

2021 ANNUAL REPORT OF SECURITIES TRANSACTIONS
TO THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

This report sets forth the information required by WAC 480-146-340(2) for the securities transactions of Puget Sound Energy (“PSE”) during calendar year 2021.

Short Term Borrowing Arrangements

At January 1, 2021, PSE had two short-term borrowing arrangements, which included an \$800 million 5-year Liquidity line of credit and a \$30 million Demand Promissory Note.

\$800 Million Liquidity Credit Agreement

On October 25, 2017, PSE entered into a credit agreement with a group of lenders. On September 25, 2019, PSE exercised the one year extension option on the agreement. The agreement has a term of 5 years with a new expiration date of October 25, 2023. The agreement replaces the \$650 million liquidity agreement and the \$350 million energy hedging agreement that were in place previously and were terminated on that date. Other than the overall reduction in the size of the agreement from the two prior agreements, the new agreement is very similar to the prior agreements in features, pricing levels and fee structure. The facility is used for general corporate funding needs, to back up the issuance of commercial paper and hedging activities through borrowings or issuance of standby letters of credit. For standby letters of credit, the Company pays a fronting fee mutually agreed upon by the Company and the Issuing Bank plus the applicable percentage applied to LIBOR based loans that varies based on the Company’s corporate credit ratings. The Company is able to borrow under the agreement at either the agent bank’s reference rate of interest or at a rate based on LIBOR plus a percentage that varies based on the Company’s corporate credit ratings. The agreement also contains a swingline feature that allows the Company to borrow up to \$75 million on a same-day basis. PSE pays an ongoing commitment fee under the credit agreement on the unused portion of the facility. The commitment fee rate is based on the Company’s corporate credit ratings.

Level of Expenses

Fees and expenses paid in connection with entering into the credit agreement through December 31, 2021 were as follows:

<u>Description</u>	<u>Amount</u>
Bank Participation, Arrangement & Agent Fees	\$3,246,158
Legal Fees	159,084
Total	<u>\$3,405,242</u>

\$30 Million Demand Promissory Note

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

Level of Expenses

There were no expenses associated with entering into the agreement.

Securities Transactions

Issuance of \$450.0 million Senior Notes Due 2051

On September 15, 2021, PSE issued in a public offering \$450.0 million of Senior Notes maturing on September 15, 2051. Net proceeds after underwriting fees of \$3.9 million were \$446.1 million. The notes were issued at an interest rate of 2.893% and were recorded as long-term debt on the Company's books. Details of the security issuance, including the final term sheet, were provided in September 2021 in WUTC Docket U-210686.

Use of Proceeds

Full proceeds were used in September and November 2021 toward the repayment of \$243.0 million in commercial paper and general corporate purposes.

Level of Expenses

Fees and expenses paid in connection with the bond issuance through December 31, 2021 were as follows:

<u>Description</u>	<u>Amount</u>
Underwriting Fees	\$3,937,500
Rating Agency	956,250
Shelf Registration Allocation and Auditor Fees	127,046
Legal Fees	137,902
Trustee and Other Fees	<u>14,593</u>
Total	<u>\$5,164,834</u>

Securities Scheduled to Mature in the Following Reporting Period (year ending Dec. 31, 2022)

Puget Sound Energy does not have any securities scheduled to mature during the year ending December 31, 2022.

Summary

Capital Structure and Cost of Capital

Attachment A attached shows the Company's resulting capital structure and cost of capital for the year ending December 31, 2021.