

## Puget Sound Energy, Inc.

### Affiliated Interest and Subsidiary Transaction Report For the 12 months ended December 31, 2022

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

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

2. Financial information for affiliated interests and subsidiary with total transactions with PSE that equal or exceed \$100,000 during the reporting period:
  - A. Refer to Exhibit 3 for balance sheets and income statements for affiliated interests and subsidiary.
  - B. Refer to Exhibit 1 for a description of the products or services provided to or from PSE and each affiliated interest or subsidiary.
  - C. Refer to Exhibit 4 for a description of the pricing basis or costing method, and procedures for allocating costs for such products or services. Corporate common costs were allocated on a monthly basis. Corporate policy regarding the allocation of common costs is outlined in PSE's Controller Manual CTM-8, attached as Exhibit 4. Refer to Exhibit 1 for the amount and accounts charged during the year.
  - D. There were no loan terms assumed by PSE on behalf of any affiliated interest or subsidiary during the 12 months ended December 31, 2022.
  - E. There were no obligations or liabilities assumed by PSE on behalf of any affiliated interest or subsidiary during the 12 months ended December 31, 2022.
  - F. Refer to Exhibit 2 for a description of activities of each affiliated interest or subsidiary having transactions with PSE.
  - G. Refer to Exhibit 2 for a list of officers and directors common to PSE and affiliated interests and subsidiaries.

3. Not Applicable

4. All outstanding contracts from the current and previous years have been filed with the commission.

PUGET SOUND ENERGY  
AFFILIATED INTEREST AND SUBSIDIARY  
TRANSACTIONS REPORT

EXHIBIT 1

**EXHIBIT 1**

Puget Sound Energy, Inc.  
Summary of Transactions  
For the 12 Months Ended Dec-31, 2022

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

	<b>Amount</b>
<b><u>Puget Holdings LLC</u></b>	
Accounts payable to PSE	\$ 736,905
Reimbursement of labor and other expenses to PSE	\$ 1,652,740
<b><u>Puget Intermediate Holdings, Inc.</u></b>	
Accounts payable to PSE	\$ 8,262
Reimbursement of labor and other expenses to PSE	\$ 66,390
<b><u>Puget Equico LLC</u></b>	
Accounts payable to PSE	\$ 4,673
Reimbursement of labor and other expenses to PSE	\$ 47,349
<b><u>Puget Energy, Inc.</u></b>	
Accounts receivable from PSE	\$ 7,144
Reimbursement of labor and other expenses to PSE	\$ 519,788
Dividends from PSE	\$ 35,395,226
<b><u>Puget LNG LLC</u></b>	
Accounts payable to PSE	\$ 2,993,666
Reimbursement of labor and other expenses to PSE	\$ 1,387,665
Gas Purchases*	\$ 5,437,820
Gas Sales**	\$ 232,853
<p>* The gas that PLNG purchases from PSE is priced at the First of Month (FOM) Sumas index price per Dth plus an adder which covers a balancing fee, a seasonal firming premium, and third party pipeline variable and fuel charges. The transactions also include pipeline demand charge reimbursements whereby PLNG reimburses PSE monthly for the ability to use PSE's capacity on a third party pipeline, needed to transport purchased gas. The pipeline reimbursement is a fixed daily volume, regardless of use, at the pipeline's FERC gas tariff rate.</p> <p>* The one PLNG sale to PSE was an LNG transfer, which was priced at PLNG's average ending inventory price. PSE sold the volume of gas back to PLNG for the same price within three months.</p>	
<b><u>Puget Western, Inc.</u></b>	
Accounts payable to PSE	\$ 15,347
Reimbursement of labor and other expenses to PSE	\$ 154,602

PUGET SOUND ENERGY  
AFFILIATED INTEREST AND SUBSIDIARY  
TRANSACTIONS REPORT

EXHIBIT 2

## **EXHIBIT 2**

### **COMPANIES WITH AN AFFILIATED INTEREST**

PUGET HOLDINGS, LLC. (Puget Holdings) is a limited liability energy services holding company formed on October 11, 2007 in the State of Delaware, which directly owns-Puget Intermediate Holdings, Inc. (Puget Intermediate). All of the operations of Puget Holdings are conducted through its indirect subsidiary Puget Sound Energy (PSE). Puget Holdings has its principal executive office at 355 110<sup>th</sup> Avenue NE, Suite 1100, Bellevue, Washington 98004.

PUGET INTERMEDIATE HOLDINGS, INC. (Puget Intermediate) is an energy services holding company formed on October 24, 2007 in the State of Washington that directly owns Puget Equico, LLC. All of the operations of PIH are conducted through its indirect subsidiary PSE. Puget Intermediate has its principal executive office at 355 110<sup>th</sup> Avenue NE, Suite 1100, Bellevue, Washington 98004.

PUGET EQUICO, LLC (Puget Equico) is a limited liability energy services holding company formed on October 1, 2008 in the State of Washington, which directly owns Puget Energy. All of the operations of Puget Equico are conducted through its indirect subsidiary, PSE. Puget Equico has its principal executive office at 355 110<sup>th</sup> Avenue NE, Suite 1100, Bellevue, Washington 98004.

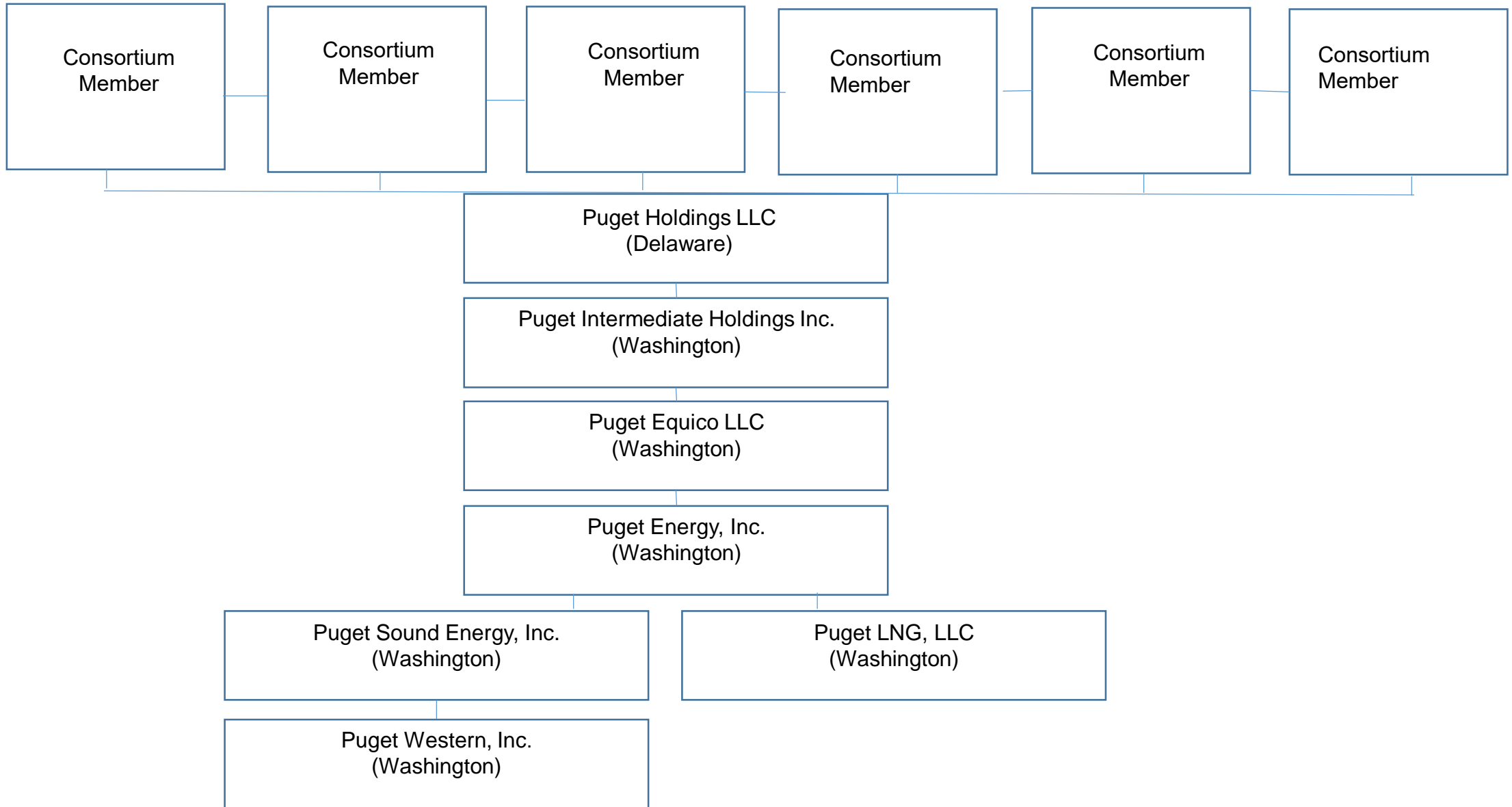
PUGET ENERGY, INC. (Puget Energy) is an energy services holding company incorporated in the State of Washington in 1999. All of its operations are conducted through its direct subsidiary PSE. Puget Energy has its principal executive office at 355 110<sup>th</sup> Avenue NE, Suite 1100, Bellevue, Washington 98004. Puget Energy had the following subsidiary at December 31, 2016.

PUGET LNG LLC., a Washington limited liability company, is a manufacturer and seller of fuel, formed on November 29, 2016. Address: 355 110<sup>th</sup> Avenue NE, Suite 1100, Bellevue, Washington 98004.

PUGET SOUND ENERGY, INC. (Puget Sound Energy) is a wholly-owned utility incorporated in the State of Washington, which generates purchases and sells electricity and purchases transports and sells natural gas in a service territory covering 6,000 square miles, principally in the Puget Sound region of Washington State. PSE has its principal executive office at Address: 355 110<sup>th</sup> Avenue NE, Suite 1100, Bellevue, Washington 98004. Puget Sound Energy had the following subsidiary at December 31, 2010.

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

# Puget Holdings Corporate Structure



## **PUGET HOLDINGS LLC LISTING OF SUBSIDIARIES**

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

#### **Directors**

Scott Armstrong, Chair  
Richard Dinneny  
Barbara Gordon  
Grant Hodgkins  
Tom King  
Mary Kipp  
Jean-Paul Marmoreo  
Paul McMillan  
Chris Parker  
Aaron Rubin  
Martijn Verwoest  
Steven Zucchet

#### **Officers**

Mary E. Kipp, President and Chief Executive Officer  
Kazi Hasan, Executive Vice President and Chief Financial Officer  
Lorna Luebbe, Senior Vice President and General Counsel  
Cara Peterman, Treasurer  
Samuel S. Osborne, Corporate Secretary

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

#### **Directors**

Scott Armstrong, Chair  
Richard Dinneny  
Barbara Gordon  
Grant Hodgkins  
Tom King  
Mary Kipp  
Jean-Paul Marmoreo  
Paul McMillan  
Chris Parker  
Aaron Rubin  
Martijn Verwoest  
Steven Zucchet

#### **Officers**

Mary E. Kipp, President and Chief Executive Officer  
Kazi Hasan, Executive Vice President and Chief Financial Officer  
Lorna Luebbe, Senior Vice President and General Counsel  
Cara Peterman, Treasurer  
Samuel S. Osborne, Corporate Secretary

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

#### **Directors**

Scott Armstrong, Chair  
Richard Dinneny  
Barbara Gordon  
Grant Hodgkins  
Tom King  
Mary Kipp  
Jean-Paul Marmoreo  
Paul McMillan  
Chris Parker  
Aaron Rubin  
Martijn Verwoest  
Steven Zucchet

#### **Officers**

Mary E. Kipp, President and Chief Executive Officer  
Kazi Hasan, Executive Vice President and Chief Financial Officer  
Lorna Luebbe, Senior Vice President and General Counsel  
Cara Peterman, Treasurer  
Samuel S. Osborne, Corporate Secretary

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

**Directors**

Scott Armstrong, Chair  
Richard Dinneny  
Barbara Gordon  
Grant Hodgkins  
Tom King  
Mary Kipp  
Jean-Paul Marmoreo  
Paul McMillan  
Chris Parker  
Aaron Rubin  
Martijn Verwoest  
Steven Zucchet

**Officers**

Mary E. Kipp, President and Chief Executive Officer  
Kazi Hasan, Executive Vice President and Chief Financial Officer  
Lorna Luebbe, Senior Vice President and General Counsel  
Cara Peterman, Treasurer  
Samuel S. Osborne, Corporate Secretary

**SUBSIDIARY OF PUGET ENERGY, INC.**

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

PSE's DUNS number 007942113

PSE's Unique Entity Number FAERAH4K1777

**Directors**

Scott Armstrong, Chair  
Richard Dinneny  
Barbara Gordon  
Grant Hodgkins  
Tom King  
Mary Kipp  
Jean-Paul Marmoreo  
Paul McMillan  
Chris Parker  
Diana Birkett Rakow  
Aaron Rubin  
Martijn Verwoest  
Steven Zucchet

**Officers**

Mary E. Kipp, President and Chief Executive Officer  
Kimberly Collier, Vice President Human Resources  
Kazi Hasan, Executive Vice President and Chief Financial Officer  
Margaret Hopkins, Vice President and Chief Information Officer  
Ken Johnson, Vice President, Regulatory and Government Affairs  
Josh Jacobs, Vice President Clean Energy Strategy  
Dan Koch, Vice President Operations  
Lorna Luebbe, SVP, Chief Sustainability Officer and General Counsel  
Ron Roberts, Vice President Energy Supply  
Wade Smith, Executive Vice President and Chief Operating Officer  
Andrew W. Wappler, Senior Vice President and Chief Customer Officer  
Cara Peterman, Treasurer  
Samuel S. Osborne, Corporate Secretary

**Puget LNG, LLC** EIN #81-4564062 (formed 11/29/16)

**Directors**

Kazi Hasan, Chair  
John Hatley  
Blake Littauer  
Dennis McLerran  
Sherrie Merrow  
Ron Roberts

**Officers**

Blake Littauer, President  
Samuel Osborne, Vice President and Secretary  
Cara Peterman, Treasurer

**SUBSIDIARY OF PUGET SOUND ENERGY, INC.**

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

**Directors**

Samuel Osborne, Chair  
Matt Marcellia

**Officers**

Samuel Osborne, President and Secretary



**Puget Sound Energy Foundation** (formed 5/12/2006) Non-Profit Corporation, TIN# 20-4863534

**Directors**

Andrew W. Wappler, Chair  
Kendall J. Cammermeyer  
Margaret F. Hopkins  
Cara Peterman  
Kimberly Collier  
Tom Hunt

**Officers**

Andrew W. Wappler, President  
Kimberly Collier, Vice President  
Margaret F. Hopkins, Secretary  
Cara Peterman, Treasurer

PUGET SOUND ENERGY  
AFFILIATED INTEREST AND SUBSIDIARY  
TRANSACTIONS REPORT

EXHIBIT 3

**Puget Western Inc**  
**Comparative Statement of Income**  
For the YTD December 31, 2022

	Jan - Dec 22	Budget	\$ Over Budget
<b>Income</b>			
3090 · Interest Income	3.17	3.19	(0.02)
3093 · RE Contract Income	384,131.38		
3050 · Sales Revenue			
<b>Total Income</b>	384,134.55	3.19	384,131.36
<b>Expense</b>			
4000 · Cost Of Sale			
4005 · Direct Selling Exp			
5065 · Consulting Fees			
5070 · Legal Fees	(737,400.99)		(737,400.99)
5075 · Accounting Fees	30,876.80	28,800.00	2,076.80
6030 · B & O/Excise Tax	348,272.70	348,272.70	
6060 · Property Taxes	31,179.77	115,355.52	(84,175.75)
6091 · Bank Service Charges	2,031.34	1,986.88	44.46
7060 · General & Admin. Expense	219,393.12	204,000.00	15,393.12
<b>Operating Expense</b>			
5012 · Travel Expense			
5018 · PSE Strander Lease Expense	50,640.00	50,640.00	
5020 · Office Supplies & Equipment	494.55	257.20	237.35
5026 · Utilities	82,250.40	104,263.45	(22,013.05)
5030 · Postage	229.97	58.00	171.97
5040 · Donations	2,000.00	2,000.00	
6075 · Insurance Expense	11,565.33	10,914.00	651.33
6080 · Licenses		126.00	(126.00)
<b>Total Operating Expense</b>	147,180.25	168,258.65	(21,078.40)
9990 · Current F.I.T. Expense	71,946.82	2,239,428.74	(2,167,481.92)
<b>Total Expense</b>	113,479.81	3,106,102.49	(2,992,622.68)
<b>Net Income</b>	<b>270,654.74</b>	<b>(3,106,099.30)</b>	<b>3,376,754.04</b>

**Puget Western Inc**  
**Balance Sheet**  
 As of December 31, 2022

	Dec 31, 22
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1070 · Cash In Bank - Reserve	927,476.00
1020 · Cash - Money Market	65,011.28
1050 · Cash In Bank	13,709,057.79
<b>Total Checking/Savings</b>	14,701,545.07
<b>Other Current Assets</b>	
1250 · Prepaid Insurance	-8,613.93
1270 · Prepaid Property Tax	-341,460.69
<b>Total Other Current Assets</b>	-350,074.62
<b>Total Current Assets</b>	14,351,470.45
<b>Other Assets</b>	
<b>Investments</b>	
1415 · Westley Group	636,000.00
1406 · Investment in Clean Energy Fund	1,859,600.00
<b>Total Investments</b>	2,495,600.00
<b>Land Held for Sale/Development</b>	
1700 · Commerical Land	13,180,682.88
1910 · Project Development	5,791,864.69
<b>Total Land Held for Sale/Development</b>	18,972,547.57
<b>Total Other Assets</b>	21,468,147.57
<b>TOTAL ASSETS</b>	<b>35,819,618.02</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Other Current Liabilities</b>	
2010 · ULID North Bend Accrual	20,919.38
2017 · Accounts Payable Accrual	17,498.95
2150 · Interest Payable	126,709.40
<b>Total Other Current Liabilities</b>	165,127.73
<b>Total Current Liabilities</b>	165,127.73
<b>Long Term Liabilities</b>	
2230 · Current FIT Payable to Parent	-1,839,444.99
2240 · Property Tax Payable	-763,921.71
2400 · Current Maturities of LT Debt	-182,647.76
2700 · Deferred FIT	-141,974.00
<b>Total Long Term Liabilities</b>	-2,927,988.46
<b>Total Liabilities</b>	-2,762,860.73
<b>Equity</b>	
2900 · Common Stock	10,200.00
2910 · Additional Paid in Capital	51,837,244.08
2950 · Retained Earnings	-13,535,620.07
Net Income	270,654.74
<b>Total Equity</b>	38,582,478.75
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>35,819,618.02</b>

**PUGET LNG, LLC**  
**GAAP BASIS INCOME STATEMENT**  
**YEAR ENDED DECEMBER 31, 2022**  
(Dollars in Thousands)

	(A)	(B)
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
1 <b>Operating Revenues:</b>		
2 Liquid Natural Gas	4,989	-
3 Other	-	-
4 <b>Total Operating Revenue</b>	<u>4,989</u>	<u>-</u>
5		
6 <b>Operating Expenses:</b>		
7 Liquid Natural Gas	-	-
8 Operations and Maintenance	11,630	1,349
9 Depreciation and Amortization	5,883	411
10 Taxes Other than Income Taxes	1,319	-
11 <b>Total Operating Expenses</b>	<u>18,832</u>	<u>1,760</u>
12		
13 <b>Operating Income</b>	(13,843)	(1,760)
14 <b>Other Income (Deductions):</b>		
15 Other Income	-	499
16 Other Expense	-	-
17 <b>Interest Charges:</b>		
18 Interest Expense	(7,861)	(88)
19 <b>Income Before Income Taxes</b>	<u>(21,704)</u>	<u>(1,349)</u>
20 Income Tax Expense (Benefit)	(4,599)	(285)
21 <b>Net Income</b>	<u>\$ (17,105)</u>	<u>\$ (1,064)</u>

# PUGET LNG, LLC.

## BALANCE SHEET

(Dollars in Thousands)

	(A)	(B)
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>ASSETS:</b>		
<b>Nonutility Plant:</b>		
1 <b>Other Property and Investments:</b>		
2 Plant in Service Non-Utility	\$ 246,904	\$ 753
3 Construction Work in Progress	2,433	244,682
4 Capitalized Interest	-	-
5 Plant, Property and Equipment	2,989	2,989
6 Accumulated Depreciation	(5,870)	(132)
7 <b>Total Other Property and Investments</b>	<u>246,456</u>	<u>248,292</u>
8 <b>Current Assets:</b>		
9 Cash	1,372	517
10 Accounts Receivable	3,859	7,193
11 Unbilled Revenue	8	-
12 Fuel and Gas Inventory	1,028	-
13 <b>Total Current Assets</b>	<u>6,267</u>	<u>7,710</u>
14 <b>Long-Term Assets:</b>		
15 Deferred Income Taxes	379	1,409
16 <b>Total Long-Term Assets</b>	<u>379</u>	<u>1,409</u>
17 <b>TOTAL ASSETS</b>	<u>\$ 253,102</u>	<u>\$ 257,411</u>
18		
19 <b>CAPITALIZATION AND LIABILITIES:</b>		
20 <b>Capitalization:</b>		
21 Common Equity	\$ (75)	\$ 17,030
22 <b>Total Capitalization</b>	<u>(75)</u>	<u>17,030</u>
23 <b>Current Liabilities:</b>		
24 Accounts Payable	2,994	3,560
25 Short-Term Debt Owed to Puget Energy	244,928	232,752
26 <b>Accrued expenses:</b>	-	-
27 Taxes	157	-
28 Salaries and Wages	-	-
29 Interest	1,249	366
30 Other	-	-
31 <b>Total Current Liabilities</b>	<u>249,328</u>	<u>236,678</u>
32 <b>Long-Term Liabilities:</b>		
33 Deferred Income Taxes	-	-
34 Other Deferred Credits	3,849	3,703
35 <b>Total Long-Term Liabilities</b>	<u>3,849</u>	<u>3,703</u>
36 <b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 253,102</u>	<u>\$ 257,411</u>

**PUGET ENERGY, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Dollars in Thousands)

	Year Ended December 31,		
	2022	2021	2020
<b>Operating revenue:</b>			
Electric	\$ 2,961,457	\$ 2,671,623	\$ 2,319,416
Natural gas	1,209,636	1,067,418	980,913
Other	50,069	66,620	26,121
<b>Total operating revenue</b>	<b>4,221,162</b>	<b>3,805,661</b>	<b>3,326,450</b>
<b>Operating expenses:</b>			
<b>Energy costs:</b>			
Purchased electricity	1,038,728	784,565	593,719
Electric generation fuel	348,159	282,254	199,107
Residential exchange	(77,715)	(82,225)	(80,294)
Purchased natural gas	500,849	398,553	362,872
Unrealized (gain) loss on derivative instruments, net	(261,177)	(13,785)	26,807
Utility operations and maintenance	665,259	629,864	597,048
Non-utility expense and other	59,804	58,281	43,425
Depreciation and amortization	663,232	704,783	647,755
Conservation amortization	116,942	103,147	99,585
Taxes other than income taxes	389,442	362,527	328,602
<b>Total operating expenses</b>	<b>3,443,523</b>	<b>3,227,964</b>	<b>2,818,626</b>
<b>Operating income (loss)</b>	<b>777,639</b>	<b>577,697</b>	<b>507,824</b>
<b>Other income (deductions):</b>			
Other income	45,450	57,483	58,759
Other expense	(19,569)	(14,467)	(23,207)
<b>Interest charges:</b>			
AFUDC	18,444	16,743	14,827
Interest expense	(347,921)	(352,092)	(373,822)
<b>Income (loss) before income taxes</b>	<b>474,043</b>	<b>285,364</b>	<b>184,381</b>
<b>Income tax (benefit) expense</b>	<b>59,698</b>	<b>24,515</b>	<b>1,664</b>
<b>Net income (loss)</b>	<b>\$ 414,345</b>	<b>\$ 260,849</b>	<b>\$ 182,717</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

**ASSETS**

	December 31,	
	2022	2021
Utility plant (at original cost, including construction work in progress of \$861,801 and \$870,204, respectively):		
Electric plant	\$ 10,300,895	\$ 9,729,643
Natural gas plant	4,721,982	4,498,198
Common plant	1,103,783	1,155,567
Less: Accumulated depreciation and amortization	(4,341,789)	(4,031,458)
Net utility plant	11,784,871	11,351,950
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	328,535	324,897
Total other property and investments	1,985,048	1,981,410
Current assets:		
Cash and cash equivalents	105,740	56,946
Restricted cash	63,045	46,204
Accounts receivable, net of allowance for doubtful accounts of \$41,962 and \$34,958, respectively	673,236	398,895
Unbilled revenue	284,022	271,606
Materials and supplies, at average cost	132,172	113,287
Fuel and natural gas inventory, at average cost	94,075	59,393
Unrealized gain on derivative instruments	587,029	128,210
Prepaid expenses and other	41,940	46,293
Power contract acquisition adjustment gain	16,736	17,274
Total current assets	1,997,995	1,138,108
Other long-term and regulatory assets:		
Power cost adjustment mechanism	112,207	79,546
Purchased gas adjustment receivable	—	57,935
Regulatory assets related to power contracts	7,904	9,689
Other regulatory assets	784,231	815,058
Unrealized gain on derivative instruments	94,621	26,197
Power contract acquisition adjustment gain	46,924	63,660
Operating lease right-of-use asset	193,509	184,957
Other	180,204	163,374
Total other long-term and regulatory assets	1,419,600	1,400,416
Total assets	\$ 17,187,514	\$ 15,871,884

*The accompanying notes are an integral part of the consolidated financial statements.*



**PUGET ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

**CAPITALIZATION AND LIABILITIES**

	December 31,	
	2022	2021
<b>Capitalization:</b>		
<b>Common shareholder's equity:</b>		
Common stock \$0.01 par value, 1,000 shares authorized, 200 shares outstanding	\$ —	\$ —
Additional paid-in capital	3,523,532	3,523,532
Retained earnings	1,465,331	1,067,216
Accumulated other comprehensive income (loss), net of tax	(24,774)	(27,432)
<b>Total common shareholder's equity</b>	<b>4,964,089</b>	<b>4,563,316</b>
<b>Long-term debt:</b>		
First mortgage bonds and senior notes	4,662,000	4,662,000
Pollution control bonds	161,860	161,860
Long-term debt	2,034,300	1,583,300
Debt discount, issuance costs and other	(194,787)	(203,394)
<b>Total long-term debt</b>	<b>6,663,373</b>	<b>6,203,766</b>
<b>Total capitalization</b>	<b>11,627,462</b>	<b>10,767,082</b>
<b>Current liabilities:</b>		
Accounts payable	665,750	444,384
Short-term debt	441,300	140,000
Current maturities of long-term debt	—	450,000
<b>Accrued expenses:</b>		
Taxes	116,098	127,398
Salaries and wages	60,537	47,936
Interest	62,148	67,807
Unrealized loss on derivative instruments	124,976	63,309
Power contract acquisition adjustment loss	1,638	1,785
Operating lease liabilities	20,342	20,398
Other	70,685	62,406
<b>Total current liabilities</b>	<b>1,563,474</b>	<b>1,425,423</b>
<b>Other Long-term and regulatory liabilities:</b>		
Deferred income taxes	985,947	912,484
Unrealized loss on derivative instruments	18,366	40,965
Purchased gas adjustment liability	3,536	—
Regulatory liabilities	1,147,143	844,184
Regulatory liability for deferred income taxes	811,161	865,976
Regulatory liabilities related to power contracts	63,660	80,934
Power contract acquisition adjustment loss	6,266	7,904
Operating lease liabilities	181,265	172,510
Finance lease liabilities	102,518	105,303
Other deferred credits	676,716	649,119
<b>Total long-term and regulatory liabilities</b>	<b>3,996,578</b>	<b>3,679,379</b>
Commitments and contingencies (Note 16)		
<b>Total capitalization and liabilities</b>	<b>\$ 17,187,514</b>	<b>\$ 15,871,884</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET SOUND ENERGY, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Dollars in Thousands)

	Year Ended December 31,		
	2022	2021	2020
<b>Operating revenue:</b>			
Electric	\$ 2,961,457	\$ 2,671,623	\$ 2,319,416
Natural gas	1,209,636	1,067,418	980,913
Other	45,080	66,620	26,121
<b>Total operating revenue</b>	<b>4,216,173</b>	<b>3,805,661</b>	<b>3,326,450</b>
<b>Operating expenses:</b>			
<b>Energy costs:</b>			
Purchased electricity	1,038,728	784,565	593,719
Electric generation fuel	348,159	282,254	199,107
Residential exchange	(77,715)	(82,225)	(80,294)
Purchased natural gas	500,849	398,553	362,872
Unrealized (gain) loss on derivative instruments, net	(261,177)	(13,785)	26,807
Utility operations and maintenance	665,259	629,864	597,048
Non-utility expense and other	47,194	56,242	42,266
Depreciation and amortization	657,349	704,372	647,546
Conservation amortization	116,942	103,147	99,585
Taxes other than income taxes	388,123	362,527	328,602
<b>Total operating expenses</b>	<b>3,423,711</b>	<b>3,225,514</b>	<b>2,817,258</b>
<b>Operating income (loss)</b>	<b>792,462</b>	<b>580,147</b>	<b>509,192</b>
<b>Other income (deductions):</b>			
Other income	36,684	46,523	46,923
Other expense	(19,569)	(14,467)	(23,207)
<b>Interest charges:</b>			
AFUDC	18,444	16,743	14,827
Interest expense	(256,774)	(248,624)	(247,213)
<b>Income (loss) before income taxes</b>	<b>571,247</b>	<b>380,322</b>	<b>300,522</b>
<b>Income tax (benefit) expense</b>	<b>80,295</b>	<b>44,259</b>	<b>26,242</b>
<b>Net income (loss)</b>	<b>\$ 490,952</b>	<b>\$ 336,063</b>	<b>\$ 274,280</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET SOUND ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

**ASSETS**

	December 31,	
	2022	2021
Utility plant (at original cost, including construction work in progress of \$861,801 and \$870,204, respectively):		
Electric plant	\$ 12,071,531	\$ 11,535,976
Natural gas plant	5,276,156	5,054,622
Common plant	1,125,217	1,177,598
Less: Accumulated depreciation and amortization	(6,688,033)	(6,416,246)
Net utility plant	11,784,871	11,351,950
Other property and investments:		
Other property and investments	80,076	74,602
Total other property and investments	80,076	74,602
Current assets:		
Cash and cash equivalents	102,840	50,043
Restricted cash	63,045	46,204
Accounts receivable, net of allowance for doubtful accounts of \$41,962 and \$34,958, respectively	671,071	402,602
Unbilled revenue	284,014	271,606
Materials and supplies, at average cost	132,172	113,287
Fuel and natural gas inventory, at average cost	91,783	58,129
Unrealized gain on derivative instruments	587,029	128,210
Prepaid expenses and other	41,940	46,293
Total current assets	1,973,894	1,116,374
Other long-term and regulatory assets:		
Power cost adjustment mechanism	112,207	79,546
Purchased gas adjustment receivable	—	57,935
Other regulatory assets	784,231	815,058
Unrealized gain on derivative instruments	94,621	26,197
Operating lease right-of-use asset	193,509	184,957
Other	176,833	162,391
Total other long-term and regulatory assets	1,361,401	1,326,084
Total assets	\$ 15,200,242	\$ 13,869,010

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET SOUND ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

**CAPITALIZATION AND LIABILITIES**

	Year Ended December 31,	
	2022	2021
<b>Capitalization:</b>		
<b>Common shareholder's equity:</b>		
Common stock \$0.01 par value, 150,000,000 shares authorized, 85,903,791 shares outstanding	\$ 859	\$ 859
Additional paid-in capital	3,535,105	3,485,105
Retained earnings	1,438,163	982,607
Accumulated other comprehensive income (loss), net of tax	(103,044)	(113,141)
<b>Total common shareholder's equity</b>	<b>4,871,083</b>	<b>4,355,430</b>
<b>Long-term debt:</b>		
First mortgage bonds and senior notes	4,662,000	4,662,000
Pollution control bonds	161,860	161,860
Debt discount, issuance costs and other	(37,095)	(39,141)
<b>Total long-term debt</b>	<b>4,786,765</b>	<b>4,784,719</b>
<b>Total capitalization</b>	<b>9,657,848</b>	<b>9,140,149</b>
<b>Current liabilities:</b>		
Accounts payable	664,457	451,716
Short-term debt	357,000	140,000
<b>Accrued expenses:</b>		
Taxes	116,472	133,406
Salaries and wages	60,537	47,936
Interest	52,170	51,832
Unrealized loss on derivative instruments	124,976	63,309
Operating lease liabilities	20,342	20,398
Other	70,685	62,406
<b>Total current liabilities</b>	<b>1,466,639</b>	<b>971,003</b>
<b>Other long-term and regulatory liabilities:</b>		
Deferred income taxes	1,139,600	1,084,203
Unrealized loss on derivative instruments	18,366	40,965
Purchased gas adjustment liability	3,536	—
Regulatory liabilities	1,145,879	842,920
Regulatory liability for deferred income taxes	811,724	866,541
Operating lease liabilities	181,265	172,510
Finance lease liabilities	102,518	105,303
Other deferred credits	672,867	645,416
<b>Total long-term and regulatory liabilities</b>	<b>4,075,755</b>	<b>3,757,858</b>
<b>Commitments and contingencies (Note 16)</b>		
<b>Total capitalization and liabilities</b>	<b>\$ 15,200,242</b>	<b>\$ 13,869,010</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET EQUICO LLC**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Dollars in Thousands)

	Year Ended December 31,	
	2022	2021
Operating revenue:		
Electric	\$ 2,961,457	\$ 2,671,623
Natural gas	1,209,636	1,067,418
Other	50,069	66,620
Total operating revenue	<u>4,221,162</u>	<u>3,805,661</u>
Operating expenses:		
Energy costs:		
Purchased electricity	1,038,728	784,565
Electric generation fuel	348,159	282,254
Residential exchange	(77,715)	(82,225)
Purchased natural gas	500,849	398,553
Unrealized (gain) loss on derivative instruments, net	(261,177)	(13,785)
Utility operations and maintenance	665,259	629,864
Non-utility expense and other	59,867	58,332
Depreciation and amortization	663,232	704,783
Conservation amortization	116,942	103,147
Taxes other than income taxes	389,442	362,527
Total operating expenses	<u>3,443,586</u>	<u>3,228,015</u>
Operating income (loss)	777,576	577,646
Other income (deductions):		
Other income	45,450	57,483
Other expense	(19,569)	(14,467)
Interest charges:		
AFUDC	18,444	16,743
Interest expense	(347,921)	(352,092)
Income (loss) before income taxes	473,980	285,313
Income tax (benefit) expense	59,685	24,504
Net income (loss)	<u>\$ 414,295</u>	<u>\$ 260,809</u>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET EQUICO LLC**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

**ASSETS**

	December 31,	
	2022	2021
Utility plant (at original cost, including construction work in progress of \$861,801 and \$870,204, respectively):		
Electric plant	\$ 10,300,895	\$ 9,729,643
Natural gas plant	4,721,982	4,498,198
Common plant	1,103,783	1,155,567
Less: Accumulated depreciation and amortization	(4,341,789)	(4,031,458)
Net utility plant	<u>11,784,871</u>	<u>11,351,950</u>
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	328,535	324,897
Total other property and investments	<u>1,985,048</u>	<u>1,981,410</u>
Current assets:		
Cash and cash equivalents	105,755	56,957
Restricted cash	63,045	46,204
Accounts receivable, net of allowance for doubtful accounts of \$41,962 and \$34,958, respectively	673,231	398,891
Unbilled revenue	284,022	271,606
Materials and supplies, at average cost	132,172	113,287
Fuel and natural gas inventory, at average cost	94,075	59,393
Unrealized gain on derivative instruments	587,029	128,210
Prepaid expense and other	41,940	46,293
Power contract acquisition adjustment gain	16,736	17,274
Total current assets	<u>1,998,005</u>	<u>1,138,115</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	112,207	79,546
Purchased gas adjustment receivable	—	57,935
Regulatory assets related to power contracts	7,904	9,689
Other regulatory assets	784,231	815,058
Unrealized gain on derivative instruments	94,621	26,197
Power contract acquisition adjustment gain	46,924	63,660
Operating lease right-of-use asset	193,509	184,957
Other	180,204	163,374
Total other long-term and regulatory assets	<u>1,419,600</u>	<u>1,400,416</u>
Total assets	<u><u>\$ 17,187,524</u></u>	<u><u>\$ 15,871,891</u></u>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET EQUICO LLC**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

**CAPITALIZATION AND LIABILITIES**

	December 31,	
	2022	2021
<b>Capitalization:</b>		
<b>Members' equity:</b>		
Membership interest, \$1 par value, 100 shares authorized and outstanding	\$ —	\$ —
Additional paid-in capital	3,611,907	3,611,907
Retained earnings	1,377,043	978,931
Accumulated other comprehensive income (loss), net of tax	(24,774)	(27,432)
<b>Total members' equity</b>	<b>4,964,176</b>	<b>4,563,406</b>
<b>Long-term debt:</b>		
First mortgage bonds and senior notes	4,662,000	4,662,000
Pollution control bonds	161,860	161,860
Long-term debt	2,034,300	1,583,300
Debt discount, issuance costs and other	(194,787)	(203,394)
<b>Total long-term debt</b>	<b>6,663,373</b>	<b>6,203,766</b>
<b>Total capitalization</b>	<b>11,627,549</b>	<b>10,767,172</b>
<b>Current liabilities:</b>		
Accounts payable	665,750	444,384
Short-term debt	441,300	140,000
Current maturities of long-term debt	—	450,000
<b>Accrued expenses:</b>		
Taxes	116,105	127,398
Salaries and wages	60,537	47,936
Interest	62,148	67,807
Unrealized loss on derivative instruments	124,976	63,309
Power contract acquisition adjustment loss	1,638	1,785
Operating lease liabilities	20,342	20,398
Other	70,685	62,406
<b>Total current liabilities</b>	<b>1,563,481</b>	<b>1,425,423</b>
<b>Other Long-term and regulatory liabilities:</b>		
Deferred income taxes	985,865	912,399
Unrealized loss on derivative instruments	18,366	40,965
Purchased gas adjustment liability	3,536	—
Regulatory liabilities	1,147,143	844,184
Regulatory liability for deferred income taxes	811,161	865,976
Regulatory liabilities related to power contracts	63,660	80,934
Power contract acquisition adjustment loss	6,266	7,904
Operating lease liabilities	181,265	172,510
Finance lease liabilities	102,518	105,303
Other deferred credits	676,714	649,121
<b>Total other long-term and regulatory liabilities</b>	<b>3,996,494</b>	<b>3,679,296</b>
Commitments and contingencies (Note 16)		
<b>Total capitalization and liabilities</b>	<b>\$17,187,524</b>	<b>\$15,871,891</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET INTERMEDIATE HOLDINGS INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Dollars in Thousands)

	Year Ended December 31,	
	2022	2021
Operating revenue:		
Electric	\$ 2,961,457	\$ 2,671,623
Natural gas	1,209,636	1,067,418
Other	50,069	66,620
Total operating revenue	<u>4,221,162</u>	<u>3,805,661</u>
Operating expenses:		
Energy costs:		
Purchased electricity	1,038,728	784,565
Electric generation fuel	348,159	282,254
Residential exchange	(77,715)	(82,225)
Purchased natural gas	500,849	398,553
Unrealized (gain) loss on derivative instruments, net	(261,177)	(13,785)
Utility operations and maintenance	665,259	629,864
Non-utility expense and other	59,982	58,724
Depreciation and amortization	663,232	704,783
Conservation amortization	116,942	103,147
Taxes other than income taxes	389,442	362,527
Total operating expenses	<u>3,443,701</u>	<u>3,228,407</u>
Operating income (loss)	777,461	577,254
Other income (deductions):		
Other income	45,450	57,483
Other expense	(19,569)	(14,467)
Interest charges:		
AFUDC	18,444	16,743
Interest expense	(434,827)	(441,424)
Income (loss) before income taxes	386,959	195,589
Income tax (benefit) expense	41,044	5,410
Net income (loss)	<u>\$ 345,915</u>	<u>\$ 190,179</u>

*The accompanying notes are an integral part of the consolidated financial statements.*



**PUGET INTERMEDIATE HOLDINGS INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

**ASSETS**

	December 31,	
	2022	2021
Utility plant (at original cost, including construction work in progress of \$861,801 and \$870,204, respectively):		
Electric plant	\$ 10,300,895	\$ 9,729,643
Natural gas plant	4,721,982	4,498,198
Common plant	1,103,783	1,155,567
Less: Accumulated depreciation and amortization	(4,341,789)	(4,031,458)
Net utility plant	11,784,871	11,351,950
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	328,536	324,896
Total other property and investments	1,985,049	1,981,409
Current assets:		
Cash and cash equivalents	106,355	62,845
Restricted cash	63,045	46,204
Accounts receivable, net of allowance for doubtful accounts of \$41,962 and \$34,958, respectively	673,223	398,795
Unbilled revenue	284,022	271,606
Materials and supplies, at average cost	132,172	113,287
Fuel and natural gas inventory, at average cost	94,075	59,393
Unrealized gain on derivative instruments	587,029	128,210
Prepaid expense and other	41,940	46,293
Power contract acquisition adjustment gain	16,736	17,274
Total current assets	1,998,597	1,143,907
Other long-term and regulatory assets:		
Power cost adjustment mechanism	112,207	79,546
Purchased gas adjustment receivable	—	57,935
Regulatory assets related to power contracts	7,904	9,689
Other regulatory assets	784,231	815,058
Unrealized gain on derivative instruments	94,621	26,197
Power contract acquisition adjustment gain	46,924	63,660
Operating lease right-of-use asset	193,509	184,957
Other	180,204	163,374
Total other long-term and regulatory assets	1,419,600	1,400,416
Total assets	<u>\$17,188,117</u>	<u>\$15,877,682</u>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET INTERMEDIATE HOLDINGS INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

**CAPITALIZATION AND LIABILITIES**

	December 31,	
	2022	2021
Capitalization:		
Shareholder's equity:		
Common stock, \$0.01 par value, 1000 shares authorized and outstanding	\$ —	\$ —
Additional paid-in capital	2,433,543	2,433,543
Retained earnings	1,200,637	854,863
Accumulated other comprehensive income (loss), net of tax	(24,774)	(27,432)
Total shareholder's equity	<u>3,609,406</u>	<u>3,260,974</u>
Long-term debt:		
First mortgage bonds and senior notes	4,662,000	4,662,000
Pollution control bonds	161,860	161,860
Long-term debt	2,034,300	1,583,300
Puget Intermediate Holdings senior secured investors notes	1,539,320	1,500,000
Other Long-term debt	159,000	179,000
Debt discount, issuance costs and other	(195,208)	(204,112)
Total long-term debt	<u>8,361,272</u>	<u>7,882,048</u>
Total capitalization	<u>11,970,678</u>	<u>11,143,022</u>
Current liabilities:		
Accounts payable	665,750	444,384
Short-term debt	441,300	140,000
Current maturities of long-term debt	—	450,000
Accrued expenses:		
Taxes	115,849	121,629
Salaries and wages	60,537	47,936
Interest	62,206	67,840
Unrealized loss on derivative instruments	124,976	63,309
Power contract acquisition adjustment loss	1,638	1,785
Operating lease liabilities	20,342	20,398
Other	70,685	62,406
Total current liabilities	<u>1,563,283</u>	<u>1,419,687</u>
Other Long-term and regulatory liabilities:		
Deferred income taxes	643,525	548,076
Unrealized loss on derivative instruments	18,366	40,965
Purchased gas adjustment liability	3,536	—
Regulatory liabilities	1,147,143	844,184
Regulatory liability for deferred income taxes	811,161	865,976
Regulatory liabilities related to power contracts	63,660	80,934
Power contract acquisition adjustment loss	6,266	7,904
Operating lease liabilities	181,265	172,510
Finance lease liabilities	102,518	105,303
Other deferred credits	676,716	649,121
Total other long-term and regulatory liabilities	<u>3,654,156</u>	<u>3,314,973</u>
Commitments and contingencies (Note 16)		
Total capitalization and liabilities	<u>\$17,188,117</u>	<u>\$15,877,682</u>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET HOLDINGS LLC**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Dollars in Thousands)

	Year Ended December 31,	
	2022	2021
Operating revenue:		
Electric	\$ 2,961,457	\$ 2,671,623
Natural gas	1,209,636	1,067,418
Other	50,069	66,620
Total operating revenue	<u>4,221,162</u>	<u>3,805,661</u>
Operating expenses:		
Energy costs:		
Purchased electricity	1,038,728	784,565
Electric generation fuel	348,159	282,254
Residential exchange	(77,715)	(82,225)
Purchased natural gas	500,849	398,553
Unrealized (gain) loss on derivative instruments, net	(261,177)	(13,785)
Utility operations and maintenance	665,259	629,864
Non-utility expense and other	61,449	60,539
Depreciation and amortization	663,232	704,783
Conservation amortization	116,942	103,147
Taxes other than income taxes	389,442	362,527
Total operating expenses	<u>3,445,168</u>	<u>3,230,222</u>
Operating income (loss)	775,994	575,439
Other income (deductions):		
Other income	45,450	57,482
Other expense	(19,569)	(14,467)
Interest charges:		
AFUDC	18,444	16,743
Interest expense	(434,827)	(441,424)
Income (loss) before income taxes	385,492	193,773
Income tax (benefit) expense	17,604	10,727
Net income (loss)	<u>\$ 367,888</u>	<u>\$ 183,046</u>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET HOLDINGS LLC**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

**ASSETS**

	December 31,	
	2022	2021
Utility plant (at original cost, including construction work in progress of \$861,801 and \$870,204, respectively):		
Electric plant	\$ 10,300,895	\$ 9,729,643
Natural gas plant	4,721,982	4,498,198
Common plant	1,103,783	1,155,567
Less: Accumulated depreciation and amortization	(4,341,789)	(4,031,458)
Net utility plant	<u>11,784,871</u>	<u>11,351,950</u>
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	328,536	324,896
Total other property and investments	<u>1,985,049</u>	<u>1,981,409</u>
Current assets:		
Cash and cash equivalents	106,745	63,969
Restricted cash	63,045	46,204
Accounts receivable, net of allowance for doubtful accounts of \$41,962 and \$34,958, respectively	672,457	398,023
Unbilled revenue	284,022	271,606
Materials and supplies, at average cost	132,172	113,287
Fuel and natural gas inventory, at average cost	94,075	59,393
Unrealized gain on derivative instruments	587,029	128,210
Prepaid expense and other	41,940	46,293
Power contract acquisition adjustment gain	16,736	17,274
Total current assets	<u>1,998,221</u>	<u>1,144,259</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	112,207	79,546
Purchased gas adjustment receivable	—	57,935
Regulatory assets related to power contracts	7,904	9,689
Other regulatory assets	784,231	815,058
Unrealized gain on derivative instruments	94,621	26,197
Power contract acquisition adjustment gain	46,924	63,660
Operating lease right-of-use asset	193,509	184,957
Other	180,204	163,374
Total other long-term and regulatory assets	<u>1,419,600</u>	<u>1,400,416</u>
Total assets	<u><u>\$ 17,187,741</u></u>	<u><u>\$ 15,878,034</u></u>

*The accompanying notes are an integral part of the consolidated financial statements.*

**PUGET HOLDINGS LLC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

**CAPITALIZATION AND LIABILITIES**

	December 31,	
	2022	2021
<b>Capitalization:</b>		
<b>Members' equity:</b>		
Membership interest, no par value, 98,328 shares authorized and outstanding	\$ —	\$ —
Additional paid-in capital	2,457,888	2,457,888
Retained earnings	1,172,436	804,548
Accumulated other comprehensive income (loss), net of tax	(24,774)	(27,432)
<b>Total members' equity</b>	<b>3,605,550</b>	<b>3,235,004</b>
<b>Long-term debt:</b>		
First mortgage bonds and senior notes	4,662,000	4,662,000
Pollution control bonds	161,860	161,860
Long-term debt	2,193,300	1,762,300
Puget Intermediate Holdings senior secured investors notes	1,539,320	1,500,000
Debt discount, issuance costs and other	(195,208)	(204,112)
<b>Total long-term debt</b>	<b>8,361,272</b>	<b>7,882,048</b>
<b>Total capitalization</b>	<b>11,966,822</b>	<b>11,117,052</b>
<b>Current liabilities:</b>		
Accounts payable	665,721	444,384
Short-term debt	441,300	140,000
Current maturities of long-term debt	—	450,000
<b>Accrued expenses:</b>		
Taxes	115,038	121,378
Salaries and wages	60,537	47,936
Interest	62,206	67,840
Unrealized loss on derivative instruments	124,976	63,309
Power contract acquisition adjustment loss	1,638	1,785
Operating lease liabilities	20,342	20,398
Other	70,685	62,406
<b>Total current liabilities</b>	<b>1,562,443</b>	<b>1,419,436</b>
<b>Other Long-term and regulatory liabilities:</b>		
Deferred income taxes	647,845	574,651
Unrealized loss on derivative instruments	18,366	40,965
Purchased gas adjustment liability	3,536	—
Regulatory liabilities	1,147,143	844,184
Regulatory liability for deferred income taxes	811,161	865,976
Regulatory liabilities related to power contracts	63,660	80,934
Power contract acquisition adjustment loss	6,266	7,904
Operating lease liabilities	181,265	172,510
Finance lease liabilities	102,518	105,303
Other deferred credits	676,716	649,119
<b>Total other long-term and regulatory liabilities</b>	<b>3,658,476</b>	<b>3,341,546</b>
<b>Commitments and contingencies (Note 16)</b>	<b>—</b>	<b>—</b>
<b>Total capitalization and liabilities</b>	<b>\$ 17,187,741</b>	<b>\$ 15,878,034</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

PUGET SOUND ENERGY  
AFFILIATED INTEREST AND SUBSIDIARY  
TRANSACTIONS REPORT

EXHIBIT 4



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key words

Approvals

Stephen J King  
Controller & Principle Accounting Officer

/s/ Susan Free  
Manager Revenue Requirements

**BACKGROUND**

**MERGER ORDER U-072375**

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

In Order No. 08 the Washington Utilities and Transportation Commission, approved and adopted subject to conditions a Settlement Stipulation proposed by all parties except Public Counsel, authorizing Puget Holdings to acquire Puget Energy, and its wholly-owned subsidiary PSE. As part of the requirements in Docket No. UE-072375 PSE must adhere to the following commitments<sup>1</sup> from the Settlement Stipulation regarding allocation of costs:

9. PSE will (i) maintain separate books and records; (ii) agree to prohibitions against loans or pledges of utility assets to Puget Energy or Puget Holdings without Commission approval; and (iii) generally hold PSE customers harmless from any business and financial risk exposures associated with Puget Energy, Puget Holdings, or any of their subsidiaries or affiliates, without Commission approval.

19. Puget Holdings and PSE will make reasonable commitments, consistent with recent Commission merger orders, to provide access to PSE's books and records; access to financial information and filings; audit rights with respect to the documents supporting any costs that may be allocable to PSE; and access to PSE's board minutes, audit reports, and information provided to credit rating agencies pertaining to PSE.

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



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20. Affiliate Transactions, Cross-Subsidization: PSE agrees (i) to file cost allocation methodologies used to allocate Puget Energy or Puget Holdings-related costs to PSE; (ii) to propose methods and standards for treatment of affiliate transactions; and (iii) that there will be no cross-subsidization by PSE customers of unregulated activities.

21. Transaction Costs: PSE and Puget Holdings agree that there will be no recovery of legal and financial advisory fees associated with the Proposed Transaction in rates and no recovery of the acquisition premium in rates.

26. In furtherance of Commitment 9:

(a) Puget Holdings and PSE commit that PSE's customers will be held harmless from the liabilities of any non-regulated activity of PSE or Puget Holdings. In any proceeding before the Commission involving rates of PSE, the fair rate of return for PSE will be determined without regard to any adverse consequences that are demonstrated to be attributable to the non-regulated activities. Any new non-regulated subsidiary will be established as a subsidiary of either Puget Holdings, Puget Intermediate Holdings Inc., or Puget Energy rather than as a subsidiary of PSE. Measures providing for separate financial and accounting treatment will be established for each non-regulated activity.

(b) Puget Holdings and PSE will notify the Commission subsequent to Puget Holdings' board approval and as soon as practicable following any public announcement of: (1) any acquisition of a regulated or unregulated business representing 5 percent or more of the capitalization of Puget Holdings; or (2) the change in effective control or acquisition of any material part of PSE by any other firm, whether by merger, combination, transfer of stock or assets.

(c) Neither PSE nor Puget Holdings will assert in any future proceedings that, by virtue of the Proposed Transaction and the resulting corporate structure, the Commission is without jurisdiction over any transaction that results in a change of control of PSE.

27. In furtherance of Commitment 19:

(a) PSE and Puget Holdings will maintain the necessary books and records so as to provide an audit trail for all corporate, affiliate, or subsidiary transactions with PSE, or that result in costs that may be allocable to PSE.





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(b) PSE will provide Commission Staff and Public Counsel access to books and records (including those of Puget Holdings or any affiliate or subsidiary companies) required to be accessed to verify or examine transactions with PSE, or that result in costs that may be allocable to PSE. The Proposed Transaction will not result in reduced access to the necessary books and records that relate to transactions with PSE, or that result in costs that may be allocable to PSE, and the Proposed Transaction and resulting corporate structure will not be used by PSE as a basis to oppose requests for such books and records made by the Commission or by Commission Staff or Public Counsel.

(c) Nothing in the Proposed Transaction will limit or affect the Commission's rights with respect to inspection of accounts, books, papers and documents of PSE pursuant to RCW 80.04.070 or RCW 80.16.030. Nothing in the Proposed Transaction will limit or affect the Commission's rights with respect to inspection of accounts, books, papers and documents of Puget Holdings pursuant to RCW 80.16.030; provided, that such right to inspection shall be limited to those accounts, books, papers and documents of Puget Holdings that pertain to transactions affecting PSE's regulated utility operations.

(d) Puget Holdings and PSE will provide the Commission with access to written information provided by and to credit rating agencies that pertains to PSE. Puget Holdings and each of its members will also provide the Commission with access to written information provided by and to credit rating agencies that pertains to Puget Holdings' subsidiaries to the extent such information may potentially affect PSE.

28. In furtherance of Commitment 20:

(a) If and when any subsidiary of PSE becomes a subsidiary of Puget Holdings, Puget Intermediate Holdings Inc., or Puget Energy, PSE will so advise the Commission within thirty (30) days and will submit to the Commission a written document setting forth PSE's proposed corporate and affiliate cost allocation methodologies.

(b) PSE will notify the Commission of any change in corporate structure that affects PSE's corporate and affiliate cost allocation methodologies. PSE will propose revisions to such cost allocation methodologies to accommodate such changes. PSE will not argue that compliance with this provision constitutes



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approval by the Commission of a particular methodology for corporate and affiliate cost allocation.

(c) PSE and Puget Holdings will comply with all applicable provisions of Title 80 RCW, including those pertaining to transfers of property under Chapter 80.12 RCW, affiliated interests under Chapter 80.16 RCW, and securities and the assumption of obligations and liabilities under Chapter 80.08 RCW.

(d) With respect to the ratemaking treatment of affiliate transactions, PSE and Puget Holdings will comply with the Commission's then-existing practice; provided, however, that nothing in this Commitment limits PSE from also proposing a different ratemaking treatment for the Commission's consideration or limit the positions any other party may take with respect to ratemaking treatment.

(e) PSE will bear the burden of proof in any general rate case that any corporate and affiliate cost allocation methodology it proposes is reasonable for ratemaking purposes. Neither PSE nor Puget Holdings will contest the Commission's authority to disallow, for retail ratemaking purposes in a general rate case, unsupported, unreasonable, or misallocated costs from non-regulated or affiliate businesses to PSE's regulated utility operations.

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

**LIQUEFIED NATURAL GAS ORDER UG-151663**

On November 1, 2016, under UG-151663, the Commission approved a settlement agreement among parties to the proceeding that authorized the formation of a Puget Energy subsidiary, Puget LNG, LLC. Puget LNG is a special purpose limited liability company formed by Puget Energy solely for the purposes of owning, developing and financing the Tacoma LNG Facility with PSE. The Tacoma LNG Facility will provide LNG fuel to unregulated customers and will serve as a peaking resource for PSE's regulated core gas customers. The settlement agreement and order requires specific ring-fencing provisions that follow along the lines of the Merger Order requirements.



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The settlement agreement calls for specific agreed upon allocation factors. Specifically, paragraphs 25 and 26 of the settlement states:

25. *Each of the Settling Parties agree to the following capital cost allocators with respect to the Tacoma LNG Facility:*
- a. *Liquefaction Allocator. The liquefaction allocator allocates capital costs associated with liquefaction, which include the costs of facilities used to receive natural gas, treat the gas, cool the gas below its boiling point and deliver the gas to onsite storage.*
  - b. *Storage Allocator. The storage allocator allocates capital costs associated with storage, which include the costs of the site-erected full containment cryogenic storage tank as well as the costs of foundations and other supporting facilities.*
  - c. *Bunkering Allocator. The bunkering allocator allocates capital costs associated with bunkering, which include facilities used to move the LNG from the onsite storage tank to the marine loading facility, which will be located at TOTE's berthing location.*
  - d. *Truck Loading Allocator. The truck loading allocator allocates capital costs associated with truck loading, which include facilities used to move the LNG from the onsite storage tank to tanker trucks or ISO containers*
  - e. *Vaporization Allocator. The vaporization allocator allocates capital costs associated with vaporization, which include facilities used to vaporize the gas and inject it into PSE's distribution system.*
  - f. *Common Allocator. The common allocator allocates common project costs, which include facilities that cannot be allocated to any individual service (e.g., facility development, civil and site work, site utilities, etc.).*
26. *Each of the Settling Parties agree to the following Ownership Shares with respect to*



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*the following allocators:*

<i>Component Ownership Share</i>	<i>PSE</i>	<i>Puget LNG</i>
<i>Liquefaction</i>	<i>10%</i>	<i>90%</i>
<i>Storage</i>	<i>79%</i>	<i>21%</i>
<i>Bunkering</i>	<i>0%</i>	<i>100%</i>
<i>Truck Loading</i>	<i>5%</i>	<i>95%</i>
<i>Vaporization</i>	<i>100%</i>	<i>0%</i>

*The Ownership Shares for the common cost allocator shall equal the weighted costs of the liquefaction, storage, bunkering, truck loading, and vaporization allocation factors. Please see Attachment D to this Settlement Stipulation for the projected Ownership Shares of common items of the Tacoma LNG Facility.*

Attachment D to the LNG settlement which is copied below, provides the specific agreed upon allocations to be used for the Tacoma LNG Facility. Costs must be recorded and tracked in a manner consistent with the settlement agreement.



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**ATTACHMENT D  
Tacoma LNG Facility Ownership Shares**

Component Ownership Share	PSE	Puget LNG	Projected Capital Expenditures (No AFUDC)	Projected Capital Expenditures Allocated to PSE	Projected Capital Expenditures Allocated to Puget LNG
Liquefaction	10%	90%	\$88,546,234	\$8,854,623	\$79,691,611
Storage	79%	21%	\$96,237,245	\$76,027,424	\$20,209,821
Bunkering	0%	100%	\$29,671,922	\$0	\$29,671,922
Truck Loading	5%	95%	\$6,229,252	\$311,463	\$5,917,789
Vaporization	100%	0%	\$17,135,822	\$17,135,822	\$0
Common	43%	57%	\$72,884,330	\$31,340,262	\$41,544,068
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>\$310,704,805</b>	<b>\$133,669,593</b>	<b>\$177,035,212</b>

\* The common cost allocator for PSE shall equal the quotient of (i) the sum of the values for liquefaction, storage, bunkering, truck loading, and vaporization in the column "Projected Capital Expenditures Allocated to PSE," divided by (ii) the sum of the values for liquefaction, storage, bunkering, truck loading, and vaporization in the column "Projected Capital Expenditures (No AFUDC)."

\*\* The common cost allocator for Puget LNG shall equal the quotient of (i) the sum of the values for liquefaction, storage, bunkering, truck loading, and vaporization in the column "Projected Capital Expenditures Allocated to Puget LNG," divided by (ii) the sum of the values for liquefaction, storage, bunkering, truck loading, and vaporization in the column "Projected Capital Expenditures (No AFUDC)."

**GUIDELINES**

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

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



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

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

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

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

*Direct charging - Direct charging will be the preferred method for assignment of costs. When a cost can be uniquely identified to one service or the other, the costs will be charged to an account for that specific service.*

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

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

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

**GUIDELINE** The purpose of this guideline is that PSE customers must be held harmless from the liabilities of any non-regulatory activities of PSE or its affiliated entities. The following guidelines are intended to establish procedures for allocating costs that are corporate in nature among and between PSE



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and its affiliates. Allocations will be based upon direct charging or upon an allocation using a causal or general relationship. Any related transactions will be charged on a monthly basis to the appropriate company.

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

- o Support departments including payroll, human resources, insurance, security, accounting, facilities and IT
- o Facilities rent
- o Furniture and office equipment

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

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