BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Joint Application of **PUGET SOUND ENERGY, ALBERTA INVESTMENT MANAGEMENT CORPORATION, BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION, OMERS ADMINISTRATION CORPORATION, and PGGM VERMOGENSBEHEER B.V.** **For an Order Authorizing Proposed Sales of Indirect Interests in Puget Sound Energy**	**Docket U-180680** **MULTIPARTY SETTLEMENT STIPULATION AND AGREEMENT**

MULTIPARTY SETTLEMENT STIPULATION AND AGREEMENT

I. INTRODUCTION

1. This Multiparty Settlement Stipulation and Agreement ("Settlement Stipulation"), dated January 15, 2019, is entered into by and among the following parties in this case: (i) Puget Sound Energy ("PSE"), (ii) Alberta Investment Management Corporation ("AIMCo"), (iii) British Columbia Investment Management Corporation ("BCIMC"), (iv) OMERS Administration Corporation ("OMERS"), (v) PGGM Vermogensbeheer B.V. ("PGGM"); (vi) the Commission's regulatory staff ("Commission Staff"),[1] (vii) the Public Counsel Unit of the Washington State Attorney General's Office ("Public Counsel"), (viii) the Alliance of Western Energy Consumers ("AWEC"), (ix) The Energy Project, and (x) NW Energy Coalition

[1] In formal proceedings, such as this, the Commission's regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners' policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. *See* RCW 34.05.455.

("NWEC"). These parties are hereinafter collectively referred to as "Settling Parties" and individually as a "Settling Party." Additionally, PSE, AIMCo, BCIMC, OMERS, and PGGM are hereinafter collectively referred to as the "Joint Applicants" and individually as a "Joint Applicant."

2. This Settlement Stipulation is a "full multiparty settlement," as that term is defined in WAC 480-07-730(3)(a), because this Settlement Stipulation is entered into by some, but not all, parties to resolve all disputed issues among the Settling Parties.

3. This Settlement Stipulation is subject to review and disposition by the Washington Utilities and Transportation Commission ("Commission"). Section III of the Settlement Stipulation is effective on the date of the Commission order approving it (unless the Commission establishes a different effective date). The remainder of the Settlement Stipulation is effective as of January 15, 2019.

II. BACKGROUND AND NATURE OF THE DOCKET

4. On September 5, 2018, the Joint Applicants filed with the Commission a joint application (the "Joint Application") for the proposed sale of a 43.99 percent indirect ownership interest in PSE currently held by Macquarie Infrastructure Partners Inc. and Padua MG Holdings LLC, a Macquarie entity (collectively "Macquarie").

5. Puget Holdings LLC ("Puget Holdings") indirectly holds 100 percent of the ownership interest in PSE. Macquarie intends to sell all of its 43.99 percent interest in Puget Holdings to four different buyers (i.e., AIMCo, BCIMC, OMERS, and PGGM). The sale, as proposed, would be apportioned as follows: (i) a 6.01 percent membership interest in Puget Holdings to existing member AIMCo, which will increase its membership interest in Puget Holdings to 13.60 percent; (ii) a 4.01 percent membership interest in Puget Holdings to existing

member BCIMC, which will increase its membership interest in Puget Holdings to 20.87 percent; (iii) a 23.94 percent membership interest to new member OMERS; and, (iv) a 10.02 percent membership interest to new member PGGM.

6. On September 21, 2018, the Commission issued a Notice of Opportunity to File Written Comments by October 24, 2018, and Notice of Recessed Open Meeting scheduled for November 5, 2018.

7. On October 24, 2018, Public Counsel, AWEC, The Energy Project, and the Washington and Northern Idaho District Council of Laborers ("WNIDCL") filed a joint petition requesting that the Commission initiate an adjudicative proceeding to review the proposed transactions described in the Joint Application (the "Joint Petition"). The Joint Petition also requested that the Commission review the Joint Application under the "net benefit" standard.

8. After hearing further public comments at a recessed open meeting on November 5, 2018, and discussion at its regularly scheduled open meeting on November 8, 2018, the Commission issued Order 01, Granting and Denying Petition for Adjudication, in Part, on November 9, 2018 ("Order 01"). Order 01 granted the petitioners' request to commence an adjudication but clarified that the Commission will evaluate the Joint Application under the public interest standard set out in WAC 480-143-170, not the "net benefit" standard requested in the Joint Petition.

9. The Commission convened a prehearing conference in this docket at Olympia, Washington on November 16, 2018, before Administrative Law Judges Rayne Pearson and Andrew J. O'Connell. At the prehearing conference, the Commission granted the petitions to intervene by AWEC, WNIDCL, the Federal Executive Agencies ("FEA"), the International Brotherhood of Electrical Workers Local 77 ("IBEW"), NWEC, The Energy Project, and the

United Association Local 32 of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the U.S. and Canada ("UA Local 32"). The interventions of WNIDCL, IBEW, and UA Local 32 were limited by the Commission "to matters specifically addressing the safety and reliability of service to customers where its members are actually involved in the provision of such service."[2]

10. In accordance with the procedural schedule adopted at the prehearing conference (Order 03), all parties to the proceeding attended the scheduled settlement conference held in Seattle, Washington, on December 18, 2018. Based on these discussions and related correspondence, the Settling Parties have reached an agreement on the proposed commitments attached as Appendix A to this Settlement Stipulation (the "Commitments") that provide a basis upon which the Settling Parties recommend Commission approval of the proposed transactions described in the Joint Application.

III. AGREEMENT

11. Appendix A to this Settlement Stipulation contains the Commitments that the Joint Applicants agree to make upon consummation of the proposed transactions described in the Joint Application. By virtue of executing this Settlement Stipulation, the Joint Applicants agree to the Commitments set forth in Appendix A.

12. The Settling Parties agree that, with the Commitments set forth in Appendix A, each of the proposed transactions described in the Joint Application meet the public interest standard under RCW 80.01.040(3) and WAC 480-143-170, as required by Order 01.

[2] Order 03 ¶¶ 17, 23.

RCW 80.01.040(3) directs the Commission to "[r]egulate in the public interest," and WAC 480-143-170 reiterates that requirement:

> **Application in the Public Interest** – If, upon the examination of any application and accompanying exhibits, or upon a hearing concerning the same, the commission finds the proposed transaction is not consistent with the public interest, it shall deny the application.

As described in the Commitments and in the supporting testimony to follow, the evidence demonstrates that each of the proposed transactions described in the Joint Application is in the public interest and should be approved by the Commission.

13. The effective date of the Commitments set forth in Appendix A to this Settlement Stipulation shall be the date of the closing of the proposed transactions described in the Joint Application.

14. The Settling Parties therefore agree to support this Settlement Stipulation as a settlement of all issues in this proceeding and to recommend approval of the proposed transactions described in the Joint Application in this proceeding subject to the agreed-upon Commitments. The Settling Parties understand that this Settlement Stipulation is not binding on the Commission in ruling on the Joint Application.

IV. GENERAL PROVISIONS

A. Entire Agreement

15. This Settlement Stipulation is the product of negotiations and compromise amongst the Settling Parties and constitutes the entire agreement of the Settling Parties. Accordingly, the Settling Parties recommend that the Commission adopt and approve the Settlement Stipulation in its entirety as a full resolution of contested issues in this docket. This Settlement Stipulation will not be construed against any Settling Party on the basis that it was the drafter of any or all portions of this Settlement Stipulation. This Settlement Stipulation

supersedes any and all prior oral and written understandings and agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations will be relied upon by the Settling Parties to interpret this Settlement Stipulation or for any other reason.

B. Confidentiality of Negotiations

16. The Settling Parties agree that this Settlement Stipulation represents a compromise in the Settling Parties' positions. As such, conduct, statements and documents disclosed during the negotiation of this Settlement Stipulation are not admissible in this or any other proceeding and will remain confidential. Notwithstanding the foregoing, the Settlement Stipulation itself and its terms do not fall within the scope of this confidentiality provision, and each Settling Party is free to publicly disclose the basis for its own support of the Settlement Stipulation so long as such disclosure does not disclose conduct, statements or documents disclosed by other parties as part of the settlement negotiations.

C. Positions Not Conceded

17. The Settling Parties enter into this Settlement Stipulation to avoid further expense, uncertainty, inconvenience and delay. In reaching this Settlement Stipulation, the Settling Parties agree that no Settling Party concedes any particular argument advanced by that Settling Party or accedes to any particular argument made by any other Settling Party. Nothing in this Settlement Stipulation (or any testimony, presentation or briefing supporting this Settlement Stipulation) shall be asserted or deemed to mean that a Settling Party agreed with or adopted another Settling Party's legal or factual assertions in this proceeding. The limitations in this paragraph 17 will not

apply to any proceeding to enforce the terms of this Settlement Stipulation or any Commission order adopting this Settlement Stipulation in full.

D. Manner of Execution

18. This Settlement Stipulation is executed when all Settling Parties sign the Settlement Stipulation. A designated and authorized representative may sign the Settlement Stipulation on a Settling Party's behalf. The Settling Parties may execute this Settlement Stipulation in counterparts. If the Settlement Stipulation is executed in counterparts, all counterparts shall constitute one agreement. A Settlement Stipulation signed in counterpart and sent by facsimile or emailed as an Adobe Acrobat (*.pdf) file is as effective as an original document. A faxed or emailed signature page containing the signature of a Settling Party is acceptable as an original signature page signed by that Settling Party. Each Settling Party shall indicate the date of its signature on the signature page. The date of execution of the Settlement Stipulation will be January 15, 2019.

E. Approval Process and Support of Settlement Stipulation

19. Each Settling Party agrees to support in this proceeding the terms and conditions of this Settlement Stipulation as a full and final resolution of all contested issues between them in the above-captioned docket. Each Settling Party agrees to support the Settlement Stipulation during the course of any proceedings and procedures the Commission determines are appropriate for consideration of the Settlement Stipulation.

F. Commission Approval with Conditions

20. In the event the Commission approves this Settlement Stipulation, but with conditions not proposed in this Settlement Stipulation, the provisions of WAC 480-07-750(2)(b) will apply, and each Settling Party may accept or reject each such condition. If all Settling Parties timely notify the Commission that they accept the conditions, the terms in this Settlement

Stipulation and the Commission's conditions will resolve the issues identified in the Settlement Stipulation, and the Commission's order conditionally approving the Settlement Stipulation will then become final by operation of law with respect to those issues without further action from the Commission. If a Settling Party rejects any condition of the Commission, this Settlement Stipulation is deemed rejected and void and the Settling Parties will jointly and promptly request the Commission convene a prehearing conference to address procedural matters, including a procedural schedule for resolution of the case at the earliest possible date.

G. Commission Rejection

21. In the event the Commission rejects this Settlement Stipulation, the provisions of WAC 480-07-750(2)(c) will apply. In that event, the Settling Parties agree to jointly and promptly request the Commission convene a prehearing conference to address procedural matters, including a procedural schedule for resolution of the case at the earliest possible date.

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Dated: January 15, 2019.

Respectfully submitted,

PUGET SOUND ENERGY

By */s/ Steven R. Secrist*
Steven R. Secrist, WSBA #17305
General Counsel
Puget Sound Energy
355 110th Ave NE
Bellevue, Washington 98004
Phone: (425) 462-3178
Email: steve.secrist@pse.com

Senior Vice President, General Counsel, Chief Ethics & Compliance Officer for Puget Sound Energy

SIDLEY AUSTIN LLP

By */s/ Stan Berman*
Stan Berman, WSBA #29898
Sidley Austin LLP
701 Fifth Ave., Suite 4200
Seattle, Washington 98104
Phone: (206) 262-7681
Email: sberman@sidley.com

Attorneys for Alberta Investment Management Corporation

DAVIS WRIGHT TREMAINE LLP

By */s/ Scott W. MacCormack*
Scott W. MacCormack, WSBA #23858
Davis Wright Tremaine LLP
1201 Third Avenue, Suite 2200
Seattle, Washington 98101-3045
Phone: (206) 757-8263
Email: scottmaccormack@dwt.com

Attorneys for British Columbia Investment Management Corporation

MCDOWELL RACKNER GIBSON PC

By */s/ Shoshana Baird*
Lisa Rackner, WSBA #39969
Shoshana Baird, OSB #170790
McDowell Rackner Gibson PC
419 11th Ave, Suite 400
Portland, Oregon 97205
Phone: (503) 595-3925
Email: lisa@mrg-law.com
shoshana@mrg-law.com

Attorneys for OMERS Administration Corporation

DAVIS WRIGHT TREMAINE LLP

By */s/ Steven F. Greenwald*
Craig Gannett, WSBA #9269
Davis Wright Tremaine LLP
1201 Third Avenue, Suite 2200
Seattle, Washington 98101-3045
Phone: (206) 757-8048
Email: craiggannett@dwt.com

Steven F. Greenwald, CSBN 66023
Davis Wright Tremaine LLP
505 Montgomery Street, Suite 800
San Francisco, California 94111
Phone: (415) 276-6528
Email: stevegreenwald@dwt.com

Attorneys for PGGM Vermogensbeheer B.V.

ROBERT W. FERGUSON
Attorney General

By */s/ Jennifer Cameron-Rulkowski*
Jennifer Cameron-Rulkowski, WSBA No. 33734
Assistant Attorney General
Harry Fukano, WSBA No. 52458
Assistant Attorney General
Office of the Attorney General
Utilities and Transportation Division
P.O. Box 40128
Olympia, WA 98504-0128
Phone: (360) 664-1186
Email: jennifer.cameron-rulkowski@utc.wa.gov
harry.fukano@utc.wa.gov

Attorneys for Commission Staff

ROBERT W. FERGUSON
Attorney General

By */s/ Lisa W. Gafken*
Lisa W. Gafken, WSBA #31549
Assistant Attorney General
Nina Suetake, WSBA #53574
Assistant Attorney General
Office of the Attorney General
Public Counsel Unit
800 5th Avenue, Suite 2000
Seattle, WA 98104-3188
Phone: (206) 464-6595
Email: Lisaw4@atg.wa.gov
NinaS@atg.wa.gov

Attorneys for Public Counsel

DAVISON VAN CLEVE, P.C.

By */s/ Tyler C. Pepple*
Tyler C. Pepple, WSBA #50475
Davison Van Cleve, P.C.
1750 SW Harbor Way, Suite 450
Portland, OR 97201
Phone: (503) 241-7242
Email: tcp@dvclaw.com

Attorneys for the Alliance of Western Energy Consumers

SIMON J. FFITCH
Attorney at Law

By */s/ Simon J. ffitch*
Simon J. ffitch, WSBA#25977
321 High School Rd NE, Ste. D3
Box 383
Bainbridge Island, WA 98110-2648
Phone: (206) 669-8197
Email: simon@ffitchlaw.com

Attorney for The Energy Project

NW ENERGY COALITION

By */s/ Wendy Gerlitz*
Wendy Gerlitz
NW Energy Coalition
811 - 1st Avenue, Suite 305
Seattle, WA 98104
Phone: (206) 621-0094
Email: wendy@nwenergy.org

Appendix A to the Multiparty Settlement Stipulation and Agreement Docket U-180680

COMMITMENTS OF THE JOINT APPLICANTS IN SUPPORT OF THE PROPOSED TRANSACTIONS

A. Definitions

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

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

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

"Commission" means the Washington Utilities and Transportation Commission.

"Commission Staff" means the Staff of the Washington Utilities and Transportation Commission.

"CRAG" means the Conservation Resource Advisory Group formed by PSE in pursuant to Section D of Exhibit F to the Stipulation Agreement in Dockets UE-011570 & UG-011571.

"EBITDA" means earnings before interest, taxes, depreciation, and amortization.

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

"NEEC" means the Northwest Energy Efficiency Council.

"Owner of Puget Holdings" means a member of Puget Holdings LLC.

"Parties" means the signatories to the Multiparty Settlement Stipulation in Docket U-180680, including PSE, Alberta Investment Management Corporation, British Columbia Investment Management Corporation, OMERS Administration Corporation, PGGM Vermogensbeheer B.V., Commission Staff, the Public Counsel Unit of the Washington State Attorney General's Office, the Alliance of Western Energy Consumers, The Energy Project, and NW Energy Coalition.

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

"PSE" means Puget Sound Energy, Inc.

"PSE Independent Director" means a member of the Board of Directors of PSE who (i) shall not be a member of Puget Holdings or an affiliate of any member of Puget Holdings (including by way of being a member, stockholder, director, manager, partner, officer or employee of any such member), (ii) shall not be an officer or employee of PSE, (iii) shall be a resident of the state of Washington, and (iv) if and to the extent required with respect to any specific director, shall meet such other qualifications as may be required by any applicable regulatory authority for an independent director or manager.

"Public Counsel" means the Public Counsel Unit of the Washington State Attorney General's Office.

"Puget Energy" means Puget Energy, Inc.

"Puget Equico" means Puget Equico LLC.

"Puget Holdings" means Puget Holdings LLC.

"Puget Holdings Independent Managers" means a member of the Board of Managers of Puget Holdings who (i) shall not be a member or an affiliate of any member of Puget Holdings (including by way of being a member, stockholder, director, manager, partner, officer or employee of any such member of Puget Holdings), (ii) shall not be an officer or employee of PSE, (iii) shall be a resident of the state of Washington, and (iv) if and to the extent required with respect to an specific manager of Puget Holdings, shall meet such other qualifications as may be required by any applicable regulatory authority for an independent manager or director.

"Puget Intermediate" means Puget Intermediate Holdings Inc.

"Puget LNG" means Puget LNG, LLC.

B. Governance and Operations Commitments

1. Puget Holdings and PSE commit that (i) the board of directors of PSE will include at least three directors who are residents of the region, one of whom shall be the chief executive officer of PSE, and (ii) the board of directors of Puget Energy will include at least two directors who are residents of the region, one of whom shall be the chief executive officer of PSE. The term "region" as it applies to this Commitment 1 means Washington State.

2. Puget Holdings and PSE commit that PSE will honor its labor contracts.

3. PSE and Puget Holdings will maintain staffing and presence in the communities in which PSE operates at levels sufficient to maintain the provision of safe and reliable service and cost-effective operations.

4. PSE and Puget Holdings commit that PSE and Puget Energy corporate headquarters will remain in PSE's service territory.

C. Regulatory Commitments

5. Transaction Costs: PSE and Puget Holdings agree that there will be no recovery of any transaction costs associated with the Proposed Transactions, as well as, any legal and financial advisory fees associated with the Proposed Transactions in rates and no recovery of the acquisition premium in rates. The scope of transaction costs in this Commitment 5 includes any compensation of senior executives related to the Proposed Transactions.

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

7. Puget Holdings and PSE will not advocate for a higher cost of debt or equity capital as compared to what PSE's cost of debt or equity capital would have been absent the change in ownership at Puget Holdings.

   For future ratemaking purposes, Commitments 6(iii), 7, and 8(a) are clarified as follows:

   (a) Determination of PSE's debt and equity costs will be no higher than such costs would have been assuming PSE's credit ratings by S&P and Moody's in effect on the day before the Proposed Transactions closed and applying those credit ratings to then-current debt and equity markets, unless PSE proves that a lower credit rating is caused by circumstances or developments not the result of financial risks or other characteristics of the Proposed Transactions.

   (b) Determination of the allowed return on equity in future general rate cases will include selection and use of one or more proxy group(s) of companies engaged in businesses substantially similar to PSE, without any limitation related to PSE's ownership structure.

8. In furtherance of Commitment 6:

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

As regards Commitments 8(b), 8(c) and 13(c), within 14 days following the notice required by Commitment 8(b), PSE and Puget Holdings will seek Commission approval of any sale or transfer of: (1) any part of PSE that will give a new or existing member of Puget Holdings effective control of PSE, either in terms of ownership shares, or in terms of voting power under the then-applicable Puget Holdings LLC Agreement, or; (2) any material part of PSE. The term "material part of PSE" means any sale or transfer of stock representing ten percent or more of the equity ownership of Puget Holdings or PSE. *In the Matter of the Joint Application of Puget Holdings LLC and Puget Sound Energy, Inc. for an Order Authorizing Proposed Transaction,* Docket U-072375, Order 08 at ¶ 86 (Dec. 30, 2008). No sale or transfer subject to Commitment 8(b) may close prior to approval by the Commission.

9. PSE shall file notice with the Commission at least thirty (30) days prior to the closing of any transfer or sale of any membership interest in Puget Holdings. Such notice shall identify (i) the entity selling or transferring such membership interest, (ii) the entity purchasing or accepting assignment of such membership interest, and (iii) the membership interest to be sold or transferred. Such notice shall be only for informational purposes if such sale or transfer is less than ten percent of the membership interests in Puget Holdings. Such notice will not be required for an internal corporate reorganization of an existing member of Puget Holdings.

10. 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.

11. In furtherance of Commitment 10:

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

(b) Puget Holdings and PSE commit that PSE will provide Commission Staff and Public Counsel access to books and records (including those of Puget Holdings, including reports produced by Puget Holdings for its members to the extent those reports are pertinent to PSE, 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 Transactions will not result in reduced

access to the necessary books and records that relate to transactions with PSE, or that result in costs that may be allocable to PSE, and the Proposed Transactions and resulting corporate structure will not be used by PSE as a basis to oppose requests for such books and records made by the Commission or by Commission Staff or Public Counsel.

(c) Puget Holdings and PSE commit that nothing in the Proposed Transactions will limit or affect the Commission's rights with respect to inspection of accounts, books, papers and documents of PSE pursuant to RCW 80.04.070 or RCW 80.16.030. Puget Holdings commits that nothing in the Proposed Transactions will limit or affect the Commission's rights with respect to inspection of accounts, books, papers and documents of Puget Holdings 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.

12. Affiliate Transactions, Cross-Subsidization: PSE agrees (i) to file cost allocation methodologies used to allocate Puget Energy or Puget Holdings related costs to PSE; (ii) to propose methods and standards for treatment of affiliate transactions; and (iii) that there will be no cross-subsidization by PSE customers of unregulated activities. The cost-allocation methodology filed pursuant to this Commitment 12 will be a generic methodology that does not require Commission approval prior to its being proposed for specific application in a general rate case or other proceeding affecting rates.

13. In furtherance of Commitment 12:

(a) If and when any subsidiary of PSE becomes a subsidiary of Puget Holdings, Puget Intermediate, or Puget Energy, PSE will so advise the Commission within thirty (30) days and will submit to the 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 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 13(d) 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.

14. PSE, and Puget Holdings acknowledge that all existing orders issued by the Commission with respect to PSE or its predecessors, Puget Sound Power & Light Company and Washington Natural Gas Company, will remain in effect, and are not modified or otherwise affected by the Proposed Transactions or any order of the Commission approving the Proposed Transactions. 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 is acknowledged to be superseded and replaced in its entirety by the 2008 Acquisition Order.

15. PSE and Puget Holdings commit to continue the Service Quality measures currently in place for PSE or as may be modified in any future proceeding. PSE and Puget Holdings commit that PSE will not seek to abolish its Service Quality program, but that such program may be modified, if warranted. PSE will serve any request to change a service quality measure on Commission Staff and Public Counsel.

16. PSE will continue to meet all the applicable FERC reporting requirements with respect to annual reports (FERC Form 1) and quarterly reports (FERC Form 3) after closing of the Proposed Transactions.

17. PSE will continue to actively participate in national and regional forums regarding transmission issues, pricing policies, siting requirements, and interconnection and integration policies.

18. PSE will (i) continue to offer customers the investment cost recovery incentive authorized by RCW 82.16.120 each year for as long as the law is in effect and (ii) dedicate resources to market and promote net metering. Such a commitment, however, is contingent on the continuation of implementing tariffs supporting such net metering programs on file with the Commission.

19. Nothing in these Commitments shall be interpreted as a waiver of Puget Holdings' or PSE's rights to request confidential treatment for information that is the subject of any of these Commitments.

20. PSE and Puget Holdings understand that the Commission has authority to enforce these Commitments in accordance with their terms. If there is a technical violation of the terms of these Commitments, then the offending party may, at the discretion of the Commission, have a period of thirty (30) calendar days to cure such technical violation. The scope of this Commitment 20 includes the authority of the Commission to compel from Puget Holdings and Puget Energy the attendance of witnesses pertinent to matters affecting PSE. Puget Holdings waives its right to interpose any legal objection it might otherwise have to the Commission's jurisdiction to require the appearance of any such witnesses.

21. Puget Holdings and PSE acknowledge that these Commitments are being made by Puget Holdings and PSE and are binding only upon them (and their affiliates) where noted. Puget Holdings and PSE are not requesting in this proceeding a determination of the prudence, just and reasonable character, rate or ratemaking treatment, or public interest of the investments, expenditures or actions referenced in these Commitments, and the Parties in appropriate proceedings may take such positions regarding the prudence, just and reasonable character, rate or ratemaking treatment, or public interest of the investments, expenditures or actions as they deem appropriate. The Commitments made by Puget Holdings and PSE also are binding, upon their successors in interest.

22. PSE shall file a notice with the Commission and serve such notice on the parties to Docket U-180680, within ninety (90) days of the effective date of any change in any of (i) the Alberta Investment Management Corporation Act, S.A. 2007, c. A-26.5; (ii) the Public Sector Pension Plans Act, S.B.C. 1999, c. 44; (iii) the Canada Pension Plan Investment Board Act, S.C. 1997, c. 40; (iv) the Ontario Municipal Employees Retirement System Act, S.O. 2006, c. 2; and (v) those restrictions that prohibit a pension plan administrator from investing directly or indirectly in the securities of a corporation to which are attached more than thirty percent (30%) of the votes that may be cast to elect the directors of that corporation, or any amendment or replacement of that rule set out in section 11 of Schedule III of the Pension Benefits Standards Regulations, 1985 (SOR/87-19), as incorporated by reference in (a) subsection 72(2) of the Employment Pension Plans Regulation under the Employment Pension Plans Act (Alberta), (b) section 68(2) of the Pension Benefits Standards Regulation under the Pension Benefits Standards Act (British Columbia), and (c) section 79 of regulation 909 under the Pension Benefits Act (Ontario).

23. PSE shall file a notice with the Commission and serve such notice on the parties to Docket U-180860, within thirty (30) days of any (i) change to the voting requirements in either the PSE Bylaws or Puget Holdings LLC Agreement or (ii) creation of an enforceable voting agreement among two or more members of Puget Holdings.

D. Ring-Fencing and Financial Commitments

24. At least one director of PSE will be a PSE Independent Director who is not a member, stockholder, director (except as such PSE Independent Director), officer, or employee of Puget Holdings or its affiliates. The organizational documents for PSE will not permit PSE, without the unanimous consent of all its directors including the Independent Director, to consent to the institution of bankruptcy proceedings or the inclusion of PSE in bankruptcy proceedings. The Chief Executive Officer of PSE will be a member of the board of PSE.

The Puget Holdings governance will be on terms substantively the same as presented in the Second Amended and Restated Limited Liability Company Agreement of Puget Holdings LLC, dated as of May 28, 2009, as amended on October 30, 2017, a copy of which is attached as Exhibit A to these Commitments, including a Puget Holdings Independent Manager on terms substantively the same as presented in Exhibit A to these Commitments. The Puget Energy, Puget Intermediate, and Puget Equico governance agreements will also include an independent director or manager, as applicable, on terms substantively the same as presented in the Amended and Restated Bylaws of Puget Sound Energy, Inc., dated as of October 30, 2014, a copy of which is attached as Exhibit B to these Commitments. The Puget Holdings, Puget Intermediate, Puget Equico, and Puget Energy governance agreements will be modified, as necessary, to require, in addition to supermajority member approval, supermajority Board approval, including the affirmative vote of the Independent Manager, of matters identified in Exhibit A to these Commitments.

25. PSE will maintain separate debt and preferred stock, if any. PSE will maintain its own corporate and debt credit rating, as well as ratings for long-term debt and preferred stock.

26. Puget Holdings and PSE commit that each of Puget Energy and PSE will continue to be rated by both Standard & Poor's Ratings Group and Moody's Investors Service, Inc.

27. All of the common stock of Puget Energy shall be owned by Puget Equico, a Washington limited liability company. Puget Equico shall be a wholly-owned subsidiary of Puget Intermediate. Puget Equico shall be a bankruptcy-remote special purpose entity, and shall not have debt.

28. Puget Energy may not declare or make a Puget Energy distribution, unless on the date of such Puget Energy distribution, the ratio of consolidated EBITDA to consolidated interest expense for the most recently ended four fiscal quarter period prior to such date is equal or greater than 2.00 to 1.00.

29. PSE and Puget Holdings commit that PSE will have a common equity ratio of not less than 44 percent, except to the extent a lower equity ratio is established for ratemaking purposes by the Commission. Puget Holdings represents that Puget Holdings is not prohibited from issuing new equity to third parties. PSE and Puget Holdings will not amend the LLC Agreement or other transaction documents to prohibit Puget Holdings from issuing new equity to third parties (including public markets). The transaction documents also permit PSE to issue certain hybrid securities to third parties (including public markets) and Puget Holdings. If Puget Holdings makes a new equity issuance for the purpose of (i) contributing the proceeds thereof (through its relevant subsidiaries) to Puget Energy or PSE, or (ii) applying the proceeds thereof toward the purchase from PSE of hybrid securities that are permitted to be issued under the transaction documents, the proceeds of any such new equity issuances by Puget Holdings shall be used for such purpose. PSE and Puget Holdings will provide an annual certificate of an officer of Puget Holdings certifying that neither Puget Holdings nor PSE is prohibited from undertaking the transactions described above.

30. PSE shall not be permitted to declare or make any PSE distribution unless, on the date of such PSE distribution, the PSE common equity ratio after giving effect to such PSE distribution is not less than 44%, except to the extent a lower equity ratio is established for ratemaking purposes by the Commission.

31. PSE shall not declare or make any distribution, unless, on the date of such distribution, either:

(a) The ratio of PSE EBITDA to PSE interest expense for the most recently ended four fiscal quarter period prior to such date is equal or greater than 3.00 to 1.00; or

(b) PSE's corporate credit/issuer rating is at least BBB- (or its then equivalent) with S&P and Baa3 (or its then equivalent) with Moody's.

However, if PSE satisfies part (a) above but its corporate credit/issuer rating is downgraded to a level below BBB- (or its then equivalent) with Standard & Poor's Ratings Group or Baa3 (or its then equivalent) with Moody's Investors Service, Inc., then PSE shall provide notice to the Commission of such downgrade within two business days of PSE's receipt of notice of such downgrade. Following such downgrade, distributions by PSE to Puget Energy shall be limited to an amount sufficient (i) to service debt at Puget Energy, and (ii) to satisfy financial covenants in the credit facilities of Puget Energy, and distributions by Puget Energy to Puget Equico shall cease. If PSE seeks to make any distribution to Puget Energy greater than such amount and Puget Energy seeks to make any distribution to Puget Equico whatsoever, PSE and Puget Energy shall within forty-five calendar days of such downgrade (or earlier if PSE anticipates that such a downgrade may be forthcoming) file a petition with the Commission to show cause why (i) PSE should be permitted to make any distribution to Puget Energy in excess of such amount and (ii) Puget Energy should be permitted to make any distribution to Puget Equico. It is the expectation of the Parties that the Commission within sixty (60) days after PSE's and Puget Energy's filing of such petition will issue an order granting or denying such petition. In considering such petition, due consideration shall be given to the financial performance and credit rating of PSE and to whether PSE has, and is expected to achieve, financial metrics that fall within the ranges used by Standard & Poor's Ratings Group and Moody's Investors Service, Inc. for investment grade-rated utility companies and any changes in such ranges since the date of closing of the 2008 Transaction; provided that nothing in this Commitment 31 shall prohibit the parties from advancing any arguments regarding factors the Commission should consider. If PSE's corporate credit/issuer rating is subsequently upgraded to BBB- (or its then equivalent) or above with Standard & Poor's Ratings Group or Baa3 (or its then equivalent) or above with Moody's Investors Service, Inc., then PSE shall provide notice to the Commission of such upgrade within two business days of PSE's receipt of notice of such upgrade, and neither PSE nor Puget Energy shall be subject to any dividend restriction pursuant to this Commitment 31 as of the date PSE provides such notice to the Commission.

Commitments 28, 30, and 31, which limit upward dividends or distributions from PSE to Puget Energy and from Puget Energy to Puget Equico, are clarified as follows:

(a) If the ratio of PSE EBITDA to PSE interest expense is equal to or greater than 3.0 and PSE's corporate credit/issuer rating with S&P and Moody's (or their then equivalents) is investment grade, distributions from PSE to Puget Energy are not limited so long as PSE's equity ratio is equal to or greater than 44 percent [Commitment 30] and distributions from Puget Energy to Puget Equico are not limited so long as consolidated PSE/Puget Energy EBITDA to consolidated PSE/Puget Energy interest expense is equal to or greater than 2.0. [Commitment 28]

(b) If the ratio of PSE EBITDA to PSE interest expense is less than 3.0, but PSE's corporate credit/issuer rating with S&P and Moody's (or their then equivalents) is investment grade, distributions from PSE to Puget Energy are not limited so long as PSE's equity ratio is equal to or greater than 44 percent [Commitment 30] and distributions from Puget Energy to Puget Equico are not limited so long as consolidated PSE/Puget Energy EBITDA to consolidated PSE/Puget Energy interest expense is equal to or greater than 2.0. [Commitment 28]

(c) If the ratio of PSE EBITDA to PSE interest expense is equal to or greater than 3.0, but PSE's corporate credit/issuer rating with either S&P or Moody's (or their then equivalents) is not investment grade, distributions from PSE to Puget Energy are limited as specified in Commitments 30 and 31, unless allowed by specific Commission approval. No distributions are allowed from Puget Energy to Puget Equico.

(d) If the ratio of PSE EBITDA to PSE interest expense is less than 3.0 and PSE's corporate credit/issuer rating with either S&P or Moody's (or their then equivalents) is not investment grade, no distributions are allowed from PSE to Puget Energy and no distributions are allowed from Puget Energy to Puget Equico.

32. PSE will maintain its pension funding policy in accordance with sound actuarial practice.

33. PSE will to the extent practical, comply with the rules applicable to a registrant under NYSE rules. Please see Exhibit C to these Commitments for an analysis of PSE's present reporting and governance obligations under NYSE Corporate Governance Standards. Such analysis identifies the applicable NYSE rule, describes the current requirement, describes the post-closing requirement, and sets forth PSE's post-closing commitment with respect to each requirement in the event a current requirement is not a continuing obligation. Such analysis also details the requirements of the NYSE with respect to the following:

(a) annual report availability,

(b) interim financial statements,

(c) independent directors,

(d) director executive sessions,

(e) communication with non-management directors,

(f) nominating and governance committee matters,

(g) compensation committee matters,

(h) the audit committee and committee membership,

(i) the internal audit function,

(j) corporate governance guidelines,

(k) disclosure of corporate governance guidelines,

(l) code of business conduct and ethics, and

(m) officer certification.

Puget Energy and PSE will each comply with applicable NYSE rules and the requirements of the Sarbanes-Oxley Act as specified in Exhibit D to these Commitments. Unless the Commission approves otherwise, Puget Energy and PSE will comply with any new NYSE rules, or rules not covered in Exhibit D to these Commitments. The independent managers or directors on the PSE, Puget Energy, and Puget Holdings boards will be members of the nominating/governance, compensation, and audit committees and their affirmative vote will be required on all matters subject to vote.

34. Puget Holdings and PSE commit that Puget Energy and PSE will continue to make the same SEC financial reporting requirements after closing of the Proposed Transactions with respect to the following:

(a) Section 13(a) disclosure requirements,

(b) Section 15(d) disclosure requirements, and

(c) indenture covenants disclosure requirements.

35. PSE and Puget Holdings commit to the following commitments with respect to the Sarbanes-Oxley Act for both PSE and Puget Energy:

(a) Section 201 guidance on the use of outside auditors,

(b) Section 202 pre-approval requirements with respect to the engagement and compensation of auditors,

(c) Section 203 requirements with respect to audit partner rotation,

(d) Section 204 guidance with respect to the requirements of auditor reports to audit committees,

(e) Section 206 guidance with respect to auditor conflicts of interest,

(f) Section 301 requirements with respect to audit committee requirements,

(g) Section 302 requirements with respect to corporate responsibility for financial reports,

(h) Section 303 provisions prohibiting officers and directors, and persons acting under the direction of an officer or director, from taking any action to coerce, manipulate, mislead, or fraudulently influence the auditor,

(i) Section 401 requirements with respect to the form and content of periodic and annual reports,

(j) Section 402 provisions prohibiting providing personal loans to directors and executive officers,

(k) Section 403 requirements with respect to disclosures of certain transactions involving management and shareholders,

(l) Section 404 requirements with respect to management assessment of internal controls,

(m) Section 406 requirements with respect to the code of ethics for senior financial officers,

(n) Section 407 requirements with respect to disclosure of audit committee financial expert,

(o) Section 409 requirements with respect to real time disclosure to the public on material changes regarding financial condition or operations, and

(p) Section 906 requirements with respect to corporate responsibility for financial statements.

36. Within ninety (90) days of closing of all of the Proposed Transactions, Puget Holdings and PSE will file a non-consolidation opinion with the Commission which concludes that the ring fencing provisions are sufficient that a bankruptcy court would not order the substantive consolidation of the assets and liabilities of PSE with those of Puget Energy or its affiliates or subsidiaries.

37. Puget Holdings acknowledges PSE's need for significant amounts of capital to invest in its energy supply and delivery infrastructure and commits that meeting these capital requirements will be considered a high priority by the Boards of Puget Holdings and PSE.

38. For a period of five (5) years following the date of a final order in Docket U-180860, PSE shall file with the Commission, no later than March 31 of each year, the total amount of debt held at each of Puget Energy and PSE, including the material terms of any new issuance(s) as of December 31 of the previous calendar year. Such material terms include:

(1) the financing party; (2) the amount; (3) the interest rate; (4) the maturity date; and (5) the uses of the monies raised in each debt issuance.

E. Community and Low-Income Commitments

39. Puget Holdings and PSE commit that PSE and Puget Sound Energy Foundation will maintain its existing level of corporate contributions and community support in the State of Washington through December 31, 2022, as set forth in Exhibit E to these Commitments.

40. PSE and Puget Holdings commit to maintain existing low-income programs or as such programs may be modified in any future proceeding. In addition, PSE and Puget Holdings commit to increase the budgeted funding of low-income energy efficiency programs in future years at a level commensurate with increases in funding for energy efficiency programs for other residential customers through the CRAG process.

41. PSE and Puget Holdings commit to continue to work with low-income agencies to address issues of low-income customers.

42. PSE shall continue bill assistance benefits for qualifying low-income customers under the HELP program, based upon the funding components and methodologies generally described in the 2016-2017 PSE HELP Annual Report and any other applicable orders. This Commitment 42 does not preclude parties from requesting or the Commission from approving increases to HELP funding in future proceedings based upon modified or additional components or methodologies.

43. PSE agrees to continue to fund low-income weatherization programs that the low-income agencies inform PSE they can feasibly achieve with an annual base funding level of no less than $4.43 million for low-income weatherization programs through December 31, 2022, which amount includes the following:

    (a) continued annual contributions of $400,000 from shareholder funds for the Low-Income Weatherization Program; and

    (b) continued annual contributions of $500,000 to the Low-Income Weatherization Program for so long as decoupling adopted in Dockets UE-121697 and UG-121705 continues.

44. PSE shall contribute financial and staff resources to assist in conducting a low-income needs assessment study, which study is intended to provide better understanding of the needs related to energy affordability of low-income households in PSE's service territory, including data related to energy efficiency/weatherization needs and opportunities.

45. PSE shall maintain a project cost allowance of thirty percent (30%) for Administrative/Indirect Rate associated with the delivery of the Low-Income Weatherization Program. The appropriateness of the project cost allowance of thirty percent (30%) will be evaluated regularly through the low-income weatherization advisory committee.

46. Puget Holdings shall make a one-time contribution from shareholder funds in the amount of $2 million to the Low-Income Weatherization Program to be disbursed over a five-year period.

47. PSE shall take reasonable steps to include equitable participation of low-income households in renewable energy programs available to residential customers.

48. PSE shall continue to consult with the low-income advisory committee in the deployment of the Get-to-Zero initiative.

F. Environmental Commitments

49. Puget Holdings acknowledges PSE's obligations under Washington's Renewable Portfolio Standard and commits to support PSE with additional expertise and capital as necessary to enable PSE to fulfill those obligations.

50. Puget Holdings commits to work with PSE to acquire all renewable energy resources required by law and such other renewable energy resources as may from time to time be deemed advisable in accordance with its biennial integrated resource planning process.

51. Puget Holdings commits to and supports PSE's goal to reduce greenhouse gas emissions by 50 percent of PSE's 2016 greenhouse gas footprint by 2040.

52. PSE will continue to produce an annual Greenhouse Gas Inventory Report, including an inventory of total emissions from each of the sources listed in Table 6-1 and 9-1 of PSE's 2017 Greenhouse Gas Inventory Report, and make such Greenhouse Gas Inventory Report available to its customers and stakeholders.

G. Energy Efficiency Commitments

53. PSE shall continue to support market transformation through participating in the Northwest Energy Efficiency Alliance (NEEA) at funding levels approved by the Board of Directors of NEEA, including funding and participation in all "optional" programs.

54. PSE shall accelerate its business case review of an on-bill repayment program for customer investments in energy efficiency and will work collaboratively with the CRAG to determine if such a program is cost-effective and serves the best interests of PSE customers.

55. PSE shall work with NEEC and the CRAG to adaptively manage and modify PSE's "Pay for Performance" pilot to attract more participants with the goal of having a successful whole-building pilot that significantly reduces energy use intensity by 40 percent in at least five (5) large commercial or industrial buildings (over 50,000 sq ft).

H. Colstrip Commitments

56. At closure of Colstrip Units 1 and 2, PSE shall offset all additional unrecovered plant balances for Colstrip Units 1 and 2 with monetized production tax credits ("PTCs"). PSE assumes the risk that it is unable to monetize the PTCs to offset additional unrecovered

plant balances for Colstrip Units 1 and 2; provided, however that if Colstrip Units 1 and 2 close prior to the monetization of sufficient PTCs to offset additional unrecovered plant balances for Colstrip Units 1 and 2, PSE shall hold remaining unrecovered plant balances of Colstrip Units 1 and 2 in a regulatory asset in rate base until the earlier to occur of (i) the recovery of all plant balances for Colstrip Units 1 and 2 through monetized PTC offsets or (ii) December 31, 2029.

57. PSE shall place PTCs as they are monetized in a second, more flexible account not established pursuant to Chapter 80.84 RCW. PSE shall use the monetized PTCs in the second account in accordance with the following priority for use: (i) to fund community transition planning funds of $5 million, as identified in paragraph 118 of the Settlement in Dockets UE-170033 & UG-170034; (ii) to recover unrecovered plant balances for Colstrip Units 1 through 4; and (iii) to fund and recover prudently incurred decommissioning and remediation costs for Colstrip Units 1 through 4. The account shall be consistent with the discussion of the account set forth in the Prefiled Rebuttal Testimony of Ms. Katherine J. Barnard, Exh. KJB-17T in Dockets UE-170033 & UG-170034.

58. PSE shall engage in a process with stakeholders to develop a community transition plan, including a funding mechanism, to address the transitioning of PSE's interest in the community of Colstrip, Montana. PSE shall contribute the following amounts to the community transition plan: (i) $5 million of shareholder dollars and (ii) $5 million of monetized PTCs. PSE shall place the $5 million of shareholder dollars in an escrow account (the "Escrow Account") by the end of calendar year 2018. PSE shall place $5 million of monetized PTCs, when available, from the account established pursuant to paragraph 117 of the Settlement in Dockets UE-170033 & UG-170034 in the Escrow Account. All such funds shall remain in the Escrow Account until such time that there is a community transition plan, including a funding mechanism, in place.

59. Beginning in 2018, on or before December 1 of each year, PSE shall provide the Commission an annual report containing the following:

    (i) the most recent estimate of the actual retirement date for Colstrip Units 1 and 2 and Colstrip Units 3 and/or 4;

    (ii) in the event of an estimated retirement date earlier than July 1, 2022, for Colstrip Units 1 and 2, and upon the determination by PSE of an estimated retirement date for Colstrip Units 3 and/or 4, a discussion and evaluation of consequences to customers arising from those estimated retirement dates;

    (iii) decommissioning and remediation expenditures associated with Colstrip units since the time of the last report and updated estimates of future costs;

    (iv) an evaluation of the sufficiency of the retirement account established pursuant to Chapter 80.84 RCW to fund and recover decommissioning and remediation activities for Colstrip Units 1 and 2;

(v) an evaluation of the sufficiency of existing depreciation rates for Colstrip Units 3 and 4 to cover decommissioning and remediation costs for those units; and

(vi) for years in which PSE issues an Integrated Resource Plan, updated replacement power costs.

I. LNG Commitments

60. Puget Energy shall not operate or own any business other than PSE and Puget LNG. Puget LNG shall be a special purpose entity formed by Puget Energy solely for the purposes of owning, developing, and financing, as a tenant-in common with PSE, an LNG facility at the Port of Tacoma (the "Tacoma LNG Facility").

61. PSE and Puget Holdings commit that the current and any future capital expenditure credit facilities will by their terms limit the use of such funds only for financing capital expenditures of PSE and Puget LNG. Quarterly officer certificates under each of the credit facilities of Puget Energy and PSE will be made available to the Commission and other interested parties, upon request and subject to the protective order in Docket No. U-072375.

62. PSE's customers will be held harmless from the liabilities and financial losses of any non-regulated activity of the Tacoma LNG Facility, including any non-regulated activity of Puget LNG. Puget Energy guarantees and will hold PSE's customers harmless from all liabilities and financial losses of Puget LNG resulting from:

(i) any non-regulated activity of the Tacoma LNG Facility, including the sale or assignment of the assets of Puget LNG to a third party; and

(ii) circumstances in which Puget LNG or any successor to Puget LNG (a) becomes insolvent or is unable to pay its debts when due, (b) files a petition in bankruptcy, reorganization or similar proceedings (and if filed against, such petition is not removed within 90 days), (c) discontinues its business, or (d) a receiver is appointed or there is an assignment for the benefit of creditors of Puget LNG.

63. PSE will notify the Commission of any potential sale or transfer of all or substantially all of the assets of the Tacoma LNG Facility or the potential sale or transfer of Puget LNG's non-regulated operations. PSE must give this notice as soon as practicable.

J. Miscellaneous Commitments

64. Puget Holdings and PSE understand and agree that the Commission has authority to enforce these Commitments in accordance with the terms of these Commitments. In support of this purpose, Puget Holdings will file with the Commission prior to closing the Proposed Transactions an affidavit affirming that it will submit to the jurisdiction of Washington courts for enforcement by the Commission of orders adopting these Commitments and subsequent orders affecting PSE. PSE will file a report with the Commission regarding any failure to comply with any of these Commitments. The report will, at a minimum, identify the commitment, provide a description of the failure, and provide a description of the corrective action taken. The report is due to the Commission

within five business days once the failure has been identified and must be served on Commission Staff and Public Counsel.

65. Each Owner of Puget Holdings is supportive of these Commitments. Prior to closing of the Proposed Transaction, each Owner of Puget Holdings will file an affidavit with the Commission affirming that it is supportive of these Commitments.

K. Table of Exhibits

Exhibit A Second Amended and Restated Limited Liability Company Agreement of Puget Holdings LLC, dated as of May 28, 2009, as amended on October 30, 2017 (Contains Designated Information That Is Highly Confidential Per protective order in WUTC Docket U-180680)

Exhibit B Amended and Restated Bylaws of Puget Sound Energy, Inc., dated as of October 30, 2014

Exhibit C PSE's Reporting and Governance Obligations under NYSE Corporate Governance Standards

Exhibit D Applicable NYSE Rules and Requirements of the Sarbanes-Oxley Act

Exhibit E Corporate Contributions and Community Support in the State of Washington Through December 31, 2022

Exhibit A

Second Amended and Restated Limited Liability Company Agreement of
Puget Holdings LLC, dated as of May 28, 2009, as amended on October 30, 2017

CONFORMED COPY

SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
PUGET HOLDINGS LLC

Dated as of May 28, 2009

Amended on October 30, 2017

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SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
PUGET HOLDINGS LLC

This SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (the "Agreement") of Puget Holdings LLC (the "Company"), is made and entered into by and among the Company and those persons whose names and addresses are set forth on Exhibit B hereto as members (the "Initial Members"), and such other parties that are admitted as members in accordance with the terms hereof (together with the Initial Members, each, a "Member," and collectively, the "Members"), effective as of May 28, 2009 (the "Second Amendment Effective Date"). Capitalized terms used herein without definition have the meanings set forth in Section 1.01.

RECITALS

WHEREAS, the Company was formed as a limited liability company pursuant to the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, et seq. (the "Act"), by certain of the Initial Members causing the filing of a Certificate of Formation of the Company under the name "Padua Holdings LLC" (as amended from time to time, the "Certificate of Formation") with the office of the Secretary of State on October 12, 2007 (the "Formation Date");

WHEREAS, certain of the Initial Members entered into the Padua Holdings LLC Limited Liability Company Agreement, dated as of October 25, 2007 (the "Interim LLC Agreement");

WHEREAS, pursuant to that certain Agreement and Plan of Merger, dated as of October 25, 2007 (the "Agreement and Plan of Merger"), by and among the Company, Puget Energy, Inc., a Washington corporation ("Puget Energy"), Puget Intermediate Holdings Inc. (f/k/a Padua Intermediate Holdings Inc.), a Washington corporation and a wholly owned subsidiary of the Company ("Puget Intermediate"), and Puget Merger Sub Inc. (f/k/a Padua Merger Sub Inc.), a Washington corporation and a wholly owned subsidiary of Puget Intermediate (the "Merger Sub"), the Company acquired all of the common stock of Puget Energy through the merger of Merger Sub with and into Puget Energy (the "Merger"), and Puget Energy became a wholly owned indirect subsidiary of the Company; and in conjunction therewith and in accordance with Sections 3.4 and 6.2 of the Interim LLC Agreement, the Interim LLC Agreement was amended and restated in its entirety as of February 6, 2009 (the "Effective Date") (such amended and restated agreement is herein referred to as the "Existing LLC Agreement"); and

WHEREAS, the parties to the Existing LLC Agreement now propose to enter into certain transactions between them and in connection therewith desire to amend and restate the Existing LLC Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, rights and obligations set forth in this Agreement, the benefits to be derived therefrom, and other good and valuable consideration, the receipt and the sufficiency of which the Company and each Member acknowledges, the Company and each Member, by execution of this Agreement, hereby agree

that, as of the Second Amendment Effective Date, the Existing LLC Agreement is amended and restated in its entirety as follows:

ARTICLE I
DEFINITIONS

1.01 Certain Definitions. As used in this Agreement, the following terms have the following meanings:

"Acquiror" has the meaning set forth in the definition of Change of Control.

"Act" has the meaning set forth in the recitals.

"Advisor" has the meaning set forth in the definition of Change of Control.

"Affiliate" means:

(a) with respect to any Person that is a Fund or holds Shares for a Fund, any other Person or Fund or Subsidiary of a Fund (other than a Fund that is, or is proposed to be, listed or quoted on an investment exchange with a purpose of effectively achieving an indirect listing or quotation of Shares) that is advised by, or the business, operations or assets of which are managed (whether solely or jointly with others) from time to time by, or whose parent is managed by, the manager or adviser of the Fund (or a Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, that manager or adviser); provided, however,

(i) the term "adviser" shall mean an entity that provides a Person with advice in relation to the management of investments of that Person, which, in the case of a Fund (other than in relation to actually making decisions to implement such advice), is substantially the same as the services that would be provided by a manager of the Fund and such adviser effectively forms part of the structure of the Fund, except that Padua MG Holdings LLC and its Affiliates will not be treated as an adviser of a Fund solely as a result of any services provided or agreed to be provided by Padua MG Holdings LLC or any of its Affiliates to the Fund under an agreement pursuant to which those services are to be provided solely in relation to an investment by the Fund in the Company; and

(ii) the term "manager" with respect to any Fund shall mean any general partner, trustee, responsible entity, nominee, manager, adviser or other entity performing a similar function with respect to such Fund; and

(iii) no Person that is or holds Shares for a complying superannuation fund for the purposes of the Australian Superannuation Industry (Supervision) Act 1996 shall be deemed to be an Affiliate of any Person that is or holds Shares for any other such Fund by reason of this definition.

(b) with respect to any Person that is not a Fund and does not hold Shares for a Fund, any other Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person.

(c) for purposes of this Agreement, the Macquarie Entities shall be deemed to be Affiliates and the entities comprising the Macquarie Group shall be deemed to be Affiliates.

"Aggregate Ownership Limitation" means, with respect to any Person or group of Persons, that such Person or group directly owns Shares or other equity securities of the Company (or, for purposes of Section 7.05(d), any Subsidiary of the Company) that (by value or voting interest) represent fifty percent (50%) of the aggregate Shares and other equity securities of the Company (or, for purposes of Section 7.05(d), any Subsidiary of the Company).

"Agreement" has the meaning set forth in the preamble.

"Agreement and Plan of Merger" has the meaning set forth in the recitals.

"Alternate" has the meaning set forth in Section 4.02(h).

"Allocated Free Percentage" has the meaning set forth in Section 4.02(b).

"Bankrupt Member" means any Member that (i) makes a general assignment for the benefit of creditors, (ii) files a voluntary bankruptcy petition, (iii) becomes the subject of an order for relief or is declared insolvent in any federal or state bankruptcy or insolvency proceeding, (iv) files a petition or answer seeking for such Member a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Member in a proceeding of the type described in clauses (i)-(iv) under, any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or other similar law now or hereafter in effect, (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, liquidator, conservator, custodian, assignee or sequestrator (or other similar official), of the Member or of all or any substantial part of the Member's properties, (vii) becomes the subject of an order for substantive consolidation with any other Person that is insolvent or bankrupt, or (viii) is a natural Person and is declared incompetent or otherwise becomes legally incapacitated.

"Board" means the Board of Managers of the Company, as described in Section 4.02.

"Board Supermajority Approval" means the affirmative vote or written consent of the Managers representing at least eighty percent (80%) of the Shares plus the affirmative vote or written consent of at least one (1) Independent Manager; provided, however, that if a Manager is required to or does recuse himself from any vote or consent pursuant to Section 4.10(a) or (c), Board Supermajority Approval shall require, in lieu of Managers representing at least eighty percent (80%) of the Shares, the affirmative vote or written consent of the Managers representing at least eighty percent (80%) of the Shares that may be voted by the Managers who were not so required to and did not recuse themselves from such vote or consent.

"Board Supermajority Matter" means each action or matter, any consent to or approval of which, pursuant to the provisions of this Agreement, requires Board Supermajority Approval.

"Budget" has the meaning set forth in Section 4.08(b).

"Business Days" means any day other than a Saturday, a Sunday or a legal holiday recognized or declared as such by the Government of the United States of America or the State of New York, on which banks are generally open for business in New York City.

"Business Plan" has the meaning set forth in Section 4.08(b).

"Canadian Government Members" means (a) each of CPP, 6860141 Canada Inc. as Trustee for Padua Investment Trust, PIP2PX (Pad) Ltd., PIP2GV (Pad) Ltd., MIP Padua Holdings, GP, and MIP II Washington Holdings, L.P. (for so long as such Persons are Members), (b) each other Member that is the Canadian federal government or a Canadian provincial government (as defined in Section 7.05(c)), and (c) each other Member some or all of whose ownership interests are held directly or indirectly by the Canadian federal government or a Canadian provincial government (as defined in Section 7.05(c)).

"Canadian Government Shares" has the meaning set forth in Section 13.05(a).

"Capital" means the amount of Cash and the initial fair market value of any property (other than money) contributed to the Company by the Members pursuant to the terms of this Agreement (reduced by the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company).

"Capital Contribution" means any amount of Capital contributed to the Company by a Member pursuant to the terms of this Agreement. Any reference to the Capital Contributions of a Member will include the Capital Contributions made by a predecessor holder of the Shares of such Member.

"Cash" means cash or Cash Equivalents.

"Cash Equivalents" means (i) securities issued or directly and fully guaranteed or insured by the full faith and credit of the United States government, (ii) certificates of deposits or bankers acceptances with maturities of one (1) year or less from institutions with at least $1 billion in capital and surplus and whose long-term debt is rated at least "A-1" by Moody's or the equivalent by Standard & Poor's and in each case maturing within one (1) year; and (iii) investment funds investing at least ninety five percent (95%) of their assets in cash or assets of the types described in clauses (i) through (ii) above.

"Certificate of Formation" has the meaning set forth in the recitals.

"Challenge" has the meaning set forth in Section 7.06.

"Change of Control" means with respect to a Member:

(a) if the Member is not a Fund or the custodian or nominee for a Fund or Controlled by a Fund, any Person (an "Acquiror") that acquires Control, directly or indirectly, of the Member other than: (i) where, after giving effect to the acquisition, the Member is ultimately Controlled by the Person or group of Persons that Controlled the Member immediately prior to the acquisition; (ii) by way of acquisition of securities of the Member if securities of the Member were listed or traded on an internationally recognized national securities exchange or automated

quotation system at the time the Member first became a Member and at the time of the acquisition; or (iii) by way of acquisition of securities of a Person that ultimately Controls the Member if securities of such Person were listed or traded on an international recognized national securities exchange or automated quotation system at the time the Member first became a Member and at the time of the acquisition.

(b) if the Member is a Fund or a nominee or custodian for a Fund or is Controlled by a Fund, an Acquiror acquires Control, directly or indirectly, of a manager, adviser or general partner that Controls the Fund (or a Person acting in a similar capacity) (as applicable, an "Advisor") or the Advisor is removed and not replaced by an Affiliate of such original Advisor other than: (i) where, after giving effect to that acquisition, the Member or the Advisor, as the case may be, is ultimately Controlled by the Person or group of Persons that Controlled the Member or the Advisor immediately prior to the acquisition; (ii) by way of acquisition of securities of the Advisor if securities of the Advisor were listed or traded on an international recognized national securities exchange or automated quotation system at the time of the acquisition; (iii) by way of acquisition of securities of a Person that ultimately Controls the Member or the Advisor, as the case may be, if securities of such Person were listed or traded on an international recognized national securities exchange or automated quotation system at the time of the acquisition; or (iv) if any such Advisor was removed on account of Disabling Conduct.

"Code" means the Internal Revenue Code of 1986.

"Company" has the meaning set forth in the preamble.

"Company CEO" means the chief executive officer of the Company who may be the PSE CEO or any other person appointed pursuant to the provisions of this Agreement.

"Consent" means, with respect to any action or event, any approval, consent, ratification, license, permit or other authorization required to be issued, granted, given, or otherwise made available by or under the authority of any Person or Governmental Authority.

"Consumer Price Index" means the consumer price index for urban consumers for a representative basket of goods and services as published by the Bureau of Labor Statistics of the United States Department of Labor or any successor index thereto as appropriately adjusted.

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by contract or otherwise, which, for the avoidance of doubt, shall include through a Person's capacity as general partner, trustee, responsible entity, nominee, manager or adviser or otherwise.

"CPP" means CPP Investment Board (USRE II) Inc.

"Defaulting Member" has the meaning set forth in Section 11.01.

"Delaware Arbitration Act" has the meaning set forth in Section 13.08.

"Disabling Conduct" means, with respect to any Advisor, fraud or gross negligence in the conduct of such Advisor's office, criminal conduct or a willful breach of law by such Advisor in respect of the Fund Controlled by such Advisor or its business, a material breach of the governing agreement of the Fund Controlled by such Advisor, or a breach of fiduciary duty by such Advisor in respect of the Fund Controlled by such Advisor or its business.

"Disposition" means a disposition, sale, assignment, transfer, exchange, pledge, or the grant of a security interest or other Encumbrance; and "Dispose," "Disposing" or "Disposition" have correlative meanings.

"Distributable Cash" means, with respect to any fiscal quarter, all Cash balances of the Company *less* an appropriate level of working capital, reserves and amounts necessary to meet objectives as included in the Business Plan and Budget, including compliance with regulatory requirements and covenants set forth in the Financing Documents.

"Drag-Along Notice" has the meaning set forth in Section 7.09(b).

"Drag-Along Right" has the meaning set forth in Section 7.09(a).

"Drag-Along Sale" has the meaning set forth in Section 7.09(a).

"Drag-Along Seller" has the meaning set forth in Section 7.09(a).

"Drag Attorney" has the meaning set forth in Section 7.09.

"Effective Date" has the meaning set forth in the recitals.

"Encumbrance" means any encumbrance of any kind (including any conditional sale or other title retention agreement, or any lease in the nature thereof), mortgage, charge (whether fixed or floating), lien, option, pledge, assignment, trust arrangement or other security interest of any kind and any agreement, whether conditional or otherwise, to create any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"Excess Shares" has the meaning set forth in Section 7.07(b).

"Fair Market Value" means the fair market value of the Shares as agreed between the Board and the Member that is subject to a Change of Control or is in default under Section 11.01, as applicable; provided, however, that failing any such agreement within seven (7) days after (i) the Change of Control or (ii) the date on which the non-Defaulting Members have the right to purchase the Defaulting Member's or Bankrupt Member's Shares pursuant to Sections 11.01 or 11.02, as applicable, means the fair market value of the Shares as determined by an independent valuation expert (which shall be a major independent investment bank or accounting firm of international repute with experience valuing companies carrying on businesses of the type carried on by Puget Energy) as agreed between such Member and the Board (excluding any Manager appointed by such Member or its Affiliates), or, failing any such agreement, as determined by an independent valuation expert chosen by the Company's auditors, in each case, at the expense of the Member subject to such Change of Control or default, as applicable.

"FERC" has the meaning set forth in Section 4.10(c).

"Financing Documents" means, collectively, (i) the "Financing Documents," as defined in the Puget Energy Credit Agreement, (ii) the "Financing Documents," as defined in the PSE Credit Agreement and (iii) the "Financing Documents" as defined in each of the Puget Intermediate Loan Agreements, and, in each case, all documents, certificates, agreements and other instruments relating thereto.

"Fiscal Year" means the Company's annual accounting period established pursuant to Section 10.01.

"Formation Date" has the meaning set forth in the recitals.

"Free Percentage" has the meaning set forth in Section 4.02(b).

"Fund" means any unit trust, investment trust, investment company, limited partnership, general partnership or other collective investment scheme, pension fund, insurance company or any body corporate or other entity, in each case, the business, operations or assets of which are managed professionally for investment purposes.

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time.

"Governmental Authority" means any federal, state, county, city, local or foreign governmental, administrative or regulatory authority, commission, committee, agency or body (including any court, tribunal or arbitral body).

"Hedge Agreement" means an interest rate agreement, a commodity agreement (including with respect to energy) or a currency agreement, including in each case futures contracts, swap agreements, cap agreements, collar agreements or other similar agreements or arrangements, designed to hedge against fluctuations in interest rates, commodities or currency values, as applicable.

"Indebtedness" as applied to any Person, means (a) all Obligations of such Person for borrowed money; (b) all Obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) that portion of Obligations of such Person with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with GAAP, (d) all Obligations of such Person issued or assumed as the deferred and unpaid purchase price of property, all conditional sale obligations and all Obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business); (e) all Obligations for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction; (f) guarantees and other contingent Obligations in respect of Indebtedness referred to in clauses (a) through (e) above and clause (h) below; (g) all Obligations of any other Person of the type referred to in clauses (a) through (f) above which are secured by any Encumbrance on any property or asset of such Person; and (h) all Obligations under Hedge Agreements.

"Indemnified Person" means (a) any Person who is or was a Manager, an Alternate, an observer to the Board or an Officer and (b) any Person who is or was serving at the request of the Company as an officer, manager, director, member, partner, agent, fiduciary or trustee of another Person; provided that a Person shall not be an Indemnified Person by reason of providing, on a fee-for-services basis, trustee, fiduciary, advisory or custodial services.

"Independent Manager" has the meaning set forth in Section 4.03.

"Initial Canadian Members" means (a) each of CPP, 6860141 Canada Inc. as Trustee for Padua Investment Trust, PIP2PX (Pad) Ltd., and PIP2GV (Pad) Ltd. and (b) each substitute or additional Member admitted to the Company as a transferee of any Person described in clause (a) pursuant to Section 7.02 that is the Canadian federal government or a Canadian provincial government (as defined in Section 7.05(c)).

"Initial Members" has the meaning set forth in the preamble.

"Initial Public Offering" means the consummation of the first public offering of and sale of equity securities of the Company or any Subsidiary of the Company in a primary or secondary offering pursuant to an effective registration statement filed by the Company or such Subsidiary under the Securities Act.

"Interest Rate" means a rate per annum equal to the lesser of (a) varying rate per annum that is equal to the interest rate publicly quoted by Citibank, N.A. (or its successor) from time to time as its prime commercial or similar reference interest rate, with adjustments in that varying rate to be made on the same date as any change in that rate, compounded annually, and (b) the maximum rate permitted by applicable law.

"Interested Member" has the meaning set forth in Section 4.10.

"Interim LLC Agreement" has the meaning set forth in the recitals.

"IRS" means United States Internal Revenue Service.

"Jointly Appointed Manager" has the meaning set forth in Section 4.02(b).

"Limitation Period" means the period commencing on the Second Amendment Effective Date and ending on the earlier of (i) the date on which none of CPP or its Affiliates or Nominees owns any Shares, and (ii) the date on which CPP or any of its Affiliates or Nominees notifies the Company that, in the opinion of CPP's counsel, the *Canada Pension Plan Investment Board Act* (Canada) and the Regulations promulgated thereunder no longer require that CPP or its Affiliates or Nominees be prohibited from casting more than thirty percent (30%) of the votes for the appointment of Owner Managers and Independent Managers.

"Macquarie Entities" means MIP Padua Holdings, GP, MIP II Washington Holdings, L.P., MSAM as Trustee and manager of MFIT and Padua MG Holdings LLC and any of their respective Affiliates that are Members.

"Macquarie Group" means Macquarie Capital Group Limited and its Affiliates including Funds managed or advised by Macquarie Capital Group Limited and its Affiliates.

"Majority Approval" means the affirmative vote or written consent of the Members or the Managers, as the case may be, representing more than fifty-five percent (55%) of the Shares; provided, however, that if a Member or Manager is required to or does recuse itself or himself from any vote or consent pursuant to Section 4.10(a) or (c), Majority Approval shall require, in lieu of Members or Managers representing more than fifty-five percent (55%) of the Shares, the affirmative vote or written consent of the Members or the Managers, as the case may be, representing more than fifty five percent (55%) of the Shares that may be voted by the Managers or Members, as applicable, who were not so required to and did not recuse themselves from such vote or consent.

"Manager" means any member of the Board of Managers, as appointed by the Members pursuant to Sections 4.02 and 4.03. A Manager is hereby designated as a "manager" of the Company within the meaning of Section 18-101(10) of the Act.

"Member" has the meaning set forth in the preamble.

"Member Supermajority Approval" means the affirmative vote or written consent of the Members representing at least eighty percent (80%) of the Shares; provided, however, that if a Member is required to or does recuse himself or itself from any vote or consent pursuant to Section 4.10(a) or (c), Member Supermajority Approval shall require, in lieu of Members representing at least eighty percent (80%) of the Shares, the affirmative vote or written consent of the Members representing at least eighty percent (80%) of the Shares that may be voted by the Members who were not so required to and did not recuse themselves from such vote or consent.

"Member Supermajority Matter" means each action or matter, any consent to or approval of which, pursuant to the provisions of this Agreement, requires Member Supermajority Approval.

"Member Unanimous Approval" means the affirmative vote or written consent of the Members representing one hundred percent (100%) of the Shares; provided, however, that if a Member is required to or does recuse himself or itself from any vote or consent pursuant to Section 4.10(a) or (c), Member Unanimous Approval shall require, in lieu of Members representing one hundred percent (100%) of the Shares, the affirmative vote or written consent of the Members representing one hundred percent (100%) of the Shares that may be voted by the Members who were not so required to and did not recuse themselves from such vote or consent.

"Member Unanimous Matter" means each action or matter, any consent to or approval of which, pursuant to the provisions of this Agreement, requires Member Unanimous Approval.

"Merger" has the meaning set forth in the recitals.

"MFIT" means Macquarie-FSS Infrastructure Trust.

"MSAM" means Macquarie Specialised Asset Management Limited.

"New Shares" means Shares or other equity securities of the Company, whether now or hereinafter authorized, any rights, options or warrants to purchase Shares and any securities of any kind whatsoever that are, or may become, convertible into or exchangeable for such Shares or other equity securities of the Company that, in any case, are issued or to be issued by the Company after the Effective Date; provided, that the term "New Shares" shall not include Shares or other equity securities (to the extent approved by the Board or Members, as applicable) issued or to be issued (i) in connection with any merger, consolidation, acquisition, or other distribution or any similar transaction or any reorganization or recapitalization in each case when Shares are issued for or in respect of previously outstanding Shares; (ii) to the selling Persons in connection with the acquisition by the Company of a Person, provided, that such Shares or other equity securities are issued as consideration for such acquisition (including issuances to management of such Person in connection with such acquisition); (iii) in any public offering; (iv) as compensation to employees, officers, managers or consultants of the Company or any Subsidiary; or (v) to any unaffiliated debt holders of the Company or Puget Energy in connection with financing transactions in which the Shares or other equity securities issued does not exceed five percent (5%) of the Shares.

"New Shares Notice" has the meaning set forth in Section 7.10(b).

"Nominee" means a custodian, agent, nominee or trustee to whom a Member Transfers all of it Shares to hold on such Member's behalf or pursuant to a custodial or similar arrangement with such Member, in either case, where such Member (or, in the case of a Member that is a unit trust or a trustee of such trust, the unit holders of that trust) retains the beneficial interest in such Shares, and the custodian, agent, nominee or trustee is not admitted as a substitute Member (but rather remains an assignee of the Shares).

"Obligations" of any Person, means all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness of such Person.

"Officer" means any Person designated as an officer of the Company pursuant to Section 4.13.

"Owner Manager" has the meaning set forth in Section 4.02(a).

"Panel Resolution Board" has the meaning set forth in Section 13.08.

"Person" includes any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, joint stock company, Governmental Authority or other entity or organization of any kind or nature.

"Preemptive Rights" has the meaning set forth in Section 7.10(a).

"Prescribed Price" has the meaning set forth in Section 7.01(a).

"Proportionate Allocation" has the meaning set forth in Section 7.07(c).

"PSE CEO" means the chief executive officer of Puget Sound Energy, Inc.

"PSE Credit Agreement" means that certain Credit Agreement entered into as of February 6, 2009, by and among Puget Sound Energy, Inc., Barclays Bank plc, as facility agent, and each lender from time to time party thereto.

"Puget Energy" has the meaning set forth in the recitals.

"Puget Energy Credit Agreement" means that certain Credit Agreement entered into as of May 16, 2008, by and among Merger Sub, Barclays Bank plc, as facility agent, and each lender from time to time party thereto.

"Puget Energy Permitted Business" means the business conducted by Puget Energy, either directly or indirectly through its Subsidiaries, as of the Effective Date, including the transmission, distribution, purchase and sale of electricity and gas, generation of electricity, ownership and operation of electric generating facilities, gas production and storage facilities, and electric and gas transmission and distribution facilities, and any and all related or ancillary activities that now or hereafter may be necessary, incidental, proper, advisable or convenient to accomplish its business.

"Puget Intermediate" has the meaning set forth in the recitals.

"Puget Intermediate Loan Agreements" means, collectively (i) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and MIP Padua Holdings, GP, (ii) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and MIP II Washington Holdings, L.P., (iii) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and Trust Company Limited in its capacity as custodian and agent of MSAM in its capacity as Trustee and manager of MFIT, (iv) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and Padua MG Holdings LLC, (v) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and CPP, (vi) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and 6860141 Canada Inc. as Trustee for Padua Investment Trust, (vii) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and PIP2PX (Pad) Ltd. and (viii) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and PIP2GV (Pad) Ltd. and, in each case, all documents, certificates, agreements and other instruments relating thereto, including all such related new agreements entered into following the Effective Date.

"Purchasing Members" has the meaning set forth in Section 11.02.

"Remaining New Shares" has the meaning set forth in Section 7.10(d).

"Representatives" means, with respect to any Person, any of such Person's, or its Affiliates', directors, managers, officers, employees, general partners, affiliates, direct or indirect shareholders, members or limited partners, attorneys, accountants, underwriters, financial and other agents, representatives and advisors.

"Required Members" has the meaning set forth in Section 7.09(a).

"ROFO Attorney" has the meaning set forth in Section 7.07.

"ROFO Acceptance Date" has the meaning set forth in Section 7.07.

"Sale Shares" has the meaning set forth in Section 7.07(a).

"Second Amendment Effective Date" has the meaning set forth in the preamble.

"Secretary of State" means the Secretary of State of the State of Delaware.

"Securities Act" means the Securities Act of 1933.

"Selling Member" has the meaning set forth in Section 7.07(a).

"Share Certificate" has the meaning set forth in Section 5.02(b).

"Shares" means the Class A Interests of the Company representing all of the limited liability company interests in the Company from time to time, having such rights associated with such Class A Interests as set forth in this Agreement.

"Subscribing Member" has the meaning set forth in Section 7.10(d).

"Subsidiary" means, as to any Person, each other Person in which such Person owns or Controls, directly or indirectly, capital stock or other equity interests representing more than fifty percent (50%) of the outstanding capital stock or other equity interests of such other Person or which is, at the time, owned or Controlled, directly or indirectly, by such Person and/or by one or more of such Person's Subsidiaries.

"Supermajority of Canadian Government Members" has the meaning set forth in Section 13.05(a).

"Tag Attorney" has the meaning set forth in Section 7.08(f).

"Tag Closing Date" has the meaning set forth in Section 7.08(c).

"Tag Notice" has the meaning set forth in Section 7.08(c).

"Tag Offer" has the meaning set forth in Section 7.08(a).

"Tag Shares" has the meaning set forth in Section 7.08(c).

"Tagging Member" has the meaning set forth in Section 7.08(a).

"Tagging Purchaser" has the meaning set forth in Section 7.08(a).

"Third Party Purchaser" has the meaning set forth in Section 7.09(a).

"Transfer" means, in relation to any legal or beneficial interest in any Shares, to: (a) sell, assign, transfer or otherwise dispose of such interest; (b) create or permit to exist any

Encumbrance over such interest; (c) direct (by way of renunciation or otherwise) that another Person should, or assign any right to, receive such interest; (d) enter into any agreement in respect of the votes or any other rights attached to the Shares other than by way of proxy for a particular Board meeting; or (e) agree, whether or not subject to any condition precedent or subsequent, to do any of the foregoing.

"Transferring Member" has the meaning set forth in Section 7.08(a).

"Voting Agreement" has the meaning set forth in Section 4.11(b).

"WUTC" means the Washington Utilities and Transportation Commission.

"WUTC Order" has the meaning set forth in Section 2.06.

1.02 Construction. Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine, and neuter. All references to Articles and Sections refer to articles and sections of this Agreement, and all references to Exhibits and Schedules are to exhibits and schedules attached hereto, each of which is made a part hereof for all purposes. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision will be applicable whether such action is taken directly or indirectly by such Person, including actions taken by or on behalf of any Affiliate of such Person. All accounting terms used herein and not otherwise defined herein will have the meanings accorded them in accordance with GAAP and, except as expressly provided herein, all accounting determinations will be made in accordance with such accounting principles in effect from time to time. Unless the context otherwise requires:

(a) all references to "$" or "dollars" shall mean United States dollars, unless stated otherwise;

(b) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;

(c) the use of the terms "include" and "including" mean "include, without limitation" and "including, without limitation," respectively;

(d) the word "or" shall be disjunctive but not exclusive;

(e) unless expressly provided otherwise, the measure of a period of one (1) month or year for purposes of this Agreement shall be that date of the following month or year corresponding to the starting date; provided, that if no corresponding date exists, the measure shall be that date of the following month or year corresponding to the day immediately preceding the starting date (for example, one month following February 18 is March 18, one month following March 31 is April 30 and one year following February 29 is February 29 if a leap year and otherwise, February 28); and

(f) a reference to a statute, regulations, proclamation, ordinance or by-law includes all statutes, regulations, proclamation, ordinances or by-laws amending, consolidating or replacing it, whether passed by the same or another Governmental Authority with legal power to

do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under the statute, in each case, as in effect from time to time.

The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

ARTICLE II
ORGANIZATION

2.01 Organization. The Members hereby approve and ratify the filing of the Certificate of Formation on the Formation Date in the office of the Secretary of State, including the execution, delivery and filing of the Certificate of Amendment to the Certificate of Formation of the Company, by Mark Wong, as an "authorized person" within the meaning of the Act, reflecting a change in the name of the Company from "Padua Holdings LLC" to "Puget Holdings LLC," and (ii) confirm and agree to their status as Members of the Company as set forth herein. Upon its execution of this Agreement, each such Initial Member hereby continues as a Member.

2.02 Name. The name of the Company is "Puget Holdings LLC." Company business shall be conducted in such name or such other names that comply with applicable law as the Board may select from time to time, in accordance with applicable law.

2.03 Registered Office; Registered Agent. The registered office of the Company in the State of Delaware shall be the initial registered office designated in the Certificate of Formation or such other office (which need not be a place of business of the Company) as the Board may designate from time to time, in accordance with applicable law. The registered agent of the Company in the State of Delaware shall be the initial registered agent designated in the Certificate of Formation, or such other Person or Persons as the Board may designate from time to time, in accordance with applicable law.

2.04 Principal Place of Business; Other Offices. The principal place of business of the Company is located at Puget Power Building, Bellevue, WA 98009. The Board may change the location of the Company's principal office within or outside the State of Delaware as the Board may from time to time designate. The Company may have such other offices as the Board may determine appropriate.

2.05 Purpose; Powers.

(a) The Company is a special-purpose vehicle organized for the purposes of (i) acquiring, holding and disposing of interests in Puget Energy, either directly or indirectly, (ii) overseeing the operations of Puget Energy and its direct and indirect Subsidiaries, and (iii) engaging in any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient to accomplish the foregoing purposes. The Company shall possess all powers and may exercise all of the powers and privileges granted by the Act or by any other law or by this Agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company.

(b) The Members hereby agree that the Company and its Subsidiaries shall be managed, to the extent commercially practicable, to: (i) maintain the capital structure of its regulated Subsidiaries to be consistent with that of publicly traded public service companies in compliance with the requirements of the laws of the State of Washington and the requirements of the WUTC; and (ii) maintain a capital structure for the Company, on a consolidated basis, that reflects sustainable credit metrics.

(c) The execution, delivery and performance of the Agreement and Plan of Merger by the Company is hereby ratified and confirmed in all respects notwithstanding any other provision of this Agreement.

2.06 WUTC. Notwithstanding anything in this Agreement to the contrary, the Company shall conduct its business, and shall be managed, and shall cause its Subsidiaries to conduct their respective businesses and to be managed, in accordance with all the then applicable requirements of the laws of the State of Washington and the rules, regulations and orders of the WUTC, including without limitation, Order 08 "Approving and Adopting Settlement Stipulation; Authorizing Transaction Subject to Conditions," In the Matter of the Joint Application of Puget Holdings LLC and Puget Sound Energy, Inc., Docket No. U-072375 (the "WUTC Order").

2.07 Foreign Qualification Governmental Filings. Prior to the Company's conducting business in any jurisdiction other than the State of Delaware, the Board shall cause the Company to comply, to the extent procedures are available, with all requirements necessary to qualify the Company as a foreign limited liability company in such jurisdiction. Each Officer is authorized, on behalf of the Company, to execute, acknowledge, swear to and deliver all certificates and other instruments as may be necessary or appropriate in connection with such qualifications. Further, each Member shall execute, acknowledge, swear to and deliver all certificates and other instruments conforming to this Agreement that are necessary or appropriate to qualify, or, as appropriate, to continue or terminate such qualification of, the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

2.08 Term. The Company commenced on the Formation Date and shall continue in existence until dissolution of the Company in accordance with this Agreement. The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate of Formation as provided in the Act.

2.09 Title to Company Assets. Title to Company assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Company as an entity, and no Member, individually or collectively, shall have any ownership interest in such Company assets or any portion thereof. All Company assets shall be recorded as the property of the Company in its books and records, irrespective of the name in which record title to such Company assets is held.

ARTICLE III
MEMBERS

3.01 Members. The names and contact information of the Members, as of the Effective Date, are set forth on Exhibit B attached hereto and incorporated herein, and the names, Capital Contributions as of the Effective Date, and number of Shares of the Members as of the Second Amendment Effective Date, are set forth on Exhibit A attached hereto and incorporated herein. The Board is hereby authorized to complete or amend Exhibit A and Exhibit B, as appropriate, to reflect, without limitation, the admission of additional Members, the withdrawal of a Member, the change of contact information of a Member, the Capital Contribution of a Member, the number of Shares and other information called for by Exhibit A and Exhibit B, respectively, and to correct or amend such Exhibit A or such Exhibit B or cause such exhibits to be corrected or amended. Such completion, correction or amendment may be made from time to time as and when the Board considers it appropriate. The failure of the Board to so complete, correct or amend Exhibit A or Exhibit B, as appropriately, shall in no manner adversely affect the rights of any Person pursuant to this Agreement and applicable law. Notwithstanding the foregoing, absent manifest error, the ownership interests recorded on Exhibit A shall be conclusive record of the Shares that have been issued and are outstanding and the ownership thereof, by any Member, and it shall not be necessary for any Member to have a certificate evidencing its Shares

3.02 Additional Members. Subject at all times to the provisions of Article IV and Article VII, and following the receipt of such Consents as may be necessary to effectuate such transaction, the Company may admit additional Persons as Members and may create and issue Shares to such Persons as determined by the Board on such terms and conditions as the Board may determine at the time of admission. The terms of admission may provide for the creation of different classes or series of Shares having different rights, powers and duties. As a condition to a Person being admitted as a Member of the Company, such Person must agree to be bound by the terms of this Agreement by executing and delivering a counterpart signature page to this Agreement.

3.03 Member Meetings; Quorum.

(a) All meetings of Members will be in Bellevue, Washington or any other place in the United States of America as mutually agreed by the Members, unless held by telephone, videoconference or any other means pursuant to Section 3.03(f). If requested by any Member, the chairman of the Board shall be physically present in the United States of America for a Member meeting.

(b) Each Member shall promptly notify the Company in writing which of its Representatives are authorized to attend meetings of Members and vote on behalf of such Member. No Person shall be allowed to attend meetings of Members on behalf of a Member or vote or consent on such Member's behalf, unless the Company has been notified in advance of, or concurrently with, such meeting, vote or consent that such Person is an authorized Representative of such Member. Attached hereto as Exhibit G are the authorized Representatives of each Member as of the Second Amendment Effective Date, which constitutes notice for purposes of the preceding sentence.

(c) Meetings of the Members may be held at such times as may be determined from time to time by the chairman of the Board or by Members representing at least fifteen percent (15%) of the Shares upon not less than five (5) Business Days prior notice to each Member (which notice may be in writing or by any electronic, oral or telephonic means, which conveys actual notice) unless such notice is waived by Member Unanimous Approval.

(d) No action may be taken at a meeting of the Members unless there is a quorum present consisting of at least three (3) Members representing in the aggregate at least seventy percent (70%) of the Shares; provided, however, that the three (3) Members having the largest percentage ownership of Shares constituting such seventy percent (70%), shall include at least one (1) Macquarie Entity and one (1) non-Macquarie Entity Member; and provided, further, that if a quorum is not present at a meeting of the Members for which proper notice has been given, then upon a second written notice delivered before the meeting, any two (2) Members representing in the aggregate at least forty percent (40%) of the Shares at a meeting shall constitute a quorum. For purposes of this Section 3.03(d), any two or more Members that are Affiliated with one another shall constitute one Member.

(e) All matters submitted to a vote of the Members shall be taken by Majority Approval; provided that where the provisions of this Agreement designate any decision or action as (i) a Member Supermajority Matter, such decision or action shall require Member Supermajority Approval or (ii) a Member Unanimous Matter, such decision or action shall be made by Member Unanimous Approval; provided, further, that in any case where the Members, acting by Member Supermajority Approval or by Member Unanimous Approval, as the case may be, shall have delegated such action or decision to the Managers for their approval, such decision or action shall be taken by such requisite vote as may be specified by the Members as part of any such delegation.

(f) Meetings of the Members may be held in person, by telephone, videoconference or any other means by which all of the Members can hear each other. Any Member attending or participating in a meeting of the Members shall be deemed to have waived any notice requirement unless such Member's presence at such meeting was for the sole purpose of objecting to the failure of notice in which case such Member may not participate in the meeting nor cast a vote.

3.04 Written Consent of Members in Lieu of Meeting. Any action permitted or required by applicable law or this Agreement to be taken at a meeting of Members may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all Members. Such consent shall have the same force and effect as an affirmative vote at a duly constituted meeting which is cast by those Members that have signed the consent.

3.05 Information Rights. Upon any Member's reasonable request, the Company shall:

(a) provide the Member or its Representative with copies of all income statements, balance sheets, Budgets, Business Plans and other financial information of the Company and its Subsidiaries, copies of all other materials provided to the Board, and the right to inspect books and records of the Company and its Subsidiaries;

(b) make available periodically at reasonable times during normal business hours the Officers and other management employees of the Company and its Subsidiaries for consultation with the Member or its Representative with respect to matters relating to the business and affairs of the Company and such Subsidiaries, including significant changes in management personnel and compensation of employees, introduction of new services or new lines of business, important acquisitions or Dispositions of plants and equipment, significant research and development programs, the purchasing and selling of important trademarks, licenses or concessions, the proposed commencement or compromise of significant litigation or any matter described in Section 3.05(a); and

(c) inform the Member or its Representative in advance with respect to any significant corporate actions, including extraordinary distributions, mergers, acquisitions or Dispositions of assets, issuances of significant amounts of debt and material amendments to this Agreement, and provide the Member with the right to consult with Officers of the Company and officers of its Subsidiaries with respect to such actions.

The Company agrees to consider, in good faith, the recommendations of each Member or its Representative(s) in connection with the matters on which it is consulted as described above, it being understood that the ultimate discretion with respect to such matters shall be retained by the Company. In the event that the Company provides any additional access rights or information to any Member or, subject to obligations of confidentiality which are substantially similar to those set forth in Section 8.01, to such Member's Affiliate(s) to allow such Member or such Member's Affiliate(s) to comply with such Member's or such Member's Affiliate's ERISA requirements, or for any other reason, then each other Member and its Affiliates shall be granted, at such Member or any of such Member's Affiliate's request (i) the same additional information at or prior to the time such information is provided to the Member or such Member's Affiliate(s), and (ii) the same additional access rights that are provided to the Member or such Member's Affiliate(s), provided that such additional information and access rights will be subject to obligations of confidentiality which are substantially similar to those set forth in Section 8.01.

3.06 Liability to Third Parties. No Member shall have any personal liability for any obligations or liabilities of the Company, whether such liabilities arise in contract, tort or otherwise, except to the extent that any such liabilities or obligations are expressly assumed in writing by such Member; provided, however, that nothing in this Section 3.06 will be construed as an agreement by the Company to indemnify or hold harmless any Member.

3.07 Waiver of Certain Duties; Other Business; No Recourse.

(a) Subject to the requirements of Section 4.10, each Member and each member, limited or general partner thereof, each member, limited or general partner of each such member, limited or general partner and each of their Affiliates, officers, directors, shareholders, employees and agents (other than any person who is a full time officer or employee of the Company or any of its Subsidiaries) may engage in or possess an interest in any other business venture of any nature or description (including any business venture that is the same or similar to that of the Company or any of its Subsidiaries), on its own account, or in partnership with, or as an employee, officer, director or shareholder of any other Person. Each Member and each member, limited or general partner thereof, each member, limited or general partner of each such

member, limited or general partner and each of their Affiliates, officers, directors, shareholders, employees and agents may (other than any person who is a full time officer or employee of the Company or any of its Subsidiaries) (i) engage in, and shall have no duty to refrain from engaging in, separate businesses or activities from the Company or any of its Subsidiaries, including businesses or activities that are the same or similar to, or compete directly or indirectly with, those of the Company or any of its Subsidiaries and (ii) do business with any potential or actual customer or supplier of the Company or any of its Subsidiaries.

(b) Subject to the requirements of Section 4.10 and except with respect to any Puget Energy Permitted Business in Washington State that is presented to any Member or Manager in its capacity as a Member or Manager of the Company, none of the Members, Managers (other than the PSE CEO) nor any of their respective Affiliates shall have any obligation to present any business opportunity to the Company or any of its subsidiaries, even if the opportunity is one that the Company or any of its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no such Person shall be liable to the Company or any of its Subsidiaries or any Member or Manager for breach of any fiduciary or other duty, as a Member or Manager, by reason of the fact that such Person pursues or acquires such business opportunity, directs such business opportunity to another Person or fails to present such business opportunity, or information regarding such business opportunity, to the Company or any of its Subsidiaries.

(c) Notwithstanding anything that may be expressed or implied in this Agreement, and to the fullest extent permitted by law, each of the Company and each Member covenants, agrees and acknowledges that no Person other than the Company and the Members and any assignee of any Member as provided in Section 18-101(7) of the Act shall have any obligations hereunder. No recourse hereunder or under any documents or instruments delivered in connection herewith or in connection with this Agreement shall be had against any former, current or future director, officer, trustee, employee, agent, limited partner, manager, member, stockholder, Affiliate or assignee of any Member or any former, current or future director, officer, trustee, employee, agent, limited partner, manager, member, stockholder, Affiliate or assignee of any of the foregoing, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by, any former, current or future director, officer, trustee, employee, agent, limited partner, manager, member, stockholder, Affiliate or assignee of any Member or any former, current or future director, officer, trustee, employee, agent, limited partner, manager, member, stockholder, Affiliate or assignee of any of the foregoing, as such, for any obligation of any Member under this Agreement or for any claim based on, in respect of or by reason of such obligation or its creation. In addition, each of the Company and each Member covenants, agrees and acknowledges the terms of liability with respect to Trustees and responsible entities attached hereto as Exhibit C.

3.08 No Discrimination. Without a Member's consent, none of the Company, the Board or the Members may take action on a matter affecting the Company or such Member's interest in the Company if the Company, the Board or the Member, as the case may be, has knowledge that such action would have the effect of adversely and disproportionately affecting the economic interests of such Member or a group of Members of which such Member forms

part, in its or their capacity as Members, relative to other Members or groups of Members, including an action which would significantly change the aggregate taxes payable by or tax filing or reporting status of such Member.

3.09 Member Supermajority Approval Matters. Without obtaining a Member Supermajority Approval, the Members shall cause the Company not to, and the Company shall not, and shall not permit any of its Subsidiaries to, take, or agree to take, any of the following actions:

(a) any alteration or amendment of the Certificate of Formation, this Agreement or any governing document of any Subsidiary of the Company;

(b) any variation, creation, increase, reorganization, consolidation, sub-division, conversion, reduction, redemption, repurchase, redesignation or other alteration of the Shares or any other equity securities of the Company or the variation, modification, abrogation or grant of any rights attaching to any such Shares or equity securities (including the adoption of any option plan), directly or in conjunction with any contract with any third party in relation to financing or otherwise;

(c) the entry into or creation by the Company of any agreement, arrangement or obligation requiring the creation, allotment, issue, Transfer, redemption or repayment of, or the grant to a Person of the right (conditional or not) to require the creation, allotment, issue, Transfer, redemption or repayment of, any Shares or any other equity securities (including, without limitation, an option to acquire Shares or any other equity securities or any rights of pre-emption or conversion with respect to any Share or equity securities);

(d) any change in (including cessation of) the business of Puget Energy from the Puget Energy Permitted Business, other than any such changes contemplated in a duly approved Business Plan;

(e) the entry into of any contract or the taking of any action, which, in either case, (i) is reasonably likely to constitute an event of default under the terms of any Financing Document, or (ii) would cause the aggregate consolidated debt of Puget Energy and its Subsidiaries to exceed 0.9x (rate base plus construction work in progress) at the end of any calendar year;

(f) any Initial Public Offering or any direct or indirect merger, consolidation, recapitalization or reorganization or similar transaction involving the Company or any of its material Subsidiaries (other than those effected for internal reorganization purposes);

(g) any acquisition or Disposition of Shares or any other equity securities of the Company or assets of the Company (including any equity securities in any of the Subsidiaries of the Company), in each case, representing more than ten percent (10%) of the enterprise value of the Company and its Subsidiaries, taken together, at the time of such acquisition or Disposition (enterprise value will be calculated giving effect to any "control premium" to be paid in any such acquisition or Disposition);

(h) making any election, claim, disclaimer, surrender or consent for tax purposes that may have a material and adverse effect on the Members (other than as provided in Section 3.10(a)); or

(i) approving the filling of any vacancy on the Board resulting from the failure of the Board to reelect an incumbent Independent Manager pursuant to Section 4.03 at the end of his or her term, and resignation or incapacity of an Independent Manager; provided, however, that if, at any time during the Limitation Period, CPP and its Affiliates and Nominees shall, collectively, own in the aggregate in excess of thirty percent (30%) of the Shares, then, for purposes of this Section 3.09(i), all voting rights associated with the Shares in excess of such thirty percent (30%) level shall be allocated either (x) to any Member or Members designated by CPP or its Affiliates or Nominees, as the case may be, by written notice to the Company received at or before the time such Member Supermajority Approval is being obtained, or (y) if no such designation has been made at such time, pro rata among all Members other than CPP, its Affiliates or Nominees.

In the event that any Member Supermajority Matter is approved by Member Supermajority Approval, the Company shall take, and shall cause its Subsidiaries to take, any and all actions as are reasonably necessary to effect the action or decision so approved.

3.10 Member Unanimous Approval. Without obtaining Member Unanimous Approval, the Members shall cause the Company not to, and the Company shall not, and shall not permit any of its Subsidiaries to, take, or agree to take, any of the following actions:

(a) a change in the tax classification of the Company for U.S. federal income tax purposes;

(b) the dissolution of the Company; or

(c) to the fullest extent permitted by law, and to the extent not inconsistent with applicable regulatory requirements, any of the following actions regarding dissolution of the Company:

(i) commencement of a voluntary case under, or consent to the entry of a decree or order for relief in an involuntary case under, any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or other similar law in effect as of the Effective Date or thereafter;

(ii) consent to the appointment of, or taking possession by, a receiver, conservator, custodian, liquidator, assignee, trustee or sequestrator (or other similar official), whether as to the Company or any substantial part of its properties;

(iii) the making of a general assignment for the benefit of creditors;

(iv) the making or issuance of a statement in writing that the Company is unable to pay its debts as they become due in the ordinary course of business;

(v) adoption of a resolution in furtherance of any of the foregoing; and

(vi) commencement of a case or proceeding against the Company in a court of competent jurisdiction seeking (x) a decree or an order for relief in respect of the Company under any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or other similar law now or hereafter in effect, (y) the appointment of a receiver, conservator, custodian, liquidator, assignee, trustee or sequestrator (or other similar official) of the Company or of any substantial part of its properties or (z) the ordering of the winding up or liquidation of the Company's affairs, and (in the case of this clause (vi)) allowing the continuance of such case or proceeding to be unstayed and in effect for a period of sixty (60) days or more.

In the event that any Member Unanimous Matter is approved by Member Unanimous Approval, the Company shall take, and shall cause its Subsidiaries to take, any and all actions as are reasonably necessary to effect the action or decision so approved.

ARTICLE IV
MANAGEMENT

4.01 Management. Subject to the provisions of Article III and except as otherwise provided in this Agreement or by applicable law, the power and authority to manage, direct and control the Company shall be vested in the Board. Among its other duties, the Board shall establish the policies, procedures, guidelines and delegations for the implementation of the Business Plan and the management of the affairs of the Company. Unless expressly authorized to do so by the provisions hereof or by action of the Board, no Member may claim or exercise any authority to act or to enter into any contract or agreement on behalf of the Company.

4.02 Board. The Board shall be comprised of individuals appointed by the Members in accordance with Section 4.02(a). The following provisions apply to the Board:

(a) The Board shall consist of no less than twelve (12) Managers, which shall include (i) the then current PSE CEO, (ii) one (1) or more Independent Manager(s), the exact number, which shall not be less than one (1), to be determined, from time to time, by Member Supermajority Approval, who shall be appointed in accordance with the provisions set forth in Section 4.03, (iii) ten (10) Managers, each of whom shall be appointed by the Members in accordance with the provisions set forth in Section 4.02(b) (each, an "Owner Manager"), and (iv) if required by the lenders under the Financing Documents, a rating agency or a Governmental Authority, one additional Manager who shall be appointed in accordance with the provisions set forth in Section 4.02(c). As of the Second Amendment Effective Date there is one (1) Independent Manager;

(b) Each Member shall be entitled to appoint one (1) Owner Manager for each ten percent (10%) of the Shares that such Member holds; provided, however, that any Member may appoint fewer Managers than it is entitled to appoint under this Section 4.02(b). Each Manager shall hold office until the earlier of (i) his resignation, incapacity or removal in accordance with Section 4.02(d) below and applicable law, and (ii) the election and qualification of such Manager's successor. Notwithstanding the first sentence of this Section 4.02(b), in the event that a Member has not otherwise used or allocated certain Shares to appoint a Manager, such Member may combine such unused or unallocated percentage Share ownership (a "Free Percentage") with

any Free Percentage held by any one or more other Members for the purpose of aggregating a percentage ownership sufficient to appoint one (1) Manager (a "Jointly Appointed Manager"). Members combining all or a portion of their Free Percentages for such purpose shall provide the Company with notice of such combination, which notice shall set forth the name or names of the Jointly Appointed Manager(s) to be appointed by such Members and the amount of Free Percentage contributed by each Member to appoint such Manager (the "Allocated Free Percentage"). Anything in this Section 4.02(b) to the contrary notwithstanding, if, at any time during the Limitation Period, CPP and its Affiliates and Nominees shall, collectively, own in the aggregate in excess of thirty percent (30%) of the Shares, then (A) notwithstanding the first sentence of this Section 4.02(b), CPP and its Affiliates and Nominees, collectively, shall be prohibited from appointing more than three (3) Owner Managers, (B) notwithstanding the first sentence of this Section 4.02(b), for the purpose of determining the power to appoint Owner Managers, the amount by which the Shares owned by CPP and its Affiliates and Nominees exceeds thirty percent (30%) shall be allocated either (x) to any Member or Members designated by CPP or its Affiliates or Nominees, as the case may be, by written notice to the Company received at or before the time such power of appointment is exercised, or (y) if no such designation has been made at such time, pro rata among all Members other than CPP, its Affiliates or Nominees, and (C) for greater certainty, all or part of the amount required to be allocated under (B) above may form part of the Free Percentage held by the Member or Members to whom that amount has been allocated, and may be combined with the Free Percentage held by any one or more other Members. The Owner Managers as of the Second Amendment Effective Date are listed on Exhibit D attached hereto;

(c) If required by the lenders under the Financing Documents, a rating agency or a Governmental Authority, the Managers shall increase the size of the Board to include one (1) additional Manager whose affirmative vote shall be required for the Company to initiate a voluntary, or agree to an involuntary, bankruptcy, receivership or other insolvency proceeding with respect to the Company, and who will not have the right to vote on any other matter for purposes of this Agreement (and a quorum of the Board shall be calculated with respect to such other matters as if such Independent Manager were not a Manager);

(d) A Manager may be removed from the Board at any time, with or without cause (x) with respect to any Owner Manager (including a Jointly Appointed Manager), upon the written notice to the Company by the Member(s) that appointed such Owner Manager or Jointly Appointed Manager, as applicable, (y) with respect to any Independent Manager, by Majority Approval of the Members; provided, however, that if, at any time during the Limitation Period, CPP and its Affiliates and Nominees shall, collectively, own in the aggregate in excess of thirty percent (30%) of the Shares, then, for purposes of this Section 4.02(d)(y), all voting rights associated with the Shares in excess of such thirty percent (30%) level shall be allocated either (A) to any Member or Members designated by CPP or its Affiliates or Nominees, as the case may be, by written notice to the Company received at or before the time such Majority Approval is being obtained, or (B) if no such designation has been made at such time, pro rata among all Members other than CPP, its Affiliates or Nominees, and (z) with respect to the PSE CEO, by Board Supermajority Approval;

(e) Each Owner Manager (other than a Jointly Appointed Manager) shall be entitled to cast a number of votes, in the aggregate, that is equal to the total number of Shares held by the

Member(s) appointing such Owner Manager, without duplication. If a Member has appointed more than one (1) Owner Manager, each Owner Manager appointed by such Member shall be entitled to cast a number of votes equal to the total number of Shares held by such Member (*less* any Allocated Free Percentage of the Member used to appoint a Jointly Appointed Manager) *divided* by the number of Owner Managers appointed by such Member that are present at such meeting or consenting to such action. Each Jointly Appointed Manager shall be able to cast a number of votes equal to the number of Shares represented by the Allocated Free Percentage of the Members appointing such Jointly Appointed Manager, unless a Member that appointed the Jointly Appointed Manager also appointed one (1) or more Owner Managers, in which case (x) the Owner Manager(s) appointed by such Member (or their Alternate(s)) that are present at such meeting (and not the Jointly Appointed Manager) shall be entitled to cast a number of votes equal to the number of Shares held by the Member appointing such Owner Manager(s) (including, without duplication, the Allocated Free Percentage of such Member) *divided* by the number of Owner Managers appointed by such Member (or their Alternate(s)) that are present at such meeting or consenting to such action and (y) such Jointly Appointed Manager shall be able to cast a number of votes equal to the number of Shares represented by (1) the Allocated Free Percentage of the Members appointing such Jointly Appointed Manager *less* (2) the Allocated Free Percentage of a Member appointing the Jointly Appointed Manager that also has appointed one or more Owner Manager(s). Anything in this Section 4.02(e) to the contrary notwithstanding, all Shares owned by CPP or its Affiliates or Nominees shall, for purposes of this Section 4.02(e) and all other purposes, continue to be considered Shares held by CPP notwithstanding that votes relating to such Shares in excess of thirty percent (30%) are allocated to other Members pursuant to Section 3.09(i) for the purpose of appointing an Independent Manager, Section 4.02(b) for the purpose of appointing an Owner Manager, Section 4.02(d)(y) for the purpose of removing an Independent Manager or Section 4.03 for the purpose of appointing an Independent Manager; and in no event, shall any of such votes relating to such Shares in excess of thirty percent (30%) be considered Allocated Free Percentage for the purposes of this Section 4.02(e). The Independent Manager(s) (other than any Independent Manager appointed pursuant to Section 4.02(c), whose voting rights shall be as set forth therein) will not have the right to vote on any matter for purposes of this Agreement other than with respect to Board Supermajority Matters;

(f) Christopher Leslie shall serve as chairman of the Board from the Effective Date until date of the consummation of the Merger, and shall be succeeded by William Ayer, who shall serve as chairman of the Board from the date of the consummation of the Merger until the earlier of (i) his resignation or removal and (ii) the date that is one (1) year after the consummation of the Merger, and the appointment and qualification of his successor. Each subsequent chairman of the Board shall be an Independent Manager, who shall be appointed as chairman by Board Supermajority Approval. After the one-year anniversary of the consummation of the Merger or in the event that, at any time after the Effective Date, the chairman of the Board resigns or is removed from his position as the chairman of the Board, if no other Person has then been appointed and qualified as chairman of the Board in accordance with the provisions of this Section 4.02(f) prior to or upon such resignation, removal or anniversary date, the Independent Manager with the longest time serving on the Board will become the acting chairman of the Board until a successor chairman is elected and qualified pursuant to the provisions of this Section 4.02(f);

(g) No Officers shall be appointed as Managers (except for the PSE CEO to the extent he is also the Company CEO), unless otherwise required by applicable law or by order of the WUTC;

(h) Each Member entitled to appoint an Owner Manager may appoint an alternate for such Owner Manager (the "Alternate"), provided that such Member gives prior written notification to the Company of each such appointment. Alternates shall not be permitted to attend Board meetings and shall possess no rights other than as set forth herein. Notwithstanding the foregoing, in the absence of an Owner Manager, which shall be notified to the Company in writing or otherwise by such Owner Manager or the Member(s) that appointed such Owner Manager, such Member's Alternate shall be deemed an Owner Manager for the duration of such Owner Manager's absence, and the Alternate shall be entitled to attend Board meetings and take all actions permitted to be taken by the respective Owner Manager for whom he is appointed as an Alternate, including voting or consenting to any Board action. The Alternates as of the Second Amendment Effective Date are listed on Exhibit D attached hereto, which constitutes notice of appointment for purposes of this Section 4.02(h);

(i) Each Member holding at least five percent (5%) of the Shares shall have the right to appoint one (1) non-voting and non-participating observer to the Board irrespective of such Member's ability to appoint Managers or Jointly Appointed Managers; and

(j) For the purpose of constituting a Member with respect to determining compliance with any entitlement threshold set forth in this Agreement, PIP2PX (Pad) Ltd. and PIP2GV (Pad) Ltd. shall be considered one (1) Member.

(k) CPP shall not have any direct or indirect right to control or influence the manner in which any Member to which any votes have been allocated as provided in Section 3.09(i) for the purpose of appointing an Independent Manager, Section 4.02(b) for the purpose of appointing an Owner Manager, Section 4.02(d)(y) for the purpose of removing an Independent Manager and Section 4.03 for the purpose of appointing an Independent Manager, exercises those votes. For the avoidance of doubt, the restrictions on the Shares held by CPP and its Affiliates and Nominees as set forth in those Sections do not apply to any transferee of those Shares which is not CPP or an Affiliate or Nominee of CPP.

4.03 Independent Managers. The Members shall cause at least one (1) Manager who (i) shall not be a Member or an Affiliate of any Member (including by way of being a member, stockholder, director, manager, partner, officer or employee of any such Member), (ii) shall not be an officer or employee of Puget Sound Energy, Inc., (iii) shall be a resident of the state of Washington, and (iv) if and to the extent required with respect to an specific Manager, shall meet such other qualifications as may be required by any applicable regulatory authority for an independent manager or director (each, an "Independent Manager"), to be elected to the Board. The term of an Independent Manager shall be one (1) year, subject to such Independent Manager's earlier resignation, or incapacity or prior removal from the Board pursuant to the provisions of this Agreement. The initial Independent Manager shall be William S. Ayer. Any vacancy on the Board resulting from the failure of the Board to reelect an incumbent Independent Manager to the Board pursuant to this Section 4.03 at the end of his or her term, removal pursuant to Section 4.02(d), resignation or incapacity of an Independent Manager shall

be filled by an individual nominated by the Macquarie Entities and then approved by the Member Supermajority Approval; provided, however, that if the person nominated by the Macquarie Entities is not approved by Member Supermajority Approval, the Governance and Public Affairs Committee shall engage an executive search firm to recommend a different person to be the Independent Manager, subject to Member Supermajority Approval. If Member Supermajority Approval is not obtained for the appointment of a person so recommended, the Governance and Public Affairs Committee shall continue to engage an executive search firm to recommend other persons until (i) an individual so recommended is appointed to the Board by Member Supermajority Approval or (ii) the executive search is terminated by Member Supermajority Approval; provided, further, that if, at any time during the Limitation Period, CPP and its Affiliates and Nominees shall, collectively, own in the aggregate in excess of thirty percent (30%) of the Shares, then, for purposes of this Section 4.03, all voting rights associated with the Shares in excess of such thirty percent (30%) level shall be allocated either (x) to any Member or Members designated by CPP or its Affiliates or Nominees, as the case may be, by written notice to the Company received at or before the time such Member Supermajority Approval is being obtained, or (y) if no such designation has been made at such time, pro rata among all Members other than CPP, its Affiliates or Nominees.

4.04 Board Meetings; Quorum.

(a) All meetings of the Board will take place in Bellevue, Washington or any other place in the United States of America as shall be designated by the Board from time to time, unless held by telephone, videoconference or any other means pursuant to Section 4.04(e). If requested by any Manager, the chairman of the Board shall be physically present in the United States of America for a Board meeting.

(b) Regular meetings of the Board shall be held quarterly, or at such times as may be determined from time to time by the Board. A special meeting of the Board may be called at any time by the Company CEO or any Manager. The Managers shall use commercially reasonable efforts to agree upon mutually convenient dates for regular and special meetings of the Board. Notice (which may be in writing or by any electronic, oral or telephonic means, that conveys actual notice) must be given to all of the Managers at least five (5) Business Days in advance of any meeting of the Board unless waived by all of the Managers. A notice so given must include an agenda specifying items for decision, together with all reasonably available supporting materials or documents in respect of such matters.

(c) No action may be taken at a meeting of the Board unless there is a quorum present consisting of at least four (4) Managers appointed by Members holding at least seventy percent (70%) of the Shares, including at least one (1) Manager appointed by each of the three (3) Members having the largest percentage ownership of Shares constituting such seventy percent (70%); provided, however, that if a quorum is not present at a Board meeting duly noticed to the Managers, then upon a second written notice delivered at least ten (10) Business Days before the meeting, any three (3) Managers at a meeting shall constitute a quorum. For purposes of this Section 4.04(c), any two or more Members that are Affiliated with one another shall constitute one Member.

(d) All matters submitted to a vote of the Board shall be taken by Majority Approval, provided that where the provisions of this Agreement designate any decision or action as a Board Supermajority Matter, such decision or action shall require Board Supermajority Approval.

(e) Meetings may be held in person, by telephone, videoconference or any other means by which all of the Managers can hear each other. Any Manager attending or participating in a meeting of the Board shall be deemed to have waived any notice requirement unless his presence at such meeting was for the sole purpose of objecting to the failure of notice.

4.05 Written Consent of Board in Lieu of Meeting. Any action permitted or required by applicable law or this Agreement to be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all of the Managers. Such consent shall have the same force and effect as an affirmative vote at a duly constituted meeting which is cast by those Managers who have signed the consent.

4.06 Board Supermajority Approval Matters. Without obtaining Board Supermajority Approval, the Members shall cause the Company not to, and the Company shall not, and shall not permit any of its Subsidiaries to, take, or agree to take, any of the following actions:

(a) any approval of a Budget or Business Plan, or any amendment or variation to a previously approved Budget or Business Plan resulting or expected to result in a change of more than 7.5% of earnings before income tax, depreciation and amortization (EBITDA) for any one (1) Fiscal Year;

(b) the sale or acquisition of a material component of the consolidated assets of the Company;

(c) the giving of a material guarantee outside of the ordinary course of the Puget Energy Permitted Business;

(d) the granting of security over a material part of the Company's assets when taken as a whole with all other Subsidiaries;

(e) the entering into of:

(i) (x) material contracts or arrangements and (y) any contract or arrangement that provides for expenditures or for the incurrence of liabilities, and involves income greater than, in each case, the allocated provision for such contract or arrangement contained in the Budget or Business Plan. For the purposes of this Section 4.06(e)(i), "material" shall mean any contract involving expenditure, income or the incurrence of liabilities in excess of $75 million (such amount to be increased or decreased, as the case may be, annually by the percentage increase or decrease of the Consumer Price Index over the same period) in any single calendar year that has not previously been approved as part of a Budget or Business Plan; and

(ii) any contract for debt financing (other than any debt financing agreed to as of, or prior to, the Effective Date) in excess of $75 million (such amount to be increased

or decreased, as the case may be, annually by the percentage increase or decrease of the Consumer Price Index over the same period) that has not previously been approved as part of a Budget or Business Plan.

(f) the initiation, or any subsequent settlement, of any material litigation, arbitration or mediation proceedings;

(g) the appointment and termination of the PSE CEO;

(h) the appointment of an Independent Manager as the chairman of the Board;

(i) the delegation of authority of the Board to the Officers to act with respect to any and all matters that the Board deems appropriate except as otherwise provided in Section 4.13;

(j) the implementation of, or making of any change to, any material accounting policy and risk management program, including, the derivatives programs, except as required by applicable law or GAAP;

(k) the sale or other transfer of a material part of the Company or any of its Subsidiaries to any Person, except for any sale or transfer of any material part of any Subsidiary to the Company or to a wholly-owned Subsidiary of the Company;

(l) the acquisition or Disposition of any share capital, loan capital, other securities or debentures in any Person or the entry into or termination of any partnership or joint venture arrangement or material profit sharing arrangement with any Person (in each case, other than as previously approved as part of a Budget or Business Plan), provided, that such acquisition, Disposition or entry into or termination of arrangement would represent more than ten percent (10%) of the consolidated revenues of the Company and its Subsidiaries;

(m) the entering into of any transaction or series of related transactions (whether at one time or over a period of time) involving the incurrence of any capital expenditure, other than any capital expenditure included in the then current Business Plan, that involves a total outlay or receipt of (x) more than $50 million in each transaction, or (y) $150 million in the aggregate, on an annual basis;

(n) the cessation of any activity to the extent such activity represents more than ten percent (10%) of the consolidated revenues of the Company and its Subsidiaries;

(o) the establishment of any committees of the Board or changing the role or authority of an existing committee of the Board;

(p) any change in (including cessation of) the business of Puget Energy from the Puget Energy Permitted Business, other than any such changes contemplated in a duly approved Business Plan;

(q) the entry into of any contract or the taking of any action, which, in either case, (i) is reasonably likely to constitute an event of default under the terms of any Financing Document, or (ii) would cause the aggregate consolidated debt of the Company and its Subsidiaries

(calculated excluding debt with respect to the Puget Intermediate Loan Agreements) to exceed 0.9x (rate base plus construction work in progress) at the end of any calendar year;

(r) any Initial Public Offering or any direct or indirect merger, consolidation, recapitalization or reorganization or similar transaction involving the Company or any of its material Subsidiaries (other than those effected for internal reorganization purposes);

(s) the determination of Distributable Cash at any point in time and the declaration of distributions, including any distribution in kind pursuant to Section 6.03; or

(t) the entering into of any material amendments or waivers to the Financing Documents.

For the purpose of a Board Supermajority Matter and except as otherwise provided in Section 4.06(e)(i), the term "material," when used with respect to an item of payment, receipt, expenditure or loss, shall mean a matter having, or reasonably expected to have, an effect in an amount equal to or greater than $75 million on the balance sheet or $15 million on the income statement of the Company, each of those amounts to be increased or decreased, as the case may be, annually by the percentage increase or decrease of the Consumer Price Index over the same period.

4.07 Committees. The Board shall create an audit committee, compensation committee and nominating/governance committee, with membership and responsibilities of each such committee to be established by the Board in the committee charters. The Board may create additional committee(s) including, but not limited to an Asset Management Committee (which shall be subject to the provisions set forth in Section 4.08) and a Business Plan and Budget Review Committee (which shall be subject to the provisions set forth in Section 4.09). Except as otherwise provided in this Agreement, no committee shall have the power to bind the Board or the Company on any matter unless such power is delegated to such committee by Board Supermajority Approval, but each such committee will be entitled to make recommendations to the Board.

4.08 Asset Management Committee.

The Asset Management Committee of the Company that may be created by the Board pursuant to Section 4.07 shall:

(a) be comprised of three (3) individuals, initially consisting of the PSE CEO and one (1) representative appointed by each of the two (2) Members having the largest percentage ownership of Shares (the Affiliated Members constituting one (1) Member for this purpose). Each member of the Asset Management Committee shall have one (1) vote and all decisions by the Asset Management Committee shall require a vote of greater than fifty percent (50%) of its members. The Members will be informed of all actions and decisions taken by the Asset Management Committee at the Board meeting following such actions or decisions.

(b) meet monthly and shall have the following role and authority:

(i) conduct the day-to-day business of the Company within the confines of the Board's delegated authority, which shall be as set forth below or otherwise approved by a Board Supermajority Approval;

(ii) review progress of the Company against the five (5) year business plan of the Company, as approved by the Board (the "Business Plan"), the first year of which shall be the annual budget (the "Budget");

(iii) review strategic acquisition and divestiture proposals and other contracts or agreements requiring Board approval before they are presented to the Board;

(iv) review the preparation of accounts and financial reports for the approval of the Board;

(v) review material regulatory filings (for the avoidance of doubt, not including tax filings) of the Company prepared in the ordinary course of business;

(vi) approve the Company's entry into or material amendment of any contract involving expenditure or income above, or the incurrence of liabilities up to, $50 million (such amount to be increased or decreased, as the case may be, annually by the percentage increase or decrease of the Consumer Price Index over the same period) in any single calendar year, unless such expenditure, income or liability to the extent in excess of $50 million shall have been previously approved as part of a Budget or Business Plan;

(vii) approve the Company's incurrence of aggregate Indebtedness of up to $50 million (such amount to be increased or decreased, as the case may be, annually by the percentage increase or decrease of the Consumer Price Index over the same period) in any single calendar year, unless such Indebtedness shall have been previously approved as part of a Budget or Business Plan;

(viii) establish and execute a transition plan with respect to the Merger as approved by the Board;

(ix) review statutory filings required for the Financing Documents;

(x) work with the chairman of the Board and the Company CEO in preparing the agenda for Board meetings and liaise with Board committees with respect to issues that the committees request to be raised in Board meetings;

(xi) review annual asset valuations;

(xii) supervise the preparation of accounts and financial reports prior to their review by the Audit Committee and approval by the Board;

(xiii) consult with, and review with management of the Company the accounts, reports and presentations to the Board of or by the management on the performance of the business, including a review of the weekly updates of the management on key

performance indicators approved by the Asset Management Committee, from time to time, and any significant developments therein, monthly operational reports and monthly financial reports; and

(xiv) review any other matter that requires Board approval prior to submission of such matter to the Board.

The failure of the Asset Management Committee to fulfill any of its obligations hereunder shall not prevent the Board from considering or acting on any matter that may have required the review, or otherwise input, of the Asset Management Committee. Except as otherwise provided herein, the Asset Management Committee shall not have the power to take any other actions unless such power is delegated to the Asset Management Committee by Board Supermajority Approval.

4.09 Business Plan and Budget Review Committee. The Business Plan and Budget Review Committee that may be created by the Board pursuant to Section 4.07 shall be comprised of the same Managers as the Asset Management Committee plus one (1) Manager appointed by 6860141 Canada Inc. as Trustee for Padua Investment Trust so long as 6860141 Canada Inc. as Trustee for Padua Investment Trust is one of the three non-Macquarie Members having the largest percentage ownership of Shares. The Business Plan and Budget Review Committee shall meet at least once annually and be responsible for reviewing the annual Business Plan and Budget produced by the management of the Company prior to its submission to the Board and recommending it to the Board. The Business Plan, of which the Budget shall constitute the first year, shall include: operating revenue, expenditure, capital expenditure, reserve provisions, taxation, working capital, financing costs, dividends and other distributions to Members; sources and applications of funding including debt finance and additional equity as required; and planned rate cases of any Subsidiary, together with the operational and financial assumptions and actions planned by management to produce the expected financial results. The failure of the Business Plan and Budget Review Committee to fulfill any of its obligations hereunder shall not prevent the Board from considering or acting on any matter that may have required the review, or otherwise input, of the Business Plan and Budget Review Committee. Except as otherwise provided herein, the Business Plan and Budget Review Committee shall not have the power to take any other actions unless such power is delegated to the Business Plan and Budget Review Committee by Board Supermajority Approval.

4.10 Conflicts of Interests; Affiliate Transactions.

(a) If a Manager determines that he or she is interested or otherwise has an actual or perceived conflict of interest with respect to any matter, such Manager shall not be entitled to participate in discussions nor vote regarding such matter. An Owner Manager shall be deemed to have a conflict of interest in a matter also if the Member appointing such Manager or its Affiliates would have a conflict of interest with respect to such matter.

(b) Contracts or arrangements between the Company or its Subsidiaries, on the one hand, and a Member or an Affiliate of a Member (an "Interested Member"), on the other, shall, in addition to any required notice to or approval of any regulatory authority having jurisdiction thereof, require approval of Managers representing at least seventy percent (70%) of the Shares

held by Members that are not Interested Members, it being understood that, notwithstanding Section 4.10(a), Managers appointed by an Interested Member or its Affiliates shall be entitled to participate in all discussions regarding such contracts or arrangement, but shall not be entitled to vote regarding any such matter, provided that Managers not appointed by the Interested Member or its Affiliates shall be entitled to go into one or more executive sessions as necessary without the presence of the Managers appointed by the Interested Member or its Affiliates. The Company CEO will provide to the Board an annual statement of all payments to, and agreements with, Interested Members and their Affiliates.

(c) If any Member or any Affiliate of such Member seeks to acquire any physical assets used or proposed to be used for the generation, transmission or distribution of electricity or for the transmission or distribution of natural gas or to enter into any contracts or other arrangements that, under applicable Federal Energy Regulatory Commission ("FERC") rules, result in the control of assets used or proposed to be used for the generation, transmission or distribution of electricity or for the transmission or distribution of natural gas, nothing in this Agreement shall preclude the Company or any of its Subsidiaries, or any other Member or any Affiliate of such other Member from intervening in any regulatory proceeding before any Governmental Authority with respect to the acquisition of such assets or the entry into such contracts or other arrangements or to protest or challenge such transactions before such Governmental Authority. Any Manager or Member that has an interest in, or whose Affiliate has an interest in, any decision of the Company or any of its Subsidiaries with respect to any such intervention, protest or challenge shall recuse himself or itself from any vote or consent of the Managers or the Members, as the case may be, on such matter.

(d) For purposes of this Section 4.10 only, the definition of Affiliate means, with respect to any of the Macquarie Entities, each of Macquarie Capital Group Limited and each of its Subsidiaries and Funds (or similar vehicles) managed by such Subsidiaries, and, with respect to Section 4.10(c) only, including any "affiliate" (as such term is defined under applicable FERC rules) of any of the Macquarie Entities.

4.11 Subsidiaries' Boards of Directors or Boards of Managers; Voting Agreement.

(a) At all times, the Company shall cause, including by amending the organizational documents of its Subsidiaries, the board of directors or the board of managers, as applicable, of each of its Subsidiaries to be comprised of the same directors or managers and have the same number of observers, as the case may be, as the Board, each with the same number of votes and voting power that such Manager has on the Board, including the approval of the budget and business plan of each of its Subsidiaries and any amendments or variations as set forth in each of the Subsidiaries' organizational documents; provided, however, that the Subsidiaries shall have such additional directors or managers as may be required under applicable law and requirements of the WUTC and this Agreement and as shall be designated by the Board.

(b) The execution, delivery and performance by the Company of the voting agreement in substantially the form attached hereto as Exhibit F (the "Voting Agreement"), and all documents, agreements, certificates, or writings and any actions contemplated thereby or related thereto, is hereby ratified and confirmed in all respects notwithstanding any other provision of this Agreement.

4.12 Compensation; Reimbursement of Expenses. Any Manager, who is not an employee of a Member or one of its Affiliates or the Company CEO, shall be paid annual compensation at a level approved by the Board. Each Manager shall be entitled to reimbursement by the Company of reasonable out-of-pocket expenses incurred in performing their duties. Managers shall be indemnified by the Company against all liabilities arising out of their service as a Manager and be entitled to advancement of expenses, in each case, to the fullest extent permitted by applicable law and in accordance with Section 4.14.

4.13 Officers.

(a) The Board may, from time to time, designate one (1) or more persons to be officers of the Company, with such titles as the Board may assign to such persons. No Officer need be a Member or a resident of the State of Delaware. Officers so designated shall have such authority and perform such duties as set forth below (in the event set forth below), unless and to the extent the Board, from time to time, delegates to any such Officer by Board Supermajority Approval, such other authority and duties, in which event such Officer shall have only such authority and duties so delegated to it by the Board. The scope of any such delegation shall be specified in the Board action granting the delegation. Any such delegation shall remain in effect until withdrawn and notice of such withdrawal shall be given in writing to the Officer under that delegation and recorded in the minutes of the Company. Any number of offices may be held by the same person. The salaries or other compensation, if any, of the Officers and agents of the Company shall be fixed from time to time by the Board. Any Officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Board. Any Officer may be removed as such, either with or without cause, by the Board, in its sole discretion. Any vacancy occurring in any office of the Company may be filled by the Board. The Officers of the Company as of the Second Amendment Effective Date are listed on Exhibit D attached hereto and consist of the Company CEO, a Secretary and a Chief Financial Officer.

(b) The Company CEO shall be the chief executive officer of the Company, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Board are carried into effect. The Company CEO or any other Officer authorized by the Company CEO or the Board shall execute all bonds, mortgages and other contracts, except: (i) where required or permitted by law or this Agreement to be otherwise signed and executed, including Section 2.05(c), (ii) where signing and execution thereof shall be expressly delegated by the Board to some other Officer or agent of the Company, and (iii) as otherwise permitted in Section 4.13(c). The Company CEO and any other Officer authorized by the Company CEO or the Board shall each have the authority to make tax elections and tax filings (other than as provided in Sections 3.09(h) and 3.10(a)).

(c) In the absence of the Company CEO or in the event of the Company CEO's inability to act, the Chief Financial Officer, if any, shall perform the duties of the Company CEO, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Company CEO. The Chief Financial Officer, if any, shall perform such other duties and have such other powers as the Board may from time to time prescribe.

(d) The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Board and record all the proceedings of the meetings of the Company and of the Board in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or shall cause to be given, notice of all meetings of the Members, if any, and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board or the Company CEO, under whose supervision the Secretary shall serve. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board (or if there be no such determination, then in order of their election), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

(e) The Chief Financial Officer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board. The Chief Financial Officer shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Company CEO and to the Board, at its regular meetings or when the Board so requires, an account of all of the Chief Financial Officer's transactions and of the financial condition of the Company. The Assistant Chief Financial Officer, or if there shall be more than one, the Assistant Chief Financial Officers in the order determined by the Board (or if there be no such determination, then in the order of their election), shall, in the absence of the Chief Financial Officer or in the event of the Chief Financial Officer's inability to act, perform the duties and exercise the powers of the Chief Financial Officer and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

(f) The Officers, to the extent of their powers set forth in this Agreement, as such powers may be revised by the Board, or otherwise vested in them by action of the Board, in each case in accordance with this Agreement, are agents of the Company for the purpose of the Company's business and, subject to the other provisions of this Agreement, the actions of the Officers taken in accordance with such powers shall bind the Company.

(g) Except to the extent otherwise modified herein, each Officer shall have fiduciary duties similar to those of officers of business corporations organized under the General Corporation Law of the State of Delaware.

4.14 Indemnification. (a) To the fullest extent permitted by applicable law but subject to the limitations expressly provided in this Agreement, all Indemnified Persons shall be indemnified and held harmless by the Company from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all threatened, pending or completed claims, demands, actions (including any action by any Member against any Manager, observer or Officer, including a derivative suit), suits or proceedings, whether civil, criminal, administrative or investigative, and whether formal or informal and including appeals, in which any Indemnified Person may be involved, or is threatened to be

involved, as a party or otherwise, by reason of its status as an Indemnified Person whether arising from acts or omissions to act occurring before or after the date of this Agreement; provided, however, that the Indemnified Person shall not be indemnified and held harmless if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnified Person is seeking indemnification pursuant to this Section 4.14, the Indemnified Person engaged in fraud, willful misconduct, gross negligence, a material breach of such Indemnified Person's delegated authority or this Agreement, or a knowing violation of the law that was material to the cause of action; and such Indemnified Person shall reimburse the Company for any expenses and losses (and shall repay any expenses advanced to such Indemnified Person) if the aforementioned conduct has been determined by a court of competent jurisdiction in a final non-appealable judgment.

(b) To the fullest extent permitted by applicable law, expenses (including reasonable legal fees and expenses) incurred by an Indemnified Person in appearing at, participating in or defending any indemnifiable claim, demand, action, suit or proceeding pursuant to Section 4.14(a) shall, from time to time, be advanced by the Company prior to a final and non-appealable determination that the Indemnified Person is not entitled to be indemnified upon receipt by the Company of an undertaking by or on behalf of the Indemnified Person to repay such amount if it ultimately shall be determined that the Indemnified Person is not entitled to be indemnified pursuant to this Section 4.14.

(c) The indemnification provided by this Section 4.14 shall be in addition to any other rights to which an Indemnified Person may be entitled under this or any other agreement, pursuant to a vote of a majority of disinterested Managers with respect to such matter, as a matter of law, in equity or otherwise, both as to actions in the Indemnified Person's capacity as an Indemnified Person and as to actions in any other capacity, and shall continue as to an Indemnified Person who has ceased to serve in such capacity.

(d) The Company shall purchase and maintain insurance with customary coverage on behalf of Managers, Officers and observers who are Indemnified Persons (in the case of such observers, to the extent available on commercially reasonable terms) and such other Persons as the Board shall determine, against any liability that may be asserted against, or expense that may be incurred by, such Person in connection with the Company's activities or any such Person's activities on behalf of the Company, regardless of whether the Company would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 4.14: (i) the Company shall be deemed to have requested an Indemnified Person to serve as fiduciary of an employee benefit plan of the Company whenever the performance by it of its duties to the Company also imposes duties on, or otherwise involves services by, such Indemnified Person to the plan or participants or beneficiaries of the plan; (ii) excise taxes assessed on an Indemnified Person with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 4.14; and (iii) any action taken or omitted by an Indemnified Person with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the best interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is in the best interests of the Company.

(f) Any indemnification pursuant to this Section 4.14 shall be made only out of the assets of the Company. In no event may an Indemnified Person subject the Members to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnified Person shall not be denied indemnification in whole or in part under this Section 4.14 because the Indemnified Person had an interest in the transaction with respect to which the indemnification applies, provided that the transaction was otherwise permitted by the terms of this Agreement and, if required, approved pursuant to Section 4.10.

(h) The provisions of this Section 4.14 are for the benefit of the Indemnified Persons and their heirs, successors, assigns, executors and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) The Indemnified Persons shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Company and on such information, opinions, reports or statements presented to the Company by any of the Officers, Managers or employees of the Company, or committees of the Board, or by any other Person (including legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it) as to matters the Indemnified Persons reasonably believes are within such other Person's professional or expert competence.

(j) No amendment, modification or repeal of this Section 4.14 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnified Person to be indemnified by the Company, nor the obligations of the Company to indemnify any such Indemnified Person under and in accordance with the provisions of this Section 4.14 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or-in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

(k) If a claim for indemnification (following the final disposition of the action, suit or proceeding for which indemnification is being sought) or advancement of expenses under this Section 4.14 is not paid in full within thirty (30) days after a written claim therefor by any Indemnified Person has been received by the Company, such Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expenses of prosecuting such claim, including reasonable attorneys' fees.

(l) This Section 4.14 shall not limit the right of the Company, to the extent and in the manner permitted by applicable law, to indemnify and to advance expenses to, and purchase and maintain insurance on behalf of Persons other than Indemnified Persons.

4.15 Limitation of Liability.

(a) Notwithstanding anything otherwise to the contrary herein, no Indemnified Person shall be liable to the Company, the Members, in their capacity as such, or any other Persons who have acquired interests in the Company securities, for any losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising as a result of any act or omission of an Indemnified Person, or for any breach of contract (including breach of this Agreement) or any breach of

duties (including breach of fiduciary duties) whether arising hereunder, at law, in equity or otherwise, unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnified Person engaged in fraud, willful misconduct, gross negligence, a material breach of such Indemnified Person's delegated authority or this Agreement, or a knowing violation of the law that was material to the cause of action.

(b) Any amendment, modification or repeal of this Section 4.15 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the Indemnified Persons under this Section 4.15 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted, and provided such Person became an Indemnified Person hereunder prior to such amendment, modification or repeal.

4.16 Additional Limitation of Liability. MSAM enters into this Agreement only in its capacity as Trustee and manager of MFIT and in no other capacity. A liability arising under or in connection with this Agreement is limited to and can be enforced against MSAM only to the extent to which it can be satisfied out of property of MFIT out of which MSAM is actually indemnified for the liability. This limitation of MSAM's liability applies despite any other provision of this Agreement and extends to all liabilities and obligations of MSAM in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Agreement. It is agreed and acknowledged that MSAM may not be sued in any capacity other than as Trustee and manager of MFIT, including to seek the appointment of a receiver (except in relation to property of MFIT), a liquidator, an administrator or any similar person to MSAM or prove in any liquidation, administration or arrangement of or affecting MSAM (except in relation to property of MFIT). These provisions shall not apply to any obligation or liability of MSAM to the extent that it is not satisfied because under the constitution establishing MFIT or by operation of law there is a reduction in the extent of MSAM's indemnification out of the assets of MFIT, as a result of MSAM's fraud, gross negligence or breach of trust.

ARTICLE V
CAPITAL CONTRIBUTIONS

5.01 Issuable Shares. (a) General. Each Member's limited liability company interests in the Company shall be represented by Shares or any other equity securities issued or to be issued by the Company to any Person after the Effective Date. The initial class of limited liability company interests in the Company consists of Class A Interests and shall be referred to herein as "Shares." Shares were issued by the Company upon the Effective Date. Subject at all times to the provisions of Article III and Article VII, the Board may authorize the issuance of additional Shares and create additional series or classes through subdivision or by issuance of equity securities in the Company of such class or series. Unless otherwise specifically set forth herein, each Share shall have one vote and shall represent an equal limited liability company interest in the Company.

(b) Capital Contributions. On the Effective Date, the Company issued the Shares to the Members in proportion to the Capital Contributions from the Members in the respective

amounts set forth opposite each Member's name in Exhibit A under the caption "Capital Contributions as of the Effective Date."

(c) Additional Capital Contributions by Members. No Member will be required or permitted to make additional Capital Contributions to the Company without the approval of (i) the Board, (ii) Member Supermajority Approval and (iii) the written consent of such Member.

5.02 Shares and Shares Certificates. (a) General. Each limited liability company interest in the Company, including each Share, shall constitute a "security" within the meaning of, and governed by, (i) Article 8 (including Section 8-102(a)(15)) of the Uniform Commercial Code as in effect from time to time in the State of Delaware, and (ii) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995.

(b) Share Certificates. Upon the issuance of a Share or any other equity security issued or to be issued by the Company after the Effective Date to any Person in accordance with the provisions of this Agreement, the Company shall issue one or more certificates in the name of such Person substantially in the form of Exhibit E hereto (a "Share Certificate"), which evidences the ownership of the limited liability company interests in the Company of such Person. Each such Share Certificate shall be denominated in terms of the number of limited liability company interests in the Company evidenced by such Share Certificate and shall be signed by any Manager or Officer on behalf of the Company.

(c) Lost, Stolen or Destroyed Certificates. In the event that a Share Certificate is lost, stolen or destroyed, the Company may issue a new Share Certificate as provided in Section 4.02(b) in place of such lost, stolen or destroyed Share Certificate, upon the receipt of an affidavit of that fact by the Person claiming the Share Certificate to be lost, stolen or destroyed. When authorizing such issue of a new Share Certificate, the Company may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to give the Company a bond in such sum as it may direct as indemnity against any claim that may be made against the Company with respect to the Share Certificate to have been lost, stolen or destroyed.

(d) Transfers. Upon a Member's Transfer in accordance with the provisions of this Agreement of any or all Shares in the Company represented by a Share Certificate, the transferee of such interests shall deliver such Share Certificate to the Company for cancellation (duly endorsed by the transferor), and the Company shall thereupon issue a new Share Certificate to such transferee for the number of Shares being transferred and, if applicable, cause to be issued to such Member a new Share Certificate for that number of Shares that were represented by the canceled Share Certificate and that are not being transferred. Any Person or entity's acceptance of a Share Certificate shall constitute such person's or entity's acceptance of its status of assignee or Member, as the case may be.

(e) Registration of Transfers. The Secretary shall maintain books for the purpose of registering the Transfer of Shares in the Company. Except in connection with a Transfer to a

Person who is already a Member prior to the consummation of such Transfer, as a condition to any Transfer of Shares, the transferor shall be required to certify in writing to the Company that it has delivered to the transferee a copy of this Agreement (including all Exhibits).

5.03 Capital Contributions by New Members. Notwithstanding the provisions of Section 5.01(c) and subject to the provisions of Section 3.09, a new Member admitted to the Company in accordance with this Agreement will make such Capital Contributions as may be required by the Board. Thereafter, such new Member will only be required to make Capital Contributions in accordance with the provisions of Section 5.01(c).

5.04 Return of Contributions. Except as provided in this Agreement, no Member shall be entitled to the return of any part of its Capital Contributions or to be paid interest in respect of its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of the other Members. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return the other Members' Capital Contributions.

5.05 Withdrawal of Capital. No Member has the right to withdraw any part of its Capital Contribution from the Company or receive the return of any part of its Share prior to the Company's liquidation and dissolution pursuant to Article XII hereof, unless such withdrawal is provided for in this Agreement or subsequently agreed to in writing by all of the Members.

ARTICLE VI
DISTRIBUTIONS

6.01 Distributions.

(a) Except as otherwise provided in this Agreement, distributions shall be made at such times and in such amounts as the Board determines in its discretion, subject to Section 4.06(s) and shall be distributed to the Members, pro rata to each Member in accordance with the number of Shares held by each such Member.

(b) The Company shall distribute to the Members all Distributable Cash no later than thirty (30) days after the end of each fiscal quarter, subject to the approval set forth in Section 4.06(s).

(c) Any distributions pursuant to this Section 6.01 made in error or in violation of Section 18-607(a) of the Act, shall, upon demand by the Board, be returned to the Company.

(d) Other than as provided in Section 12.02(c)(ii), nothing in this Section 6.01 shall, or shall be deemed or construed to, govern or be applicable to any distributions of the assets of the Company made or to be made in connection with the liquidation and termination of the Company as provided in Section 12.02, and all such distributions shall be governed by the terms and provisions of such Section 12.02.

Notwithstanding any other provision in the Agreement, the Company shall not be required to make a distribution to a Member if such distribution would violate the Act or other applicable law, including any order of the WUTC.

6.02 Withholding. The Company may withhold distributions or portions thereof if it is required to do so by any applicable rule, regulation, or law, and each Member hereby authorizes the Company to withhold from or pay on behalf of or with respect to such Member any amount of federal, state, local or foreign taxes that the Board determines that the Company is required to withhold or pay with respect to any amount distributable to such Member pursuant to this Agreement. Any amounts withheld pursuant to this Section 6.02 will be treated as having been distributed to such Member.

6.03 Distribution In Kind. If the Company makes a distribution in kind, for purposes of this Article VI, the value of all property distributed to any Member shall be the fair market value of such property on the date of distribution. Securities distributed in kind pursuant to this Section 6.03 shall be subject to such conditions and restrictions as the Board determines are required or advisable to ensure compliance with applicable laws.

ARTICLE VII
SHARES AND TRANSFER OF SHARES

7.01 Transfer Restrictions. No Shares may be Transferred by any Member, and each Member undertakes to each other Member and to the Company that it shall not at any time Transfer Shares to any Person, other than subject to and in accordance with the then applicable regulatory requirements, including the regulations and orders of the WUTC, and the terms and conditions set forth in this Article VII as set forth below:

(a) to any Affiliate of such Member; provided that the transferee undertakes to the Company that if the transferee ceases to be an Affiliate of such original Member, all of its Shares shall, before such cessation, be transferred back to, (i) in the case the original Member was an Affiliate of, including a Fund managed by, Macquarie Capital Group Limited at the time the original Member first became a Member, an Affiliate of, including a Fund managed by, Macquarie Capital Group Limited designated by the Macquarie Capital Funds division of the Macquarie Group and (ii) in any other case, either (A) the original Member (unless there has been a Change of Control of the original Member since it first became a Member) or (B) another Affiliate of the original Member (unless there has been a Change of Control of the original Member since it first became a Member), within fourteen (14) days (or, to the extent any approvals are required, within five (5) days following its obtaining such required approvals, which such transferee shall use best efforts to obtain), failing which, the transferee shall be deemed to have made an offer to sell all of its Shares to each other Member in the manner provided in Section 7.07 and for the purposes of such Right of First Offer set forth in Section 7.07, the "Prescribed Price" will be the Fair Market Value of such Shares;

(b) to a Nominee or to any successor Nominee who holds the Shares on the same basis as the original Nominee;

(c) to a pension, Government endowment, Government or Crown Corporation client of such Member; provided that such transferring Member shall continue to manage all rights and obligations of the Shares to be transferred to such transferee. Notwithstanding the foregoing, PIP2PX (Pad) Ltd. and PIP2GV (Pad) Ltd. shall be entitled to assign all or a portion of their rights and obligations to (i) the Province of Alberta or a Person directly or indirectly Controlling,

Controlled by or under common Control with the Province of Alberta and (ii) to any public sector pension plan on behalf of which Alberta Investment Management currently makes investments; provided that a Person directly or indirectly Controlling, Controlled by or under common Control with the Province of Alberta shall continue to manage all rights and obligations hereunder to be transferred to such transferee;

(d) in the case of any Shares held by Padua MG Holdings LLC, for the period ending on the date that is the two-year anniversary of the consummation of the Merger to any transferee subject to the provisions of Section 7.04; provided, however, that following such date Padua MG Holdings LLC may Transfer its Shares only in the same manner as any other Member hereunder;

(e) in the case of any Shares held by CPP to any other subsidiary of Canada Pension Plan Investment Board or any successor thereto by statute or regulation;

(f) in the case of any Shares held by 6860141 Canada Inc. as Trustee for Padua Investment Trust to (i) the British Columbia Investment Management Corporation ("bcIMC") or any successor thereto; (ii) any subsidiary of bcIMC or its successor; (iii) any trust, corporation, partnership or other entity, the beneficiaries or owners of which are one or more of bcIMC and/or a pension, Government endowment, Government or Crown Corporation client of bcIMC or its successor; (iv) the Province of British Columbia; or (v) any subsidiary of the Province of British Columbia; or

(g) subject to, and in accordance with, the Right of First Offer set forth in Section 7.07, the Tag Along Rights set forth in Section 7.08 and the Drag Along Rights set forth in Section 7.09, as applicable.

Notwithstanding the foregoing, the restrictions on Transfer of Shares under this Section 7.01 shall terminate after an Initial Public Offering with respect to Transfers of Shares made pursuant to an effective registration statement under the Securities Act or Rule 144 under the Securities Act.

7.02 Permitted Transfers. Notwithstanding any other provision of this Agreement, the Transfers set out in Sections 7.01(a) through (f) shall be permitted without the requirement to go through the Right of First Offer set forth in Section 7.07, the Tag Along Rights set forth in Section 7.08 or the Drag Along Rights set forth in Section 7.09.

7.03 Transfers to a Nominee. Any Member that Transfers Shares to a Nominee, in its capacity as a Nominee, undertakes to the other Members to procure that such Nominee observes the provisions of this Agreement. Notwithstanding any other provision of this Agreement, a Member that Transfers Shares to a Nominee, in its capacity as a Nominee, may from time to time cause such Nominee to Transfer the Shares to a different Nominee, in its capacity as a Nominee, or back to such Member (but without prejudice to the provisions of this Article VII in respect of any Transfer by such Member of its beneficial interest in such Share). The Company must register any such duly authorized change in the legal title to the relevant Shares.

7.04 Further Restrictions.Notwithstanding any contrary provision in this Agreement, the Company shall not register a Transfer of Shares by any Member, and each Member

undertakes to each of the other Members and to the Company that it shall not at any time Transfer Shares, unless:

(a) the relevant transaction is registered under the Securities Act or an exemption from the registration requirements thereof is available;

(b) the Transfer is permitted by Section 7.01;

(c) other than in the case of a Transfer pursuant to Section 7.03 or an Initial Public Offering or a Transfer of Shares made pursuant to Rule 144 under the Securities Act following an Initial Public Offering, the proposed transferee (other than any proposed transferee that is already a Member) has entered into an instrument of adherence to this Agreement reflecting (i) its agreement to be admitted as a Member of the Company and to be bound by this Agreement and (ii) a representation of the proposed transferee that the Transfer complies with Section 7.05, and the parties hereby acknowledge and agree that, upon effectiveness of the Transfer (and, as applicable, admission of the transferee as a Member), the rights and obligations (other than accrued rights and obligations) of the transferor under this Agreement shall terminate to the extent these relate to the transferred Shares, except those under Article VIII;

(d) other than in the case of a Transfer pursuant to Section 7.03 or an Initial Public Offering or a Transfer of Shares made pursuant to Rule 144 under the Securities Act following an Initial Public Offering, the Company and the Members have received a legal opinion addressed to each of them in a form approved by the Board (acting reasonably and taking into account exclusions customarily contained in such opinions) confirming that (i) the transferee has capacity and authority to enter into the instrument of adherence referred to in Section 7.04(c); (ii) such instrument of adherence and this Agreement will constitute legal, valid and binding obligations of the transferee (or its successors and assigns), which are enforceable in accordance with their terms and (iii) the Transfer is in accordance with applicable securities and utility (state and federal) laws; provided, that no such legal opinion shall be required with respect to the matters covered in clauses (i) and (ii) with respect to any transferee that is already a Member;

(e) the Company has received evidence of all required third party and governmental notices and approvals in respect of such Transfer, and evidence that such Transfer is in accordance with applicable regulatory requirements; and

(f) Any Transfer that requires any notice, clearance, filing or approval of any Governmental Authority shall be permitted only if the Transferring Member agrees to severally hold harmless the non-Transferring Members with respect to any losses (which shall include diminution in value, if any, in a non-Transferring Member's Shares, but shall exclude any consequential damages of a non-Transferring Member) by the non-Transferring Members as a result of the adverse economic or governance conditions, if any, that are imposed by such Governmental Authority, in connection with such Transfer, on the Company, its Subsidiaries, a non-Transferring Member or the rights that a non-Transferring Member has with respect to its Shares. Notwithstanding any provision herein to the contrary, the maximum liability of any Transferring Member under this Section 7.04(f) with respect to any losses suffered by the non-Transferring Members shall be an aggregate amount equal to the value of the consideration to be received by the Transferring Member with respect to such Transfer.

For the purpose of ensuring (i) that a Transfer of Shares is permitted under this Agreement, (ii) that no circumstances have arisen whereby a notice is required to be or ought to have been given under this Agreement, or (iii) that an offer is required to be or ought to have been made pursuant to Section 7.07 or Section 7.08 or Section 7.09, the Board may, and shall if so requested by any Manager, require that a party (as the Board or any Manager may reasonably believe to have information relevant to such purpose) provide the Company with such information and evidence as the Board (or any Manager) may reasonably request regarding the foregoing matters. Pending the provision of any such information the Company shall be entitled to refuse to register any relevant Transfer. Notwithstanding the foregoing, the Company shall not be entitled to decline to register the Transfer of any Shares made by Members pursuant to and in full compliance with the provisions of this Agreement and applicable law and the Company (including each non-Transferring Member) shall cooperate and use all commercially reasonable efforts to obtain as promptly as reasonably practicable all necessary permits, consents, approvals and authorizations of all Governmental Authorities necessary or advisable to obtain in order to effect any such Transfer. Any Person that directly holds Shares in the Company shall be admitted as a Member upon compliance with the requirements of this Agreement.

7.05 Further Transfer Restrictions Regarding Ownership of Certain Members.

(a) Notwithstanding any other provision of this Agreement but subject to this Section 7.05 and Section 13.05, no Transfer by any Member of any direct interest in the Company shall be permitted if, solely as a result of such Transfer: (i) the Canadian federal government and Canadian provincial governments (in the aggregate); (ii) the Canadian federal government; or (iii) a single Canadian provincial government would equal, exceed or, if the Aggregate Ownership Limitation is already exceeded immediately prior to such Transfer, further exceed the Aggregate Ownership Limitation; provided however, that (A) clause (i) of this Section 7.05(a) shall be disregarded with respect to any Transfer that occurs during the Excluded Period, (B) clause (ii) of this Section 7.05(a) may be disregarded by (x) any Initial Canadian Member subject thereto with respect to any Transfer to such Initial Canadian Member and (y) if and only if disregarded by such Initial Canadian Member pursuant to the immediately preceding clause (x), then any other Person that becomes a Member after October 30, 2017, that would also be subject to clause (ii) of this Section 7.05(a) and (C) clause (iii) of this Section 7.05(a) may be disregarded by (x) any Initial Canadian Member subject thereto with respect to any Transfer to such Initial Canadian Member and (y) if and only if disregarded by such Initial Canadian Member pursuant to the immediately preceding clause (x), then any other Person that becomes a Member after October 30, 2017, that would also be subject to clause (iii) of this Section 7.05(a) with respect to the same single Canadian provincial government. In no event shall this Section 7.05(a) be construed to prohibit any Transfer to any Person that is not the Canadian federal government or a Canadian provincial government.

For purposes of this Section 7.05, an entity shall be deemed not to be the Canadian federal government or a Canadian provincial government if such entity represents to the transferor (in the case of any Transfer in accordance with Section 7.05(a)) or to the Company (in the case of any contribution, subscription, issuance, redemption, repurchase or acquisition in accordance with Section 7.05(d)) that such entity (and, where Section 7.05(b) applies, if and to the extent it represents with respect to its direct owner(s)) is not an integral part of the Canadian

government or a controlled entity of the Canadian government for purposes of Section 892 of the Code. For purposes of administering this Section 7.05, each Member shall notify the Company upon request as to whether it is the Canadian federal government or a Canadian provincial government.

(b) For purposes of this Section 7.05, the Canadian federal government or a Canadian provincial government, as applicable, shall be deemed to directly hold its proportionate share of any Shares and other equity securities of the Company (or, for purposes of Section 7.05(d), any Subsidiary of the Company) held by an entity (or tiers of entities) (i) (A) which the transferor (including the Company for purposes of Section 7.05(d)) knows after reasonable inquiry was formed for the sole purpose of investing (directly or indirectly through other such special purpose entities) in Shares or other equity securities of the Company (or, in the case of any contribution, subscription, issuance, redemption, repurchase or acquisition in accordance with Section 7.05(d), any Subsidiary of the Company), or (B) which is a non-publicly traded partnership, limited liability company, or corporation, in each case only if such entity (and in the case of tiers of entities, each such entity in the chain) is otherwise required to collect IRS Forms W-9 and W-8 from its owners or otherwise has knowledge of the status of its owners for United States federal income tax purposes (and in the case of tiers of entities, such information is available to the transferee (including the Company for purposes of Section 7.05(d)) and (ii) in which the Canadian federal government or such Canadian provincial government, as applicable, is a direct owner.

(c) For purposes of this Agreement (i) the term "Canadian federal government" (x) shall have the meaning ascribed to the term "foreign government" (as it relates to the Canadian federal government) for purposes of Section 892 of the Code and (y) shall, for greater certainty, include, in the aggregate, the federal government of Canada, any political subdivision of the federal government of Canada (excluding a Canadian provincial government), integral parts thereof and each and every controlled entity of such government or political subdivision thereof, and (ii) the term "Canadian provincial government" (x) shall have the meaning ascribed to the term "foreign government" (as it relates to a Canadian provincial government) for purposes of Section 892 of the Code and (y) shall, for greater certainty, include, in the aggregate, the government of such Canadian province, any political subdivision thereof, integral parts thereof and each any every controlled entity of such provincial government or political subdivision thereof.

(d) The provisions of this Section 7.05 shall equally apply to any subscription, issuance, repurchase or redemption of Shares or other equity securities of the Company or any Subsidiary of the Company such that the Company shall not accept, and in the case of any Subsidiary of the Company, shall not allow such Subsidiary to accept, any Capital Contributions, subscriptions for or issuance of any Shares or other equity securities of the Company or such Subsidiary, as the case may be, and shall not repurchase, redeem or otherwise acquire, and in the case of any Subsidiary of the Company, shall not allow such Subsidiary to repurchase, redeem or otherwise acquire, any Shares or other equity securities of the Company or such Subsidiary, as the case may be, if, solely as a result of such contribution, subscription, issuance, redemption, repurchase or acquisition, as the case may be, (i) the Canadian federal government and Canadian provincial governments (in the aggregate); (ii) the Canadian federal government; or (iii) a single Canadian provincial government would equal, exceed or, if the Aggregate Ownership Limitation

is already exceeded immediately prior to such Transfer, further exceed the Aggregate Ownership Limitation; provided however, that (A) clause (i) of this Section 7.05(d) shall be disregarded with respect to any such contribution, subscription, issuance, redemption, repurchase or acquisition that occurs during the Excluded Period, (B) clause (ii) of this Section 7.05(d) may be disregarded by (x) any Initial Canadian Member subject thereto with respect to any contribution, subscription, issuance, redemption, repurchase or acquisition that has the effect of increasing the number of Shares or other equity securities of the Company or any Subsidiary of the Company held by such Initial Canadian Member and (y) if and only if disregarded by such Initial Canadian Member pursuant to the immediately preceding clause (x), then any other Person that becomes a Member after October 30, 2017, that would also be subject to clause (ii) of this Section 7.05(d) and (C) clause (iii) of this Section 7.05(d) may (x) be disregarded by any Initial Canadian Member subject thereto with respect to any contribution, subscription, issuance, redemption, repurchase or acquisition that has the effect of increasing the number of Shares or other equity securities of the Company or any Subsidiary of the Company held by such Initial Canadian Member and (y) if and only if disregarded by such Initial Canadian Member pursuant to the immediately preceding clause (x), then any other Person that becomes a Member after October 30, 2017, that would also be subject to clause (iii) of this Section 7.05(d) with respect to the same single Canadian provincial government. In no event shall this Section 7.05(d) be construed to prohibit any contribution, subscription, issuance, redemption, repurchase or acquisition that has the effect of increasing the number of Shares or other equity securities of the Company or any Subsidiary of the Company held (or to be held as a result of such contribution, subscription, issuance, redemption, repurchase or acquisition) by any Person that is not the Canadian federal government or a Canadian provincial government.

(e) For purposes of Section 7.05(a) and Section 7.05(d), the "Excluded Period" shall mean the period commencing on October 30, 2017, and ending on March 31, 2020; provided, that, if prior to such date any one or more Members have entered into any one or more agreements with respect to any Transfer in accordance with Section 7.05(a), or any contribution, subscription, issuance, redemption, repurchase or acquisition in accordance with Section 7.05(d), such period shall be extended with respect to any such Transfer, contribution, subscription, redemption, repurchase or acquisition, as the case may be, until the earlier to occur of (A) the date that the transactions contemplated by all such agreements are consummated and (B) the date on which all such agreements are terminated in accordance with their terms.

(f) Notwithstanding any other provision of this Agreement, no Member shall be in breach of this Agreement solely by reason of such Member owning and holding Shares or other equity securities of the Company or any Subsidiary of the Company acquired by such Member in a transaction that (i) complied with the provisions of this Agreement as in effect prior to October 30, 2017, with respect to any such Shares or other equity securities acquired prior to October 30, 2017, or (ii) complies with the provisions of this Section 7.05 as in effect from time to time from and after October 30, 2017, with respect to any such Shares or other equity securities acquired on or after October 30, 2017.

(g) The restrictions set forth in Sections 7.05(a) and 7.05(d) shall cease to apply if no Initial Canadian Member holds Shares or other equity securities of the Company.

7.06 No Challenges. To the fullest extent permitted by law, each Member acknowledges and agrees that it shall not challenge the validity or enforceability of the restrictions in this Article VII ("Challenge"). In the event of a Challenge, the Member making such Challenge shall indemnify and keep indemnified each other Member and/or the Company against each loss, liability and cost which such other Member and/or the Company incur arising out of or in connection with a Challenge including each loss, liability and cost reasonably incurred as a result of settling or defending a Challenge.

7.07 Right of First Offer. No Shares may be Transferred by any Member, and each Member undertakes to each other Member and to the Company that it shall not at any time Transfer Shares to any Person, except that:

(a) If a Member wishes to Transfer any Shares, such Member (the "Selling Member") shall deliver a notice (the "Sale Notice") of such intent to sell to each other Member. The Sale Notice must state the number of Shares the Selling Member wishes to Transfer (the "Sale Shares") and its asking price per Sale Share which must be stated in Cash (the "Prescribed Price"). The Selling Member need not accept any offer of the other Members if such offers, in the aggregate, are for less than one hundred percent (100%) of the Sale Shares irrespective of whether the Sale Notice specified that the Selling Member is only willing to Transfer all, but not less than all, of the Sale Shares.

(b) The Sale Notice shall appoint the Company as the agent of the Selling Member for the sale of the Sale Shares on the terms set out in the Sale Notice. Upon receipt of a Sale Notice, the Company shall send a notice to the other Members within five (5) Business Days of the date of the Sale Notice specifying the following additional terms for the sale of the Sale Shares:

(i) the Sale Shares are to be sold free from all Encumbrances and together with all rights attaching to them;

(ii) each of the other Members is entitled to buy an amount of Shares representing up to, including an amount of Sale Shares fewer than, such proportion of Sale Shares as equals, as nearly as possible, the proportion of Shares (excluding the Sale Shares) held by it at the date of the Sale Notice at the Prescribed Price;

(iii) a Member may offer to buy any or a specified number of the Sale Shares that are not accepted by the other Members (the "Excess Shares");

(iv) any offer by a Member to buy some or all of the Sale Shares shall be made in writing to the Company within twenty (20) Business Days of the date of receipt or deemed receipt (in accordance with Section 13.02) of the Sale Notice (the "ROFO Acceptance Date"), and failing delivery of such notice, such Member shall be deemed to have declined the offer to purchase any Sale Shares; and

(v) on the ROFO Acceptance Date (A) the Sale Notice shall become irrevocable and (B) each offer made by a Member to acquire Sale Shares shall become irrevocable on the date of delivery of such offer to the Company.

(c) If the Company receives offers for a number of Shares in excess of the number of Sale Shares and not all Members have offered to purchase the proportion of Sale Shares to which they are entitled, each Member that offered to buy Excess Shares shall be deemed (so far as practicable and without exceeding the maximum number of Shares which each such Member shall have offered to purchase) to have offered to purchase a number of Excess Shares reflecting, as nearly as possible, such Member's pro rata share (to be calculated with reference to the total number of Shares held by the Members that offered to purchase the excess Sale Shares) of those Sale Shares that are not accepted by the other Members (the "Proportionate Allocation").

(d) Within five (5) Business Days after the ROFO Acceptance Date, the Company shall notify in writing: (i) the Selling Member of the names and addresses of the Members that agreed to purchase Sale Shares and the number of Sale Shares to be bought by each such Member; and (ii) each Member making an offer to purchase of the number of Sale Shares it is to purchase and the number of Sale Shares to be bought by each Member. In addition, the Company's notices shall state a place and time, between five (5) and fifteen (15) Business Days (which time period shall be agreeable to the Member(s) acquiring Sale Shares) after the date of such notice (or, to the extent any Consents or notices are required, five (5) days following the receipt of any required Consent or the provisions of any required notice), on which the sale and purchase of the Sale Shares is to be completed and the Selling Member shall be obliged to Transfer such Sale Shares upon payment of the Prescribed Price for each such Sale Share free from Encumbrances and together with all rights attaching to them. If, however, the Sale Notice specifies that the Selling Member is only willing to Transfer all the Sale Shares and the Company does not receive offers for all the Sale Shares, then the provisions of Section 7.07(f) below shall apply.

(e) If the Selling Member fails to Transfer any Sale Shares in accordance with Section 7.07(d) above, the Company (or any Person to whom the Company has delegated authority pursuant to this Section 7.07(e)) may (and shall, if so requested by any Member) execute, complete and deliver as agent and attorney for and on behalf of the Selling Member a Transfer of the Sale Shares to each of the relevant Members against receipt by the Company of the aggregate Prescribed Price due from the Members(s) concerned. The Company shall hold such sums in trust for the Selling Member without any obligation to pay interest. The Company's receipt of the aggregate Prescribed Price due from a Member in respect of the Sale Shares to be acquired by it shall be constitute a bona fide sale of the Sale Shares to the relevant Member. The Board shall then cause the Transfer to be registered on the Company's books. The Selling Member that is a Defaulting Member may, if reasonably requested by the Board in its sole discretion, be obliged to provide an indemnity in respect thereof in a form satisfactory to the Board for the Sale Shares to be transferred by it whereupon it shall be entitled to the aggregate Prescribed Price for the relevant Sale Shares, without interest. In order to secure each Member's obligations under this paragraph, each Member hereby appoints the Company to act as its attorney (the "ROFO Attorney"), with authority in the Member's name and on its behalf to execute and sign any and all agreements, instruments, deeds or other papers and documents and to do all things in the Member's name as the ROFO Attorney may in its absolute discretion consider necessary to facilitate the Transfer of Sale Shares under this Section 7.07(e) (but no other) and the ROFO Attorney shall be entitled to delegate the exercise of such authority to any member of the Board or the secretary of the ROFO Attorney from time to time, provided that such delegate shall not be authorized to delegate such authority further.

(f) Subject to Section 7.08, if by the date that is twenty (20) Business Days after the ROFO Acceptance Date, the Company has not received offers for all of the Sale Shares, the Company shall notify the Selling Member and the Selling Member may, in accordance with Section 7.07(a), within the two months following the ROFO Acceptance Date Transfer all (but not less than all) of the Sale Shares to any Person at no less than the Prescribed Price and otherwise on terms no more favorable to such Person than those specified in the Sale Notice, provided that:

(i) the Board shall refuse registration of any proposed transferee under this Section 7.07 if it reasonably considers such proposed transferee to be a competitor of the business of the Company or a Person connected in a material respect with such a competitor (or a nominee of either) unless each of the Members other than the Selling Member agrees otherwise in writing; provided that a transferee shall not be deemed connected with such a competitor solely because such transferee owns a passive interest of five percent (5%) or less in such a competitor. If requested by the Selling Member at anytime after the ROFO Acceptance Date, the Board shall promptly notify the Selling Member if it considers a potential purchaser that the Selling Member has identified to be a competitor pursuant to the provisions of this Section 7.07(f)(i);

(ii) the Board shall refuse registration of the proposed transferee if such Transfer obliges the Selling Member to procure the making of an offer pursuant to Section 7.08, until such offer has been made and completed, unless failure to complete is because of the default of the Tagging Member; and

(iii) the Board acting reasonably under the circumstances may require proof or evidence that the Sale Shares are being transferred under a bona fide sale for the consideration stated in the Sale Notice without any deduction, rebate or allowance to the transferee and, if not so satisfied, may refuse to register the Transfer. For the avoidance of doubt, the Board may require such information as it reasonably requests in order to value any non-cash consideration.

(g) If there is a Change of Control of any Member, such Member shall be deemed to have given a Sale Notice under this Section 7.07 in respect of all of its Shares and the Prescribed Price shall be the Fair Market Value of such Shares, and the provisions set out above in this Section 7.07 shall apply *mutatis mutandis* to such sale. A change of, or a Change of Control of, (a) any trustee or nominee of any Member that is or holds Shares for a Fund; or (b) a Member that is or holds Shares for a trustee of a complying superannuation fund for the purposes of the Australian Superannuation Industry (Supervision) Act 1996, shall not constitute a Change of Control of the Member for the purposes of this Section 7.07.

(h) Notwithstanding anything in Sections 7.07, 7.08 or 7.09 to the contrary, in the event that a Member that is, or holds Shares for, a Fund is deemed to have given a Sale Notice as provided in Section 7.07, the relevant Member shall be deemed to have given a Sale Notice only to those Members that were Affiliates of the relevant Member immediately before the relevant Change of Control, in respect of all of its Shares and the Prescribed Price shall be the Fair Market Value of such Shares, and the other provisions set out above in this Section 7.07 shall apply *mutatis mutandis* to such sale. If the relevant Affiliates referred to in this Section 7.07(h)

do not offer to buy one hundred percent (100%) of the Sale Shares, the offer shall be deemed accepted with respect to those Sale Shares for which an offer to buy was made, and the remaining Sale Shares shall be offered to the other Members (other than the aforementioned relevant Affiliates) on the same terms. Notwithstanding the foregoing, if the Members that were Affiliates of the relevant Member immediately before the relevant Change of Control are Macquarie Entities and they do not offer to buy one hundred percent (100%) of the Sale Shares, the offer shall be accepted with respect to those Sale Shares for which an offer to buy was made, and the remaining Shares will be offered to all other Persons in the Macquarie Group. In such an event, if the other Persons in the Macquarie Group in the aggregate do not offer to buy one hundred percent (100%) of the Sale Shares, the offer shall be deemed accepted with respect to those Sale Shares for which an offer to buy was made, and the remaining Sale Shares shall be offered to the Members other than the Macquarie Entities on the same terms.

7.08 Tag-Along Right.

(a) Subject to the requirements of Section 7.04, and other than with respect to Transfers permitted under Section 7.01(a) through (e), unless waived by the other Members, no Member may Transfer Shares, and each Member undertakes to each other Member and to the Company that it shall not at any time Transfer, whether in one or a series of related transactions, to a Person other than an Initial Member and its Affiliates, and no Transfer of Shares may be made or registered by a Member (the "Transferring Member"), if the member(s) of the purchasing group (the "Tagging Purchaser") and its Affiliates would hold in the aggregate, as a result of such purchase, (x) eighty percent (80%) or more of the Shares, in the case of a Tagging Purchaser that is one of the Initial Members or an Affiliate thereof, or (y) seventy percent (70%) or more of the Shares, in the case of any other Tagging Purchaser unless:

(i) the Tagging Purchaser has made an offer (the "Tag Offer") to buy all (and not less than all) of each other Member's Shares (other than Shares of the Transferring Member, the Tagging Purchaser or their respective Affiliates) (each, a "Tagging Member") (including any Shares which may be allotted during the offer period or upon the Tag Offer becoming unconditional, pursuant to the exercise or conversion of options over or rights to subscribe for or securities convertible into Shares in existence at the date of such offer) on the terms set out in this Section 7.08 (unless, in the case of a particular Tagging Member, less favorable terms are agreed with such Tagging Member); and

(ii) the Tag Offer is, or has become, wholly unconditional.

(b) The terms of the Tag Offer shall be that:

(i) it shall be open for acceptance for not less than fifteen (15) Business Days (or such lesser number of days as is agreed in writing by Member Unanimous Approval), and shall be deemed to have been rejected if not accepted in accordance with the terms of the Tag Offer and within the period during which it is open for acceptance; and

(ii) the consideration for each Share will be Cash, or may take different forms at the election of the relevant Tagging Member, but shall be the consideration offered on financial terms no less favorable overall for each Share acquired by the Tagging

Purchaser (exclusive of costs). If the Transfer of Shares from the Transferring Member to the Tagging Purchaser is part of a series of related transactions in any 12 month period, the consideration for each Share held by the Tagging Member which is the subject of the Tag Offer shall be the volume weighted average consideration per Share sold as part of the series of those related transactions. The Tag Offer shall include an undertaking by the Tagging Purchaser that neither it nor any Person acting by agreement or understanding with it has entered into or has agreed to more favorable terms as to consideration with any other Member for the purchase of Shares.

(c) The Company shall notify each Member (other than the Transferring Member, the Tagging Purchaser or any Affiliate of either of them) of the Tag Offer promptly upon receiving notice of the same from the Tagging Purchaser, following which any Member (other than the Transferring Member, the Tagging Purchaser or any Affiliate of either of them) who wishes to Transfer Shares to the Tagging Purchaser pursuant to the terms of the Tag Offer may notify the Company (the "Tag Notice") at any time before the stated date that the Tag Offer ceases to be open for acceptance (the "Tag Closing Date"), stating the number of shares it wishes to Transfer (the "Tag Shares"). The Tag Notice shall make the Company the agent of the Tagging Member(s) for the sale on the terms of the Tag Offer of the Tag Shares, together with all rights attached and free from Encumbrances.

(d) For the avoidance of doubt, "consideration" for the purposes of Section 7.08(b) above shall include any offer to subscribe or acquire any share or debt instrument in the capital of any member of Tagging Purchaser made to a Member if: (a) such offer to subscribe or acquire is an alternative (whether in whole or in part) or in addition to the consideration offered; and (b) the consideration offered to all Members is of itself on arm's-length terms.

(e) Within three (3) days after the Tag Closing Date, the Company shall notify in writing to: (i) the Tagging Purchaser of the names and addresses of the Tagging Members that have accepted the offer made by the Tagging Purchaser; and (ii) each Tagging Member of the identity of the Tagging Purchaser. In addition, the Company's notices shall state the time and place on which the sale and purchase of the Tag Shares is to be completed.

(f) If any Tagging Member does not Transfer the Tag Shares registered in his name as required to complete a sale of Tag Shares in accordance with this Section 7.08, the Company (or any Person to whom the Company has delegated authority pursuant to this Section 7.08(f)) may (and shall, if so requested by any Member) execute, complete and deliver as agent and attorney for and on behalf of that Tagging Member Transfers of such Tag Shares in favor of Tagging Purchaser, against receipt by the Company of the consideration due for the relevant Tag Shares. The Company's receipt of the consideration due shall constitute a bona fide sale of the Tag Shares to the Tagging Purchaser, who shall not be required to take any further action hereunder to evidence such sale. The Company shall hold such consideration in trust for the relevant Tagging Members without any obligation to pay interest. The Board shall cause the Transfer(s) to be registered on the books of the Company, after which the validity of such Transfer(s) shall not be challenged by any Person. Each Tagging Member that is a Defaulting Member may be required to, where appropriate, provide an indemnity in respect thereof, in a form satisfactory to the Board relating to the Tag Shares transferred on his behalf, to the Company. On (but not before) such surrender or provision, such Tagging Member(s) that are

Defaulting Members shall be entitled to the consideration for the Tag Share transferred on his behalf, without interest. In order to secure each Member's obligations under this Section 7.08(f), each Member hereby appoints the Company to act as his attorney (the "Tag Attorney") with authority in the Member's name and on its behalf to execute and sign any and all agreements, instruments, deeds or other papers and documents and to do all things in the Member's name as the Tag Attorney may in its absolute discretion consider necessary to facilitate any Transfer of Tag Shares under this section (but no other) and the Tag Attorney shall be entitled to delegate the exercise of such authority to any Manager or the secretary of the Tag Attorney from time to time, provided that such delegate shall not be authorized to delegate such authority further.

(g) To the extent that the parties are to provide any indemnification or otherwise assume any other post-closing liabilities, the Transferring Member and each Tagging Member selling Shares in a transaction under this Section 7.08 shall do so severally and not jointly (and on a pro rata basis in accordance with their Shares being sold), and each Member's respective potential liability thereunder shall not exceed the proceeds received by such Member.

(h) The Members acknowledge and agree that the authority conferred under Section 7.08(f) is necessary as security for the performance by the Tagging Member(s) of their obligations under this Section 7.08.

7.09 Drag-Along Right.

(a) Subject to the requirements of Section 7.04, in the event a Member or a group of Members (the "Drag-Along Seller") proposes to Transfer Shares, in one or a series of related transactions, to a third party purchaser or purchasers (the "Third Party Purchaser"), including by way of a purchase agreement, tender offer, merger or other business combination transaction or otherwise, in a transaction involving the Transfer of at least seventy percent (70%) of the Shares in the aggregate (a "Drag-Along Sale"), such Drag-Along Seller shall have the right (hereinafter referred to as the "Drag-Along Right"), but not the obligation, to require each other Member (the "Required Members") to Transfer to the Third Party Purchaser(s), on the same terms and conditions as apply to the Drag-Along Seller all (and not less than all) of the Shares held by such Required Member, as specified in the Drag-Along Notice (as defined below), provided that such Drag-Along Seller will Transfer all (and not less than all) of the Shares held by it to the same Third Party Purchaser(s).

(b) If any Member or group of Members elects to exercise its Drag-Along Right, then such Drag-Along Seller shall notify each Required Member in writing ("Drag-Along Notice") no less than fifteen (15) Business Days prior to the proposed date of the Drag-Along Sale. Each Drag-Along Notice shall set forth: (i) the name of the Third Party Purchaser, (ii) the proposed amount and form of consideration and terms and conditions of payment offered by the Third Party Purchaser and a summary of any other material terms pertaining to the Transfer, and (iii) the number of Shares that the Required Member is required to sell in such Drag-Along Sale.

(c) Upon receiving a Drag-Along Notice, each Required Member shall be obligated to sell the number of Shares equal to the number of Shares specified in the Drag-Along Notice on the Third Party Terms (subject to the proviso in Section 7.09(a)).

(d) At the closing of the Transfer to any Third Party Purchaser, the Drag-Along Seller shall cause the Third Party Purchaser to remit to each Required Member the consideration payable to such Required Member for the Shares required to be sold by such Required Member pursuant hereto (*less* such Required Member's pro rata share (in accordance with its Shares being sold) of the consideration to be escrowed or held back, if any, described below), against delivery by such Required Member of such Shares, free and clear of all Encumbrances, as evidenced by such documentation as the Third Party Purchaser reasonably requests, and the compliance by such Required Member with any other conditions to closing generally applicable to the Drag-Along Seller (including the indemnification or assumption of post-closing liabilities as described in Section 7.09(e) below). In the event that the proposed Transfer of the Shares to such Third Party Purchaser is not consummated, the Drag-Along Right shall continue to be applicable to any proposed subsequent Transfer of any or all of the Shares of any Drag-Along Sellers.

(e) The consummation of such proposed Transfer shall be subject to the sole discretion of the Drag-Along Seller, who shall have no liability or obligation whatsoever to any Required Members participating therein for not consummating such proposed Transfer other than its obligations as set forth in this Section 7.09. Each Required Member shall receive the benefits of the same terms and conditions in such a sale, including the same amount and form of consideration received by the Drag-Along Seller for each Share sold to the Third Party Purchaser. In relation to, or pursuant to such Drag-Along Sale, the Drag-Along Seller or any of its Affiliates shall not receive from the Third Party Purchaser or the Company compensation or benefits (including any services agreement, commission, advisory or transaction fee) unless such compensation or benefits are provided for bona fide services on demonstrably reasonable and customary terms and conditions and on an arms' length basis. In addition, in the case of any agreement entered into by the Company, such agreement also will be subject to approval under Section 4.10(b). To the extent that the parties are to provide any indemnification or otherwise assume any other post-closing liabilities, the Drag-Along Seller and each Required Member selling Shares in a transaction under this Section 7.09 shall do so severally and not jointly (and on a pro rata basis in accordance with its Shares being sold), and each Member's respective potential liability thereunder shall not exceed the proceeds to be received by such Member. No Required Member shall be required to make any representations or warranties in connection with any such proposed Transfer other than with respect to such Required Member's ownership of its Shares, its authority to engage in the proposed Transfer, its organization and non contravention of the proposed Transfer of its Shares with applicable law or organizational documents.

(f) If any Required Member does not Transfer the Shares registered in his name as required to complete the Transfer of its Shares in the Drag-Along Sale in accordance with this Section 7.09, the Company (or any Person to whom the Company has delegated authority pursuant to this Section 7.09(f)) may (and shall, if so requested by any Member) execute, complete and deliver as agent and attorney for and on behalf of that Required Member Transfers of such Shares in favor of the Third Party Purchaser, against receipt by the Company of the consideration due for the relevant Shares. The Company's receipt of the consideration due shall constitute a bona fide sale of the Shares to the Third Party Purchaser, who shall not be required to take any further action hereunder to evidence such sale. The Company shall hold such consideration in trust for the relevant Required Members without any obligation to pay interest. The Board shall cause the Transfer(s) to be registered on the books of the Company, after which

the validity of such Transfer(s) shall not be questioned by any Person. Each Required Member may be required to, where appropriate, provide an indemnity in respect thereof, in a form satisfactory to the Board relating to the Shares transferred on his behalf, to the Company. On (but not before) such surrender or provision, the Required Member(s) who are Defaulting Member(s) shall be entitled to the consideration for the Share transferred on his behalf, without interest. In order to secure each Member's obligations under this Section 7.09(f), each Member hereby appoints the Company to act as his attorney (the "Drag Attorney") to execute and sign any and all agreements, instruments, deeds or other papers and documents and to do all things in the Member's name as the Drag Attorney may in its absolute discretion consider necessary to facilitate any Transfer of Shares under this paragraph (but no other), but subject to the provisions of Section 7.09(e) above, and the Drag Attorney shall be entitled to delegate the exercise of such authority to any Manager or the secretary of the Drag Attorney from time to time, provided that such delegate shall not be authorized to delegate such authority further.

7.10 Preemptive Rights.

(a) Subject to the requirements of Section 7.04, the Company grants to each Member, and each Member shall have, the right to purchase, in accordance with the procedures set forth herein, such Member's pro rata portion of any New Shares which the Company may, from time to time, propose to sell and issue (hereinafter referred to as the "Preemptive Right").

(b) In the event that the Company proposes to issue and sell New Shares, the Company shall notify each Member in writing with respect to the proposed New Shares to be issued (the "New Shares Notice"). Each New Shares Notice shall set forth: (i) the number of New Shares proposed to be issued by the Company and their purchase price; (ii) such Member's pro rata portion of New Shares and (iii) any other material term, including any applicable regulatory requirements and, if known, the expected date of consummation of the purchase and sale of the New Shares.

(c) Each Member shall be entitled to exercise its right to purchase such New Shares by delivering an irrevocable written notice to the Company within thirty (30) days from the date of receipt of any such New Shares Notice specifying the number of New Shares to be subscribed, which in any event can be no greater than such Member's pro rata portion of such New Shares at the price and on the terms and conditions specified in the New Shares Notice.

(d) Each Member exercising its right to purchase its entire pro rata portion of New Shares being issued (each, a "Subscribing Member") shall have a right of over-allotment such that if any other Member fails to exercise its Preemptive Right to purchase its entire pro rata portion of New Shares (each, a "Non-Subscribing Member," including any Member that fails to exercise its right to purchase its entire pro rata share of Remaining New Shares, as described below), such Subscribing Member may purchase its pro rata share, based on the relative percentage ownership of the Shares then owned by the Subscribing Members, of those New Shares in respect to which the Non-Subscribing Members have not exercised their Preemptive Right (the "Remaining New Shares") by giving written notice to the Company within two (2) Business Days from the date that the Company provides written notice of the amount of New Shares as to which such Non-Subscribing Members have failed to exercise their rights thereunder. The Company shall reoffer any Remaining New Shares to the Members in

successive rounds (without regard to the time periods specified in the foregoing provisions) until such time as the Members have collectively agreed to purchase all of the New Shares being issued or all of the Members are Non-Subscribing Members in the last round of offers.

(e) If the Members do not elect within the applicable notice periods described above to exercise their preemptive rights with respect to any of the New Shares proposed to be sold by the Company, the Company shall have ninety (90) days after expiration of all such notice periods to sell or to enter into an agreement to sell such unsubscribed New Shares proposed to be sold by the Company, at a price and on terms no more favorable to the purchaser than those offered to the Members.

(f) No Member will be required to take up and pay for any New Shares pursuant to the Preemptive Right unless all New Shares (other than those to be taken up by the Member) are sold, whether to the other Members or pursuant to Section 7.10(e) above.

ARTICLE VIII
CONFIDENTIALITY

8.01 Confidentiality. None of the Members may, without the prior consent of all of the other Members, disclose to any Person any non-public or confidential information concerning the business or the affairs of the Company and its Subsidiaries and shall hold all such information in confidence in accordance with procedures for protecting its own confidential business information; provided, however, that a Member may disclose any such information:

(a) to any other Member;

(b) to equityholders or Affiliates of the Member or to the members of any Affiliate where such information is the subject of, and protected by, a binding confidentiality obligation;

(c) where the Member is or holds shares or stock for the benefit of a private equity, infrastructure, pooled portfolio, pension or any other fund, pension or government endowment client, to the Member's investors (e.g. limited partners, shareholders, beneficiaries, etc.), but only if such persons have been requested to maintain the confidentiality of such information;

(d) to Representatives of the Members, where such information is the subject of and protected by a binding confidentiality agreement or obligations of confidentiality;

(e) to the extent such disclosure is required under applicable law, including under securities laws (in particular, those relating to continuous disclosure) or under the rules and regulations of any recognized stock exchange which are applicable to a Member or its affiliates or under the rules and regulations of any applicable regulatory authority;

(f) to a credit rating agency as may be required by a Member or its Affiliates;

(g) that has come into the public domain through no fault of the disclosing Member;

(h) that consists of information which the disclosing Member knew before the discussions between the Members relating to the proposed acquisition of Puget Energy commenced;

(i) that consists of information which is disclosed, without apparent confidentiality restrictions, to a Member by a third party where such disclosure by the third party is apparently not in breach of any confidentiality restrictions on the third party;

(j) to potential purchasers of Shares, professional advisers, auditors, underwriters, banks or financiers where such information is the subject of and protected by a binding confidentiality agreement or obligations of confidentiality;

(k) with the prior written approval of each Member; or

(l) in such other circumstances as may be agreed by Member Unanimous Approval from time to time.

ARTICLE IX
TAXES

9.01 Tax Returns. The Board will cause to be prepared and timely filed all necessary tax returns for the Company. Upon any Member's reasonable request, the Board will furnish to such Member copies of the tax returns filed by the Company.

9.02 Tax Matters. The election made pursuant to Treasury Regulation Section 301.7701-3 by Mark Wong and Diana Rado to treat the Company as a corporation for U.S. federal income tax purposes is hereby authorized and ratified in all respects.

ARTICLE X
BOOKS, RECORDS, REPORTS, AND BANK ACCOUNTS

10.01 Accounting and Fiscal Year. Subject to Section 448 of the Code, the books of the Company shall be kept on such method of accounting for tax and financial reporting purposes as may be determined by the Board. The fiscal year of the Company shall end on December 31 of each year, or on such other date permitted or required under the Code as the Board shall determine (the "Fiscal Year").

10.02 Maintenance of Books and Records. The books of account for the Company and other records of the Company will be located at the principal office of the Company or such other place as the Board may deem appropriate. The Board shall provide, or cause to be provided, Members and their Representatives with reasonable access to all financial statements and other records of the Company and its Subsidiaries and employees and to the auditors of the Company and its Subsidiaries for any purpose reasonably related to their interest in the Company including, without limitation, valuation of the Shares and preparation of tax filings.

10.03 Reports.

(a) The Company shall cause the financial statements of the Company and its Subsidiaries to be audited in accordance with GAAP each year and shall use reasonable best efforts to deliver to each Member within three (3) weeks after the end of each month or as soon as practicable upon receiving the required information from its Subsidiaries, as applicable, a monthly and detailed report prepared by management of the Company concerning (i) the operational performance and finances of the Company and its Subsidiaries, (ii) the implementation of the Business Plan, (iii) developments potentially affecting the prospects of the business, (iv) any litigation or governmental notifications, orders or audits pending against the Company or its Subsidiaries, (v) any default, notice of default or prospective default of the Company or its Subsidiaries under the Financing Documents, and (vi) any other matters that a Member may request or that could reasonably be expected to have a material effect on the Company.

(b) Each Member will have the right to receive the same information as the information which any Manager is entitled to receive from the Company.

(c) Upon the request of any Member, the Company shall allow an independent third-party assessment of the fair value of Puget Energy on an annual basis. Management shall provide any such independent third-party with supporting information reasonably requested to the extent that any such request does not unreasonably interfere with the day-to-day operations of the business of the Company or Puget Energy. All costs and expenses related to such independent assessment shall be borne equally by such Members that require a copy of such assessment.

10.04 Bank Accounts. The Board will cause the Company to establish and maintain one or more separate bank and investment accounts for Company funds in the Company name with such financial institutions and firms as the Board may select and designate signatories thereon. The Board may not commingle the Company's funds with other funds of any other Person.

ARTICLE XI
BANKRUPTCY OF MEMBERS AND DEFAULT

11.01 Default. A Member shall be considered a "Defaulting Member" if such Member:

(a) is in default under the transfer provisions of Article VII and such default (or the consequences of such default) is not curable or has not been cured within thirty (30) days after being given written notice by the Company of such default; or

(b) becomes a Bankrupt Member.

Notwithstanding any other provisions of this Agreement, if a Defaulting Member has the right, acting alone or together with other Members, to appoint a Manager, such Manager shall not be entitled to vote so long as the Member is in default of this Agreement, but such Manager shall be permitted to attend all meetings of the Board; provided, however, that if such Manager is a Jointly Appointed Manager that was appointed not only by such Defaulting Member but also by one or more non-Defaulting Members that also appointed one (1) or more Owner Managers, each Owner Manager appointed by each such non-Defaulting Member and present at such

meeting shall be able to cast a number of votes that it is equal to the number of Shares held by such non-Defaulting Member appointing such Owner Manager *divided* by the number of Owner Managers appointed by such non-Defaulting Member present at such meeting or consenting to such action. If the Defaulting Member has been in default under Section 11.01(a) above for over ninety (90) days and such default is not curable or has not been cured within that period, in addition to any remedy at law or in equity, the non-Defaulting Members shall have the option to acquire, in the aggregate, all (but not less than all) of the Shares of the Defaulting Member for Fair Market Value. If the Defaulting Member becomes a Bankrupt Member, Members agree to follow the procedures set forth in 11.02 below. In the case that a Member is in breach or default of this Agreement, regardless if such Member is also a Defaulting Member, in addition to the rights and obligations set forth in this Agreement, such Member shall have or be subject to such rights, obligations and liabilities as are provided by applicable law.

11.02 Insolvency. In the event that any Member becomes a Bankrupt Member, such Bankrupt Member shall offer to sell its Shares to a solvent Affiliate within fourteen (14) days of such determination. If within ten (10) days of such offer, no Affiliate agrees to buy such Shares, Members that are not in default of this Agreement (the "Purchasing Members"), shall have the option (but not the obligation), exercisable by notice to the Bankrupt Member (or its Representative) at any time prior to the ninetieth (90^{th}) day after receipt of notice or obtaining actual knowledge of the occurrence of the event causing such Member to become a Bankrupt Member, to buy or cause their designee to buy, and on the exercise of this option the Bankrupt Member (or its Representative) will sell, its Shares to the Purchasing Members or their designee. The purchase will be made by the Purchasing Members in proportion to the number of Shares held by such Members at the relevant time, excluding the Bankrupt Member's Shares or in such other ratio as they may mutually agree. The purchase price will be an amount equal to the Fair Market Value of the Shares. The payment to be made to the Bankrupt Member or its Representative under this Section 11.02 will be in complete liquidation and satisfaction of all the rights and interest of the Bankrupt Member and its Representative (and of all Persons claiming by, through, or under the Bankrupt Member and its Representative) in and in respect of the Company, including, any Shares, any rights in specific Company property, and any rights against the Company and (insofar as the affairs of the Company are concerned) against the Members.

ARTICLE XII
DISSOLUTION, LIQUIDATION, AND TERMINATION

12.01 Dissolution. The Company will dissolve and its affairs will be wound up upon the first to occur of any of the following events:

(a) Subject to the restrictions imposed under the Financing Documents, an action by Member Unanimous Approval to dissolve the Company;

(b) The termination of the legal existence of the last remaining Member of the Company or the occurrence of any other event which terminates the continued membership of the last remaining Member of the Company in the Company unless the Company is continued without dissolution in a manner permitted by the Act; or

(c) The entry of a decree of judicial dissolution of the Company under the Act.

12.02 Liquidation and Termination. On dissolution of the Company, the Board will act as liquidator or may appoint one or more other Persons as liquidator(s) subject to the Members approval pursuant to Section 3.10(b). The liquidator will proceed diligently to wind up the affairs of the Company and make final distributions as provided herein. The costs of liquidation will be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Members. The steps to be accomplished by the liquidator are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the liquidator will cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) the liquidator will pay from Company funds all of the debts and liabilities of the Company (including, all expenses incurred in liquidation or otherwise make adequate provision therefor (including, the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine)); and

(c) the Company will Dispose of all remaining assets as follows:

(i) the liquidator may sell any or all Company property, including to Members; and

(ii) thereafter, Company property will be distributed among the Members in accordance with Section 6.01.

(d) All distributions in kind to the Members will be made subject to the liability of each distributee for its allocable share of costs, expenses and liabilities theretofore incurred or for which the Company has committed prior to the date of termination and those costs, expenses and liabilities will be allocated to the distributee pursuant to this Section 12.02.

(e) Each Member shall look solely to the assets of the Company for all distributions with respect to the Company and shall have no recourse therefor (upon dissolution or otherwise) against any other Member.

Nothing contained in this Section 12.02 shall be construed as authorizing the Board, or the liquidator, to amend, change or modify this Agreement except in accordance with Section 13.05 or as otherwise may be provided in this Agreement.

12.03 Cancellation of Filing. On completion of the distribution of Company assets as provided herein, the Company and this Agreement shall be terminated, and the Members (or such other Person or Persons as may be required) shall cause the cancellation of any other filings made as provided in Section 2.07 and shall take such other actions as may be necessary to terminate the Company. Notwithstanding anything herein to the contrary, the obligations of each Member pursuant to Sections 8.01, 13.02, 13.07 and 13.08, shall survive the termination or expiration of this Agreement and the dissolution, winding up and termination of the Company.

ARTICLE XIII
GENERAL PROVISIONS

13.01 Security Interest and Right of Set-Off. As security for any withholding tax or other liability or obligation to which the Company may be subject as a result of any act or status of any Member, or to which the Company may become subject with respect to the Shares of any Member, the Company shall have (and each Member hereby grants to the Company) a security interest in all Distributable Cash distributable to such Members to the extent of the amount of such withholding tax or other liability or obligation. The Company shall have a right of set-off against distributions of Distributable Cash distributable to a Member in the amount of such withholding tax or other liability or obligation of such Member to the Company. Any amount withheld pursuant to the Code or any other provision of federal, state or local tax or other law with respect to any distribution to a Member shall be treated as an amount distributed to such Member for all purposes under this Agreement.

13.02 Notices. Any notice or other communication:

(a) to be given by one party to another under, or in connection with the matters contemplated by this Agreement shall be addressed to the recipient and sent to the address or email address or facsimile number of such other party given in this section for the purpose and marked for the attention of the Person so given or such other address, email address or facsimile number or marked for such other attention as such other party may from time to time specify by notice given in accordance with this section to the other parties. The relevant contact information of each Member as at the date of this Agreement are set out in Exhibit B.

(b) to be given by any party to any other party under, or in connection with the matters contemplated by, this Agreement shall be in writing and shall be given by letter delivered by hand or sent by first class prepaid mail, email or facsimile, and shall be deemed to have been received:

(i) in the case of delivery by hand, when delivered; or

(ii) in the case of first class prepaid mail to an address within the same country, on the second Business Day following the day of mailing or if sent by prepaid mail to an address in a different country, on the tenth (10^{th}) Business Day following the day of mailing; or

(iii) in the case of facsimile, on acknowledgement of the addressee's facsimile receiving equipment (where such acknowledgement occurs before 17.00 hours, local time, on the day of acknowledgement) and in any other case on the day following the day of acknowledgement; or

(iv) in the case of an email, which requires an acknowledgement of receipt to be sent to the sender, at the time such acknowledgement is received by the sender (where such acknowledgement occurs before 17:00 hours, local time at the place of receipt on the day of transmission) and in any other case on the day following the day of acknowledgement.

(c) Any notice or other communication not received on a Business Day or received after 17.00 hours local time on any Business Day in the place of receipt shall be deemed to be received on the next Business Day.

13.03 Entire Agreement; No Third Party Beneficiaries. (a) This Agreement (together with the Exhibits thereof), constitute the entire agreement of the parties as to the subject matter hereof and supersede any and all prior agreements, understandings and negotiations, whether oral or written, relating to such subject matter.

(b) This Agreement is not intended to confer upon any Person, other than the parties hereto and their successors and permitted assigns, any rights or remedies hereunder; except that each and all of the Indemnified Persons shall be express, intended third-party beneficiaries with respect to Section 4.14.

13.04 Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company will not constitute a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long such failure continues, will not constitute a waiver by that Person of its rights with respect to that default until the applicable limitations period has expired.

13.05 Amendment, Modification and Waiver.

(a) This Agreement may not be amended or otherwise modified or waived except by Member Supermajority Approval, provided, that an amendment, modification or waiver that would adversely affect any right of any one Member individually or any group of Members relative to the other Members shall require such Member's or such group's consent to such amendment or modification or waiver; provided, further, that a Supermajority of Canadian Government Members, in its absolute discretion, may permanently delete or permanently or temporarily waive clause (i) of Section 7.05(a) and clause (i) of Section 7.05(d) (and the definitions used exclusively in such clauses of such Sections and in no other clauses or Sections of this Agreement), in their entirety. For purposes of this Section 13.05(a) "Supermajority of Canadian Government Members" means the affirmative vote or written consent of the Canadian Government Members representing at least ninety percent (90%) of the Shares held by all of the Canadian Government Members (the "Canadian Government Shares"); provided, however, that if a Canadian Government Member is required to or does recuse itself from any vote or consent pursuant to Section 4.10(a) or (c), any decision required to be taken by Supermajority of Canadian Government Members shall require, in lieu of Canadian Government Members representing at least ninety percent (90%) of the Canadian Government Shares, the affirmative vote or written consent of the Canadian Government Members representing at least ninety percent (90%) of the Canadian Government Shares that may be voted by the Canadian Government Members who were not so required to and did not recuse themselves from such vote or consent; provided, further, that for purposes of this definition only, including without limitation for purposes of calculating the number of Canadian Government Shares, a Canadian Government Member whose outstanding equity interests are partially, but not in their entirety,

held, directly or indirectly, by the Canadian federal government or a Canadian provincial government shall be deemed to hold only such number of Shares equal to the *product* of (x) the number of Shares owned by such Canadian Government Member, and (y) the direct or indirect percentage of ownership of the Canadian federal government or a Canadian provincial government, as applicable, of the entire outstanding equity interest of such Canadian Government Member.

(b) The failure of any party at any time or from time to time to require performance of any provisions hereof shall in no manner affect its rights at a later time to enforce the same. The terms, conditions, covenants, representations and warranties hereof may be waived only by a written instrument executed by the party waiving compliance.

13.06 Binding Effect. This Agreement shall be binding on and inure to the benefit of the Members and their respective heirs, legal representatives, successors, and assigns.

13.07 Governing Law; Waiver of Jury Trial. (a) This Agreement is governed by and will be construed in accordance with the law of the State of Delaware, without regard to principles of conflicts of laws.

(b) THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHT OR REMEDIES UNDER THIS AGREEMENT OR ANY DOCUMENTS ENTERED INTO IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN.

13.08 Disputes; Attorneys' Fees. In the event that any dispute between the parties hereto in connection with this Agreement and all other matters relating to the business of the Company or Puget Energy, the Members, in good faith, shall attempt to amicably settle any dispute. If an amicable settlement cannot be reached by the Members within fifteen (15) days from the day any Member notifies the other Members of the specific nature of the dispute, then the Members shall submit the dispute to senior executives (the "Panel Resolution Board") comprised of one executive nominated by each of the respective Members for resolution. If the Panel Resolution Board is unable to resolve the dispute within a further ten (10) days, then such dispute shall be resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said rules. Any such arbitration shall be conducted in New York, New York, and shall be conducted in English. Each party in such dispute shall bear its own fees, costs and expenses. Notwithstanding any provision of this Agreement to the contrary, this Section 13.08 shall be construed to the maximum extent possible to comply with the laws of the State of Delaware, including the Uniform Arbitration Act (10 Del. C. § 5701 et seq.) (the "Delaware Arbitration Act"). If, nevertheless, it shall be determined by a court of competent jurisdiction that any provision or wording of this Section 13.08, including any Rules of Arbitration of the International Chamber of Commerce, shall be invalid or unenforceable under the Delaware Arbitration Act, or other applicable law, such invalidity shall not invalidate all of this Section 13.08. In that case, this Section 13.08 shall be construed so as to limit any term or provision so as to make it valid or enforceable within the requirements of the Delaware Arbitration Act or other applicable law,

and, in the event such term or provision cannot be so limited, this Section 13.08 shall be construed to omit such invalid or unenforceable provision.

13.09 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid or unenforceable in any respect for any reason and in any jurisdiction, (x) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid and enforceable provision and (y) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the applicable thereof, in any other jurisdiction.

13.10 Further Assurances. In connection with this Agreement and the transactions contemplated thereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and such transactions.

13.11 Waiver of Certain Rights. To the maximum extent permitted by applicable law, each Member irrevocably waives any right it might have to maintain any action for dissolution of the Company, or to maintain any action for partition of the property of the Company.

13.12 Specific Performance. Each party hereto, in addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, shall be entitled to seek specific performance of each other party's obligations under this Agreement. The parties hereto agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by any of them of the provisions of this Agreement and each hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

13.13 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts will be construed together and constitute the same instrument.

13.14 Creditors. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Company or its Subsidiaries.

13.15 Recapitalization, Exchange. The provisions of this Agreement shall apply, to the full extent set forth herein, with respect to any and all Shares of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets, conversion to a corporation or otherwise) that may be issued in respect of, in exchange for, or in substitution of, the Shares and shall be appropriately adjusted for any dividends, splits, reverse splits, combinations, recapitalizations, and the like occurring after the Effective Date.

[Signature pages follow]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Agreement (or caused this Agreement to be executed on its behalf by its officer or representative thereunto duly authorized) as of the Second Amendment Effective Date.

PUGET HOLDINGS LLC

By: /s/ Jennifer L. O'Connor _____
Name: Jennifer L. O'Connor
Title: Corporate Secretary

MIP PADUA HOLDINGS, GP

By: _____
Name:
Title:

By: _____
Name:
Title:

MIP II WASHINGTON HOLDINGS, L.P.

By: **MIP II WASHINGTON HOLDINGS GP LLC**,
its general partner

By: _____
Name:
Title:

By: _____
Name:
Title:

PADUA MG HOLDINGS LLC

By: /s/ Robinson Kupchak _____
Name: Robinson Kupchak
Title: Manager

By: /s/ Alan James _____
Name: Alan James
Title: Manager

MACQUARIE-FSS INFRASTRUCTURE TRUST

By: **MACQUARIE SPECIALISED ASSET MANAGEMENT LIMITED,**
in its capacity as Trustee and manager of
MACQUARIE-FSS INFRASTRUCTURE TRUST

By: /s/ David Luboff
Name: David Luboff
Title:

CPP INVESTMENT BOARD (USRE II) INC.

By: /s/ Mark D. Wiseman _____
Name: Mark D. Wiseman
Title: Authorized Signatory

By: /s/ Graeme F. Bevans _____
Name: Graeme F. Bevans
Title: Authorized Signatory

6860141 CANADA INC.
as Trustee for **PADUA INVESTMENT TRUST**

By: /s/ Lincoln Webb
Name: Lincoln Webb
Title: President

PIP2PX (PAD) LTD.

By: /s/ William McKenzie _____
Name: William McKenzie
Title: Director

PIP2GV (PAD) LTD.

By: /s/ William McKenzie _____
Name: William McKenzie
Title: Director

EXHIBIT LIST

EXHIBIT A Capitalization of the Company (attached)

EXHIBIT B Members' Contact Information

EXHIBIT C Trustees and Responsible Entities (attached)

EXHIBIT D Authorized Persons, Officers, Managers and Alternate (attached)

EXHIBIT E Form of Share Certificate (attached)

EXHIBIT F Voting Agreement (attached)

EXHIBIT G Representatives (attached)

EXHIBIT A

Members, Capital Contributions and Shares

Member	Class A Interests as of November 28, 2017	Capital Contributions as of November 28, 2017	Investor Percentage (%) as of November 28, 2017
MIP Padua Holdings, L.P.	43,154.3281	$863,086,561.07	43.8882%
Padua MG Holdings LLC	98.3279	$1,966,558.00	0.1000%
CPP Investment Board (USRE II) Inc.	31,039.8310	$620,796,619.30	31.5677%
6860141 CANADA INC. as Trustee for Padua Investment Trust	16,576.1250	$331,522,499.81	16.8580%
PIP2PX (Pad) Ltd.	4,624.7390	$92,494,779.06	4.7034%
PIP2GV (Pad) Ltd.	2834.5174	$56,690,348.53	2.8827%
Total	**98,327.8684**	**$1,966,557,365.77**	**100.0000%**

EXHIBIT B

Contact Information of Members

MIP Padua Holdings, L.P.	Level 15, 125 West 55th Street New York, NY 10019 Attn: Christopher Leslie Phone: (212) 231-1686 Fax: (212) 231-1828 Email: chris.leslie@macquarie.com
Padua MG Holdings LLC	L7 50 Martin Place Sydney NSW 2000 Attn: Daniel Walmsley Phone: 61 2 8232 9600 Fax: (212) 231-1828 Email: daniel.walmsley@macquarie.com Level 15, 125 West 55th Street New York, NY 10019 Attn: David Handelsmann Phone: (212) 231-1357 Fax: (212) 231-1828 Email: david.handelsmann@macquarie.com
CPP Investment Board (USRE II) Inc.	One Queen Street East, Suite 2500 Toronto, Ontario Canada M5C 2W5 Attn: Edwin Cass One Queen Street East, Suite 2500 P.O. Box 101 Toronto, Ontario Canada M5C 2W5 Phone: (416) 874-5278 Fax: (416) 868-4755 Email: ecass@cppib.com Attn: Chris Hind One Queen Street East, Suite 2500 P.O. Box 101 Toronto, Ontario Canada M5C 2W5 Phone: (416) 479-5809 Email: chind@cppib.com Attn: Scott Lawrence Managing Director Head of Infrastructure Real Assets - Infrastructure One Queen Street East, Suite 2500 P.O. Box 101 Toronto, Ontario Canada M5C

	2W5 Phone: (416) 868-5090 Email: slawrence@cppib.com
6860141 CANADA INC. as Trustee for Padua Investment Trust	BC Investment Management Corporation 750 Pandora Avenue Victoria British Columbia V8W 0E4 Canada Attn: Lincoln Webb Phone: (778) 410-7259 Fax: (778) 410-7321 Email: lincoln.webb@bcimc.com Attn: Richard Dinneny Phone: (250) 356-0198 Email: richard.dinneny@bcimc.com
PIP2PX (Pad) Ltd. and PIP2GV (Pad) Ltd.	1100-10830 Jasper Avenue Edmonton, Alberta Canada T5J 2B3 Attn: Ben Hawkins Phone: (780) 392-3787 Fax: (780) 392 3910 Email: ben.hawkins@aimco.alberta.ca

EXHIBIT C

Liability of Trustee and Responsible Entities

1. If (i) a Person ("Trustee") enters into this Agreement as trustee or responsible entity of a trust ("Trust") and (ii) the Trustee notifies the Company or another party that it is acting as trustee or responsible entity of the Trust, the following provisions shall apply in respect of the Trustee and the Trust:

(i) the Trustee enters into this Agreement and holds limited liability company interests only in its capacity as responsible entity or trustee (as applicable) of the Trust and in no other capacity. To the fullest extent permitted by law, a liability arising under or in connection with this Agreement or the Certificate of Formation is limited to, and can be enforced against the Trustee only to, the extent to which it can be satisfied out of the assets of the Trust out of which the Trustee is actually indemnified for such liability. To the fullest extent permitted by law, this limitation of the Trustee's liability applies despite any other provision of this Agreement or the Certificate of Formation and extends to all liabilities and obligations of the relevant party in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Agreement or the Certificate of Formation;

(ii) to the fullest extent permitted by law, no party may sue the Trustee in any capacity other than as responsible entity or trustee (as applicable) of the Trust, including to seek the appointment of a receiver (except in relation to property of the Trust), a liquidator, an administrator, or any similar person to the Trustee or prove in any bankruptcy, insolvency, liquidation, administration or arrangement of or affecting the Trustee (except in relation to property of the Trust);

(iii) the provisions of this Section 1 do not apply to any obligation or liability of the Trustee to the extent that it is not satisfied because under the agreement governing the Trust or by operation of law there is a reduction in the extent of the Trustee's indemnification out of the assets of the Trust, as a result of the Trustee's fraud, negligence or breach of trust; (iv) no attorney, agent, receiver or receiver and manager appointed in accordance with this Agreement has authority to act on behalf of the Trustee in a way which exposes the Trustee to any personal liability, and no act or omission of any such person will be considered fraud, negligence or breach of trust of the relevant party for the purpose of clause 1(iii);

(iv) the Trustee warrants to each party to this Agreement that it has the rights of indemnification referred to in clause 1(i) (the "Trustee Indemnity"); and

(v) the Trustee warrants to each party to this Agreement that it has not done and has omitted to do, and undertakes that it will not, during the term of this Agreement, do or omit to do, anything which has or would limit, affect, amend or in any manner whatsoever restrict the Trustee Indemnity.

EXHIBIT D

Managers

	Member(s) Appointing Such Manager	Managers	Alternate
1.	MIP Padua Holdings, L.P.	Christopher Leslie Karl Kuchel Andrew Chapman	Andrew Chapman Christopher Leslie Christopher Leslie
2.	Padua MG Holdings LLC		
5.	CPP Investment Board (USRE II) Inc.	Mary McWilliams David MacMillan Etienne Middleton	Annie Harlow
7.	6860141 Canada Inc. as Trustee for Padua Investment Trust	Chris Trumpy	Richard Dinneny
8.	Jointly Appointed by PIP2PX (Pad) Ltd. and PIP2GV (Pad) Ltd. and CPP	Paul McMillan	Benjamin Hawkins

Officers

Name	Title
Kimberly Harris	Chief Executive Officer
Dan Doyle	Chief Financial Officer
Matthew McArthur	Corporate Treasurer
Steven Secrist	Corporate Secretary

EXHIBIT E

SHARE CERTIFICATE

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION. THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS PURSUANT TO RULE 144A UNDER THE SECURITIES ACT OR IN RELIANCE ON AN AVAILABLE EXEMPTION FROM REGISTRATION.

ANY TRANSFER OF THIS CERTIFICATE OR ANY LIMITED LIABILITY COMPANY INTEREST REPRESENTED HEREBY IS SUBJECT TO THE TERMS AND CONDITIONS OF THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (AS DEFINED BELOW).

Certificate Number _____ _____ [Number]

Puget Holdings LLC, a Delaware limited liability company (the "Company"), hereby certifies that _____ (together with any assignee of this Share Certificate, the "Holder") is the registered owner of [#] limited liability company interests in the Company (the "Shares"). The rights, powers, preferences, restrictions and limitations of the Shares are set forth in, and this Share Certificate and the Shares represented hereby are issued and shall in all respects be subject to the terms and provisions of the Amended and Restated Limited Liability Company Agreement of the Company dated as of February 6, 2009, as the same may be amended or restated from time to time (the "Agreement"). By acceptance of this Share Certificate, and as a condition to being entitled to any rights and/or benefits with respect to the Shares evidenced hereby, the Holder is deemed to have agreed to comply with and be bound by all the terms and conditions of the Agreement. The Company will furnish a copy of the Agreement to the Holder without charge upon written request to the Company at its principal place of business. Each Share shall constitute a "security" within the meaning of, and governed by, (i) Article 8 (including Section 8-102(a)(15)) of the Uniform Commercial Code as in effect from time to time in the State of Delaware, and (ii) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995.

This Share Certificate shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the Company has caused this Share Certificate to be executed as of the date set forth below.

PUGET HOLDINGS LLC

Dated: By: _____
Name:
Title: Manager

(REVERSE SIDE OF SHARE CERTIFICATE)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (print or typewrite name of transferee), (insert Social Security or other taxpayer identification number of transferee), the following specified number of Shares in the Company: _____ (identify the number of Shares being transferred) effective as of the date specified in the Application for Transfer of Shares below, and irrevocably constitutes and appoints _____ and its authorized officers, as attorney-in-fact, to transfer the same on the books and records of the Company, with full power of substitution in the premises.

Dated: Signature: _____
(Transferor)
Address: _____
_____
_____

EXHIBIT F

VOTING AGREEMENT

[Attached]

VOTING AGREEMENT

This Voting Agreement (this "Agreement") is made and entered into effective as of February 6, 2009 by and among Puget Holdings LLC, a Delaware limited liability company ("Holdings"), and its direct and indirect wholly owned subsidiaries Puget Intermediate Holdings Inc., a Washington corporation ("Intermediate"), Puget Equico LLC, a Washington limited liability company ("Equico"), and Puget Merger Sub Inc., a Washington corporation, and its successors and assigns ("Merger Sub") (each of Holdings, Intermediate, Equico, and Merger Sub, individually, a "Shareholder Party" and collectively, the "Shareholder Parties").

RECITALS

A. WHEREAS, Holdings owns all of the outstanding equity interests in Intermediate, in the form of the common shares listed on Schedule 1 (the "Intermediate Shares", as further defined in Appendix A), and wishes to enter into an agreement with respect to the voting of the Intermediate Shares.

B. WHEREAS, Intermediate, as the sole member of Equico, owns all of the outstanding equity interests in Equico as listed on Schedule 1 (the "Membership", as further defined in Appendix A), and wishes to enter into an agreement with respect to the voting of the Membership.

C. WHEREAS, Equico owns all of the outstanding equity interests in Merger Sub in the form of the common shares listed on Schedule 1 (the "Merger Sub Shares", as further defined in Appendix A), and wishes to enter into an agreement with respect to the voting of the Merger Sub Shares.

D. WHEREAS, Holdings, Intermediate, Merger Sub, and Puget Energy, Inc., a Washington corporation ("Puget Energy"), entered into the Agreement and Plan of Merger (the "Merger Agreement") dated as of October 25, 2007, pursuant to which Merger Sub will merge with and into Puget Energy (the "Merger"), with Puget Energy as the surviving corporation and Puget Sound Energy, Inc., a Washington corporation ("PSE"), as a wholly owned direct subsidiary of Puget Energy and a wholly owned indirect subsidiary of Holdings.

E. WHEREAS, at the Effective Time (as defined in the Merger Agreement), the Merger Sub Shares will be converted into equity interests in Puget Energy (the "Puget Energy Shares"), Puget Energy shall be a Shareholder Party hereunder, and the Puget Energy Shares shall be Shares hereunder and shall be subject to and governed by the terms of this Agreement.

F. WHEREAS, following the defeasance and resulting redemption of all outstanding shares of the preferred stock of PSE immediately prior to the Effective Time, Puget Energy is the owner of all outstanding equity interests in PSE, in the form of the common shares listed on Schedule 1 (the "PSE Shares", as further defined in Appendix A). For purposes hereof, the Intermediate Shares, the Membership, the Merger Sub Shares until the Effective Time, the Puget Energy Shares at and after the Effective Time, and the PSE Shares at and after the Effective Time will be referred to herein collectively as the "Shares".

G. WHEREAS, by virtue of the fact that (a) Intermediate is a direct wholly owned subsidiary of Holdings, (b) Equico and Merger Sub are indirect wholly owned subsidiaries of Holdings, and (c) upon the Effective Time of the Merger, Puget Energy and PSE will be indirect wholly owned subsidiaries of Holdings (Intermediate, Equico, Merger Sub (until the Effective Time), Puget Energy (at and after the Effective Time), and PSE (at and after the Effective Time) collectively, the "Subsidiaries"), the Shareholder Parties wish to provide for a convenient and efficient means to vote the Shares, in a manner consistent with the direction of Holdings, on all matters that are subject to a shareholder or member vote under the Organizational Documents of the Subsidiaries or under the Washington Business Corporation Act ("RCW Chapter 23B") or the Washington Limited Liability Company Act ("RCW Chapter 25.15"), or any other matters to come before the shareholders or members by other applicable law or resolution of the respective boards of directors or managers of the Subsidiaries.

Therefore, for and in consideration of the premises, mutual promises, covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Unless defined elsewhere in this Agreement, capitalized terms used in this Agreement will have the meanings ascribed to them in the attached Appendix A.

2. Manner of Voting

2.1 *Appointment of Irrevocable Proxy*. Each Shareholder Party agrees to execute an irrevocable proxy appointment in the form of Exhibit A (each, an "Irrevocable Proxy" and collectively the "Irrevocable Proxies") that irrevocably appoints the Secretary of Holdings to vote all of the Shares that such Shareholder Party owns with respect to all matters covered by this Agreement.

2.2 *Voting for Directors and Managers*. The Shareholder Parties agree that the Secretary of Holdings, acting pursuant to this Agreement, the Irrevocable Proxies, and the Organizational Documents of the Subsidiaries, will vote the Shares for the purpose of electing directors or managers (as applicable) of each of the Subsidiaries in accordance with the nominations of such directors or managers as made by the members or the board of managers of Holdings (acting in accordance with the Holdings LLC Agreement); *provided, however*, that the board of each Subsidiary shall include at least:

(a) one director or manager (as applicable) who is a resident of the State of Washington and who is the Chief Executive Officer of PSE; and

(b) one director or manager (as applicable) who shall serve as the Chairman of the board of directors or board of managers (as applicable) who is the same as a manager of Holdings designated an "Independent Manger";

and *provided, further*, that:

(x) the board of managers of Equico shall include at least one additional manager who is a resident of the State of Washington and who is not a member,

(y) the board of directors of PSE shall include at least one additional director who is a resident of the State of Washington and who is not a member, shareholder, director (except as a director of PSE), manager, officer, or employee of Holdings or its Affiliates (including all direct and indirect subsidiaries of Holdings).

2.3 *Voting on Other Matters*. The Shareholder Parties agree that the Secretary of Holdings, acting pursuant to this Agreement, the Irrevocable Proxies, and the Organizational Documents of the Subsidiaries, will vote the Shares as directed by the members or the board of managers of Holdings (acting in accordance with the Holdings LLC Agreement) with respect to (a) those matters reserved for approval by shareholders pursuant to RCW Chapter 23B or members pursuant to RCW Chapter 25.15, (b) those matters that require shareholder or member approval pursuant to the Organizational Documents of the Subsidiaries or the Holdings LLC Agreement, and (c) any other matters to come before the shareholders or members by other applicable law or resolution of the respective boards of directors or managers of the Subsidiaries; *provided, however*, that the Organizational Documents of the Subsidiaries shall not be amended with respect to the number or qualifications of the directors or managers without the approval of the Holdings members acting by Member Supermajority Approval (as defined in the Holdings LLC Agreement).

3. Agreement Among Shareholders. Each Shareholder Party that is a corporation has entered into an agreement among shareholders as applicable to each directly owned subsidiary as authorized pursuant to RCW 23B.07.320 regarding the division of responsibility and voting by and among the boards of directors and between the boards and the shareholder of each entity. This Agreement is intended to be in furtherance of such agreements and to further provide for the voting by the shareholder of each such entity.

4. Amendment of Schedule 1. Holdings will promptly amend and restate Schedule 1 to account for any changes in the number of Shares or, upon the request of a Shareholder Party, to reflect changes to such Shareholder Party's contact information.

5. Meetings and Consent of Shareholders and Members. Nothing in this Agreement modifies or affects the provisions for the holding of meetings or the taking of actions by consent of the Shareholder Parties as provided in their respective Organizational Documents.

6. Representations and Warranties. Each Shareholder Party represents and warrants to each other Shareholder Party as follows:

6.1 *Organization*. Such Shareholder Party is duly organized and validly existing under the laws of the state of its organization.

6.2 *Authority*. Such Shareholder Party has full power, capacity, and authority to sign and deliver this Agreement and to perform all of such Shareholder Party's obligations under this Agreement.

6.3 *Binding Obligation*. This Agreement is the legal, valid, and binding obligation of such Shareholder Party, enforceable against such party in accordance with this Agreement's terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application or by general principles of equity.

6.4 *Ownership of Shares*. Such Shareholder Party is the record and beneficial owner of and has good and marketable title to, the Shares set forth opposite such Shareholder Party's name on Schedule 1. Except as set forth on Schedule 1, such Shareholder Party has sole voting power, and sole power of disposition with respect to all of its Shares Such Shareholder Party has not made any appointment or grant of any proxy that is still in effect and that is inconsistent with this Agreement.

6.5 *No Conflicts*. The execution and delivery of this Agreement by such Shareholder Party and the performance by such Shareholder Party of all of such Shareholder Party's obligations under this Agreement will not:

(a) conflict with or violate such Shareholder Party's Organizational Documents;

(b) breach any agreement to which such Shareholder Party is a party, or give any person the right to accelerate any obligation of such Shareholder Party;

(c) violate any law, judgment, or order to which such Shareholder Party is subject; or

(d) require the consent, authorization, or approval of any person, including but not limited to any governmental body.

6.6 *Capacity*. The voting rights set forth herein are held by such Shareholder Party in its capacity as an equity holder.

7. Term and Termination.

7.1 *Termination by the Shareholder Parties*. This Agreement will terminate upon the written consent of all Shareholder Parties.

7.2 *Termination on Transfer*. This Agreement will terminate with respect to a Shareholder Party and as to the Shares held by such Shareholder Party if the Shareholder Party sells, exchanges, transfers, or otherwise liquidates all of the Shares held by such Shareholder Party, including any transfer of such Shareholder Party's Shares to, or at the direction of, a lender following a foreclosure or realization on the pledge and security interest in such pledged Shares, whether by public sale or private sale or by other transfer in lieu thereof.

7.3 *Effect of Termination*. Notwithstanding Sections 7.1 and 7.2, no expiration or termination of this Agreement shall relieve any Shareholder Party of obligations or liabilities that have arisen or accrued prior to such termination, including, without limitation, any liability for damages resulting from any breach of this Agreement.

8. General.

8.1 *No Assignment*. Except as otherwise provided in this Agreement, no Shareholder Party may assign or delegate any of such party's rights or obligations under this Agreement to any person without the prior written consent of each other Shareholder Party,

which consent each such Shareholder Party may grant or withhold in its sole discretion; *provided, however*:

(a) that each and all of the Shareholder Parties hereby consent to the assignment by Merger Sub of this Agreement, and each and all of the rights of Merger Sub under and in connection with this Agreement, to Puget Energy effective as of the Effective Time of the Merger by operation of law as a result of the Merger; and

(b) that Holdings may, without the consent of any other Shareholder Party, assign its rights and obligations under this Agreement in connection with the sale or transfer of its interests in the Subsidiaries.

An assignment by a Shareholder Party includes but is not limited to a transfer or series of related transfers, of 10% or more of the shares or other ownership interests of such party, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or as a result of any act or occurrence.

8.2 *Binding Effect*. This Agreement is binding on the Shareholder Parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit; *provided, however*, that this Agreement and the terms hereof shall not apply to actions taken by, or at the request of, any pledgee of any Shareholder Party's Shares, including in connection with the foreclosure or realization on a security interest in such Shares, whether by public sale or private sale or otherwise.

8.3 *Amendment*. This Agreement may be amended only by a written agreement signed by each Shareholder Party, except that Holdings may amend Schedule 1 in accordance with Section 4 without the consent of the other Shareholder Parties.

8.4 *Equitable Relief*. Each party acknowledges that a monetary remedy for a breach of this Agreement will be inadequate and will be impracticable and extremely difficult to prove, and that any such breach by any party would cause the other parties irreparable harm. In the event of such a breach, in addition to any other available rights and remedies, the parties alleging breach shall be entitled to temporary and permanent injunctive relief, including temporary restraining orders, specific performance, preliminary injunctions and permanent injunctions, without the necessity of posting a bond or making any undertaking in connection therewith and without the necessity of proving actual damages. Any such requirement of a bond or undertaking is hereby waived by each party, and each party acknowledges that in the absence of such a waiver, a bond or undertaking might be required by the court.

8.5 *Notices*. Any notice or other communication:

(a) to be given by one party to another under, or in connection with the matters contemplated by this Agreement shall be addressed to the recipient and sent to the address or email address or facsimile number of such other party given in this section for the purpose and marked for the attention of the party so given or such other address, email address or facsimile number or marked for such other attention as such other party may from time to time specify by notice given in accordance with this section

to the other parties. The relevant contact information of each party as at the date of this Agreement is set out in Schedule 1;

(b) to be given by any party to any other party under, or in connection with the matters contemplated by, this Agreement shall be in writing and shall be given by letter delivered by hand or sent by first class prepaid mail, email or facsimile, and shall be deemed to have been received:

(i) in the case of delivery by hand, when delivered; or

(ii) in the case of first class prepaid mail to an address within the same country, on the second business day following the day of mailing or if sent by prepaid mail to an address in a different country, on the tenth business day following the day of mailing; or

(iii) in the case of facsimile, on acknowledgement of the addressee's facsimile receiving equipment (where such acknowledgement occurs before 17.00 hours, local time, on the day of acknowledgement) and in any other case on the day following the day of acknowledgement; or

(iv) in the case of an email, which requires an acknowledgement of receipt to be sent to the sender, at the time such acknowledgement is received by the sender (where such acknowledgement occurs before 17:00 hours, local time at the place of receipt on the day of transmission) and in any other case on the day following the day of acknowledgement.

(c) any notice or other communication not received on a business day or received after 17.00 hours local time on any business day in the place of receipt shall be deemed to be received on the next business day.

8.6 *Waiver*. No waiver will be binding on a party unless it is in writing and signed by the party making the waiver. A party's waiver of a breach of a provision of this Agreement will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision.

8.7 *Severability*. The unenforceability or invalidity of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions hereof, but such remaining provisions shall be construed and interpreted in such a manner as to carry out fully the intent of the parties hereto; *provided, however*, that should any judicial body interpreting this Agreement deem any provision hereof to be unreasonably broad in any respect, it is the intent and desire of the parties hereto that such judicial body, to the greatest extent possible, reduce the breadth of such provision to the maximum legally allowable parameters rather than deeming such provision totally unenforceable or invalid.

8.8 *Further Assurances*. The parties will sign such other documents and take such other actions as are reasonably necessary to further effect and evidence this Agreement.

8.9 *Third-Party Beneficiaries*. The parties intend that the members of Holdings (as such may change from time to time) shall be express, intended third-party beneficiaries of this Agreement. The parties do not intend to confer on any third party other than the members of Holdings any rights or remedies under or with respect to this Agreement.

8.10 *Attachments*. Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement.

8.11 *Remedies*. The parties will have all remedies available to them at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.

8.12 *Governing Law*. This Agreement is governed by the laws of the State of Washington, without giving effect to any conflict-of-law principles that would result in the application of the laws of any other jurisdiction.

8.13 *Venue*. All actions and proceedings arising out of or relating to this Agreement will be heard and determined exclusively in the United States District Court for the Western District of Washington or a Washington state court located in King County.

8.14 *Waiver of Jury Trial*. THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHT OR REMEDIES UNDER THIS AGREEMENT OR ANY DOCUMENTS ENTERED INTO IN CONNECTION WITH THIS AGREEMENT.

8.15 *Attorneys' Fees*. If any arbitration or litigation is instituted to interpret, enforce, or rescind this Agreement, including but not limited to any proceeding brought under the United States Bankruptcy Code, all fees, costs, and expenses incurred in connection with such arbitration or litigation shall be paid by the party incurring such fees, costs, or expenses.

8.16 *Entire Agreement*. This Agreement contains the entire understanding of the parties regarding the subject matter of this Agreement and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Agreement.

8.17 *Signatures*. This Agreement may be signed in counterparts. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement. Each party will, at the request of any other party, confirm a fax-transmitted or other electronically transmitted signature page by delivering an original signature page to the requesting party.

[*Signature Page Follows*]

SHAREHOLDER PARTIES:

PUGET HOLDINGS LLC

_____

By:
Its:

_____

By:
Its:

PUGET INTERMEDIATE HOLDINGS INC.

_____

By:
Its:

_____

By:
Its:

PUGET EQUICO LLC

_____

By:
Its:

_____

By:
Its:

PUGET MERGER SUB INC.

_____

By:
Its:

_____

By:
Its:

APPENDIX A

Definitions

"Equico LLC Agreement" means the Limited Liability Company Agreement of Equico, as amended from time to time.

"Holdings LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of Holdings, as amended from time to time.

"Intermediate Shares" means:

(a) the shares, options, and other rights to acquire shares of Intermediate set forth on Schedule 1;

(b) any other shares, options, and other rights to acquire shares of Intermediate that are owned by a Shareholder Party as of the date of this Agreement; and

(c) any shares, options, and other rights to acquire shares of Intermediate that are issued, granted, or transferred to a Shareholder Party after the date of this Agreement.

"Membership" means:

(a) the membership interests, options, and other rights to acquire membership interests of Equico set forth on Schedule 1;

(b) any other membership interest, options, and other rights to acquire membership interests of Equico that are owned by a Shareholder Party as of the date of this Agreement; and

(c) any membership interests, options, and other rights to acquire membership interests of Equico that are issued, granted, or transferred to a Shareholder Party after the date of this agreement.

"Merger Sub Shares" means:

(a) the shares, options, and other rights to acquire shares of Merger Sub set forth on Schedule 1;

(b) any other shares, options, and other rights to acquire shares of Merger Sub that are owned by a Shareholder Party as of the date of this Agreement; and

(c) any shares, options, and other rights to acquire shares of Merger Sub that are issued, granted, or transferred to a Shareholder Party after the date of this Agreement.

"Organizational Documents" means the articles of incorporation, certificate of formation, bylaws, limited liability company agreement, operating agreement, partnership agreement, trust agreement, or equivalent organizational documents of an entity as may be amended from time to time.

"PSE Shares" means:

(a) the shares, options, and other rights to acquire shares of PSE set forth on Schedule 1;

(b) any other shares, options, and other rights to acquire shares of PSE that are owned by a Shareholder Party as of the date of this Agreement; and

(c) any shares, options, and other rights to acquire shares of PSE that are issued, granted, or transferred to a Shareholder Party after the date of this Agreement.

"Puget Energy Shares" means:

(a) the shares, options, and other rights to acquire shares of Puget Energy set forth on Schedule 1;

(b) any other shares, options, and other rights to acquire shares of Puget Energy that are owned by a Shareholder Party after the Effective Time of the Merger; and

(c) any shares, options, and other rights to acquire shares of Puget Energy that are issued, granted, or transferred to a Shareholder Party after the Effective Time of the Merger.

SCHEDULE 1

Shares

Until the Effective Time of the Merger

Shareholder Party	Shares
Puget Holdings LLC	100 shares of common stock of Puget Intermediate Holdings Inc.
Puget Intermediate Holdings Inc.	100 membership interests in Puget Equico LLC
Puget Equico LLC	100 shares of common stock of Puget Merger Sub Inc. 10,511,095 shares of common stock of Puget Energy, Inc. (after the contribution of such shares pursuant to the Contribution Agreements)

At and After the Effective Time of the Merger

Shareholder Party	Shares
Puget Holdings LLC	100 shares of common stock of Puget Intermediate Holdings Inc.
Puget Intermediate Holdings Inc.	100 membership interests in Puget Equico LLC
Puget Equico LLC	200 shares of common stock of Puget Energy, Inc.
Puget Energy, Inc.	85,903,791 shares of common stock of Puget Sound Energy, Inc.

EXHIBIT A

Form of Irrevocable Proxy Appointment

[_____] ("Shareholder") appoints the Secretary of Puget Holdings LLC ("Proxy") to represent and vote, in accordance with the provisions of the Voting Agreement dated as of [_____], 2009 by and among Puget Holdings LLC, a Delaware limited liability company ("Holdings"), and its direct and indirect wholly owned subsidiaries Puget Intermediate Holdings Inc., a Washington corporation, Puget Equico LLC, a Washington limited liability company, and Puget Merger Sub Inc., a Washington corporation, (as amended, restated, supplemented or otherwise modified, the "Voting Agreement"), all of the [shares] [membership interests] of [_____], a Washington [corporation] [limited liability company], owned by Shareholder (collectively, the "Shares").

This Proxy Appointment will be valid until the Voting Agreement is terminated with respect to Shareholder or until Shareholder ceases owning the Shares or being a party to the Voting Agreement, whichever occurs earlier.

Shareholder revokes all previous proxy appointments by Shareholder with respect to the Shares. Shareholder represents to Proxy that no other proxy appointments exist and are in effect with respect to the Shares, and covenants to Proxy that Shareholder will not make any other proxy appointments that will have any effect with respect to the Shares while this Proxy Appointment is in effect.

This Proxy Appointment is irrevocable and is coupled with an interest in the Voting Agreement and the direct and indirect interest of Holdings in each of the Shareholder Parties (as defined in the Voting Agreement) and Puget Sound Energy, Inc. Shareholder waives any and all rights to revoke this Proxy Appointment.

Dated: [_____]

Shareholder:

[_____]

_____

By:

Its: _____

Irrevocable Proxy Appointment

By Puget Energy, Inc. with respect to Shares of Puget Sound Energy, Inc.

Puget Energy, Inc., a Washington corporation ("Shareholder"), as the surviving corporation in the merger with Puget Merger Sub Inc., a Washington corporation ("Merger Sub"), effective February __, 2009, hereby appoints the Secretary of Puget Holdings LLC, a Delaware limited liability company ("Holdings"), as ("Proxy") to represent and vote all of the shares (collectively, the "Shares") of Puget Sound Energy, Inc., a Washington corporation, now or hereafter owned by Shareholder, in accordance with the provisions of the Voting Agreement, dated as of February __, 2009 (as amended, restated, supplemented or otherwise modified, the "Voting Agreement") by and among Holdings and its direct and indirect wholly owned subsidiaries Puget Intermediate Holdings Inc., a Washington corporation, Puget Equico LLC, a Washington limited liability company, and Merger Sub.

This Proxy Appointment will be valid until the Voting Agreement is terminated or until Shareholder ceases to own the Shares or to be a party to the Voting Agreement, whichever occurs earlier.

Shareholder hereby revokes all previous proxy appointments by Shareholder with respect to the Shares. Shareholder represents to Proxy that no other proxy appointments exist and are in effect with respect to the Shares, and covenants to Proxy that Shareholder will not make any other proxy appointments that will have any effect with respect to the Shares while this Proxy Appointment is in effect.

This Proxy Appointment is irrevocable and is coupled with an interest in the Voting Agreement and the direct and indirect interest of Holdings and Shareholder in the Shareholder Parties (as defined in the Voting Agreement) and Puget Sound Energy, Inc. Shareholder waives any and all rights to revoke this Proxy Appointment.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Irrevocable Proxy Appointment as of February __, 2009.

PUGET ENERGY, INC.

_____

Name:
Title:

_____

Name:
Title:

IN WITNESS WHEREOF, the undersigned have executed this Irrevocable Proxy Appointment as of February __, 2009.

PUGET HOLDINGS LLC

_____

Name:
Title:

_____

Name:
Title:

IN WITNESS WHEREOF, the undersigned have executed this Irrevocable Proxy Appointment as of February __, 2009.

PUGET INTERMEDIATE HOLDINGS INC.

_____

Name:
Title:

_____

Name:
Title:

IN WITNESS WHEREOF, the undersigned have executed this Irrevocable Proxy Appointment as of February __, 2009.

PUGET EQUICO LLC

_____

Name:
Title:

_____

Name:
Title:

EXHIBIT G

REPRESENTATIVES

Member	Representative
MIP Padua Holdings, GP	Christopher Leslie, Mark Wong, Andrew Chapman
MIP II Washington Holdings, L.P.	Mark Wong, Andrew Chapman, Christopher Leslie
Macquarie Specialised Asset Management Limited as Trustee and manager of Macquarie-FSS Infrastructure Trust	David Luboff
Padua MG Holdings LLC	Alan James, Rob Kupchak
CPP Investment Board (USRE II) Inc.	Graeme Bevans, Alan Kadic
6860141 Canada Inc. as Trustee for Padua Investment Trust	Lincoln Webb, Richard Dinneny
PIP2PX (Pad) Ltd. and PIP2GV (Pad) Ltd.	William McKenzie, Benjamin Hawkins

Exhibit B

Amended and Restated Bylaws of Puget Sound Energy, Inc., dated as of October 30, 2014

AMENDED AND RESTATED BYLAWS
OF
PUGET SOUND ENERGY, INC.

ARTICLE I
Definitions

As used in these Bylaws, the following terms have the following meanings:

"Act" means the Washington Business Corporation Act, Title 23B of the Revised Code of Washington.

"Affiliate" means:

(a) with respect to any Person that is a Fund or holds Holdings Shares for a Fund, any other Person or Fund or Subsidiary of a Fund (other than a Fund that is, or is proposed to be, listed or quoted on an investment exchange with a purpose of effectively achieving an indirect listing or quotation of Holdings Shares) that is advised by, or the business, operations or assets of which are managed (whether solely or jointly with others) from time to time by, or whose parent is managed by, the manager or adviser of the Fund (or a Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, that manager or adviser); provided, however,

(i) the term "adviser" shall mean an entity that provides a Person with advice in relation to the management of investments of that Person, which, in the case of a Fund (other than in relation to actually making decisions to implement such advice), is substantially the same as the services that would be provided by a manager of the Fund and such adviser effectively forms part of the structure of the Fund, except that Padua MG Holdings LLC and its Affiliates will not be treated as an adviser of a Fund solely as a result of any services provided or agreed to be provided by Padua MG Holdings LLC or any of its Affiliates to the Fund under an agreement pursuant to which those services are to be provided solely in relation to an investment by the Fund in Holdings; and

(ii) the term "manager" with respect to any Fund shall mean any general partner, trustee, responsible entity, nominee, manager, adviser or other entity performing a similar function with respect to such Fund; and

(iii) no Person that is or holds Holdings Shares for a complying superannuation fund for the purposes of the Australian Superannuation Industry (Supervision) Act 1996 shall be deemed to be an Affiliate of any Person that is or holds Shares for any other such Fund by reason of this definition.

(b) with respect to any Person that is not a Fund and does not hold Holdings Shares for a Fund, any other Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person.

(c) for purposes of these Bylaws, the Macquarie Entities shall be deemed to be Affiliates and the entities comprising the Macquarie Group shall be deemed to be Affiliates.

"Allocated Free Percentage" means the Free Percentage contributed by a Holdings Member to appoint a Holdings Jointly Appointed Manager.

"Alternate" has the meaning set forth in Article III, Section 3(d).

"Articles of Incorporation" means the Company's Articles of Incorporation and all amendments as filed with the Washington Secretary of State.

"Bankruptcy Remote Independent Director" means a director who (a) is a resident of the State of Washington; (b) is not a member, shareholder, director (except as a director of the Company), manager, officer, or employee of Holdings or its Affiliates (including all direct and indirect subsidiaries of Holdings); and (c) if and to the extent required, meets any such other qualifications as may be required by any applicable regulatory authority for an independent director of the Company.

"Board" means the Board of Directors of the Company, as described in Article III.

"Board Supermajority Approval" means the affirmative vote or written consent of the Owner Directors representing at least eighty percent (80%) of the Holdings Shares plus the affirmative vote or written consent of at least one (1) Independent Director; provided, however, that if a Director is required to or does recuse himself from any vote or consent pursuant to Article III, Section 15(a) or (c), Board Supermajority Approval shall require, in lieu of the requisite supermajority percentage referred to above, the affirmative vote or written consent of the Owner Directors representing at least eighty percent (80%) of the Holdings Shares that may be voted by the Owner Directors that were not so required to and did not recuse themselves from such vote or consent. For purposes of any such vote or written consent, the Bankruptcy Remote Independent Director shall be considered an "Independent Director."

"Board Supermajority Matter" means each action or matter, any consent to or approval of which, pursuant to the provisions of these Bylaws, requires Board Supermajority Approval.

"Budget" means the budget of the Company as approved by the Board.

"Business Day" means any day other than a Saturday, a Sunday or a legal holiday recognized or declared as such by the government of the United States of America or the State of New York, on which banks are generally open for business in New York City.

"Business Plan" means the business plan of the Company as approved by the Board, the first year of which is the Budget.

"Cash" means cash or Cash Equivalents.

"Cash Equivalents" means (a) securities issued or directly and fully guaranteed or insured by the full faith and credit of the United States government, (b) certificates of deposits or bankers acceptances with maturities of one (1) year or less from institutions with at least $1 billion in

capital and surplus and whose long-term debt is rated at least "A-1" by Moody's or the equivalent by Standard & Poor's and in each case maturing within one (1) year; and (c) investment funds investing at least ninety five percent (95%) of their assets in cash or assets of the types described in clauses (a) through (b) above.

"Code" means the Internal Revenue Code of 1986.

"Company" means Puget Sound Energy, Inc., a Washington corporation.

"Company CEO" means the chief executive officer of the Company.

"Consent" means, with respect to any action or event, any approval, consent, ratification, license, permit or other authorization required to be issued, granted, given, or otherwise made available by or under the authority of any Person or Governmental Authority.

"Consumer Price Index" means the consumer price index for urban consumers for a representative basket of goods and services as published by the Bureau of Labor Statistics of the United States Department of Labor or any successor index thereto as appropriately adjusted.

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by contract or otherwise, which, for the avoidance of doubt, shall include through a Person's capacity as general partner, trustee, responsible entity, nominee, manager or adviser or otherwise.

"Director" means any member of the Board, as appointed by the Shareholder.

"Disposition" means a disposition, sale, assignment, transfer, exchange, pledge, or the grant of a security interest or other Encumbrance; and "Dispose," "Disposing" or "Disposition" have correlative meanings.

"Distributable Cash" means, with respect to any fiscal quarter, all Cash balances of the Company *less* an appropriate level of working capital, reserves and amounts necessary to meet objectives as included in the Business Plan and Budget, including compliance with regulatory requirements and covenants set forth in the Financing Documents.

"Effective Date" means February 6, 2009.

"Encumbrance" means any encumbrance of any kind (including any conditional sale or other title retention agreement, or any lease in the nature thereof), mortgage, charge (whether fixed or floating), lien, option, pledge, assignment, trust arrangement or other security interest of any kind and any agreement, whether conditional or otherwise, to create any of the foregoing.

"FERC" means the Federal Energy Regulatory Commission.

"Financing Documents" means, collectively, (a) the "Financing Documents", as defined in the Puget Energy Credit Agreement, (b) the "Financing Documents", as defined in the PSE Credit Agreement and (c) the "Financing Documents" as defined in each of the Puget

Intermediate Loan Agreements, and, in each case, all documents, certificates, agreements and other instruments relating thereto.

"Free Percentage" means any percentage of the Holdings Shares held by a Holdings Member that have not been otherwise used or allocated to appoint a Holdings Manager.

"Fund" means any unit trust, investment trust, investment company, limited partnership, general partnership or other collective investment scheme, pension fund, insurance company or any body corporate or other entity, in each case, the business, operations or assets of which are managed professionally for investment purposes.

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time.

"Governmental Authority" means any federal, state, county, city, local or foreign governmental, administrative or regulatory authority, commission, committee, agency or body (including any court, tribunal or arbitral body).

"Holdings" means Puget Holdings LLC, a Delaware limited liability company.

"Holdings Board" means the Board of Managers of Holdings.

"Holdings Jointly Appointed Manager" means a Holdings Manager who was appointed by two or more Holdings Members by aggregating the Free Percentage owned by such Holdings Members.

"Holdings Managers" means the managers of Holdings.

"Holdings Members" means the members of Holdings.

"Holdings Owner Manager" means a Holdings Manager who has been designated an "Owner Manager".

"Holdings Shares" the limited liability company interests in Holdings held by the Holdings Members.

"Indemnified Person" means (a) any Person who is or was a Director, an Alternate or a proxy for a Director, or an observer to the Board or an Officer and (b) any Person who is or was serving at the request of the Company as an officer, manager, director, member, partner, agent, fiduciary or trustee of another Person; provided that a Person shall not be an Indemnified Person by reason of providing, on a fee-for-services basis, trustee, fiduciary, advisory or custodial services.

"Independent Director" has the meaning set forth in Article III, Section 3(a)(ii).

"Interested Party" has the meaning set forth in Article III, Section 15(b).

"Jointly Appointed Director" has the meaning set forth in Article III, Section 3(b).

"Macquarie Entities" means MIP Padua Holdings, GP, MIP II Washington Holdings, L.P., MSAM as Trustee and manager of MFIT and Padua MG Holdings LLC and any of their respective Affiliates that are Holdings Members.

"Macquarie Group" means Macquarie Capital Group Limited and its Affiliates including Funds managed or advised by Macquarie Capital Group Limited and its Affiliates.

"Majority Approval" means the affirmative vote or written consent of the Owner Directors representing more than fifty five percent (55%) of the Holdings Shares; provided, however, that if a Director is required to or does recuse himself from any vote or consent pursuant to Article III, Section 15(a) or (c), Majority Approval shall mean the affirmative vote or written consent of the Owner Directors representing more than fifty five percent (55%) of the Holdings Shares that may be voted by the Owner Directors that were not so required to and did not recuse themselves from such vote or consent.

"Merger" means the merger pursuant to the Agreement and Plan of Merger by and among Puget Intermediate, Puget Energy, Holdings, and the Company dated as of October 25, 2007.

"MFIT" means Macquarie FSS-Infrastructure Trust.

"MSAM" means Macquarie Specialised Asset Management Limited.

"Officer" means any Person designated as an officer of the Company pursuant to Article V.

"Owner Director" has the meaning set forth in Article III, Section 3(a)(iii).

"Person" includes any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, joint stock company, Governmental Authority or other entity or organization of any kind or nature.

"PSE Credit Agreement" means that certain Credit Agreement entered into as of February 6, 2009, by and among the Company, Barclays Bank plc, as facility agent, and each lender from time to time party thereto, and any amendments, restatements, supplements, or other modifications thereto.

"Puget Energy" means Puget Energy, Inc., a Washington corporation.

"Puget Energy Credit Agreement" means that certain Credit Agreement entered into as of May 16, 2008, by and among Merger Sub, Barclays Bank plc, as facility agent, and each lender from time to time party thereto, and any amendments, restatements, supplements, or other modifications thereto.

"Puget Intermediate" means Puget Intermediate Holdings Inc., a Washington corporation.

"Puget Intermediate Loan Agreements" means, collectively (a) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and MIP Padua Holdings, GP, (b) that certain Senior Secured Loan Agreement entered into as of

February 5, 2009, between Puget Intermediate and MIP II Washington Holdings, L.P., (c) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and Trust Company Limited in its capacity as custodian and agent of MSAM in its capacity as Trustee and manager of MFIT, (d) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and Padua MG Holdings LLC, (e) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and CPP Investment Board (USRE II) Inc., (f) that certain Senior Secured Loan Agreement entered into as of 5, 2009, between Puget Intermediate and 6860141 Canada Inc. as Trustee for Padua Investment Trust, (g) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and PIP2PX (Pad) Ltd. and (h) that certain Senior Secured Loan Agreement entered into as of February 5, 2009, between Puget Intermediate and PIP2GV (Pad) Ltd. and, in each case, all documents, certificates, agreements and other instruments relating thereto, including all such related new agreements entered into following the Effective Date, and, in each case, any amendments, restatements, supplements, or other modifications thereto.

"Puget Sound Energy Permitted Business" means the business conducted by the Company, either directly or indirectly through its Subsidiaries, as of the Effective Date, including the transmission, distribution, purchase and sale of electricity and gas, generation of electricity, ownership and operation of electric generating facilities, gas production and storage facilities, and electric and gas transmission and distribution facilities, and any and all related or ancillary activities that now or hereafter may be necessary, incidental, proper, advisable or convenient to accomplish its business.

"Share Certificate" has the meaning set forth in Article V, Section 2.

"Shareholder" has the meaning set forth in Article II, Section 1.

"Shareholder Approval Matters" has the meaning set forth in Article II, Section 10.

"Shares" means shares of the Company's Common Stock, par value of $0.01 per Share.

"Subsidiary" means, as to any Person, each other Person in which such Person owns or Controls, directly or indirectly, capital stock or other equity interests representing more than fifty percent (50%) of the outstanding capital stock or other equity interests of such other Person or which is, at the time, owned or Controlled, directly or indirectly, by such Person and/or by one or more of such Person's Subsidiaries.

"Successor" means all Persons to whom all or any portion of the Shareholder's Shares is transferred either because of (a) the sale or gift by the Shareholder of all or any portion of its Shares or (b) an assignment of a Shareholder's Shares due to the Shareholder's liquidation.

"Transfer" means, in relation to any legal or beneficial interest in any Shares, to: (a) sell, assign, transfer or otherwise dispose of such interest; (b) create or permit to exist any Encumbrance over such interest; (c) direct (by way of renunciation or otherwise) that another Person should, or assign any right to, receive such interest; (d) enter into any agreement in respect of the votes or any other rights attached to the Shares other than by way of proxy for a

particular Board meeting; or (e) agree, whether or not subject to any condition precedent or subsequent, to do any of the foregoing.

"WUTC" means the Washington Utilities and Transportation Commission.

"WUTC Order" has the meaning set forth in Article IX.

ARTICLE II
Shareholder

Section 1. *Shareholder*. It is anticipated that the Company will have a single shareholder, Puget Energy, Inc. (also referred to herein as the "Shareholder"). In the event there are additional shareholders, these Bylaws shall be revised prior to admission to reflect such additional shareholders.

Section 2. *Agreement among Shareholders*. These Bylaws are intended to be an "Agreement Among Shareholders" pursuant to Section 23B.07.320 of the Act and the Shareholder by adopting these Bylaws has taken such action as required by Section 23B.07.320 of the Act to establish the terms of such agreement. Because the provisions of these Bylaws regarding (a) the qualifications of the Directors, (b) the manner of election, removal and replacement of the Directors, (c) the manner of voting by the Directors, including weighted voting rights and the use of Alternates and proxies, and (d) the matters subject to a vote by the Directors, among the Directors, and by the Shareholder may conflict with the literal language of the Act, the provisions of these Bylaws should be viewed in a manner consistent with the intent of this agreement governing the exercise of corporate powers, the management of the business and affairs of the Company, the relationship between the Board and the Shareholder, and among the Directors.

Section 3. *Annual Meeting*. The annual meeting of the Shareholder shall be held on a date and time to be determined by the Board each year starting in 2009. The failure to hold an annual meeting at the time stated in these Bylaws does not affect the validity of any corporate action.

Section 4. *Special Meetings*. Except as otherwise provided by law, special meetings of the Shareholder shall be held whenever called by the Shareholder or any Owner Director who is also a Holdings Owner Manager representing 15% or more of the Holdings Shares.

Section 5. *Action by Written Consent*. The Shareholder may take any action without a meeting (including the annual meeting), by written consent, communicated by any means permitted by the Act, describing the action taken or by implementing action (including but not limited to execution of documents), effective as of the date of signature on behalf of the Shareholder or such other date as is set forth therein. Action taken by consent of the Shareholder is effective when the requisite consent has been executed by the Shareholder unless the consent specifies a later effective date.

Section 6. *Place of Meetings*. Meetings of the Shareholder shall be held at the Company's principal place of business in Bellevue, Washington or such place within or without the State of Washington as determined by the Board pursuant to proper notice.

Section 7. *Notice*. Notice of each shareholder meeting stating the date, time, and place and, in case of a special meeting, the purpose(s) for which such meeting is called, shall be given by the Company not less than ten (10) (unless a greater period of notice is required by law in a particular case) nor more than sixty (60) days prior to the date of the meeting, to each shareholder of record entitled to vote at such meeting unless required by law to send notice to all shareholders (regardless of whether or not such shareholders are entitled to vote), which notice may be given in any manner and by any means permitted under the Act.

Section 8. *Waiver of Notice*. The Shareholder may waive any notice required to be given by these Bylaws, or the Articles of Incorporation of the Company, or any of the corporate laws of the State of Washington, before or after the meeting that is the subject of such notice. A valid waiver is created by any of the following three methods: (a) by transmission of a record in a form permitted by the Act, (b) by attendance at the meeting, unless the Shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, or (c) by failure to object at the time of presentation of a matter not within the purpose or purposes described in the meeting notice.

Section 9. *Proxies*. The Shareholder, as the shareholder of record, may vote at any meeting either in person or by proxy executed in any manner permitted under the Act. A proxy is effective when received by the person authorized to tabulate votes for the Company, subject to the requirements of the Act. The proxy is valid for the period provided in such proxy.

Section 10. *Shareholder Approval Matters*. Without obtaining the approval of the Shareholder, the Company shall not take, or agree to take, any of the following actions (each a "Shareholder Approval Matter"):

(a) any alteration or amendment of the Articles of Incorporation, these Bylaws, or any governing document of any Subsidiary of the Company;

(b) any variation, creation, increase, reorganization, consolidation, sub-division, conversion, reduction, redemption, repurchase, redesignation or other alteration of the Shares or any other equity securities of the Company or the variation, modification, abrogation or grant of any rights attaching to any such Shares or equity securities (including the adoption of any option plan), directly or in conjunction with any contract with any third party in relation to financing or otherwise;

(c) the entry into or creation by the Company of any agreement, arrangement or obligation requiring the creation, allotment, issue, Transfer, redemption or repayment of, or the grant to a Person of the right (conditional or not) to require the creation, allotment, issue, Transfer, redemption or repayment of, any Shares or any other equity securities (including, without limitation, an option to acquire Shares or any other equity securities or any rights of pre-emption or conversion with respect to any Share or equity securities);

(d) any change in (including cessation of) the business of a Puget Sound Energy Permitted Business, other than any such changes contemplated in a duly approved Business Plan;

(e) the entry into of any contract or the taking of any action, which, in either case, (i) is reasonably likely to constitute an event of default under the terms of any Financing

Document, or (ii) would cause the aggregate consolidated debt of Puget Energy and its Subsidiaries to exceed 0.9x (rate base plus construction work in progress) at the end of any calendar year;

(f) any Initial Public Offering or any direct or indirect merger, consolidation, recapitalization or reorganization or similar transaction involving the Company or any of its material Subsidiaries (other than those effected for internal reorganization purposes);

(g) any acquisition or Disposition of Shares or any other equity securities of the Company or assets of the Company (including any equity securities in any of the Subsidiaries of the Company), in each case, representing more than ten percent (10%) of the enterprise value of the Company and its Subsidiaries, taken together, at the time of such acquisition or Disposition (enterprise value will be calculated giving effect to any "control premium" to be paid in any such acquisition or Disposition);

(h) making any election, claim, disclaimer, surrender or consent for tax purposes that may have a material and adverse effect on the Shareholder;

(i) approving the filling of any vacancy on the Board resulting from the failure of the Board to reelect an incumbent Independent Director pursuant to Article III, Section 3 at the end of his or her term or the resignation or incapacity of an Independent Director or Bankruptcy Remote Independent Director;

(j) a change in the tax classification of the Company for U.S. federal income tax purposes;

(k) dissolution of the Company;

(l) to the fullest extent permitted by law, and to the extent not inconsistent with applicable regulatory requirements, any of the following actions:

(i) commencement of a voluntary case under, or consent to the entry of a decree or order for relief in an involuntary case under, any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or other similar law in effect as of the Effective Date or thereafter;

(ii) consent to the appointment of, or taking possession by, a receiver, conservator, custodian, liquidator, assignee, trustee or sequestrator (or other similar official), whether as to the Company or any substantial part of its properties;

(iii) the making of a general assignment for the benefit of creditors;

(iv) the making or issuance of a statement in writing that the Company is unable to pay its debts as they become due in the ordinary course of business;

(v) adoption of a resolution in furtherance of any of the foregoing; and

(vi) commencement of a case or proceeding against the Company in a court of competent jurisdiction seeking (A) a decree or an order for relief in respect of the

Company under any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or other similar law now or hereafter in effect, (B) the appointment of a receiver, conservator, custodian, liquidator, assignee, trustee or sequestrator (or other similar official) of the Company or of any substantial part of its properties or (C) the ordering of the winding up or liquidation of the Company's affairs, and (in the case of this clause (vi)) allowing the continuance of such case or proceeding to be unstayed and in effect for a period of sixty (60) days or more; or

(m) be a party to any merger or consolidation or sell, transfer, assign, convey or lease any substantial part of the assets of the Company, or directly or indirectly purchase or otherwise acquire all or substantially all of the assets or any stock of any class of any corporation, partnership, joint venture or any other entity.

In the event that any Shareholder Approval Matter is approved by the Shareholder the Board shall cause the Company to take, and the Company shall cause its Subsidiaries to take, any and all actions as are reasonably necessary to effect the action or decision so approved.

Section 11. *Waiver of Certain Duties; Other Business; No Recourse*. (a) Subject to the requirements of Article III, Section 15, the Shareholder and each member, limited or general partner thereof, each member, limited or general partner of each such member, limited or general partner and each of their Affiliates, officers, directors, shareholders, employees and agents (other than any person who is a full time officer or employee of the Company or any of its Subsidiaries) may engage in or possess an interest in any other business venture of any nature or description (including any business venture that is the same or similar to that of the Company or any of its Subsidiaries), on its own account, or in partnership with, or as an employee, officer, director or shareholder of any other Person. The Shareholder and each member, limited or general partner thereof, each member, limited or general partner of each such member, limited or general partner and each of their Affiliates, officers, directors, shareholders, employees and agents may (other than any person who is a full time officer or employee of the Company or any of its Subsidiaries) (i) engage in, and shall have no duty to refrain from engaging in, separate businesses or activities from the Company or any of its Subsidiaries, including businesses or activities that are the same or similar to, or compete directly or indirectly with, those of the Company or any of its Subsidiaries and (ii) do business with any potential or actual customer or supplier of the Company or any of its Subsidiaries.

(b) Subject to the requirements of Article III, Section 15 and except with respect to any Puget Sound Energy Permitted Business in Washington State that is presented to the Shareholder or a Director in its capacity as a Director of the Company, the Shareholder, and none of the Directors (other than the Company CEO) nor any of their respective Affiliates shall have any obligation to present any business opportunity to the Company or any of its subsidiaries, even if the opportunity is one that the Company or any of its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no such Person shall be liable to the Company or any of its Subsidiaries or the Shareholder or any Director for breach of any fiduciary or other duty, as a Shareholder or Director, by reason of the fact that such Person pursues or acquires such business opportunity, directs such business opportunity to another Person or fails to present such business opportunity, or information regarding such business opportunity, to the Company or any of its Subsidiaries.

(c) Notwithstanding anything that may be expressed or implied in these Bylaws, and to the fullest extent permitted by law, each of the Company and the Shareholder covenants, agrees and acknowledges that no Person other than the Company and the Shareholder and any assignee of the Shareholder shall have any obligations hereunder. No recourse hereunder or under any documents or instruments delivered in connection herewith or in connection with these Bylaws shall be had against any former, current or future director, officer, trustee, employee, agent, limited partner, manager, member, stockholder, Affiliate or assignee of the Shareholder or any former, current or future director, officer, trustee, employee, agent, limited partner, manager, member, stockholder, Affiliate or assignee of any of the foregoing, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by, any former, current or future director, officer, trustee, employee, agent, limited partner, manager, member, stockholder, Affiliate or assignee of the Shareholder any former, current or future director, officer, trustee, employee, agent, limited partner, manager, member, stockholder, Affiliate or assignee of any of the foregoing, as such, for any obligation of the Shareholder under these Bylaws or for any claim based on, in respect of or by reason of such obligation or its creation.

ARTICLE III
Board of Directors

Section 1. *Powers of Directors.* Except as specifically provided in Article II with respect to certain matters reserved for the Shareholder or by applicable law, the corporate powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board, with voting rights for and among the Directors as set forth in the Articles of Incorporation and these Bylaws pursuant to Sections 23B.08.010(3) and 23B.07.320 of the Act.

Section 2. *Action by Consent*. Any action required or permitted to be taken at a meeting of the Board may be taken by unanimous written consent of those Directors required to approve a matter pursuant to Sections 8 and 9 of this Article III. Action taken by unanimous consent of those Directors entitled to vote on such matter is effective when the last relevant Director provides consent, unless the consent specifies a later effective date.

Section 3. *Board of Directors*. The Board shall be comprised of individuals appointed by the Shareholder in accordance with clause (a) below. Among its other duties, the Board shall establish the policies, procedures, guidelines and delegations for the implementation of the Business Plan and the management of the affairs of the Company. The following provisions apply to the Board:

(a) The Board shall consist of up to thirteen (13) Directors, which shall include:

(i) the Company CEO;

(ii) at least one (1) Director who (A) shall not be a Holdings Member or an affiliate of any Holdings Member (including by way of being a member, stockholder, director, manager, partner, officer or employee of any such member), (B)

shall not be an officer or employee of the Company, (C) shall be a resident of the state of Washington, and (D) if and to the extent required with respect to any specific Director, shall meet such other qualifications as may be required by any applicable regulatory authority for an independent director or manager (each, an "Independent Director");

(iii) a Bankruptcy Remote Independent Director; and

(iv) up to another ten (10) Directors (each, an "Owner Director"), each of whom is also an Owner Manager of the Holdings; provided, however, that in the event (a) there are no more than two directors designated as an Independent Director and one director designated as a Bankruptcy Remote Independent Director on the Board and (b) one such Independent Director and the Bankruptcy Remote Independent Director tender resignations from the Board to be effective within twelve (12) months of each other, the Board may consist of up to fourteen (14) Directors for only such time until both resignations have become effective.

(b) Each Owner Director who is also an Owner Director of the Holdings (other than any Owner Director who is a Holdings Jointly Appointed Manager (such Director a "Jointly Appointed Director")) shall be entitled to cast a number of votes, in the aggregate, that is equal to the total number of Holdings Shares held by the Holdings Member(s) appointing such Owner Manager to the Holdings Board, without duplication. If a Holdings Member has appointed more than one (1) Owner Manager to the Holdings Board, each Owner Director who is an Owner Manager appointed to the Holdings Board by such Holdings Member shall be entitled to cast a number of votes equal to the total number of Holdings Shares held by such Holdings Member (less any Allocated Free Percentage of the Holdings Member used to appoint a Holdings Jointly Appointed Manager) divided by the number of Owner Managers appointed by such Holdings Member that are present at such meeting or consenting to such action. Each Director who is a Jointly Appointed Director shall be able to cast a number of votes equal to the total number of Holdings Shares represented by the Allocated Free Percentage of the Holdings Members appointing such Jointly Appointed Director, unless a Holdings Member that appointed the Jointly Appointed Manager to the Holdings Board also appointed one (1) or more Owner Managers to the Holdings Board, in which case, (i) the Owner Director(s) appointed by such Holdings Member shall be entitled to cast a number of votes equal to the number of Holdings Shares held by the Holdings Member appointing such Owner Manager(s) to the Holdings Board (including, without duplication, the Allocated Free Percentage of such Holdings Member) divided by the number of Owner Manager(s) appointed to the Holdings Board by such Member that are present at such meeting or consenting to such action and (ii) such Jointly Appointed Director shall be able to cast a number of votes equal to (A) the number of Holdings Shares represented by the Allocated Free Percentage of the Holdings Members appointing such Jointly Appointed Director *less* (B) the Allocated Free Percentage of a Holdings Member appointing the Jointly Appointed Director that also has appointed one or more Owner Director(s). The Independent Director(s) will not have the right to vote on any matter for purposes of these Bylaws other than with respect to Board Supermajority Matters; provided, however, that those matters set forth in Article II, Section 10(l) shall require the unanimous affirmative vote or consent of the Board, including the Bankruptcy Remote Independent Director.

(c) William Ayer shall serve as chairman of the Board from the Effective Date until the earlier of (i) his resignation or removal and (ii) the date that is one (1) year after the Effective Date and the appointment and qualification of his successor. Each subsequent chairman of the Board shall be an Independent Director, as appointed as the chairman by Board Supermajority Approval. After the one-year anniversary of the Effective Date or in the event that, at any time after the Effective Date, the chairman of the Board resigns or is removed from his position as the chairman of the Board, if no other Person has then been appointed and qualified as chairman of the Board in accordance with the provisions of this Article 3, Section 3(c) prior to or upon such resignation, removal or anniversary date, then the Independent Director with the longest time serving on the Board will become the acting chairman of the Board until a successor chairman is elected and qualified pursuant to the provisions of this Article III, Section 3(c). No Officers shall be appointed as Directors (except for the Company CEO), unless otherwise required by applicable law or order of the WUTC.

(d) The Shareholder may appoint an alternate Director (the "Alternate") for each Owner Director, provided that the Shareholder gives prior written notification to the Company of such appointment. Alternates shall not be permitted to attend Board meetings and shall not possess rights other than as set forth herein. Notwithstanding the foregoing, in the absence of an Owner Director, which shall be notified to the Company in writing by the Shareholder, such Owner Director's Alternate shall be deemed an Owner Director acting as proxy for the duration of such Owner Director's absence, and the Alternate shall be entitled to attend Board meetings and take all actions permitted to be taken by the respective Owner Director for whom he or she is appointed as an Alternate, including voting or consenting to any Board action.

(e) In the event that a Holdings Member has the right to appoint an observer to the Holdings Board, such Holdings Member shall also have the right to appoint one (1) non-voting and non-participating observer to the Board.

Section 4. *Election; Term of Office*. The terms of the initial Directors expire at the first shareholder meeting at which Directors are elected. The Directors shall be elected by the Shareholder pursuant to Article III, Section 3(a). If, for any reason, the Directors shall not have been elected at any annual meeting, they may be elected at a special shareholder meeting called for that purpose in the manner provided by these Bylaws. Each Director shall continue to hold office until his or her successor is elected and qualified.

Section 5. *Meetings; Notice.* All meetings of the Board will take place in Bellevue, Washington or any other place in the United States of America as shall be designated by the Board from time to time, unless held by telephone, videoconference or any other means pursuant to this Article III, Section 5. If requested by any Director, the chairman of the Board shall be physically present in the United States of America for a Board meeting. Regular meetings of the Board shall be held quarterly, or at such times as may be determined from time to time by the Board. A special meeting of the Board may be called at any time by the Company CEO or any Director. The Directors shall use commercially reasonable efforts to agree upon mutually convenient dates for regular and special meetings of the Board. Notice (which may be in writing or by any electronic, oral or telephonic means, that conveys actual notice) must be given to all of the Directors at least five (5) Business Days in advance of any meeting of the Board unless waived by all of the Directors. A notice so given must include an agenda specifying items for decision, together with all

reasonably available supporting materials or documents in respect of such matters. Any meeting of the Board may be effectuated by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other during the meeting. Participation by such means shall constitute presence in person at such meeting.

Section 6. *Waiver of Notice*. A Director may waive notice of a special meeting of the Board either before or after the meeting, and such waiver shall be deemed to be the equivalent of giving notice. The waiver must be delivered to the Company for inclusion in its corporate records in any manner and by any means permitted under the Act. Attendance of a Director at a meeting shall constitute waiver of notice of that meeting unless said Director attends for the express purpose of objecting to the transaction of business because the meeting has not been lawfully called or convened.

Section 7. *Quorum of Directors*. No action may be taken at a meeting of the Board unless there is a quorum present consisting of at least four (4) Directors who are also Holdings Managers appointed by Holdings Members holding at least seventy percent (70%) of the Holdings Shares, including at least one (1) Director who is also a Holdings Manager appointed by each of the three (3) Holdings Members having the largest percentage ownership of Holdings Shares constituting such seventy percent (70%); provided, however, that if a quorum is not present at a Board meeting duly noticed to the Directors, then upon a second written notice delivered at least ten (10) Business Days before the meeting, the presence of any three (3) Owner Directors at a meeting shall constitute a quorum. For purposes of this Article III, Section 7, any two or more Holdings Members that are Affiliated with one another shall constitute one Holdings Member.

Section 8. *Majority Approval Matters*. All matters submitted to a vote of the Board shall be taken by Majority Approval; provided that where the provisions of these Bylaws designate any decision or action as a Board Supermajority Matter, such decision or action shall require Board Supermajority Approval.

Section 9. *Board Supermajority Approval Matters*. Without obtaining Board Supermajority Approval, the Board and the Shareholder shall cause the Company not to, and the Company shall not, and shall not permit any of its Subsidiaries to, take, or agree to take, any of the following actions (each, a "Board Supermajority Matter"):

(a) any approval of a Budget or Business Plan, or any amendment or variation to a previously approved Budget or Business Plan resulting or expected to result in a change of more than 7.5% of earnings before income tax, depreciation and amortization (EBITDA) for any one (1) Fiscal Year;

(b) the sale or acquisition of a material component of the consolidated assets of the Company;

(c) the giving of a material guarantee outside of a Puget Sound Energy Permitted Business;

(d) the granting of security over a material part of the Company's assets when taken as a whole with its Subsidiaries;

(e) the entering into of:

(i) (A) material contracts or arrangements and (B) any contract or arrangement that provides for expenditures or for the incurrence of liabilities, and involves income greater than, in each case, the allocated provision for such contract or arrangement contained in the Budget or Business Plan. For the purposes of this Article III, Section 9(e)(i), "material" shall mean any contract involving expenditure, income or the incurrence of liabilities in excess of $75 million (such amount to be increased or decreased, as the case may be, annually by the percentage increase or decrease of the Consumer Price Index over the same period) in any single calendar year that has not previously been approved as part of a Budget or Business Plan; and

(ii) any contract for debt financing (other than any debt financing agreed to as of, or prior to, the Effective Date) in excess of $75 million (such amount to be increased or decreased, as the case may be, annually by the percentage increase or decrease of the Consumer Price Index over the same period) that has not previously been approved as part of a Budget or Business Plan.

(f) the initiation, or any subsequent settlement, of any material litigation, arbitration or mediation proceedings;

(g) the appointment or termination of the Company CEO;

(h) the appointment of an Independent Director as the chairman of the Board;

(i) the delegation of authority of the Board to the Officers to act with respect to any and all matters that the Board deems appropriate except as otherwise provided in Article IV;

(j) the implementation of, or making of any change to, any material accounting policy and risk management program, including, the derivatives programs, except as required by applicable law or GAAP;

(k) the sale or other transfer of a material part of the Company or any of its Subsidiaries to any Person, except for any sale or transfer of any material part of any Subsidiary to the Company or to a wholly-owned Subsidiary of the Company;

(l) the acquisition or Disposition of any share capital, loan capital, other securities or debentures in any Person or the entry into or termination of any partnership or joint venture arrangement or material profit sharing arrangement with any Person (in each case, other than as previously approved as part of a Budget or Business Plan), provided, that such acquisition, Disposition or entry into or termination of arrangement would represent more than ten percent (10%) of the consolidated revenues of the Company and its Subsidiaries;

(m) the entering into of any transaction or series of related transactions (whether at one time or over a period of time) involving the incurrence of any capital expenditure, other than any capital expenditure included in the then current Business Plan that involves a total outlay or receipt of (i) more than $50 million in each transaction, or (ii) $150 million in the aggregate, on an annual basis;

(n) the cessation of any activity to the extent such activity represents more than ten percent (10%) of the consolidated revenues of the Company and its Subsidiaries;

(o) the establishment of any committees of the Board or changing the role or authority of an existing committee of the Board;

(p) any change in (including cessation of) the business of the Company other than any such changes contemplated in a duly approved Business Plan;

(q) the entry into of any contract or the taking of any action, which, in either case, (i) is reasonably likely to constitute an event of default under the terms of any Financing Document, or (ii) would cause the aggregate consolidated debt of the Company and its Subsidiaries to exceed 0.9x (rate base plus construction work in progress) at the end of any calendar year;

(r) any Initial Public Offering or any direct or indirect merger, consolidation, recapitalization or reorganization or similar transaction involving the Company or any of its material Subsidiaries (other than those effected for internal reorganization purposes);

(s) the determination of Distributable Cash at any point in time and the declaration of distributions, including any distribution in kind pursuant to Article VIII, Section 3; or

(t) the entering into of any material amendments or waivers to the Financing Documents to which the Company is a party.

For the purpose of a Board Supermajority Matter, and except as otherwise provided in Article III, Section 9(e)(i), the term "material", when used with respect to an item of payment, receipt, expenditure or loss, shall mean a matter having, or reasonably expected to have, an effect in an amount equal to or greater than $75 million on the balance sheet or $15 million on the consolidated income statement of the Company, each of those amounts to be increased or decreased, as the case may be, annually by the percentage increase or decrease of the Consumer Price Index over the same period.

Section 10. *Resignation and Removal; Vacancies*. A Director may be removed from the Board by the Shareholder at any time, with or without cause; provided, that that the removal of the Company CEO or an Independent Director or the Bankruptcy Remote Independent Director shall not affect the requirement of these Bylaws that the Board include such Directors and the Shareholder shall fill any vacancy on resignation or removal of such Directors. Upon the resignation or removal of an Owner Manager from the Holdings Board, the Shareholder shall cause such individual to also be removed from the Board. The Shareholder shall appoint to the Board seat left open by such removed Owner Director, the Holdings Owner Manager who replaces the Holdings Owner Manager who resigned or was removed on the Holdings Board.

Section 11. *Adjournment*. Directors who represent Holdings Shares that constitute at least fifty-five percent (55%) of the Holdings Shares represented at any meeting, even if less than a quorum, may adjourn a meeting and continue it to a later time. Notice of the adjourned meeting or of the business to be transacted thereat, other than by announcement, shall not be necessary. At any adjourned meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting as originally called.

Section 12. *Compensation; Reimbursement of Expenses*. Each Director who is not (a) an employee of (i) the Shareholder, (ii) the Holdings Members, or (iii) an Affiliate of the Shareholder or the Holdings Members, or (b) the Company CEO, shall be paid annual compensation at a level approved by the Board. Each Director shall be entitled to reimbursement by the Company of reasonable out-of-pocket expenses incurred in performing his or her duties. Directors shall be indemnified by the Company against all liabilities arising out of their service as a Director and be entitled to advancement of expenses, in each case, to the fullest extent permitted by applicable law and in accordance with Article VII.

Section 13. *Presumption of Assent*. A Director who is present at a meeting of the Board at which action on any corporate matter as to which the Director is entitled to vote pursuant to these Bylaws is taken shall be presumed to have assented to the action taken unless:

(a) the Director objects at the beginning of the meeting, or promptly upon the Director's arrival, to holding it or transacting business at the meeting;

(b) the Director's dissent or abstention from the action taken is entered in the minutes of the meeting; or

(c) the Director shall file written dissent or abstention with the presiding Officer of the meeting before its adjournment or to the Company within a reasonable time after adjournment of the meeting.

The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

Section 14. *Committees*. The Board, acting by resolution, may create one (1) or more committees consisting of two (2) or more of the Directors (including Alternates who may replace any absent or disqualified member at any meeting of the committee) with membership and responsibilities of each such committee to be established by the Board in the committee charters consistent with any applicable conditions and the commitments in the WUTC Order. No committee shall have the power to bind the Board or the Company on any matter unless such power is delegated to such committee by Board Supermajority Approval, but each such committee will be entitled to make recommendations to the Board. To the extent provided in the authorizing resolution or committee charter, each committee shall have and may exercise all the authority of the Board, except no such committee shall have the authority to:

(a) authorize or approve a distribution except according to a general formula or method prescribed by the Board;

(b) approve or propose to the Shareholder action which the Act requires to be approved by Shareholder;

(c) approve a plan of merger not requiring shareholder approval; or

(d) approve any Board Supermajority Matter.

Section 15. *Conflicts of Interest; Affiliate Transactions*. (a) If a Director determines that he or she is interested or otherwise has an actual or perceived conflict of interest with respect to any matter, such Director shall not be entitled to participate in discussions nor vote regarding such matter. An Owner Director shall be deemed to have a conflict of interest in a matter also if the Holdings Member that appointed such Director to the Holdings Board or its Affiliates would have a conflict of interest with respect to such matter.

(b) Contracts or arrangements between the Company or its Subsidiaries, on the one hand, and the Shareholder or an Affiliate of the Shareholder (an "Interested Party"), on the other, shall, in addition to any required notice to or approval of any regulatory authority having jurisdiction thereof, require approval of Owner Directors who are also Holdings Managers representing at least seventy percent (70%) of the Holdings Shares held by Holdings Members who are not Interested Parties, it being understood that, notwithstanding this Article III, Section 15, Owner Directors who are also Holdings Managers appointed by an Interested Party shall be entitled to participate in all discussions regarding such contracts or arrangement, but shall not be entitled to vote regarding any such matter, provided that Owner Directors who are also Holdings Managers and who were not appointed by the Interested Party or its Affiliates shall be entitled to go into one or more executive sessions as necessary without the presence of the Owner Directors who are also Holdings Managers appointed by the Interested Party or its Affiliates. The Company CEO will provide to the Board an annual statement of all payments to, and agreements with, Interested Parties and their Affiliates.

(c) If the Shareholder or any Affiliate of the Shareholder seeks to acquire any physical assets used or proposed to be used for the generation, transmission or distribution of electricity or for the transmission or distribution of natural gas or to enter into any contracts or other arrangements that, under applicable FERC rules, result in the control of assets used or proposed to be used for the generation, transmission or distribution of electricity or for the transmission or distribution of natural gas, nothing in these Bylaws shall preclude the Company or any of its Subsidiaries, or the Shareholder or any Affiliate of the Shareholder, from intervening in any regulatory proceeding before any Governmental Authority with respect to the acquisition of such assets or the entry into such contracts or other arrangements or to protest or challenge such transactions before such Governmental Authority. If a Director has an interest in, or has an Affiliate with an interest in, any decision of the Company or any of its Subsidiaries with respect to any such intervention, protest or challenge, such Director shall recuse himself or itself from any vote or consent of the Directors on such matter.

(d) For purposes of this Article III, Section 15 only, the definition of Affiliate means, with respect to any of the Macquarie Entities, each of Macquarie Capital Group Limited and each of its Subsidiaries and Funds (or similar vehicles) managed by such Subsidiaries, and, with respect to Article III, Section 15(c) only, including any "affiliate" (as such term is defined under applicable FERC rules) of any of the Macquarie Entities.

ARTICLE IV
Officers

Section 1. *Officers*. The Board may, from time to time by resolution, designate one (1) or more persons to be Officers of the Company, with such titles and responsibilities as the Board may assign to such persons in such resolution. Initially, the Company shall have a Chief Executive Officer, a Chief Financial Officer and a Secretary. No Officer need be a Director or a resident of the State of Washington. Officers so designated shall have such authority and perform such duties as set forth below (in the event set forth below), unless and to the extent the Board, from time to time, delegates to any such Officer by Board Supermajority Approval, such other authority and duties, in which event such Officer shall have only such authority and duties so delegated to it by the Board. The scope of any such delegation shall be specified in the Board action granting the delegation. Any such delegation shall remain in effect until withdrawn and notice of such withdrawal shall be given in writing to the Officer under that delegation and recorded in the minutes of the Company. Any number of offices may be held by the same person. The salaries or other compensation, if any, of the Officers and agents of the Company shall be fixed from time to time by the Board. Any Officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Board. Any Officer may be removed as such, either with or without cause, by the Board, in its sole discretion. Any vacancy occurring in any office of the Company may be filled by the Board.

Section 2. *Chief Executive Officer*. The Company CEO shall be the chief executive officer of the Company, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Board are carried into effect. The Company CEO or any other Officer authorized by the Company CEO or the Board shall execute all bonds, mortgages and other contracts, except: (a) where required or permitted by law or these Bylaws to be otherwise signed and executed, (b) where signing and execution thereof shall be expressly delegated by the Board to some other Officer or agent of the Company, and (c) as otherwise permitted in this Article IV, Section 2. The Company CEO and any other Officer authorized by the Company CEO or the Board shall each have the authority to make tax elections and tax filings (other than as provided in Article II, Section 10). In the absence of the Company CEO or in the event of the Company CEO's inability to act, the Chief Financial Officer, if any, shall perform the duties of the Company CEO, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Company CEO. The Chief Financial Officer, if any, shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 3. *Secretary.* The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Board and record all the proceedings of the meetings of the Company and of the Board in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or shall cause to be given, notice of all meetings of the shareholders, if any, and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board or the Company CEO, under whose supervision the Secretary shall serve. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board (or if there be no such determination, then in order of their election), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the

powers of the Secretary and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 4. *Chief Financial Officer*. The Chief Financial Officer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board. The Chief Financial Officer shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Company CEO and to the Board, at its regular meetings or when the Board so requires, an account of all of the Chief Financial Officer's transactions and of the financial condition of the Company. The Assistant Chief Financial Officer, or if there shall be more than one, the Assistant Chief Financial Officers in the order determined by the Board (or if there be no such determination, then in the order of their election), shall, in the absence of the Chief Financial Officer or in the event of the Chief Financial Officer's inability to act, perform the duties and exercise the powers of the Chief Financial Officer and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 5. *Officers as Agents*. The Officers, to the extent of their powers set forth in these Bylaws, as such power may be revised by the Board by resolution, or otherwise vested in them by action of the Board, in each case in accordance with these Bylaws, are agents of the Company for the purpose of the Company's business and, subject to the other provisions of these Bylaws, the actions of the Officers taken in accordance with such powers shall bind the Company.

ARTICLE V
Certificates of Shares and Their Transfer

Section 1. *General*. Each Share shall constitute a "security" within the meaning of, and governed by, (a) Article 8 (including Sections 62.8-102(1)(d) and (m)) of the Revised Code of Washington, and (b) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995.

Section 2. *Issuance; Certificates of Shares*. No Shares shall be issued unless authorized by the Board and Shareholder as provided in these Bylaws. Such authorization shall include the maximum number of shares to be issued, the consideration to be received, and a statement that the Board considers the consideration to be adequate. Shares may be in certificated or uncertificated form, as determined by the Board. Any certificates for Shares (each a "Share Certificate") of the Company shall be in such form as is consistent with the provisions of the Act and shall include:

(a) the name of the Company and that the Company is organized under the laws of the State of Washington;

(b) the name of the person to whom issued;

(c) the number and class of shares and the designation of the series, if any, which such certificate represents; and

(d) a conspicuous notation that these Bylaws constitute an agreement among shareholders pursuant Section 23B.07.320(3) of the Act regarding (1) the qualifications of the Directors; (2) the manner of election, removal and replacement of the Directors; (3) the manner of voting by the Directors, including weighted voting rights and the use of proxies; and (4) the matters subject to a vote by the Directors, among the Directors, and by the Shareholder.

Each Share Certificate shall be signed by original or facsimile signature of two Officers, and the seal of the Company may be affixed thereto.

Section 3. *Transfer of Stock*. Upon a transfer of Shares in accordance with the provisions of these Bylaws and applicable regulatory requirements of any or all Shares in the Company represented by a Share Certificate, the transferee of such interests shall deliver such Share Certificate to the Company for cancellation (duly endorsed by the transferor), and the Company shall thereupon issue a new Share Certificate to such transferee for the number of Shares being transferred and, if applicable, cause to be issued to such Shareholder a new Share Certificate for that number of Shares that were represented by the cancelled Share Certificate and that are not being transferred. Any Person's acceptance of a Share Certificate shall constitute such Person's acceptance of its status of assignee or Shareholder, as the case may be and unless otherwise noted by the Shareholder in the transfer books the consent and agreement to these Bylaws as an agreement among shareholders pursuant to Section 23B.07.320 of the Act.

Section 4. *Lost, Stolen or Destroyed Share Certificates*. In the event that a Share Certificate is lost, stolen or destroyed, the Company may issue a new Share Certificate as provided in this Article V in place of such lost, stolen or destroyed Share Certificate, upon the receipt of an affidavit of that fact by the Person claiming the Share Certificate to be lost, stolen or destroyed. When authorizing such issue of a new Share Certificate, the Company may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise to give the Company a bond in such sum as it may direct as indemnity against any claim that may be made against the Company with respect to the Share Certificate to have been lost, stolen or destroyed.

Section 5. *Record Date and Transfer Books*. For the purpose of determining shareholders who are entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board may fix in advance a record date for any such determination of shareholders, such date in any case to be not more than seventy (70) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken.

If no record date is fixed for such purposes, the date on which notice of the meeting is communicated by any means permitted by the Act or the date on which the resolution of the Board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment

thereof, unless the Board fixes a new record date, which it must do if the meeting is adjourned more than one hundred twenty (120) days after the date is fixed for the original meeting.

Section 6. *Voting Record*. The officer or agent having charge of the stock transfer books for shares of the Company shall make at least ten (10) days before each meeting of shareholders a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address, or, provided such shareholder has consented to receipt of electronic notice pursuant to the Act, the electronic address of and the number of shares held by each. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof.

ARTICLE VI
Books and Records

Section 1. *Books of Accounts, Minutes, and Share Register*. At the expense of the Company, the Board shall cause to be maintained records and accounts of all operations and expenditures of the Company. At a minimum the Company shall keep at its principal place of business the following records:

(a) a current list of the full name and last known business, residence or mailing address of each shareholder, both past and present;

(b) a copy of the Articles of Incorporation and all amendments thereto;

(c) copies of the Company's federal, state and local tax returns and reports, if any, for the three most recent years;

(d) copies of the Company's currently effective Bylaws and all amendments thereto, copies of any writings required under the Act to be retained and copies of any financial statements of the Company for the three most recent years;

(e) minutes of every meeting of the Board and of the Shareholder and any consents obtained from the Board and the Shareholder for actions taken without a meeting;

(f) to the extent not contained in these Bylaws, a statement that describes the amount of cash and a description and statement of the agreed value of other property or consideration contributed to the Company by the Shareholder or that the Shareholder has agreed to contribute in the future, along with the number of Shares of the Shareholder; and

(g) a copy of the Company's annual report as delivered to the Secretary of State of Washington.

Section 2. *Copies of Resolutions*. Any person dealing with the Company may rely upon a copy of any of the records of the proceedings, resolutions, or votes of the Board or Shareholder, when certified by an officer of the Company.

ARTICLE VII
Indemnification

Section 1. To the fullest extent permitted by applicable law but subject to the limitations expressly provided in these Bylaws, all Indemnified Persons shall be indemnified and held harmless by the Company from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all threatened, pending or completed claims, demands, actions (including any action by any Director, or Officer, including a derivative suit), suits or proceedings, whether civil, criminal, administrative or investigative, and whether formal or informal and including appeals, in which any Indemnified Person may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnified Person whether arising from acts or omissions to act occurring before or after the date of these Bylaws; provided, however, that no such indemnity shall indemnify an Indemnified Person from and on account of (a) acts or omissions of such Indemnified Person finally adjudged to be intentional misconduct or a knowing violation of law by the Indemnified Person, (b) conduct of the Indemnified Person adjudged to be in violation of Section 23B.08.310 of the Act, or (c) any transaction with respect to which it was finally adjudged that the Indemnified Person received a benefit in money, property, or services to which such Indemnified Person was not legally entitled. An Indemnified Person shall reimburse the Company for any expenses and losses (and shall repay any expenses advanced to such Indemnified Person) if the conduct described in clauses (a), (b) or (c) of the previous sentence has been determined by a court of competent jurisdiction in a final non-appealable judgment.

Section 2. To the fullest extent permitted by applicable law, expenses (including reasonable legal fees and expenses) incurred by an Indemnified Person in appearing at, participating in or defending any indemnifiable claim, demand, action, suit or proceeding pursuant to Article VII, Section 1 shall, from time to time, be advanced by the Company prior to a final and non-appealable determination that the Indemnified Person is not entitled to be indemnified upon receipt by the Company of an undertaking by or on behalf of the Indemnified Person to repay such amount if it ultimately shall be determined that the Indemnified Person is not entitled to be indemnified pursuant to this Article VII.

Section 3. The indemnification provided by this Article VII shall be in addition to any other rights to which an Indemnified Person may be entitled under this or any other agreement, pursuant to a vote of a majority of the disinterested Directors with respect to such matter, as a matter of law, in equity or otherwise, both as to actions in the Indemnified Person's capacity as an Indemnified Person and as to actions in any other capacity, and shall continue as to an Indemnified Person who has ceased to serve in such capacity.

Section 4. The Company shall purchase and maintain insurance with customary coverage on behalf of Directors and Officers who are Indemnified Persons and such other Persons as the Board shall determine, against any liability that may be asserted against, or expense that may be incurred by, such Indemnified Person in connection with the Company's activities or any such Person's activities on behalf of the Company, regardless of whether the Company would have the power to indemnify such Indemnified Person against such liability under the provisions of these Bylaws.

Section 5. For purposes of this Article VII: (a) the Company shall be deemed to have requested an Indemnified Person to serve as fiduciary of an employee benefit plan of the Company whenever the performance by such Indemnified Person of its duties to the Company also imposes duties on, or otherwise involves services by, such Indemnified Person to the plan or participants or beneficiaries of the plan; (b) excise taxes assessed on an Indemnified Person with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Article VII; and (c) any action taken or omitted by an Indemnified Person with respect to any employee benefit plan in the performance of such Indemnified Person's duties for a purpose reasonably believed by it to be in the best interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is in the best interests of the Company.

Section 6. Any indemnification pursuant to this Article VII shall be made only out of the assets of the Company. In no event may an Indemnified Person subject the Shareholder to personal liability by reason of the indemnification provisions set forth in these Bylaws.

Section 7. An Indemnified Person shall not be denied indemnification in whole or in part under this Article VII because the Indemnified Person had an interest in the transaction with respect to which the indemnification applies, provided that the transaction was otherwise permitted by the terms of these Bylaws, and, if required, approved pursuant to Article III, Section 15.

Section 8. The provisions of this Article VII are for the benefit of the Indemnified Persons and their heirs, successors, assigns, executors and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

Section 9. The Indemnified Persons shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Company and on such information, opinions, reports or statements presented to the Company by any of the Officers, Directors or employees of the Company, or committees of the Board, or by any other Person (including legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it) as to matters the Indemnified Persons reasonably believes are within such other Person's professional or expert competence.

Section 10. No amendment, modification or repeal of this Article VII or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnified Person to be indemnified by the Company, nor the obligations of the Company to indemnify any such Indemnified Person under and in accordance with the provisions of this Article VII as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or-in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 11. If a claim for indemnification (following the final disposition of the action, suit or proceeding for which indemnification is being sought) or advancement of expenses under this Article VII is not paid in full within thirty (30) days after a written claim therefor by any Indemnified Person has been received by the Company, such Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expenses of prosecuting such claim, including reasonable attorneys' fees.

Section 12. This Article VII shall not limit the right of the Company, to the extent and in the manner permitted by applicable law, to indemnify and to advance expenses to, and purchase and maintain insurance on behalf of Persons other than Indemnified Persons.

ARTICLE VIII
Distributions

Section 1. *Distributions*. (a) Except as otherwise provided in these Bylaws, distributions shall be made to the Shareholder at such times and in such amounts as the Board determines, in its discretion, subject to Article III, Section 9(s) and the provisions of Section 23B.06.400 of the Act.

(b) The Company shall distribute to the Shareholder all Distributable Cash no later than thirty (30) days after the end of each fiscal quarter, subject to the approval set forth in Article III, Section 9(s).

(c) Any distributions pursuant to this Article VIII, Section 1 made in error or in violation of Section 23B.06.400 of the Act, shall, upon demand by the Board, be returned to the Company.

(d) Nothing in this Article VIII, Section 1 shall, or shall be deemed or construed to, govern or be applicable to any distributions of the assets of the Company made or to be made in connection with the liquidation and termination of the Company.

Notwithstanding any other provision in the Agreement, the Company shall not be required to make a distribution to the Shareholder if such distribution would violate the Act or other applicable law, including any order of the WUTC.

Section 2. *Withholding*. The Company may withhold distributions or portions thereof if it is required to do so by any applicable rule, regulation, or law, and the Shareholder hereby authorizes the Company to withhold from or pay on behalf of or with respect to such Shareholder any amount of federal, state, local or foreign taxes that the Board determines that the Company is required to withhold or pay with respect to any amount distributable to such Shareholder pursuant to these Bylaws. Any amounts withheld pursuant to this Article VIII, Section 2 will be treated as having been distributed to the Shareholder.

Section 3. *Distribution In Kind*. If the Company makes a distribution in kind, for purposes of this Article VIII, the value of all property distributed to the Shareholder shall be the fair market value of such property on the date of distribution. Securities distributed in kind pursuant to this Article VIII, Section 3 shall be subject to such conditions and restrictions as the Board determines are required or advisable to ensure compliance with applicable laws.

ARTICLE IX
Washington Utilities and Transportation Commission

Notwithstanding anything in these Bylaws to the contrary, the Company shall conduct its business, and shall be managed, and shall cause its Subsidiaries to conduct their respective businesses and to be managed, in accordance with all the then applicable requirements of the

laws of the State of Washington and the rules, regulations and orders of the WUTC, including, without limitation, Order 08 "Approving and Adopting Settlement Stipulation; Authorizing Transaction Subject to Conditions," In the Matter of the Joint Application of Puget Holdings LLC and Puget Sound Energy, Inc., Docket No. U-072375 (the "WUTC Order").

ARTICLE X
Amendment of Bylaws

These Bylaws may be amended or repealed only by the Shareholder.

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Exhibit C

PSE’s Reporting and Governance Obligations under NYSE Corporate Governance Standards

EXHIBIT NO. ___(EMM-11)
DOCKET NO. U-072375
2007 MERGER PROCEEDING
WITNESS: ERIC M. MARKELL

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Joint Application of **PUGET HOLDINGS LLC** **And** **PUGET SOUND ENERGY, INC.** **For an Order Authorizing Proposed Transaction**	**Docket No. U-072375**

SIXTH EXHIBIT (NONCONFIDENTIAL) TO THE PREFILED REBUTTAL TESTIMONY OF ERIC M. MARKELL ON BEHALF OF PUGET SOUND ENERGY, INC.

JULY 2, 2008

Proposed Commitments Relating to
Puget Energy's and PSE's Post-Closing Governance and Disclosure Requirements

New York Stock Exchange Corporate Governance Standards			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
NYSE §203.01	Annual Report Availability: If required to file annual report with SEC, issuer must: • Simultaneously make such report available to shareholders on or through the company's website. • Indicate that a hard copy of the report can be requested free of charge. • Issue a press release regarding the annual report.	• Website Posting of 10-K: Not required. • Requesting Copy of 10-K: Not required. • Press Release re: 10-K: Not required.	• Puget Energy/PSE will continue to file an annual report on Form 10-K with the SEC. • Puget Energy/PSE will continue to make such report available on or through the company's website and indicate that a hard copy of the report can be requested free of charge. • Puget Energy/PSE will issue a press release regarding the availability of the annual report on the company's website.
NYSE §203.02	Interim Financial Statements: • If required to file interim financial statements, company must issue an earnings release.	• Earnings Release: Not required.	• Puget Energy/PSE will not issue quarterly earnings releases. • But, Puget Energy/PSE will continue to file quarterly reports on Form 10-Q, which will include interim financial statements, with the SEC.
NYSE §303A.01	Independent Directors: • Must have a majority of independent directors on the Board of Directors. • Must disclose independent directors in the proxy statement and the standard of independence it adopts in the proxy statement or if not proxy statement, in the 10-K	• Majority of Independent Directors: Not required. • Independence Standards: Not required. • Disclosure of Standards: Not required.	• Puget Energy/PSE's Board will include at least two (2) independent directors (based on NYSE's independence standards) and one (1) director who is unaffiliated with the Macquarie Consortium. • Puget Energy/PSE will disclose independent and unaffiliated directors in its Form 10-K.
NYSE §303A.03	Executive Sessions: • Non-management directors must meet regularly in executive sessions without	• Executive Sessions: Not required. • Disclosure re: presiding director or procedure to select presiding director: Not	• Non-management Puget Energy/PSE directors will continue to meet regularly in executive sessions without

New York Stock Exchange Corporate Governance Standards			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
	management. • Non-management director must preside over each executive session. • If one director chosen to preside over all executives sessions, must disclose name in proxy statement or if no proxy statement, in the 10-K. If no specific director selected, disclose procedure on selecting the presiding director at each session.	required.	management. • Non-management director will continue to preside over each executive session. • One director will be chosen to preside over all executive sessions and the name of that director will be disclosed in the Form 10-K.
NYSE §303A.03	Communication with Presiding Director / Non-Management Directors: • Disclose method to communicate in proxy statement, or if no proxy statement, in the 10-K.	• Disclose Communication Method: Not required.	• Puget Energy/PSE will continue to disclose in its Form 10-K a means by which non-management and/or independent directors may be contacted.
NYSE §303A.04	Nominating/Governance Committee: • Listed companies must have a nominating/corporate governance committee composed of independent directors. • Must have a written charter.	• Nominating Committee: Not required.	• Puget Energy/PSE will maintain a nominating/governance committee, however, it will not be composed entirely of independent directors. • The Committee will have a written charter that is substantially the same as the existing charter, except for changes necessary to conform to the post-closing governance structure.
NYSE §303A.05	Compensation Committee: • Listed companies must have a compensation committee composed of independent directors. • Must have written charter.	• Compensation Committee: Not required.	• Puget Energy/PSE will maintain a compensation committee, however, it will not be composed entirely of independent directors. • The Committee will have a written charter that is substantially the same as the existing charter, except for changes necessary to conform to the post-closing governance structure.

New York Stock Exchange Corporate Governance Standards			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
NYSE §303A.06; NYSE §303A.07	Audit Committee: • Listed companies must have an audit committee composed of independent directors. • Must have a written charter.	• Audit Committee: Not required.	• Puget Energy/PSE will maintain an audit committee, however, it will not be composed entirely of independent directors. • The Committee will have a written charter that is substantially the same as the existing charter, except for changes necessary to conform to the post-closing governance structure.
NYSE §303A.07	Audit Committee Members: • Audit Committee must have a minimum of 3 members. • Each member must be financially literate. • One member must have financial management expertise.	• Audit Committee Member Requirements: Not required.	• Puget Energy/PSE will maintain the eligibility requirements for its audit committee members.
NYSE §303A.07	Audit Committee - Impairment of Ability Determination: • If a member serves on more than 3 public company audit committees, company must determine whether ability is impaired and disclose determination in proxy statement, or if no proxy statement, the 10-K.	• Audit Committee Member Requirements: Not required.	• Puget Energy/PSE will maintain its existing policy regarding service on multiple public company audit committees: generally, no member of the Committee shall serve on more than three audit committees of publicly traded companies at the same time, and any member's service on more than three audit committees of publicly traded companies will be subject to the Board's determination that such simultaneous service will not impair such member's ability to effectively serve on the Committee and Puget Energy/PSE will disclose such determination in the Form 10-K.
NYSE	Audit Committee – Internal Audit	• Internal Audit: Not required.	• Puget Energy/PSE will maintain an

New York Stock Exchange Corporate Governance Standards			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
§303A.07	• Must maintain internal audit function.		internal audit function.
NYSE §303A.09	Corporate Governance Guidelines • Must adopt corporate governance guidelines.	• Corporate Governance Guidelines: Not required.	• Puget Energy/PSE will maintain corporate governance guidelines, revised as necessary to reflect the post-closing governance structure.
NYSE §303A.09	Disclosure of Corporate Governance Guidelines and Charters • Must include corporate governance guidelines and charters of its most important committees (including at least the audit, and if applicable, compensation and nominating committees) on its website.	• Website Posting of Governance Guidelines: Not required. • Website Posting of Committee Charters: Not required.	• Puget Energy/PSE will include the revised corporate governance guidelines and charters of its most important committees on its website.
NYSE §303A.10	Code of Business Conduct and Ethics • Must adopt a Code of Business Conduct and Ethics for directors, officers and employees.	• Code of Business Conduct and Ethics: Not required.	• Puget Energy/PSE will maintain a Code of Business Conduct and Ethics for its directors, officers and employees.
NYSE §303A.10	Disclosure of Code of Business Conduct and Ethics • Must promptly disclose any waivers. • Post Code of Business Conduct and Ethics on website.	• Disclosure: Not required.	• Puget Energy/PSE will promptly disclose any waivers granted and will post the Code on the company's website.
NYSE §303A.12	Officer Certification: • Must certify to NYSE that company is compliant with NYSE corporate governance requirements.	• Certification: Not required.	• Puget Energy and PSE will not submit a certification to the NYSE, since neither will be a NYSE-listed company.

Securities and Exchange Commission Disclosure Requirements			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
Exchange Act §13(a)	Section 13(a) disclosure requirements: • Puget Energy has outstanding common stock registered pursuant to Section 12(b) of the Exchange Act. • PSE has outstanding preferred stock registered pursuant to Section 12(g) of the Exchange Act. • Under Section 13(a) of the Exchange Act, Section 12 registration requires compliance with the SEC's periodic and current reporting requirements, which include the preparation and filing of an annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.	Puget Energy • Post-closing, Puget Energy will not have any outstanding securities registered pursuant to Section 12 of the Exchange Act and will therefore not be subject to Section 13(a) disclosure requirements. PSE • PSE preferred stock (registered pursuant to Section 12(g) of the Exchange Act) will continue to be outstanding. So long as registered under Section 12(g), SEC reporting obligations will continue. • Under Rule 12g-4 of the Exchange Act, Section 12(g) registration may be terminated if the preferred stock is held by less than 300 persons. • Preferred stock is currently held by fewer than 100 persons.	Puget Energy/PSE will continue to comply with the disclosure requirements of Section 13(a) and 15(d) of the Exchange Act to the same extent as it does prior to the merger (i.e., will continue to file SEC reports on Forms 10-K, 10-Q and 8-K), *even if it is no longer required to do so by law or indenture contractual covenants.*
Exchange Act §15(d)	Section 15(d) disclosure requirements: • PSE has outstanding first mortgage bonds, senior notes and other debt securities that were issued pursuant to registration statements filed with the SEC. • Under Section 15(d) of the Exchange Act, an issuer that files a registration statement of the type PSE has filed in connection with the issuance of its first mortgage bonds, senior notes and certain other debt securities is required to file the same SEC reports as are required to be filed in respect of a security that is registered pursuant to Section 12(g) of the Exchange Act – that is,	PSE • PSE will continue to have outstanding debt securities issued pursuant to registration statements filed with the SEC. Section 15(d) reporting requirements may continue to apply. • Duty to file reports pursuant such Section 15(d) is automatically suspended as to any fiscal year, other than the fiscal year in which the registration became effective, if at the beginning of such fiscal year, the securities of each class to which the registration relates are held of record by less than 300 persons.	

Securities and Exchange Commission Disclosure Requirements			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
	Forms 10-K, 10-Q and 8-K.	• Status of possible suspension has not been determined, but would likely apply in the future if PSE does not continue to issue registered debt securities.	
Indenture Covenants	<u>Indenture covenants disclosure requirements:</u> • PSE's debt indenture (including mortgage indentures, senior note indenture and subordinated debt indenture) require PSE to continue to file the reports required by Sections 13(a) and 15(d) of the Exchange Act (i.e. Forms 10-K, 10-Q and 8-K), *even if PSE is no longer required to do so under such sections of the Exchange Act.*	• Until the debt indenture provisions are eliminated (either through retirement of the debt or amendment of the indentures, which would require bondholder approval), PSE's SEC reporting obligations would not be substantially different than the reporting requirements applicable to PSE today.	

Sarbanes-Oxley Reporting and Governance Obligations[1]				
Sarbanes-Oxley Title	**Sarbanes-Oxley Section**	**Applicable SEC / NYSE Rule and Brief Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
Title II: Auditor Independence	Section 201: Services Outside the Scope of Practice of Auditors	Reg. S-X, Rule 2-01(c)(4): Qualifications of Accountants / Non-Audit Services • Auditor is not considered independent if it performs certain non-audit services for an audit client.	• These requirements will continue to apply to PSE so long as it has securities registered under §12(g) or is subject to reporting obligations under §15(d). • Puget Energy will not be subject to most of these requirements since it is not an issuer with registered securities under §12 or subject to reporting obligations under §15(d). However, so long as Puget Energy files SEC reports, it must comply with those requirements regarding disclosure (i.e., pre-approval policies).	Puget Energy/PSE will continue to engage an independent auditor in compliance with these requirements. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
	Section 202: Preapproval Requirements	Reg. S-X, Rule 2-01(c)(7): Qualifications of Accountants / Audit Committee Administration • Auditor is not considered independent unless audit committee (or full board, if no committee exists) has policies/procedures for approval of services and pre-approves such services 10-K Form, Item 14: Principal Accountant Fees and Services • Disclose pre-approval policies and approval of non-audit services by the audit committee, or if none, the full board of directors		
	Section 203: Audit Partner Rotation	Reg. S-X, Rule 2-01(c)(6): Qualifications of Accountants / Partner Rotation • Auditor is not considered		

[1] Provisions not relating to governance and reporting obligations, or that are not applicable to Puget Energy or PSE, were excluded (i.e., provision establishing the Public Company Accounting Oversight Board and provisions relating to fines and penalties).

Sarbanes-Oxley Reporting and Governance Obligations[1]				
Sarbanes-Oxley Title	**Sarbanes-Oxley Section**	**Applicable SEC / NYSE Rule and Brief Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
		independent unless certain partner rotation criteria are met.		
	Section 204: Auditor Reports to Audit Committees	Reg. S-X, Rule 2-07: Communication with Audit Committees • Each accounting firm that performs an audit for an audit client that is an issuer shall provide a report (with certain disclosures) to the Audit Committee		
	Section 206: Conflicts of Interest	Reg. S-X, Rule 2-01(c)(2): Qualification of Accountants / Employment Relationships • Auditor is not independent if certain employment relationships existed with an audit client		
Title III: Corporate Responsibility	Section 301: Public Company Audit Committees	NYSE §303A.06: Audit Committee Listed companies must have an audit committee satisfying Rule 10A-3 under the Exchange Act. Requirements include: • Committee to consist entirely of independent members • Responsible for appointment, compensation and oversight of auditor • Adopt procedures to receive / administer complaints re: accounting and auditing matters (and confidential submission of	• Since Puget Energy and PSE will no longer have any securities listed on an exchange, neither company will be subject to the rules of the exchange.	See NYSE commitments above regarding maintenance of an audit committee.

Sarbanes-Oxley Reporting and Governance Obligations[1]				
Sarbanes-Oxley Title	**Sarbanes-Oxley Section**	**Applicable SEC / NYSE Rule and Brief Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
		complaints by employees) • Authority to engage independent counsel and advisers		
	Section 302: Corporate Responsibility for Financial Reports	Reg. S-K, Item 601: Exhibits • Certification of financial statements by Principal Executive Officer and Principal Financial Officer required for periodic and annual reports.	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), this requirement will continue to apply post-merger.	Puget Energy/PSE will continue to provide required certifications in connection with SEC reports. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
Title IV: Enhanced Financial Disclosures	Section 401: Forms for Periodic and Annual Reports	Reg. S-K, Items 10; 303: General; MD&A of Financial Condition and Results of Operations • Requires disclosure of material correcting adjustments, material off-balance sheet transactions and contractual obligations. • Requires registrants to reconcile all publicly disclosed non-GAAP financial measures	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), Puget Energy/PSE will still be required to disclose material correcting adjustments, material off-balance sheet transactions and contractual obligations. • PSE will be required to reconcile all publicly disclosed non-GAAP financial measures since it will still be a registrant post-closing. • Puget Energy may not be a registrant post-closing and therefore, may not be required to reconcile non-GAAP financial measures.	Puget Energy/PSE will continue to comply with these requirements. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
	Section 403: Disclosures of Transactions involving Management and Principal	Rule 16a-3 of Exchange Act: • Filing requirements for Section 16 reports • Website posting requirements for Section 16 reports	• PSE will continue to be subject to these requirements since it will have preferred stock outstanding that was registered pursuant to §12. • Puget Energy will not have any securities registered pursuant to §12	Puget Energy/PSE will comply with these requirements only to the extent required by Rule 16a-3 of the Exchange Act (i.e., only to the extent Puget Energy/PSE have equity securities registered pursuant to §12 of the Exchange Act.

Sarbanes-Oxley Reporting and Governance Obligations[1]				
Sarbanes-Oxley Title	**Sarbanes-Oxley Section**	**Applicable SEC / NYSE Rule and Brief Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
	Stockholders		post-closing and will therefore no longer be subject to these requirements.	
	Section 404: Management Assessment of Internal Controls	Reg. S-K, Item 308: Internal Control over Financial Reporting • Provide report of management on internal control over financial reporting • Provide attestation report of auditor	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), Puget Energy/PSE will continue to be subject to these requirements.	Puget Energy/PSE will continue to comply with these requirements. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
	Section 406: Code of Ethics for Senior Financial Officers Regulation S-K: §406	Reg. S-K, Item 406: Code of Ethics • Disclose whether registrant has adopted a code of ethics that applies to PEO, PFO, PAO or controller • File code of ethics and post same on website, undertaking to provide a written copy upon request	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), Puget Energy/PSE will continue to be subject to these requirements.	Puget Energy/PSE will continue to comply with these requirements. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
	Section 407: Disclosure of Audit Committee Financial Expert	Reg. S-K, Item 407: Corporate Governance • Disclose whether the audit committee is comprised of at least 1 member who is a financial expert.	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), Puget Energy/PSE will continue to be subject to these requirements.	Puget Energy/PSE will continue to comply with these requirements. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
Title IX: White Collar Crime Penalty Enhancements	Section 906: Corporate Responsibility for Financial Reports	Reg. S-K, Item 601: Exhibits • Requires certification of financial statements by Principal Executive Officer and Principal Financial Officer.	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), Puget Energy/PSE will continue to be subject to these requirements.	Puget Energy/PSE will continue to comply with these requirements. See SEC commitments above.

FERC Reporting Obligations			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
18 CFR §141.1(b)(1)(i)	Annual Report (FERC Form 1) • Each Major electric utility shall prepare and file Form 1 electronically with the FERC pursuant to the General Instructions set out in that form.	• PSE will continue to be a Major electric utility and will therefore continue to comply with this requirement. • Puget Energy has never been subject to this requirement since it is not a Major electric utility.	• PSE will continue to be required to comply with this requirement.
18 CFR §141.400(b)(1)(i)	Quarterly Reports (FERC Form 3) • Each electric utility must prepare and file Form No. 3-Q with the FERC pursuant to the General Instructions set out in that form.	• PSE will continue to be an electric utility and will therefore continue to comply with this requirement. • Puget Energy has never been subject to this requirement since it is not an electric utility.	• PSE will continue to be required to comply with this requirement.
18 CFR §260.2(b)	Annual Reports (FERC Form 2-A) • Each Nonmajor interstate natural gas pipeline subject to the jurisdiction of the FERC shall prepare and file Form 2-A electronically with the FERC pursuant to the General Instructions set forth in that form.	• PSE owns an interest in the Jackson Prairie Underground Storage Project, which will continue to be a Nonmajor natural gas company and will therefore continue to comply with this requirement. • Neither Puget Energy nor PSE has been subject to this requirement because neither is a natural gas company, as that term is defined by Natural Gas Act (15 U.S.C. §§ 717, *et seq*.).	• The Jackson Prairie Underground Storage Project will continue to be required to comply with this requirement.
18 CFR §260.300(b)(1)	Quarterly Reports (FERC Form 3) • Each natural gas company must prepare and file Form 3-Q with the FERC pursuant to the General Instructions set out in that form.	• The Jackson Prairie Underground Storage Project will continue to be a natural gas company and will therefore continue to comply with this requirement. • Neither Puget Energy nor PSE has been subject to this requirement because neither is a natural gas company, as that term is defined by Natural Gas Act (15 U.S.C. §§ 717, *et seq*.).	• The Jackson Prairie Underground Storage Project will continue to regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K comply with this requirement.

Exhibit D

Applicable NYSE Rules and Requirements of the Sarbanes-Oxley Act

Proposed Commitments Relating to
Puget Energy's and PSE's Post-Closing Governance and Disclosure Requirements

New York Stock Exchange Corporate Governance Standards			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
NYSE §203.01	Annual Report Availability: If required to file annual report with SEC, issuer must: • Simultaneously make such report available to shareholders on or through the company's website. • Indicate that a hard copy of the report can be requested free of charge. • Issue a press release regarding the annual report.	• Website Posting of 10-K: Not required. • Requesting Copy of 10-K: Not required. • Press Release re: 10-K: Not required.	• Puget Energy/PSE will continue to file an annual report on Form 10-K with the SEC. • Puget Energy/PSE will continue to make such report available on or through the company's website and indicate that a hard copy of the report can be requested free of charge. • Puget Energy/PSE will issue a press release regarding the availability of the annual report on the company's website.
NYSE §203.02	Interim Financial Statements: • If required to file interim financial statements, company must issue an earnings release.	• Earnings Release: Not required.	• Puget Energy/PSE will not issue quarterly earnings releases. • But, Puget Energy/PSE will continue to file quarterly reports on Form 10-Q, which will include interim financial statements, with the SEC.
NYSE §303A.01	Independent Directors: • Must have a majority of independent directors on the Board of Directors. • Must disclose independent directors in the proxy statement and the standard of independence it adopts in the proxy statement or if not proxy statement, in the 10-K	• Majority of Independent Directors: Not required. • Independence Standards: Not required. • Disclosure of Standards: Not required.	• Puget Energy/PSE's Board will include at least two (2) independent directors (based on NYSE's independence standards) and one (1) director who is unaffiliated with the Macquarie Consortium. • Puget Energy/PSE will disclose independent and unaffiliated directors in its Form 10-K.
NYSE §303A.03	Executive Sessions: • Non-management directors must meet regularly in executive sessions without	• Executive Sessions: Not required. • Disclosure re: presiding director or procedure to select presiding director: Not	• Non-management Puget Energy/PSE directors will continue to meet regularly in executive sessions without

New York Stock Exchange Corporate Governance Standards			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
	management. • Non-management director must preside over each executive session. • If one director chosen to preside over all executives sessions, must disclose name in proxy statement or if no proxy statement, in the 10-K. If no specific director selected, disclose procedure on selecting the presiding director at each session.	required.	management. • Non-management director will continue to preside over each executive session. • One director will be chosen to preside over all executive sessions and the name of that director will be disclosed in the Form 10-K.
NYSE §303A.03	Communication with Presiding Director / Non-Management Directors: • Disclose method to communicate in proxy statement, or if no proxy statement, in the 10-K.	• Disclose Communication Method: Not required.	• Puget Energy/PSE will continue to disclose in its Form 10-K a means by which non-management and/or independent directors may be contacted.
NYSE §303A.04	Nominating/Governance Committee: • Listed companies must have a nominating/corporate governance committee composed of independent directors. • Must have a written charter.	• Nominating Committee: Not required.	• Puget Energy/PSE will maintain a nominating/governance committee, however, it will not be composed entirely of independent directors under NYSE standards. • The Committee will have a written charter that is substantially the same as the existing charter, except for changes necessary to conform to the post-closing governance structure.
NYSE §303A.05	Compensation Committee: • Listed companies must have a compensation committee composed of independent directors. • Must have written charter.	• Compensation Committee: Not required.	• Puget Energy/PSE will maintain a compensation committee, however, it will not be composed entirely of independent directors under NYSE standards. • The Committee will have a written charter that is substantially the same as the existing charter, except for changes necessary to conform to the post-closing

New York Stock Exchange Corporate Governance Standards			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
			governance structure.
NYSE §303A.06; NYSE §303A.07	Audit Committee: • Listed companies must have an audit committee composed of independent directors, including the additional independence standards of §301 of Sarbanes-Oxley (as implemented by Rule 10A-3 under the Exchange Act). • Must have a written charter, which includes (among other things) the Sarbanes-Oxley §301 requirements that the audit committee (1) be responsible for the appointment, compensation and oversight of the auditor, (2) adopt procedures to receive/administer complaints regarding accounting and auditing matters, as well as the confidential submission of employee concerns or complaints as to accounting and auditing matters, and (3) have the authority to engage and compensate independent counsel and advisors.	• Audit Committee: Not required.	• Puget Energy/PSE will maintain an audit committee, however, it will not be composed entirely of independent directors under NYSE standards. • The Committee will have a written charter that is substantially the same as the existing charter, except for changes necessary to conform to the post-closing governance structure, which charter will include the committee responsibilities as required by §301 of Sarbanes-Oxley (as implemented by Rule 10A-3 under the Exchange Act).
NYSE §303A.07	Audit Committee Members: • Audit Committee must have a minimum of 3 members. • Each member must be financially literate. • One member must have financial management expertise.	• Audit Committee Member Requirements: Not required.	• Puget Energy/PSE will maintain the eligibility requirements for its audit committee members.
NYSE §303A.07	Audit Committee - Impairment of Ability Determination: • If a member serves on more than 3 public company audit committees, company must	• Audit Committee Member Requirements: Not required.	• Puget Energy/PSE will maintain its existing policy regarding service on multiple public company audit committees: generally, no member of the Committee shall serve on more than three

New York Stock Exchange Corporate Governance Standards			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
	determine whether ability is impaired and disclose determination in proxy statement, or if no proxy statement, the 10-K.		audit committees of publicly traded companies at the same time, and any member's service on more than three audit committees of publicly traded companies will be subject to the Board's determination that such simultaneous service will not impair such member's ability to effectively serve on the Committee and Puget Energy/PSE will disclose such determination in the Form 10-K.
NYSE §303A.07	Audit Committee – Internal Audit • Must maintain internal audit function.	• Internal Audit: Not required.	• Puget Energy/PSE will maintain an internal audit function.
NYSE §303A.09	Corporate Governance Guidelines • Must adopt corporate governance guidelines.	• Corporate Governance Guidelines: Not required.	• Puget Energy/PSE will maintain corporate governance guidelines, revised as necessary to reflect the post-closing governance structure.
NYSE §303A.09	Disclosure of Corporate Governance Guidelines and Charters • Must include corporate governance guidelines and charters of its most important committees (including at least the audit, and if applicable, compensation and nominating committees) on its website.	• Website Posting of Governance Guidelines: Not required. • Website Posting of Committee Charters: Not required.	• Puget Energy/PSE will include the revised corporate governance guidelines and charters of its most important committees on its website.
NYSE §303A.10	Code of Business Conduct and Ethics • Must adopt a Code of Business Conduct and Ethics for directors, officers and employees.	• Code of Business Conduct and Ethics: Not required.	• Puget Energy/PSE will maintain a Code of Business Conduct and Ethics for its directors, officers and employees.

New York Stock Exchange Corporate Governance Standards			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
NYSE §303A.10	Disclosure of Code of Business Conduct and Ethics • Must promptly disclose any waivers. • Post Code of Business Conduct and Ethics on website.	• Disclosure: Not required.	• Puget Energy/PSE will promptly disclose any waivers granted and will post the Code on the company's website.
NYSE §303A.12	Officer Certification: • Must certify to NYSE that company is compliant with NYSE corporate governance requirements.	• Certification: Not required.	• Puget Energy and PSE will not submit a certification to the NYSE, since neither will be a NYSE-listed company.

Securities and Exchange Commission Disclosure Requirements			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
Exchange Act §13(a)	Section 13(a) disclosure requirements: • Puget Energy has outstanding common stock registered pursuant to Section 12(b) of the Exchange Act. • PSE has outstanding preferred stock registered pursuant to Section 12(g) of the Exchange Act. • Under Section 13(a) of the Exchange Act, Section 12 registration requires compliance with the SEC's periodic and current reporting requirements, which include the preparation and filing of an annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.	Puget Energy • Post-closing, Puget Energy will not have any outstanding securities registered pursuant to Section 12 of the Exchange Act and will therefore not be subject to Section 13(a) disclosure requirements. PSE • PSE preferred stock (registered pursuant to Section 12(g) of the Exchange Act) will continue to be outstanding. So long as registered under Section 12(g), SEC reporting obligations will continue. • Under Rule 12g-4 of the Exchange Act, Section 12(g) registration may be terminated if the preferred stock is held by less than 300 persons. • Preferred stock is currently held by fewer than 100 persons.	Puget Energy/PSE will continue to comply with the disclosure requirements of Section 13(a) and 15(d) of the Exchange Act to the same extent as it does prior to the merger (i.e., will continue to file SEC reports on Forms 10-K, 10-Q and 8-K), *even if it is no longer required to do so by law or indenture contractual covenants*.
Exchange Act §15(d)	Section 15(d) disclosure requirements: • PSE has outstanding first mortgage bonds, senior notes and other debt securities that were issued pursuant to registration statements filed with the SEC. • Under Section 15(d) of the Exchange Act, an issuer that files a registration statement of the type PSE has filed in connection with the issuance of its first mortgage bonds, senior notes and certain other debt securities is required to file the same SEC reports as are required to be filed in respect of a security that is registered pursuant to Section 12(g) of the Exchange Act – that is,	PSE • PSE will continue to have outstanding debt securities issued pursuant to registration statements filed with the SEC. Section 15(d) reporting requirements may continue to apply. • Duty to file reports pursuant such Section 15(d) is automatically suspended as to any fiscal year, other than the fiscal year in which the registration became effective, if at the beginning of such fiscal year, the securities of each class to which the registration relates are held of record by less than 300 persons.	

Securities and Exchange Commission Disclosure Requirements			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
	Forms 10-K, 10-Q and 8-K.	• Status of possible suspension has not been determined, but would likely apply in the future if PSE does not continue to issue registered debt securities.	
Indenture Covenants	<u>Indenture covenants disclosure requirements:</u> • PSE's debt indenture (including mortgage indentures, senior note indenture and subordinated debt indenture) require PSE to continue to file the reports required by Sections 13(a) and 15(d) of the Exchange Act (i.e. Forms 10-K, 10-Q and 8-K), *even if PSE is no longer required to do so under such sections of the Exchange Act.*	• Until the debt indenture provisions are eliminated (either through retirement of the debt or amendment of the indentures, which would require bondholder approval), PSE's SEC reporting obligations would not be substantially different than the reporting requirements applicable to PSE today.	

Sarbanes-Oxley Reporting and Governance Obligations[1]				
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Title II: Auditor Independence	Section 201: Services Outside the Scope of Practice of Auditors	Reg. S-X, Rule 2-01(c)(4): Qualifications of Accountants / Non-Audit Services • Auditor is not considered independent if it performs certain non-audit services for an audit client.	• These requirements will continue to apply to PSE so long as it has securities registered under §12(g) or is subject to reporting obligations under §15(d). • Puget Energy will not be subject to most of these requirements since it is not an issuer with registered securities under §12 or subject to reporting obligations under §15(d). However, so long as Puget Energy files SEC reports, it must comply with those requirements regarding disclosure (i.e., pre-approval policies).	Puget Energy/PSE will continue to engage an independent auditor in compliance with these requirements. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
	Section 202: Preapproval Requirements	Reg. S-X, Rule 2-01(c)(7): Qualifications of Accountants / Audit Committee Administration • Auditor is not considered independent unless audit committee (or full board, if no committee exists) has policies/procedures for approval of services and pre-approves such services 10-K Form, Item 14: Principal Accountant Fees and Services • Disclose pre-approval policies and approval of non-audit services by the audit committee, or if none, the full board of directors		
	Section 203: Audit Partner Rotation	Reg. S-X, Rule 2-01(c)(6): Qualifications of Accountants / Partner Rotation • Auditor is not considered		

[1] Provisions not relating to governance and reporting obligations, or that are not applicable to Puget Energy or PSE, were excluded (i.e., provision establishing the Public Company Accounting Oversight Board and provisions relating to fines and penalties).

Sarbanes-Oxley Reporting and Governance Obligations[1]				
Sarbanes-Oxley Title	**Sarbanes-Oxley Section**	**Applicable SEC / NYSE Rule and Brief Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
		independent unless certain partner rotation criteria are met.		
	Section 204: Auditor Reports to Audit Committees	Reg. S-X, Rule 2-07: Communication with Audit Committees • Each accounting firm that performs an audit for an audit client that is an issuer shall provide a report (with certain disclosures) to the Audit Committee		
	Section 206: Conflicts of Interest	Reg. S-X, Rule 2-01(c)(2): Qualification of Accountants / Employment Relationships • Auditor is not independent if certain employment relationships existed with an audit client		
Title III: Corporate Responsibility	Section 301: Public Company Audit Committees	NYSE §303A.06: Audit Committee Listed companies must have an audit committee satisfying Rule 10A-3 under the Exchange Act. Requirements include: • Committee to consist entirely of independent members • Responsible for appointment, compensation and oversight of auditor • Adopt procedures to receive / administer complaints re: accounting and auditing matters (and confidential submission of	• Since Puget Energy and PSE will no longer have any securities listed on an exchange, neither company will be subject to the rules of the exchange.	See NYSE §§ 303A.06; 303A.07 commitments above regarding maintenance of ~~an~~ the audit committees of Puget Energy and PSE.

Sarbanes-Oxley Reporting and Governance Obligations[1]				
Sarbanes-Oxley Title	**Sarbanes-Oxley Section**	**Applicable SEC / NYSE Rule and Brief Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
		complaints by employees) • Authority to engage independent counsel and advisers		
	Section 302: Corporate Responsibility for Financial Reports	Reg. S-K, Item 601: Exhibits • Certification of financial statements by Principal Executive Officer and Principal Financial Officer required for periodic and annual reports.	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), this requirement will continue to apply post-merger.	Puget Energy/PSE will continue to provide required certifications in connection with SEC reports. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
Title IV: Enhanced Financial Disclosures	Section 401: Forms for Periodic and Annual Reports	Reg. S-K, Items 10; 303: General; MD&A of Financial Condition and Results of Operations • Requires disclosure of material correcting adjustments, material off-balance sheet transactions and contractual obligations. • Requires registrants to reconcile all publicly disclosed non-GAAP financial measures	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), Puget Energy/PSE will still be required to disclose material correcting adjustments, material off-balance sheet transactions and contractual obligations. • PSE will be required to reconcile all publicly disclosed non-GAAP financial measures since it will still be a registrant post-closing. • Puget Energy may not be a registrant post-closing and therefore, may not be required to reconcile non-GAAP financial measures.	Puget Energy/PSE will continue to comply with these requirements. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
	Section 403: Disclosures of Transactions involving Management and Principal	Rule 16a-3 of Exchange Act: • Filing requirements for Section 16 reports • Website posting requirements for Section 16 reports	• PSE will continue to be subject to these requirements since it will have preferred stock outstanding that was registered pursuant to §12. • Puget Energy will not have any securities registered pursuant to §12	Puget Energy/PSE will comply with these requirements only to the extent required by Rule 16a-3 of the Exchange Act (i.e., only to the extent Puget Energy/PSE have equity securities registered pursuant to §12 of the Exchange Act.

Sarbanes-Oxley Reporting and Governance Obligations[1]				
Sarbanes-Oxley Title	**Sarbanes-Oxley Section**	**Applicable SEC / NYSE Rule and Brief Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
	Stockholders		post-closing and will therefore no longer be subject to these requirements.	
	Section 404: Management Assessment of Internal Controls	Reg. S-K, Item 308: Internal Control over Financial Reporting • Provide report of management on internal control over financial reporting • Provide attestation report of auditor	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), Puget Energy/PSE will continue to be subject to these requirements.	Puget Energy/PSE will continue to comply with these requirements. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
	Section 406: Code of Ethics for Senior Financial Officers Regulation S-K: §406	Reg. S-K, Item 406: Code of Ethics • Disclose whether registrant has adopted a code of ethics that applies to PEO, PFO, PAO or controller • File code of ethics and post same on website, undertaking to provide a written copy upon request	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), Puget Energy/PSE will continue to be subject to these requirements.	Puget Energy/PSE will continue to comply with these requirements. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
	Section 407: Disclosure of Audit Committee Financial Expert	Reg. S-K, Item 407: Corporate Governance • Disclose whether the audit committee is comprised of at least 1 member who is a financial expert.	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), Puget Energy/PSE will continue to be subject to these requirements.	Puget Energy/PSE will continue to comply with these requirements. See SEC commitments above regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K.
Title IX: White Collar Crime Penalty Enhancements	Section 906: Corporate Responsibility for Financial Reports	Reg. S-K, Item 601: Exhibits • Requires certification of financial statements by Principal Executive Officer and Principal Financial Officer.	• So long as Puget Energy/PSE continue to file SEC reports (on Forms 8-K, 10-Q, 10-K), Puget Energy/PSE will continue to be subject to these requirements.	Puget Energy/PSE will continue to comply with these requirements. See SEC commitments above.

FERC Reporting Obligations			
Rule	**Description of Requirement**	**Post-Closing Requirement**	**Post-Closing Commitment**
18 CFR §141.1(b)(1)(i)	Annual Report (FERC Form 1) • Each Major electric utility shall prepare and file Form 1 electronically with the FERC pursuant to the General Instructions set out in that form.	• PSE will continue to be a Major electric utility and will therefore continue to comply with this requirement. • Puget Energy has never been subject to this requirement since it is not a Major electric utility.	• PSE will continue to be required to comply with this requirement.
18 CFR §141.400(b)(1)(i)	Quarterly Reports (FERC Form 3) • Each electric utility must prepare and file Form No. 3-Q with the FERC pursuant to the General Instructions set out in that form.	• PSE will continue to be an electric utility and will therefore continue to comply with this requirement. • Puget Energy has never been subject to this requirement since it is not an electric utility.	• PSE will continue to be required to comply with this requirement.
18 CFR §260.2(b)	Annual Reports (FERC Form 2-A) • Each Nonmajor interstate natural gas pipeline subject to the jurisdiction of the FERC shall prepare and file Form 2-A electronically with the FERC pursuant to the General Instructions set forth in that form.	• PSE owns an interest in the Jackson Prairie Underground Storage Project, which will continue to be a Nonmajor natural gas company and will therefore continue to comply with this requirement. • Neither Puget Energy nor PSE has been subject to this requirement because neither is a natural gas company, as that term is defined by Natural Gas Act (15 U.S.C. §§ 717, *et seq*.).	• The Jackson Prairie Underground Storage Project will continue to be required to comply with this requirement.
18 CFR §260.300(b)(1)	Quarterly Reports (FERC Form 3) • Each natural gas company must prepare and file Form 3-Q with the FERC pursuant to the General Instructions set out in that form.	• The Jackson Prairie Underground Storage Project will continue to be a natural gas company and will therefore continue to comply with this requirement. • Neither Puget Energy nor PSE has been subject to this requirement because neither is a natural gas company, as that term is defined by Natural Gas Act (15 U.S.C. §§ 717, *et seq*.).	• The Jackson Prairie Underground Storage Project will continue to regarding continued filing of SEC reports on Forms 10-K, 10-Q and 8-K comply with this requirement.

Exhibit E

Corporate Contributions and Community Support in the
State of Washington Through December 31, 2022

Exhibit E

Corporate Contributions and Community Support in the State of Washington Through December 31, 2022

The PSE community support and corporate contributions through December 31, 2022, will be as follows.

	2019	2020	2021	2022
Community Support	$5,710,219	$5,795,810	$5,882,810	$5,971,052
Corporate Contribution	$408,881	$415,014	$421,240	$427,558

Additionally, the PSE Foundation corporate contributions and community support will be $1,078,649 for each calendar year through December 31, 2022.