

## Puget Sound Energy, Inc.

### Affiliated Interest and Subsidiary Transaction Report For the 12 months ended December 31, 2023

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, 2023.
  - 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, 2023.
  - 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 December 31, 2023

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

	<u>Amount</u>
<b><u>Puget Holdings LLC</u></b>	
Accounts payable to PSE	\$ 1,953,569
Reimbursement of labor and other expenses to PSE	\$ 2,256,197
<b><u>Puget Intermediate Holdings, Inc.</u></b>	
Accounts payable to PSE	\$ 5,929
Reimbursement of labor and other expenses to PSE	\$ 68,209
<b><u>Puget Equico LLC</u></b>	
Accounts payable to PSE	\$ 3,267
Reimbursement of labor and other expenses to PSE	\$ 55,918
<b><u>Puget Energy, Inc.</u></b>	
Accounts payable to PSE	\$ 12,999
Reimbursement of labor and other expenses to PSE	\$ 541,054
Dividends from PSE	\$ 99,763,000
<b><u>Puget LNG LLC</u></b>	
Accounts payable to PSE	\$ 1,151,303
Reimbursement of labor and other expenses to PSE	\$ 2,946,353
Gas Purchases*	\$ 16,806,276
Gas Sales*	\$ 828,463
<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>PLNG purchases also included deferred exchanges which are LNG transfers priced at PSE's average ending inventory price for Tacoma LNG. The LNG was then returned within the same month or the following month and was recorded as PLNG sales to PSE and PSE purchases from PLNG. The returns had the same price as the original deferred exchanges so as to have no effect on PSE's inventory balance.</p>	
<b><u>Puget Western, Inc.</u></b>	
Accounts payable to PSE	\$ 20,592
Reimbursement of labor and other expenses to PSE	\$ 22,566

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.

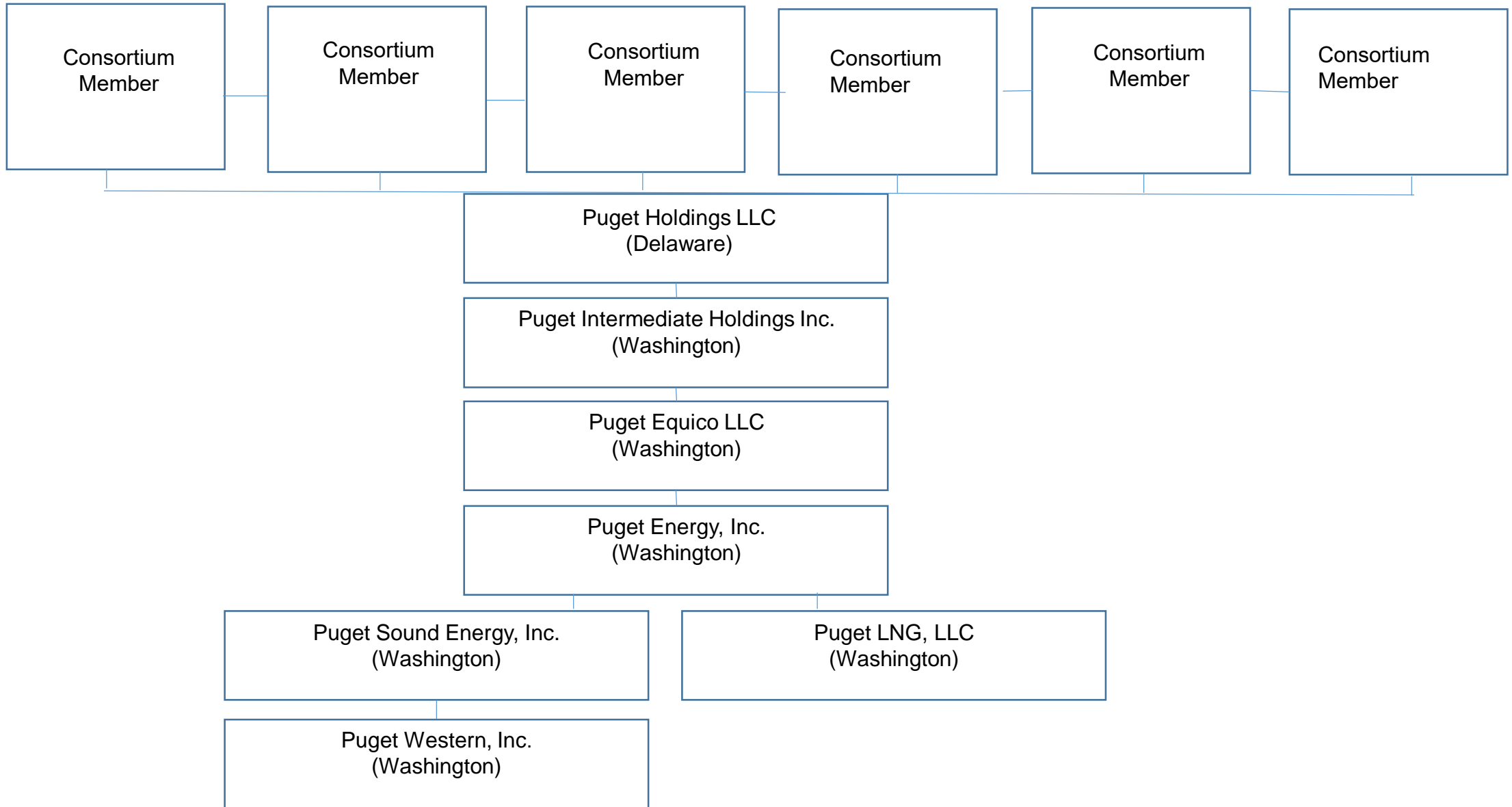
PUGET ENERGY, INC. (Puget Energy) is an energy services holding company incorporated in the State of Washington in 1999. All of its operations are conducted through its direct subsidiary PSE. Puget Energy has its principal executive office at 355 110<sup>th</sup> Avenue NE, Suite 1100, Bellevue, Washington 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  
Christine Gregoire  
Barbara Gordon  
Julia Hamm  
Grant Hodgkins  
Tom King  
Mary Kipp  
Jean-Paul Marmoreo  
Paul McMillan  
Chris Parker  
Aaron Rubin  
Steven Zucchet

#### **Officers**

Mary E. Kipp, President and Chief Executive Officer  
Dan Doyle, Interim Chief Financial Officer  
Lorna Luebbe, Senior Vice President and General Counsel  
Cara Peterman, Treasurer  
Samuel S. Osborne, Corporate Secretary  
Stacy Smith, Controller and Principal Accounting Officer

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

#### **Directors**

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

#### **Officers**

Mary E. Kipp, President and Chief Executive Officer  
Dan Doyle, Interim Chief Financial Officer  
Lorna Luebbe, Senior Vice President and General Counsel  
Cara Peterman, Treasurer  
Samuel S. Osborne, Corporate Secretary  
Stacy Smith, Controller and Principal Accounting Officer

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

#### **Directors**

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

#### **Officers**

Mary E. Kipp, President and Chief Executive Officer  
Dan Doyle, Interim Chief Financial Officer  
Lorna Luebbe, Senior Vice President and General Counsel  
Cara Peterman, Treasurer  
Samuel S. Osborne, Corporate Secretary  
Stacy Smith, Controller and Principal Accounting Officer

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

**Directors**

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

**Officers**

Mary E. Kipp, President and Chief Executive Officer  
Dan Doyle, Interim Chief Financial Officer  
Lorna Luebbe, Senior Vice President and General Counsel  
Cara Peterman, Treasurer  
Samuel S. Osborne, Corporate Secretary  
Stacy Smith, Controller and Principal Accounting Officer

**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  
Christine Gregoire  
Barbara Gordon  
Julia Hamm  
Grant Hodgkins  
Tom King  
Mary Kipp  
Jean-Paul Marmoreo  
Paul McMillan  
Chris Parker  
Diana Rakow  
Aaron Rubin  
Steven Zucchet

**Officers**

Mary E. Kipp, President and Chief Executive Officer  
Aaron August, SVP, Chief Customer and Transformation Officer  
Kimberly Collier, Vice President and Chief Human Resources Officer  
Dan Doyle, Interim Chief Financial Officer  
Josh Kensok, Vice President, Finance  
Josh Jacobs, Vice President Clean Energy Strategy and Planning  
Lorna Luebbe, SVP, Chief Sustainability Officer and General Counsel  
Jon Piliaris, Vice President Regulatory Affairs  
Craig Pospisil, Vice President, Business Development and M&A  
Ron Roberts, Vice President Energy Supply  
Simon Upton, Chief Information Officer  
Matt Steuerwalt, Senior Vice President, External Affairs  
Simon Upton, Chief Information Officer  
Michelle Vargo, Vice President, Shared Services  
Cara Peterman, Treasurer  
Samuel S. Osborne, Corporate Secretary  
Stacy Smith, Controller and Principal Accounting Officer

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

**Directors**

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

**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 Marcelia  
Stacy Smith

**Officers**

Samuel Osborne, President and Secretary  
Stacy Smith, Treasurer

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

**Directors**

Kimberly Collier, Chair  
Kendall J. Cammermeyer  
Christina Donegan  
Tom Hunt  
Cara Peterman  
Ron Roberts

**Officers**

Kimberly Collier, President  
Kendall Cammermeyer, Vice President  
Tom Hunt, Secretary  
Cara Peterman, Treasurer

PUGET SOUND ENERGY  
AFFILIATED INTEREST AND SUBSIDIARY  
TRANSACTIONS REPORT

EXHIBIT 3

**Puget Western Inc**  
**Comparative Statement of Income**  
For the Year Ending December 31, 2023

	<u>Jan - Dec 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>
<b>Income</b>			
3070 · Earnings - Other	142.50		
3090 · Interest Income	80,620.03	3.17	80,616.86
3050 · Sales Revenue	2,000,000.00		
<b>Total Income</b>	<u>2,080,762.53</u>	<u>3.17</u>	<u>2,080,759.36</u>
<b>Expense</b>			
4000 · Cost Of Sale	931,199.57		
4005 · Direct Selling Exp	148,797.35		
5065 · Consulting Fees	54,000.00	36,000.00	18,000.00
5070 · Legal Fees			
5075 · Accounting Fees	33,196.00	31,788.80	1,407.20
6030 · B & O/Excise Tax	6,722.30	6,772.30	(50.00)
6060 · Property Taxes	338,714.05	31,179.77	307,534.28
6091 · Bank Service Charges	1,834.27	2,124.20	(289.93)
7060 · General & Admin. Expense	148,351.23	209,938.16	(61,586.93)
<b>Operating Expense</b>			
5018 · PSE Strander Lease Expense	50,640.00	50,640.00	
5020 · Office Supplies & Equipment			
5026 · Utilities	91,551.75	82,250.40	9,301.35
5030 · Postage	448.66	279.47	169.19
5035 · Dues, Subscriptions, Manuals	425.00		
5040 · Donations		2,000.00	(2,000.00)
6075 · Insurance Expense	8,589.44	11,565.33	(2,975.89)
6080 · Licenses	5.00		
<b>Total Operating Expense</b>	<u>151,659.85</u>	<u>146,735.20</u>	<u>4,924.65</u>
9990 · Current F.I.T. Expense	55,920.45	76,889.27	(20,968.82)
<b>Total Expense</b>	<u>1,870,395.07</u>	<u>541,427.70</u>	<u>1,328,967.37</u>
<b>Net Income</b>	<u><u>210,367.46</u></u>	<u><u>(541,424.53)</u></u>	<u><u>751,791.99</u></u>

**Puget Western Inc**  
**Balance Sheet**  
As of December 31, 2023

Dec 31, 23

**ASSETS**

**Current Assets**

**Checking/Savings**

1060 · JP Morgan Chase	10,018,724.49
1070 · Cash In Bank - Reserve	927,476.00
1020 · Cash - Money Market	65,014.45
1050 · Cash In Bank	4,007,663.21
<b>Total Checking/Savings</b>	<u>15,018,878.15</u>

**Other Current Assets**

1250 · Prepaid Insurance	-17,203.37
1270 · Prepaid Property Tax	-572,631.95
<b>Total Other Current Assets</b>	<u>-589,835.32</u>

**Total Current Assets** 14,429,042.83

**Other Assets**

**Investments**

1415 · Westley Group	1,437,600.00
1406 · Investment in Clean Energy Fund	1,859,600.00
<b>Total Investments</b>	<u>3,297,200.00</u>

**Land Held for Sale/Development**

1700 · Commerical Land	12,666,277.88
1910 · Project Development	5,585,613.31
<b>Total Land Held for Sale/Development</b>	<u>18,251,891.19</u>

**Total Other Assets** 21,549,091.19

**TOTAL ASSETS** 35,978,134.02

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Other Current Liabilities**

2010 · ULID North Bend Accrual	19,176.07
2017 · Accounts Payable Accrual	17,498.95
2150 · Interest Payable	126,709.40
<b>Total Other Current Liabilities</b>	<u>163,384.42</u>

**Total Current Liabilities** 163,384.42

**Long Term Liabilities**

2230 · Current FIT Payable to Parent	-1,783,524.54
2240 · Property Tax Payable	-869,950.32
2400 · Current Maturities of LT Debt	-182,647.76
2700 · Deferred FIT	-141,974.00
<b>Total Long Term Liabilities</b>	<u>-2,978,096.62</u>

**Total Liabilities** -2,814,712.20

**Equity**

2900 · Common Stock	10,200.00
2910 · Additional Paid in Capital	51,837,244.08
2950 · Retained Earnings	-13,264,965.32
Net Income	210,367.46
<b>Total Equity</b>	<u>38,792,846.22</u>

**TOTAL LIABILITIES & EQUITY** 35,978,134.02

**PUGET LNG, LLC**  
**GAAP BASIS INCOME STATEMENT**  
**TWELVE MONTHS ENDED DECEMBER 31, 2023**  
(Dollars in Thousands)

	(A)	(B)
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
1 <b>Operating Revenues:</b>		
2   Liquid Natural Gas	31,048	4,989
3   Other	-	-
4 <b>Total Operating Revenue</b>	31,048	4,989
5		
6 <b>Operating Expenses:</b>		
7   Liquid Natural Gas	-	-
8   Operations and Maintenance	27,506	11,630
9   Depreciation and Amortization	6,706	5,883
10   Taxes Other than Income Taxes	(221)	1,319
11 <b>Total Operating Expenses</b>	33,991	18,832
12		
13 <b>Operating Income</b>	(2,943)	(13,843)
14 <b>Other Income (Deductions):</b>		
15   Other Income	-	-
16   Other Expense	-	-
17 <b>Interest Charges:</b>		
18   Interest Expense	(17,711)	(7,861)
19 <b>Income Before Income Taxes</b>	(20,654)	(21,704)
20 Income Tax Expense (Benefit)	(4,386)	(4,599)
21 <b>Net Income</b>	\$ (16,268)	\$ (17,105)

**PUGET LNG, LLC.**  
**BALANCE SHEET**  
(Dollars in Thousands)

	(A)	(B)
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>ASSETS:</b>		
<b>Nonutility Plant:</b>		
1 <b>Other Property and Investments:</b>		
2 Plant in Service Non-Utility	\$ 247,351	\$ 246,904
3 Construction Work in Progress	2,628	2,433
4 Capitalized Interest	-	-
5 Plant, Property and Equipment	2,989	2,989
6 Accumulated Depreciation	(12,426)	(5,870)
7 <b>Total Other Property and Investments</b>	<u>240,542</u>	<u>246,456</u>
8 <b>Current Assets:</b>		
9 Cash	2,127	1,372
10 Accounts Receivable	5,595	3,859
11 Unbilled Revenue	-	8
12 Fuel and Gas Inventory	520	1,028
13 <b>Total Current Assets</b>	<u>8,242</u>	<u>6,267</u>
14 <b>Long-Term Assets:</b>		
15 Deferred Income Taxes	-	379
16 <b>Total Long-Term Assets</b>	<u>-</u>	<u>379</u>
17 <b>TOTAL ASSETS</b>	<u>\$ 248,784</u>	<u>\$ 253,102</u>
18		
19 <b>CAPITALIZATION AND LIABILITIES:</b>		
20 <b>Capitalization:</b>		
21 Common Equity	\$ (16,343)	\$ (75)
22 <b>Total Capitalization</b>	<u>(16,343)</u>	<u>(75)</u>
23 <b>Current Liabilities:</b>		
24 Accounts Payable	3,030	2,994
25 Short-Term Debt Owed to Puget Energy	254,681	244,928
26 <b>Accrued expenses:</b>	-	-
27 Taxes	-	157
28 Salaries and Wages	-	-
29 Interest	1,582	1,249
30 Other	-	-
31 <b>Total Current Liabilities</b>	<u>259,293</u>	<u>249,328</u>
32 <b>Long-Term Liabilities:</b>		
33 Deferred Income Taxes	1,834	-
34 Other Deferred Credits	4,000	3,849
35 <b>Total Long-Term Liabilities</b>	<u>5,834</u>	<u>3,849</u>
36 <b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 248,784</u>	<u>\$ 253,102</u>

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

	Year Ended December 31,		
	2023	2022	2021
<b>Operating revenue:</b>			
Electric	\$ 3,345,867	\$ 2,961,457	\$ 2,671,623
Natural gas	1,423,276	1,209,636	1,067,418
Other	47,431	50,069	66,620
<b>Total operating revenue</b>	<b>4,816,574</b>	<b>4,221,162</b>	<b>3,805,661</b>
<b>Operating expenses:</b>			
<b>Energy costs:</b>			
Purchased electricity	1,110,572	1,038,728	784,565
Electric generation fuel	457,287	348,159	282,254
Residential exchange	(77,223)	(77,715)	(82,225)
Purchased natural gas	641,371	500,849	398,553
Unrealized (gain) loss on derivative instruments, net	284,495	(261,177)	(13,785)
Utility operations and maintenance	735,278	665,259	629,864
Non-utility expense and other	56,515	59,804	58,281
Depreciation and amortization	751,335	663,232	704,783
Conservation amortization	121,340	116,942	103,147
Taxes other than income taxes	404,538	389,442	362,527
<b>Total operating expenses</b>	<b>4,485,508</b>	<b>3,443,523</b>	<b>3,227,964</b>
<b>Operating income (loss)</b>	<b>331,066</b>	<b>777,639</b>	<b>577,697</b>
<b>Other income (deductions):</b>			
Other income	66,829	45,450	57,483
Other expense	(14,765)	(19,569)	(14,467)
<b>Interest charges:</b>			
AFUDC	24,687	18,444	16,743
Interest expense	(381,511)	(347,921)	(352,092)
<b>Income (loss) before income taxes</b>	<b>26,306</b>	<b>474,043</b>	<b>285,364</b>
<b>Income tax (benefit) expense</b>	<b>(27,434)</b>	<b>59,698</b>	<b>24,515</b>
<b>Net income (loss)</b>	<b>\$ 53,740</b>	<b>\$ 414,345</b>	<b>\$ 260,849</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,	
	2023	2022
Utility plant (at original cost, including construction work in progress of \$1,156,265 and \$861,801, respectively):		
Electric plant	\$ 11,304,995	\$ 10,300,895
Natural gas plant	4,928,725	4,721,982
Common plant	1,003,519	1,103,783
Less: Accumulated depreciation and amortization	(4,643,833)	(4,341,789)
Net utility plant	12,593,406	11,784,871
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	312,353	328,535
Total other property and investments	1,968,866	1,985,048
Current assets:		
Cash and cash equivalents	148,548	105,740
Restricted cash	66,027	63,045
Accounts receivable, net of allowance for doubtful accounts of \$38,211 and \$41,962, respectively	546,701	673,236
Unbilled revenue	243,342	284,022
Materials and supplies, at average cost	173,445	132,172
Fuel and natural gas inventory, at average cost	87,510	94,075
Unrealized gain on derivative instruments	74,225	587,029
Prepaid expenses and other	76,279	41,940
Power contract acquisition adjustment gain	16,358	16,736
Total current assets	1,432,435	1,997,995
Other long-term and regulatory assets:		
Power cost adjustment mechanism	48,427	112,207
Regulatory assets related to power contracts	6,266	7,904
Other regulatory assets	1,163,551	784,231
Unrealized gain on derivative instruments	35,324	94,621
Power contract acquisition adjustment gain	30,566	46,924
Operating lease right-of-use asset	194,321	193,509
Other	259,291	180,204
Total other long-term and regulatory assets	1,737,746	1,419,600
Total assets	<u>\$ 17,732,453</u>	<u>\$ 17,187,514</u>

*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,	
	2023	2022
<b>Capitalization:</b>		
Common shareholder's equity:		
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	1,419,311	1,465,331
Accumulated other comprehensive income (loss), net of tax	17,539	(24,774)
<b>Total common shareholder's equity</b>	<b>4,960,382</b>	<b>4,964,089</b>
Long-term debt:		
First mortgage bonds and senior notes	5,062,000	4,662,000
Pollution control bonds	161,860	161,860
Long-term debt	2,000,000	2,034,300
Debt discount, issuance costs and other	(187,218)	(194,787)
<b>Total long-term debt</b>	<b>7,036,642</b>	<b>6,663,373</b>
<b>Total capitalization</b>	<b>11,997,024</b>	<b>11,627,462</b>
Current liabilities:		
Accounts payable	455,942	665,750
Short-term debt	598,100	441,300
Accrued expenses:		
Taxes	102,627	116,098
Salaries and wages	68,726	60,537
Interest	63,829	62,148
Unrealized loss on derivative instruments	185,788	124,976
Power contract acquisition adjustment loss	1,487	1,638
Operating lease liabilities	21,629	20,342
Other	68,590	70,685
<b>Total current liabilities</b>	<b>1,566,718</b>	<b>1,563,474</b>
Other Long-term and regulatory liabilities:		
Deferred income taxes	950,229	985,947
Unrealized loss on derivative instruments	38,049	18,366
Purchased gas adjustment liability	132,082	3,536
Regulatory liabilities	1,022,457	1,147,143
Regulatory liability for deferred income taxes	760,961	811,161
Regulatory liabilities related to power contracts	46,924	63,660
Power contract acquisition adjustment loss	4,779	6,266
Operating lease liabilities	180,754	181,265
Finance lease liabilities	99,512	102,518
Compliance obligation	168,879	—
Other deferred credits	764,085	676,716
<b>Total long-term and regulatory liabilities</b>	<b>4,168,711</b>	<b>3,996,578</b>
Commitments and contingencies (Note 16)		
<b>Total capitalization and liabilities</b>	<b>\$ 17,732,453</b>	<b>\$ 17,187,514</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,		
	2023	2022	2021
<b>Operating revenue:</b>			
Electric	\$ 3,345,867	\$ 2,961,457	\$ 2,671,623
Natural gas	1,424,368	1,209,636	1,067,418
Other	16,383	45,080	66,620
<b>Total operating revenue</b>	<b>4,786,618</b>	<b>4,216,173</b>	<b>3,805,661</b>
<b>Operating expenses:</b>			
<b>Energy costs:</b>			
Purchased electricity	1,110,572	1,038,728	784,565
Electric generation fuel	457,287	348,159	282,254
Residential exchange	(77,223)	(77,715)	(82,225)
Purchased natural gas	641,371	500,849	398,553
Unrealized (gain) loss on derivative instruments, net	284,495	(261,177)	(13,785)
Utility operations and maintenance	735,278	665,259	629,864
Non-utility expense and other	28,658	47,194	56,242
Depreciation and amortization	744,629	657,349	704,372
Conservation amortization	121,340	116,942	103,147
Taxes other than income taxes	404,759	388,123	362,527
<b>Total operating expenses</b>	<b>4,451,166</b>	<b>3,423,711</b>	<b>3,225,514</b>
<b>Operating income (loss)</b>	<b>335,452</b>	<b>792,462</b>	<b>580,147</b>
<b>Other income (deductions):</b>			
Other income	64,230	36,684	46,523
Other expense	(14,765)	(19,569)	(14,467)
<b>Interest charges:</b>			
AFUDC	24,687	18,444	16,743
Interest expense	(285,148)	(256,774)	(248,624)
<b>Income (loss) before income taxes</b>	<b>124,456</b>	<b>571,247</b>	<b>380,322</b>
<b>Income tax (benefit) expense</b>	<b>(6,603)</b>	<b>80,295</b>	<b>44,259</b>
<b>Net income (loss)</b>	<b>\$ 131,059</b>	<b>\$ 490,952</b>	<b>\$ 336,063</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,	
	2023	2022
Utility plant (at original cost, including construction work in progress of \$1,156,265 and \$861,801, respectively):		
Electric plant	\$ 13,043,559	\$ 12,071,531
Natural gas plant	5,480,496	5,276,156
Common plant	1,024,319	1,125,217
Less: Accumulated depreciation and amortization	(6,954,968)	(6,688,033)
Net utility plant	12,593,406	11,784,871
Other property and investments:		
Other property and investments	69,808	80,076
Total other property and investments	69,808	80,076
Current assets:		
Cash and cash equivalents	144,825	102,840
Restricted cash	66,027	63,045
Accounts receivable, net of allowance for doubtful accounts of \$38,211 and \$41,962, respectively	546,463	671,071
Unbilled revenue	243,342	284,014
Materials and supplies, at average cost	173,445	132,172
Fuel and natural gas inventory, at average cost	85,726	91,783
Unrealized gain on derivative instruments	74,225	587,029
Prepaid expenses and other	76,260	41,940
Total current assets	1,410,313	1,973,894
Other long-term and regulatory assets:		
Power cost adjustment mechanism	48,427	112,207
Other regulatory assets	1,163,551	784,231
Unrealized gain on derivative instruments	35,324	94,621
Operating lease right-of-use asset	194,321	193,509
Other	256,617	176,833
Total other long-term and regulatory assets	1,698,240	1,361,401
Total assets	\$ 15,771,767	\$ 15,200,242

*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,	
	2023	2022
Capitalization:		
Common shareholder's equity:		
Common stock \$0.01 par value, 150,000,000 shares authorized, 85,903,791 shares outstanding	\$ 859	\$ 859
Additional paid-in capital	3,635,105	3,535,105
Retained earnings	1,473,218	1,438,163
Accumulated other comprehensive income (loss), net of tax	(58,394)	(103,044)
Total common shareholder's equity	<u>5,050,788</u>	<u>4,871,083</u>
Long-term debt:		
First mortgage bonds and senior notes	5,062,000	4,662,000
Pollution control bonds	161,860	161,860
Debt discount, issuance costs and other	(39,813)	(37,095)
Total long-term debt	<u>5,184,047</u>	<u>4,786,765</u>
Total capitalization	<u>10,234,835</u>	<u>9,657,848</u>
Current liabilities:		
Accounts payable	457,965	664,457
Short-term debt	336,600	357,000
Accrued expenses:		
Taxes	102,775	116,472
Salaries and wages	68,726	60,537
Interest	53,834	52,170
Unrealized loss on derivative instruments	185,788	124,976
Operating lease liabilities	21,629	20,342
Other	68,590	70,685
Total current liabilities	<u>1,295,907</u>	<u>1,466,639</u>
Other long-term and regulatory liabilities:		
Deferred income taxes	1,078,847	1,139,600
Unrealized loss on derivative instruments	38,049	18,366
Purchased gas adjustment liability	132,082	3,536
Regulatory liabilities	1,021,193	1,145,879
Regulatory liability for deferred income taxes	761,621	811,724
Operating lease liabilities	180,754	181,265
Finance lease liabilities	99,512	102,518
Compliance obligation	168,879	—
Other deferred credits	760,088	672,867
Total long-term and regulatory liabilities	<u>4,241,025</u>	<u>4,075,755</u>
Commitments and contingencies (Note 16)		
Total capitalization and liabilities	<u>\$ 15,771,767</u>	<u>\$ 15,200,242</u>

*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,	
	2023	2022
<b>Operating revenue:</b>		
Electric	\$ 3,345,867	\$ 2,961,457
Natural gas	1,423,276	1,209,636
Other	47,431	50,069
<b>Total operating revenue</b>	<b>4,816,574</b>	<b>4,221,162</b>
<b>Operating expenses:</b>		
<b>Energy costs:</b>		
Purchased electricity	1,110,572	1,038,728
Electric generation fuel	457,287	348,159
Residential exchange	(77,223)	(77,715)
Purchased natural gas	641,371	500,849
Unrealized (gain) loss on derivative instruments, net	284,495	(261,177)
Utility operations and maintenance	735,278	665,259
Non-utility expense and other	56,588	59,867
Depreciation and amortization	751,335	663,232
Conservation amortization	121,340	116,942
Taxes other than income taxes	404,538	389,442
<b>Total operating expenses</b>	<b>4,485,581</b>	<b>3,443,586</b>
<b>Operating income (loss)</b>	<b>330,993</b>	<b>777,576</b>
<b>Other income (deductions):</b>		
Other income	66,829	45,450
Other expense	(14,765)	(19,569)
<b>Interest charges:</b>		
AFUDC	24,687	18,444
Interest expense	(381,511)	(347,921)
<b>Income (loss) before income taxes</b>	<b>26,233</b>	<b>473,980</b>
<b>Income tax (benefit) expense</b>	<b>(27,449)</b>	<b>59,685</b>
<b>Net income (loss)</b>	<b>\$ 53,682</b>	<b>\$ 414,295</b>

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

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

**ASSETS**

	December 31,	
	2023	2022
Utility plant (at original cost, including construction work in progress of \$1,156,265 and \$861,801, respectively):		
Electric plant	\$ 11,304,995	\$ 10,300,895
Natural gas plant	4,928,725	4,721,982
Common plant	1,003,519	1,103,783
Less: Accumulated depreciation and amortization	(4,643,833)	(4,341,789)
Net utility plant	12,593,406	11,784,871
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	312,353	328,535
Total other property and investments	1,968,866	1,985,048
Current assets:		
Cash and cash equivalents	148,566	105,755
Restricted cash	66,027	63,045
Accounts receivable, net of allowance for doubtful accounts of \$38,211 and \$41,962, respectively	546,698	673,231
Unbilled revenue	243,342	284,022
Materials and supplies, at average cost	173,445	132,172
Fuel and natural gas inventory, at average cost	87,510	94,075
Unrealized gain on derivative instruments	74,225	587,029
Prepaid expense and other	76,279	41,940
Power contract acquisition adjustment gain	16,358	16,736
Total current assets	1,432,450	1,998,005
Other long-term and regulatory assets:		
Power cost adjustment mechanism	48,427	112,207
Regulatory assets related to power contracts	6,266	7,904
Other regulatory assets	1,163,551	784,231
Unrealized gain on derivative instruments	35,324	94,621
Power contract acquisition adjustment gain	30,566	46,924
Operating lease right-of-use asset	194,321	193,509
Other	259,291	180,204
Total other long-term and regulatory assets	1,737,746	1,419,600
Total assets	\$ 17,732,468	\$ 17,187,524

*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,	
	2023	2022
<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	1,331,016	1,377,043
Accumulated other comprehensive income (loss), net of tax	17,539	(24,774)
<b>Total members' equity</b>	<b>4,960,462</b>	<b>4,964,176</b>
<b>Long-term debt:</b>		
First mortgage bonds and senior notes	5,062,000	4,662,000
Pollution control bonds	161,860	161,860
Long-term debt	2,000,000	2,034,300
Debt discount, issuance costs and other	(187,218)	(194,787)
<b>Total long-term debt</b>	<b>7,036,642</b>	<b>6,663,373</b>
<b>Total capitalization</b>	<b>11,997,104</b>	<b>11,627,549</b>
<b>Current liabilities:</b>		
Accounts payable	455,942	665,750
Short-term debt	598,100	441,300
Accrued expenses:		
Taxes	102,627	116,105
Salaries and wages	68,726	60,537
Interest	63,829	62,148
Unrealized loss on derivative instruments	185,788	124,976
Power contract acquisition adjustment loss	1,487	1,638
Operating lease liabilities	21,629	20,342
Other	68,590	70,685
<b>Total current liabilities</b>	<b>1,566,718</b>	<b>1,563,481</b>
<b>Other Long-term and regulatory liabilities:</b>		
Deferred income taxes	950,163	985,865
Unrealized loss on derivative instruments	38,049	18,366
Purchased gas adjustment liability	132,082	3,536
Regulatory liabilities	1,022,457	1,147,143
Regulatory liability for deferred income taxes	760,961	811,161
Regulatory liabilities related to power contracts	46,924	63,660
Power contract acquisition adjustment loss	4,779	6,266
Operating lease liabilities	180,754	181,265
Finance lease liabilities	99,512	102,518
Compliance obligation	168,879	—
Other deferred credits	764,086	676,714
<b>Total other long-term and regulatory liabilities</b>	<b>4,168,646</b>	<b>3,996,494</b>
<b>Commitments and contingencies (Note 16)</b>		
<b>Total capitalization and liabilities</b>	<b>\$ 17,732,468</b>	<b>\$ 17,187,524</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,	
	2023	2022
<b>Operating revenue:</b>		
Electric	\$ 3,345,867	\$ 2,961,457
Natural gas	1,423,276	1,209,636
Other	47,431	50,069
<b>Total operating revenue</b>	<b>4,816,574</b>	<b>4,221,162</b>
<b>Operating expenses:</b>		
<b>Energy costs:</b>		
Purchased electricity	1,110,572	1,038,728
Electric generation fuel	457,287	348,159
Residential exchange	(77,223)	(77,715)
Purchased natural gas	641,371	500,849
Unrealized (gain) loss on derivative instruments, net	284,495	(261,177)
Utility operations and maintenance	735,278	665,259
Non-utility expense and other	56,733	59,982
Depreciation and amortization	751,335	663,232
Conservation amortization	121,340	116,942
Taxes other than income taxes	404,538	389,442
<b>Total operating expenses</b>	<b>4,485,726</b>	<b>3,443,701</b>
<b>Operating income (loss)</b>	<b>330,848</b>	<b>777,461</b>
<b>Other income (deductions):</b>		
Other income	66,829	45,450
Other expense	(14,765)	(19,569)
<b>Interest charges:</b>		
AFUDC	24,687	18,444
Interest expense	(472,588)	(434,827)
<b>Income (loss) before income taxes</b>	<b>(64,989)</b>	<b>386,959</b>
<b>Income tax (benefit) expense</b>	<b>(46,825)</b>	<b>41,044</b>
<b>Net income (loss)</b>	<b>\$ (18,164)</b>	<b>\$ 345,915</b>

*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,	
	2023	2022
Utility plant (at original cost, including construction work in progress of \$1,156,265 and \$861,801, respectively):		
Electric plant	\$ 11,304,995	\$ 10,300,895
Natural gas plant	4,928,725	4,721,982
Common plant	1,003,519	1,103,783
Less: Accumulated depreciation and amortization	(4,643,833)	(4,341,789)
Net utility plant	<u>12,593,406</u>	<u>11,784,871</u>
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	312,353	328,536
Total other property and investments	<u>1,968,866</u>	<u>1,985,049</u>
Current assets:		
Cash and cash equivalents	149,346	106,355
Restricted cash	66,027	63,045
Accounts receivable, net of allowance for doubtful accounts of \$38,211 and \$41,962, respectively	546,692	673,223
Unbilled revenue	243,342	284,022
Materials and supplies, at average cost	173,445	132,172
Fuel and natural gas inventory, at average cost	87,510	94,075
Unrealized gain on derivative instruments	74,225	587,029
Prepaid expense and other	76,279	41,940
Power contract acquisition adjustment gain	16,358	16,736
Total current assets	<u>1,433,224</u>	<u>1,998,597</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	48,427	112,207
Regulatory assets related to power contracts	6,266	7,904
Other regulatory assets	1,163,551	784,231
Unrealized gain on derivative instruments	35,324	94,621
Power contract acquisition adjustment gain	30,566	46,924
Operating lease right-of-use asset	194,321	193,509
Other	259,291	180,204
Total other long-term and regulatory assets	<u>1,737,746</u>	<u>1,419,600</u>
Total assets	<u><u>\$ 17,733,242</u></u>	<u><u>\$ 17,188,117</u></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,	
	2023	2022
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	1,181,134	1,200,637
Accumulated other comprehensive income (loss), net of tax	17,539	(24,774)
Total shareholder's equity	<u>3,632,216</u>	<u>3,609,406</u>
Long-term debt:		
First mortgage bonds and senior notes	5,062,000	4,662,000
Pollution control bonds	161,860	161,860
Long-term debt	2,000,000	2,034,300
Puget Intermediate Holdings senior secured investors notes	1,500,000	1,539,320
Other long-term debt	—	159,000
Debt discount, issuance costs and other	(187,354)	(195,208)
Total long-term debt	<u>8,536,506</u>	<u>8,361,272</u>
Total capitalization	<u>12,168,722</u>	<u>11,970,678</u>
Current liabilities:		
Accounts payable	455,942	665,750
Short-term debt	598,100	441,300
Current maturities of long-term debt	121,500	—
Accrued expenses:		
Taxes	102,421	115,849
Salaries and wages	68,726	60,537
Interest	63,906	62,206
Unrealized loss on derivative instruments	185,788	124,976
Power contract acquisition adjustment loss	1,487	1,638
Operating lease liabilities	21,629	20,342
Other	68,590	70,685
Total current liabilities	<u>1,688,089</u>	<u>1,563,283</u>
Other Long-term and regulatory liabilities:		
Deferred income taxes	657,950	643,525
Unrealized loss on derivative instruments	38,049	18,366
Purchased gas adjustment liability	132,082	3,536
Regulatory liabilities	1,022,457	1,147,143
Regulatory liability for deferred income taxes	760,961	811,161
Regulatory liabilities related to power contracts	46,924	63,660
Power contract acquisition adjustment loss	4,779	6,266
Operating lease liabilities	180,754	181,265
Finance lease liabilities	99,512	102,518
Compliance obligation	168,879	—
Other deferred credits	764,084	676,716
Total other long-term and regulatory liabilities	<u>3,876,431</u>	<u>3,654,156</u>
Commitments and contingencies (Note 16)		
Total capitalization and liabilities	<u>\$17,733,242</u>	<u>\$17,188,117</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,	
	2023	2022
<b>Operating revenue:</b>		
Electric	\$ 3,345,867	\$ 2,961,457
Natural gas	1,423,276	1,209,636
Other	47,431	50,069
<b>Total operating revenue</b>	<b>4,816,574</b>	<b>4,221,162</b>
<b>Operating expenses:</b>		
<b>Energy costs:</b>		
Purchased electricity	1,110,572	1,038,728
Electric generation fuel	457,287	348,159
Residential exchange	(77,223)	(77,715)
Purchased natural gas	641,371	500,849
Unrealized (gain) loss on derivative instruments, net	284,495	(261,177)
Utility operations and maintenance	735,278	665,259
Non-utility expense and other	60,051	61,449
Depreciation and amortization	751,335	663,232
Conservation amortization	121,340	116,942
Taxes other than income taxes	404,538	389,442
<b>Total operating expenses</b>	<b>4,489,044</b>	<b>3,445,168</b>
<b>Operating income (loss)</b>	<b>327,530</b>	<b>775,994</b>
<b>Other income (deductions):</b>		
Other income	66,829	45,450
Other expense	(14,760)	(19,569)
<b>Interest charges:</b>		
AFUDC	24,687	18,444
Interest expense	(472,588)	(434,827)
<b>Income (loss) before income taxes</b>	<b>(68,302)</b>	<b>385,492</b>
<b>Income tax (benefit) expense</b>	<b>(22,330)</b>	<b>17,604</b>
<b>Net income (loss)</b>	<b>\$ (45,972)</b>	<b>\$ 367,888</b>

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

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

**ASSETS**

	December 31,	
	2023	2022
Utility plant (at original cost, including construction work in progress of \$1,156,265 and \$861,801, respectively):		
Electric plant	\$ 11,304,995	\$ 10,300,895
Natural gas plant	4,928,725	4,721,982
Common plant	1,003,519	1,103,783
Less: Accumulated depreciation and amortization	(4,643,833)	(4,341,789)
Net utility plant	12,593,406	11,784,871
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	312,354	328,536
Total other property and investments	1,968,867	1,985,049
Current assets:		
Cash and cash equivalents	149,576	106,745
Restricted cash	66,027	63,045
Accounts receivable, net of allowance for doubtful accounts of \$38,211 and \$41,962, respectively	544,710	672,457
Unbilled revenue	243,342	284,022
Materials and supplies, at average cost	173,445	132,172
Fuel and natural gas inventory, at average cost	87,510	94,075
Unrealized gain on derivative instruments	74,225	587,029
Prepaid expense and other	76,279	41,940
Power contract acquisition adjustment gain	16,358	16,736
Total current assets	1,431,472	1,998,221
Other long-term and regulatory assets:		
Power cost adjustment mechanism	48,427	112,207
Regulatory assets related to power contracts	6,266	7,904
Other regulatory assets	1,163,551	784,231
Unrealized gain on derivative instruments	35,324	94,621
Power contract acquisition adjustment gain	30,566	46,924
Operating lease right-of-use asset	194,321	193,509
Other	259,291	180,204
Total other long-term and regulatory assets	1,737,746	1,419,600
Total assets	\$ 17,731,491	\$ 17,187,741

*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,	
	2023	2022
<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	1,126,464	1,172,436
Accumulated other comprehensive income (loss), net of tax	17,539	(24,774)
<b>Total members' equity</b>	<b>3,601,891</b>	<b>3,605,550</b>
<b>Long-term debt:</b>		
First mortgage bonds and senior notes	5,062,000	4,662,000
Pollution control bonds	161,860	161,860
Long-term debt	2,000,000	2,193,300
Puget Intermediate Holdings senior secured investors notes	1,500,000	1,539,320
Debt discount, issuance costs and other	(187,354)	(195,208)
<b>Total long-term debt</b>	<b>8,536,506</b>	<b>8,361,272</b>
<b>Total capitalization</b>	<b>12,138,397</b>	<b>11,966,822</b>
<b>Current liabilities:</b>		
Accounts payable	455,913	665,721
Short-term debt	598,100	441,300
Current maturities of long-term debt	121,500	—
<b>Accrued expenses:</b>		
Taxes	102,599	115,038
Salaries and wages	68,726	60,537
Interest	63,906	62,206
Unrealized loss on derivative instruments	185,788	124,976
Power contract acquisition adjustment loss	1,487	1,638
Operating lease liabilities	21,629	20,342
Other	68,590	70,685
<b>Total current liabilities</b>	<b>1,688,238</b>	<b>1,562,443</b>
<b>Other Long-term and regulatory liabilities:</b>		
Deferred income taxes	686,376	647,845
Unrealized loss on derivative instruments	38,049	18,366
Purchased gas adjustment liability	132,082	3,536
Regulatory liabilities	1,022,457	1,147,143
Regulatory liability for deferred income taxes	760,961	811,161
Regulatory liabilities related to power contracts	46,924	63,660
Power contract acquisition adjustment loss	4,779	6,266
Operating lease liabilities	180,754	181,265
Finance lease liabilities	99,512	102,518
Compliance obligation	168,879	—
Other deferred credits	764,083	676,716
<b>Total other long-term and regulatory liabilities</b>	<b>3,904,856</b>	<b>3,658,476</b>
Commitments and contingencies (Note 16)		
<b>Total capitalization and liabilities</b>	<b>\$ 17,731,491</b>	<b>\$ 17,187,741</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:

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