

**2016 ANNUAL REPORT OF SECURITIES TRANSACTIONS**  
**TO THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

This report sets forth the information required by WAC 480-146-340(2) for the securities transactions of Puget Sound Energy (“PSE”) during calendar year 2016.

**Short Term Borrowing Arrangements**

At January 1, 2016, PSE had three short-term borrowing arrangements, which included a \$650 million 5-year Liquidity line of credit, a \$350 million 5-year Energy Hedging line of credit and a \$30 million Demand Promissory Note.

**\$650 Million Liquidity Credit Agreement**

On February 4, 2013, PSE entered into a credit agreement with a group of lenders. The agreement has a term of 5 years and was to expire in February 2018. On April 15, 2014, PSE and the group of lenders entered into an amendment of the credit agreement. The amendment extended the expiration date of the facility to April, 2019 and updated and clarified the definitions of some of the terms in the facility. There was no change to the pricing levels or fee structure of the facility. The facility is used for general corporate liquidity purposes and to back-up the issuance of commercial paper. The Company is able to borrow under the agreement at either the agent bank’s reference rate of interest or at a rate based on LIBOR plus a percentage that varies based on the Company’s corporate credit ratings. PSE pays an ongoing commitment fee under the credit agreement on the unused portion of the facility. The amount of the fee is based on the Company’s corporate credit ratings. The agreement has a swingline feature allowing same day borrowings of up to \$75 million.

**Level of Expenses**

Fees and expenses paid in connection with entering into the credit agreement and the April 2014 amendment through December 31, 2016 were as follows:

<u>Description</u>	<u>Amount</u>
Bank Participation, Arrangement & Agent Fees	\$2,940,203
Legal Fees	40,123
Other Fees	<u>2,755</u>
Total	<u>\$2,983,081</u>

### **\$350 Million Energy Hedging Credit Agreement**

On February 4, 2013, PSE entered into a credit agreement with a group of lenders. The agreement has a term of 5 years and was to expire in February 2018. On April 15, 2014, PSE and the group of lenders entered into an amendment of the credit agreement. The amendment extended the expiration date of the facility to April, 2019 and updated and clarified the definitions of some of the terms in the facility. There was no change to the pricing levels or fee structure of the facility. The facility is available to support energy hedging activities through borrowings or issuance of standby letters of credit. For standby letters of credit, the Company pays a fronting fee mutually agreed upon by the Company and the Issuing Bank plus the applicable percentage applied to LIBOR based loans that varies based on the Company's corporate credit ratings. The Company is able to borrow under the agreement at either the agent bank's reference rate of interest or at a rate based on LIBOR plus a percentage that varies based on the Company's corporate credit ratings. PSE pays an ongoing commitment fee under the credit agreement on the unused portion of the facility. The amount of the fee is based on the Company's corporate credit ratings.

#### **Level of Expenses**

Fees and expenses paid in connection with entering into the credit agreement and the April 2014 amendment through December 31, 2016 were as follows:

<u>Description</u>	<u>Amount</u>
Bank Participation, Arrangement & Agent Fees	\$1,622,382
Legal Fees	37,089
Other Fees	1,419
Total	<u>\$1,660,890</u>

### **\$30 Million Demand Promissory Note**

On June 1, 2006, PSE entered into a revolving credit agreement, represented by a Demand Promissory Note, with Puget Energy. Under the Note, PSE may borrow, repay and reborrow up to \$30 million. Each loan is subject to Puget Energy's approval and made at its sole discretion. Puget Energy may demand repayment of outstanding principal and interest at any time. The facility can be used for general corporate purposes. The rate of interest PSE pays for loans under the Note is the lowest of the weighted average borrowing rates during the month paid by PSE on outstanding Commercial Paper or loans under PSE's senior unsecured revolving credit facility. If no loans have been outstanding during the month under the two previous methods, then the Note shall carry interest at the 1 month LIBOR rate plus 0.25%.

#### **Level of Expenses**

There were no expenses associated with entering into the agreement.

### **Securities Transactions**

Puget Sound Energy did not issue any new securities or have any securities mature or retired during the year ending December 31, 2016.

### **Securities Scheduled to Mature in the Following Reporting Period (year ending Dec. 31, 2017)**

Puget Sound Energy does not have any securities scheduled to mature during the year ending December 31, 2017.

### **Summary**

#### **Capital Structure and Cost of Capital**

Exhibit A attached shows the Company's resulting capital structure and cost of capital for the year ending December 31, 2016.