE will support increased funding in the next Northwest Energy Efficiency Alliance budget cycle. If (i) such funding is determined to have merit as an outcome of the strategic planning process and (ii) PSE’s proportion of the Northwest Energy Efficiency Alliance budget is not changed, PSE will pay its pro rata share of such budget, contingent on availability of sufficient rider/tracker funds. This commitment will not limit</p>	<p>Commitment 48 in Docket U-072375 has been satisfied consistent with the stated timeline.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
N/A	49	N/A	<p>PSE's ability to engage in bilateral contracts with the Northwest Energy Efficiency Alliance for targeted program delivery in PSE's service area.</p> <p>Each of the Joint Applicants agrees that PSE will acquire renewable resources, to the extent such resources are reasonably commercially available and determined to be necessary to meet load and cost-effective pursuant to PSE's established IRP and resource evaluation and acquisition processes, that will enable PSE to meet its internal objective of serving 10% of load with renewable energy resources by 2013, provided that nothing in such commitment would prohibit PSE from retaining or selling renewable energy credits associated with such resources that are surplus to PSE's needs to meet Washington Renewable Portfolio Standards targets. Communications with customers shall accurately reflect the environmental attributes associated with power delivered to such customers. Joint Applicants acknowledge that PSE retains the burden of proof to demonstrate the prudence of any resource acquisition.</p>	<p>Commitment 49 in Docket U-072375 has been satisfied consistent with the stated timeline.</p>
N/A	50	N/A	<p>Each of the Joint Applicants agrees that PSE supports the objective of increasing penetration of the Green Power Program to at least 2% of PSE's annual load or at</p>	<p>Commitment 50 in Docket U-072375 has been satisfied consistent with the stated timeline.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
			<p>least 5% of electric customers subscribed within five years of the close of the Proposed Transaction, provided that the Commission approves the program and related program costs. To meet such a commitment, PSE will enlist the services of a third-party marketer experienced with the Northwest marketplace.</p>	
38	51	<p>PSE will (i) continue to offer customers the investment cost recovery incentive authorized by RCW 82.16.120 each year for as long as the law is in effect and (ii) dedicate resources to market and promote net metering. Such a commitment, however, is contingent on the continuation of implementing tariffs supporting such net metering programs on file with the Commission.</p>	<p>Each of the Joint Applicants agrees that PSE will (i) continue to offer customers the investment cost recovery incentive authorized by RCW 82.16.120 each year for as long as the law is in effect and (ii) dedicate resources to market and promote net metering. Such a commitment, however, is contingent on the continuation of implementing tariffs supporting such net metering programs on file with the Commission.</p>	<p>Commitment 51 in Docket U-072375 is ongoing and renewed as Commitment 38 in Docket U-180680, with minor revisions for purposes of clarification that the commitment applies to the Proposed Transactions. See Commitment 38 in Exh. DEM-3.</p>
39	52	<p>PSE will continue to actively participate in national and regional forums regarding transmission issues, pricing policies, siting requirements, and interconnection and integration policies.</p>	<p>Each of the Joint Applicants agrees that PSE will continue to actively participate in national and regional forums regarding transmission issues, pricing policies, siting requirements, and interconnection and integration policies.</p>	<p>Commitment 52 in Docket U-072375 is ongoing and renewed as Commitment 39 in Docket U-180680, with minor revisions for purposes of clarification that the commitment applies to the Proposed Transactions. See Commitment 39 in Exh. DEM-3.</p>
40	53	<p>PSE will continue to produce an annual greenhouse gas emissions inventory report, including an inventory of total emissions from each of the sources listed in Table 2-1 of PSE's 2006 Greenhouse Gas Inventory Report, and</p>	<p>Each of the Joint Applicants agrees that PSE will continue to produce an annual greenhouse gas emissions inventory report, including an inventory of total emissions from each of the sources listed in Table 2-1 of PSE's 2006</p>	<p>Commitment 53 in Docket U-072375 is ongoing and renewed as Commitment 40 in Docket U-180680, with minor revisions for purposes of clarification that the commitment</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
N/A	54	<p>make such greenhouse gas emissions inventory report available to its customers and stakeholders.</p> <p>N/A</p>	<p>Greenhouse Gas Inventory Report, and make such greenhouse gas emissions inventory report available to its customers and stakeholders.</p> <p>Each of the Joint Applicants agrees that PSE will file a carbon-offset program for PSE's natural gas customers with the Commission within two years of closing of the Proposed Transaction. This pilot program would allow PSE's customers to offset the greenhouse gas emissions associated with their natural gas use. Customers' participation in the program will be entirely voluntary.</p>	<p>applies to the Proposed Transactions. See Commitment 40 in Exh. DEM-3.</p> <p>Commitment 54 in Docket U-072375 has been satisfied consistent with the stated timeline.</p>
N/A	55	N/A	<p>Each of the Joint Applicants agrees that PSE will</p> <p>(a) consider the final recommendations of the Oregon Public Utility Commission in Docket UMI302 within the context of the IRP; and</p> <p>(b) report to the Commission and the parties to this proceeding the results of PSE's assessment of the final recommendations of the Oregon Public Utility Commission in Docket UMI302 and their applicability to PSE's IRP process within twelve months of the close of the Proposed Transaction</p>	<p>Commitment 57 in Docket U-072375 has been satisfied consistent with the stated timeline.</p>
41	56	<p>Puget Energy shall not operate or own any business other than PSE and Puget</p>	<p>Puget Energy shall not operate or own any business other than PSE.</p>	<p>Commitment 56 in Docket U-072375 is ongoing and renewed as</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
		LNG (“Puget LNG”). Puget LNG shall be a special purpose entity formed by Puget Energy solely for the purposes of owning, developing, and financing, as a tenant-in common with PSE, an LNG facility at the Port of Tacoma (the “Tacoma LNG Facility”). ²		Commitment 41 in Docket U-180680, with revisions to reflect amendments made by the Commission in the LNG Order. <i>See</i> Commitment 41 in Exh. DEM-3.
N/A	57	N/A	The objective of Joint Applicants is to refinance the term loan of Puget Energy using medium-term and/or long-term financing. The Joint Applicants will develop a plan to achieve this objective and maintain records of their efforts to achieve such objective. The plan developed by the Joint Applicants pursuant to this Commitment will be available to the Commission and other interested parties, upon request and subject to the protective order in Docket No. U-072375.	Commitment 57 in Docket U-072375 has been satisfied consistent with the stated timeline.
42	58	PSE and Puget Holdings commit that the current and any future capital expenditure credit facilities will by their terms limit the use of such funds only for financing capital expenditures of PSE and Puget LNG. Quarterly officer certificates under each of the credit facilities of Puget Energy and PSE will be made available to the Commission and other interested parties, upon request and subject to the protective order in Docket No. U-072375.	Joint Applicants commit that the current and any future capital expenditure credit facilities will by their terms limit the use of such funds only for financing PSE capital expenditures. Quarterly officer certificates under each of the credit facilities of Puget Energy and PSE will be made available to the Commission and other interested parties, upon request and subject to the protective order in Docket No. U-072375.	Commitment 58 in Docket U-072375 is ongoing and renewed as Commitment 42 in Docket U-180680, with revisions to reflect amendments made by the Commission in the LNG Order. <i>See</i> Commitment 42 in Exh. DEM-3.

² Included as modified in LNG Order at 8 (revising Commitments 56 and 58 and further adding supplemental commitments 64-68).

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
N/A	59	request and subject to the protective order in Docket No. U-072375. ³ N/A	The Joint Applicants commit to reduce the size of the Puget Energy term facility from \$1.425 billion to \$1.225 billion by investing an additional \$200 million of equity in Puget Energy.	Commitment 59 in Docket U-072375 has been satisfied.
N/A	60	N/A	The Joint Applicants commit that they will not make any proposals to materially change or affect industrial service under rate Schedule 449, including any change to the methodology that is used for calculating rates for Schedule 449 customers during the five-year period commencing as of the date of the closing of the Proposed Transaction.	Commitment 61 in Docket U-072375 has been satisfied consistent with the stated timeline.
N/A	61	N/A	The Joint Applicants agree that PSE will propose and support in its next general rate case rates for Schedule 40 based on the current calculated rate methodology. Under the calculated rate methodology, Schedule 40 rates are equal to the high voltage (Schedule 49) charges (adjusted for power factor and losses) for power supply and transmission, plus the actual costs of all the PSE distribution facilities used to provide delivery services to the Schedule 40 customers.	Commitment 61 in Docket U-072375 has been satisfied consistent with the stated timeline.

³ Included as modified in LNG Order at 9.

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket U-072375	Comments
N/A	62	N/A	<p>PSE has no current plans to make any proposals regarding decoupling for natural gas customers in the State of Washington for the two-year period following the date of closing of the Proposed Transaction. The Joint Applicants agree that PSE will not make any proposals regarding decoupling for gas industrial customers during the two-year period commencing as of the date of closing of the Proposed Transaction.</p>	<p>Commitment 62 in Docket U-072375 has been satisfied consistent with the stated timeline.</p>
N/A	63	N/A	<p>PSE has no current plans to make any proposals regarding decoupling for electric customers in the State of Washington for the two-year period following the date of closing of the Proposed Transaction. The Joint Applicants agree that PSE will not make any proposals regarding decoupling for electric industrial customers during the two-year period commencing as of the date of closing of the Proposed Transaction.</p>	<p>Commitment 63 in Docket U-072375 has been satisfied consistent with the stated timeline.</p>

LNG Order Commitments

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket UG-151663	Comments
N/A	1	N/A	<p>Creation of Puget LNG, LLC. Within thirty (30) days of issuance of an order by the Commission approving the Settlement Stipulation consistent with its terms and its conditions, Puget Energy will form or will cause to be formed a wholly-owned subsidiary of Puget Energy named Puget LNG, LLC (“Puget LNG”). Puget LNG will be a special purpose limited liability company formed by Puget Energy solely for the purposes of owning, developing, and financing the Tacoma LNG Facility as a tenant-in-common with PSE</p>	<p>Commitment 1 in Docket UG-151663 has been satisfied consistent with the stated timeline.</p>
N/A	2	N/A	<p><u>Non-Consolidation Opinion</u>. Within sixty (60) days of the formation of Puget LNG, PSE will file a non-consolidation opinion with the Commission which concludes, subject to customary assumptions and exceptions, that the ring-fencing provisions are sufficient that a bankruptcy court would not order the substantive consolidation of the assets and liabilities of PSE with those of Puget Energy or its affiliates or subsidiaries, including Puget LNG. If the ring-fencing provisions are insufficient to obtain a non-consolidation opinion, PSE will promptly undertake the following actions:</p>	<p>Commitment 2 in Docket UG-151663 has been satisfied consistent with the stated timeline.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket UG-151663	Comments
43	3	<p>PSE's customers will be held harmless from the liabilities and financial losses of any non-regulated activity of the Tacoma LNG Facility, including any non-regulated activity of Puget LNG. Puget Energy guarantees and will hold PSE's customers harmless from all liabilities and financial losses of Puget LNG resulting from:</p> <p>(i) any non-regulated activity of the Tacoma LNG Facility,</p>	<p>Notify the Commission of this inability to obtain a non-consolidation opinion;</p> <p>(ii) Propose and implement, upon Commission approval, such additional ring-fencing provisions around PSE as are sufficient to obtain a non-consolidation opinion subject to customary assumptions and exceptions;</p> <p>(iii) Obtain a non-consolidation opinion based on the additional ring-fencing provisions and customary assumptions and exceptions; and</p> <p>(iv) If PSE cannot obtain a non-consolidation agreement based on the proposed additional ring-fencing provisions, PSE will seek guidance from the Commission.</p>	<p>No changes. Commitment 3 in Docket UG-151663 is ongoing and renewed as Commitment 43 in Docket U-180680. See Commitment 43 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket UG-151663	Comments
		<p>including the sale or assignment of the assets of Puget LNG to a third party; and</p> <p>(ii) circumstances in which Puget LNG or any successor to Puget LNG (a) becomes insolvent or is unable to pay its debts when due, (b) files a petition in bankruptcy, reorganization or similar proceedings (and if filed against, such petition is not removed within 90 days), (c) discontinues its business, or (d) a receiver is appointed or there is an assignment for the benefit of creditors of Puget LNG.</p>	<p>including the sale or assignment of the assets of Puget LNG to a third party; and</p> <p>(ii) circumstances in which Puget LNG or any successor to Puget LNG (a) becomes insolvent or is unable to pay its debts when due, (b) files a petition in bankruptcy, reorganization or similar proceedings (and if filed against, such petition is not removed within 90 days), (c) discontinues its business, or (d) a receiver is appointed or there is an assignment for the benefit of creditors of Puget LNG.</p>	
N/A	4	N/A	<p><u>Joint Ownership Agreement.</u> Within sixty (60) days of the formation of Puget LNG, PSE will file a Joint Ownership Agreement between Puget LNG and PSE for approval by the Commission pursuant to RCW 80.16.020. The terms and conditions of the Joint Ownership Agreement will reflect the terms and conditions set forth in Attachment B to this Settlement Stipulation.</p> <p>a. Operating Costs Under the Joint Ownership Agreement. <i>Operating Costs During the Term of the Joint Ownership Agreement.</i> Puget LNG will pay, and Puget Energy will</p>	<p>Commitment 4 in Docket UG-151663 has been satisfied consistent with the stated timeline.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket UG-151663	Comments
			<p>guarantee, Puget LNG's assigned percentage allocation of annual operating costs and will do so without subsidy from PSE ratepayers.</p> <p><i>Operating Costs Upon the Expiration or Termination of the Joint Ownership Agreement.</i></p> <p>In the event that Puget LNG ceases operating as a going concern and another entity does not succeed Puget LNG's obligations under the Joint Ownership Agreement or similar agreement, the Joint Ownership Agreement will terminate or expire in accordance with its terms. The Settling Parties acknowledge that some of the fixed operating costs associated with the Tacoma LNG Facility may shift to PSE because Puget LNG will not be available to share in those fixed operating costs.</p> <p>Attachment C to this Settlement Stipulation is a representative list of fixed operating costs associated with the Tacoma LNG Facility that may shift to PSE. PSE will use commercially reasonable efforts to minimize the fixed operating</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket UG-151663	Comments
			<p>costs shifted to PSE and mitigate the impacts of any such shift on PSE. PSE will bear the burden of demonstrating to the Commission that such fixed operating costs, if any, are prudent and reasonable for recovery in rates by PSE. Each of the Commission, Staff, Public Counsel, NWIGU, and ICNU reserves its right to challenge such fixed operating costs, if any, in future rate proceedings.</p> <p>b. Liabilities Under the Joint Ownership Agreement. The obligations and liabilities of Puget LNG and PSE (each, an “Owner”) with respect to the Tacoma LNG Facility are intended to be several and not joint or collective, and nothing contained in the Joint Ownership Agreement will be construed to create an association, joint venture, trust or partnership. Each Owner will be individually responsible for the performance of its own obligations. Neither Owner will have a right or power to bind the other Owner without its express written consent, except</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket UG-151663	Comments
			<p>as expressly provided in the Joint Ownership Agreement or in an ancillary agreement. Except as otherwise provided, all risk, loss and damage arising out of the ownership, construction, operation or maintenance of any portion of the Tacoma LNG Facility shall be borne by each Owner in proportion to its capital cost allocation set forth in Attachment D to this Settlement Stipulation, all or portions of which shall be insured; provided, however, that, to the extent that any loss or damage is caused by actions performed exclusively for Puget LNG or exclusively for PSE, then the Owner on whose behalf the actions were exclusively performed will be fully responsible for the loss or damage. If either Owner, by reason of joint liability, shall be called upon to make any payment or incur any obligation in excess of its proportionate Ownership Share, then the other Owner shall have the obligation to pay and reimburse, regardless of cost, such Owner</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket UG-151663	Comments
			<p>proportionately to the extent of any such excess by tendering payment upon thirty (30) business days' notice of such payment in excess of its Ownership Share.</p> <p>c. Insurance Requirements Under the Joint Ownership Agreement.</p> <p>Puget Energy and its affiliates will adequately insure non-regulated activity at the Tacoma LNG Facility. The term "adequately insure" means that the nominal value of such insurance coverage must reasonably reflect the size, value, and scope of the Tacoma LNG Facility and its operations.</p> <p>d. Usage Fees Under the Joint Ownership Agreement.</p> <p>The Settling Parties acknowledge that, notwithstanding the Ownership Shares identified for components of the Tacoma LNG Facility set forth in this Settlement Stipulation, it may be necessary for an Owner to use more than its Ownership Share of components of the Tacoma LNG Facility. For example, Puget LNG may</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket UG-151663	Comments
			<p>desire to use more than its Ownership Share of the storage facility during the summer, when PSE does not require as much storage capacity for peaking service. Conversely, PSE may desire to use more than its Ownership Share of the truck loading facility if PSE were to build and operate LNG satellite peaking facilities in addition to that in Gig Harbor. The opportunity for each Owner to charge the other Owner to compensate for usage in excess of Ownership Shares will be included in the Joint Operating Agreement.</p> <p>PSE will maintain sufficient records to support any such usage charge and report any such usage charge for a calendar year in the affiliated interest and subsidiary transaction report filed annually with the Commission pursuant to WAC 480-90-264. In the event PSE receives payment from Puget LNG in excess of its Ownership Share, such benefits shall flow to PSE customers. PSE will bear the burden of demonstrating to the</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Docket UG-151663	Comments
44	5	<p>PSE will notify the Commission of any potential sale or transfer of all or substantially all of the assets of the Tacoma LNG Facility or the potential sale or transfer of Puget LNG's non-regulated operations. PSE must give this notice as soon as practicable.</p>	<p>Commission that any charges in excess of its Ownership Shares are prudent and reasonable for recovery in rates by PSE. Each of the Commission Staff, Public Counsel, NWIGU, and ICNU reserves its right to challenge such charges in excess of PSE Ownership Shares, if any, in future rate proceedings</p>	
		<p>PSE will notify the Commission of any potential sale or transfer of all or substantially all of the assets of the Tacoma LNG Facility or the potential sale or transfer of Puget LNG's non-regulated operations. PSE must give this notice as soon as practicable.</p>	<p>PSE will notify the Commission of any potential sale or transfer of all or substantially all of the assets of the Tacoma LNG Facility or the potential sale or transfer of Puget LNG's non-regulated operations. PSE must give this notice as soon as practicable.</p>	<p>No changes. Commitment 5 in Docket UG-151663 is ongoing and renewed as Commitment 44 in Docket U-180680. See Commitment 44 in Exh. DEM-3.</p>

2017 GRC Commitments⁴

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Dockets UE-170033 & UG-170034	Comments
45	1	<p>At closure of Colstrip Units 1 and 2, PSE shall offset all additional unrecovered plant balances for Colstrip Units 1 and 2 with monetized production tax credits (“PTCs”). PSE assumes the risk that it is unable to monetize the PTCs to offset additional unrecovered plant balances for Colstrip Units 1 and 2; provided, however that if Colstrip Units 1 and 2 close prior to the monetization of sufficient PTCs to offset additional unrecovered plant balances for Colstrip Units 1 and 2, PSE shall hold remaining unrecovered plant balances of Colstrip Units 1 and 2 in a regulatory asset in rate base until the recovery of all plant balances for Colstrip Units 1 and 2 through monetized PTC offsets or (ii) December 31, 2029.</p>	<p>The depreciation rates for Colstrip Units 1 and 2 shall be set at amounts that will yield annual depreciation expense of \$18.5 million for the remaining operational lives of those units. The resulting depreciation rates are included on pages 12 and 13 of Exhibit B to the Settlement in Dockets UE-170033 & UG-170034. At closure of Units 1 and 2, PSE shall offset all additional unrecovered plant balances for Colstrip Units 1 and 2 with monetized production tax credits (“PTCs”). PSE assumes the risk that it is unable to monetize the PTCs to offset additional unrecovered plant balances for Colstrip Units 1 and 2; provided, however that if Colstrip Units 1 and 2 close prior to the monetization of sufficient PTCs to offset additional unrecovered plant balances for Colstrip Units 1 and 2, PSE shall hold remaining unrecovered plant balances of Colstrip Units 1 and 2 in a regulatory asset in rate base until the earlier to occur of (i) the recovery of all plant balances for Colstrip Units 1 and 2 through monetized PTC offsets or (ii) December 31, 2029.</p>	<p>Commitment 1 in Dockets UE-170033 and UG-170034 is ongoing and renewed as Commitment 45 in Docket U-180680, with a revision to reflect that the commitment with respect to depreciation rates for Colstrip Units 1 and 2 has been satisfied. See Commitment 45 in Exh. DEM-3.</p>

⁴ The following commitments were approved in the 2017 GRC Order

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Dockets UE-170033 & UG-170034	Comments
N/A	2	N/A	<p>The depreciation schedule for Colstrip Units 3 and 4 shall assume a remaining useful life of those units through December 31, 2027, the stipulated depreciation life for Colstrip Units 3 and 4. The resulting depreciation rates for Units 3 and 4 are included on pages 2 and 3 of Exhibit B to the Settlement and Dockets UE-170033 & UG-170034.⁵</p>	<p>Commitment 2 in Dockets UE-170033 and UG-170034 has been satisfied.</p>
N/A	3	N/A	<p>PSE shall place \$95 million in hydro-related Treasury Grants into a retirement account established pursuant to RCW 80.04.350 to fund and recover prudently incurred decommissioning and remediation costs for Colstrip Units 1 and 2 consistent with Chapter 80.84 RCW.</p>	<p>Commitment 3 in Dockets UE-170033 and UG-170034 has been satisfied.</p>
46	4	<p>PSE shall place PTCs as they are monetized in a second, more flexible account not established pursuant to Chapter 80.84 RCW. PSE shall use the monetized PTCs in the second account in accordance with the following priority for use: (i) to fund community transition planning funds of \$5 million, as identified in paragraph 118 of the Settlement in Dockets UE-170033 & UG-170034; (ii) to recover unrecovered plant balances for Colstrip Units 1 through 4; and (iii) to fund and recover prudently incurred decommissioning</p>	<p>PSE shall place PTCs as they are monetized in a second, more flexible account not established pursuant to Chapter 80.84 RCW. PSE shall use the monetized PTCs in the second account in accordance with the following priority for use: (i) to fund community transition planning funds of \$5 million, as identified in paragraph 118; (ii) to recover unrecovered plant balances for Colstrip Units 1 through 4; and (iii) to fund and recover prudently incurred decommissioning and remediation costs for Colstrip Units 1 through 4. The</p>	<p>Commitment 4 in Dockets UE-170033 and UG-170034 is ongoing and renewed as Commitment 46 in Docket U-180680. The Joint Applicants have revised this Commitment 46 for clarity, to reflect the source of the referenced exhibits. See Commitment 46 in Exh. DEM-3.</p>

⁵ Dockets UE-170033 & UG-170034, Multiparty Settlement Stipulation and Agreement at 8.

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Dockets UE-170033 & UG-170034	Comments
		<p>and remediation costs for Colstrip Units 1 through 4. The account shall be consistent with the discussion of the account set forth in the Prefiled Rebuttal Testimony of Ms. Katherine J. Barnard, Exh. KJB-177 in Dockets UE-170033 & UG-170034.</p>	<p>account shall be consistent with the discussion of the account set forth in the Prefiled Rebuttal Testimony of Ms. Katherine J. Barnard, Exh. KJB-177.</p>	
47	5	<p>PSE shall engage in a process with stakeholders to develop a community transition plan, including a funding mechanism, to address the transitioning of PSE's interest in the community of Colstrip, Montana. PSE shall contribute the following amounts to the community transition plan: (i) \$5 million of shareholder dollars and (ii) \$5 million of monetized PTCs. PSE shall place the \$5 million of shareholder dollars in an escrow account (the "Escrow Account") by the end of calendar year 2018. PSE shall place \$5 million of monetized PTCs, when available, from the account established pursuant to paragraph 117 of the Settlement in Dockets UE-170033 & UG-170034 in the Escrow Account. All such funds shall remain in the Escrow Account until such time that there is a community transition plan, including a funding mechanism, in place.</p>	<p>PSE shall engage in a process with stakeholders to develop a community transition plan, including a funding mechanism, to address the transitioning of PSE's interest in the community of Colstrip, Montana. PSE shall contribute the following amounts to the community transition plan: (i) \$5 million of shareholder dollars and (ii) \$5 million of monetized PTCs. PSE shall place the \$5 million of shareholder dollars in an escrow account (the "Escrow Account") by the end of calendar year 2018. PSE shall place \$5 million of monetized PTCs, when available, from the account established pursuant to paragraph 117 in the Escrow Account. All such funds shall remain in the Escrow Account until such time that there is a community transition plan, including a funding mechanism, in place.</p>	<p>Commitment 5 in Dockets UE-170033 and UG-170034 is ongoing and renewed as Commitment 47 in Docket U-180680. The Joint Applicants have revised this Commitment 47 for clarity, to reflect the source of the referenced exhibits. See Commitment 47 in Exh. DEM-3.</p>
48	6	<p>Beginning in 2018, on or before December 1 of each year, PSE shall provide the Commission an annual report containing the following:</p>	<p>Beginning in 2018, on or before December 1 of each year, PSE shall provide the Commission an annual report containing the following:</p>	<p>No changes. Commitment 6 in Dockets UE-170033 and UG-170034 is ongoing and renewed as</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Dockets UE-170033 & UG-170034	Comments
		<p>(i) the most recent estimate of the actual retirement date for Colstrip Units 1 and 2 and Colstrip Units 3 and/or 4;</p> <p>(ii) In the event of an estimated retirement date earlier than July 1, 2022, for Colstrip Units 1 and 2, and upon the determination by PSE of an estimated retirement date for Colstrip Units 3 and/or 4, a discussion and evaluation of consequences to customers arising from those estimated retirement dates;</p> <p>(iii) decommissioning and remediation expenditures associated with Colstrip units since the time of the last report and updated estimates of future costs;</p> <p>(iv) an evaluation of the sufficiency of the retirement account established pursuant to Chapter 80.84 RCW to fund and recover decommissioning and remediation activities for Colstrip Units 1 and 2;</p> <p>(v) an evaluation of the sufficiency of existing depreciation rates for Colstrip Units 3 and 4 to cover decommissioning and</p>	<p>(i) the most recent estimate of the actual retirement date for Colstrip Units 1 and 2 and Colstrip Units 3 and/or 4;</p> <p>(ii) In the event of an estimated retirement date earlier than July 1, 2022, for Colstrip Units 1 and 2, and upon the determination by PSE of an estimated retirement date for Colstrip Units 3 and/or 4, a discussion and evaluation of consequences to customers arising from those estimated retirement dates;</p> <p>(iii) decommissioning and remediation expenditures associated with Colstrip units since the time of the last report and updated estimates of future costs;</p> <p>(iv) an evaluation of the sufficiency of the retirement account established pursuant to Chapter 80.84 RCW to fund and recover decommissioning and remediation activities for Colstrip Units 1 and 2;</p> <p>(v) an evaluation of the sufficiency of existing depreciation rates for Colstrip Units 3 and 4 to cover decommissioning and</p>	<p>Commitment 48 in Docket U-180680. See Commitment 48 in Exh. DEM-3.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Dockets UE-170033 & UG-170034	Comments
		<p>remediation costs for those units; and (vi) for years in which PSE issues an Integrated Resource Plan, updated replacement power costs.</p>	<p>remediation costs for those units; and (vi) for years in which PSE issues an Integrated Resource Plan, updated replacement power costs.</p>	
49	7	<p>PSE is working with NorthWestern Energy and the other Colstrip Transmission System owners on the design and staffing of an operational study of transfer capability of the Colstrip Transmission System after Colstrip Units 1 and 2 retire. PSE agrees to work in good faith with the other Colstrip Transmission System owners to have this study completed by June 30, 2018. Upon completion of the study, study results will be submitted to the Commission and interested stakeholders, subject to the consent of the other Colstrip Transmission System owners and subject to disclosure restrictions, such as restrictions on disclosure of Critical Energy Infrastructure Information and non-public transmission information.</p>	<p>PSE is working with NorthWestern Energy and the other Colstrip Transmission System owners on the design and staffing of an operational study of transfer capability of the Colstrip Transmission System after Colstrip Units 1 and 2 retire. PSE agrees to work in good faith with the other Colstrip Transmission System owners to have this study completed by June 30, 2018. Upon completion of the study, study results will be submitted to the Commission and interested stakeholders, subject to the consent of the other Colstrip Transmission System owners and subject to disclosure restrictions, such as restrictions on disclosure of Critical Energy Infrastructure Information and non-public transmission information.</p>	<p>No changes. Commitment 7 in Dockets UE-170033 and UG-170034 is ongoing and renewed as Commitment 49 in Docket U-180680. See Commitment 49 in Exh. DEM-3.</p>
N/A	8	<p>N/A</p>	<p>The Settling Parties recommend that the Commission convene one or more workshops, to commence in the first quarter of 2018, to discuss the use of the Colstrip Transmission System following closure of Colstrip Units 1 and 2, including use by new generation.</p>	<p>Commitment 8 in Dockets UE-170033 and UG-170034 has been satisfied.</p>

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Dockets UE-170033 & UG-170034	Comments
			<p>Commission Staff, the Colstrip Transmission System owners, Path 8 operators, and interested stakeholders will be invited to attend the workshop(s) and to participate in the development of a “Scoping Document” that is intended to (i) identify any known policy or contractual barriers and the technical questions surrounding the use of the Colstrip Transmission System following closure of Colstrip Units 1 and 2, (ii) identify methods, forums, and possible timelines for addressing barriers and technical questions, and (iii) provide information regarding, and promote an understanding of, the applicable processes and procedures, studies, and timelines for addressing these questions, including but not limited to those specified in the Open Access Transmission Tariffs of the Colstrip Transmission System owners for requesting and procuring interconnection to and transmission on the Colstrip Transmission System. The Scoping Document should identify the necessary engineering studies, data, and costs associated with completing the studies, and any other barriers to completing the studies. It is anticipated that PSE will be the primary author of the Scoping Document with input from Commission Staff, the Colstrip</p>	

New	Old	Language of Commitment in Docket U-180680	Language of Commitment in Dockets UE-170033 & UG-170034	Comments
			<p>Transmission System owners, Path 8 operators, and interested stakeholders. Compliance with the settlement terms does not necessarily include the completion of any additional transmission engineering studies themselves, though the Scoping Document may identify studies that can be completed in the near-term.</p>	