



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

May 27, 2015

Mr. Steven V. King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

**Re: Annual Securities Transaction Report
WAC 480-90-262 and WAC 480-100-262**

Dear Mr. King:

Enclosed for filing, please find an original and three copies of Puget Sound Energy, Inc.'s ("PSE") Annual Report of Securities Transactions for calendar year 2014 in accordance with the rules governing the issuance of securities by public service companies as set forth in Washington Administrative Code Chapter 480-100-262 Electric and 480-90-262 Gas.

Please contact me at (425) 462-3661 if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Lohse", is written over a faint, illegible printed name.

Brandon Lohse
Corporate Treasurer

Enclosure

2014 ANNUAL REPORT OF SECURITIES TRANSACTIONS
TO THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

This report sets forth the information required by WAC 480-146-340(2) for the securities transactions of Puget Sound Energy (“PSE”) during calendar year 2014.

Short Term Borrowing Arrangements

At January 1, 2014, PSE had three short-term borrowing arrangements, which included a \$650 million 5-year Liquidity line of credit, a \$350 million 5-year Energy Hedging line of credit and a \$30 million Demand Promissory Note.

\$650 Million Liquidity Credit Agreement

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

Level of Expenses

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

| <u>Description</u> | <u>Amount</u> |
|--|--------------------|
| Bank Participation, Arrangement & Agent Fees | \$2,940,203 |
| Legal Fees | 25,676 |
| Other Fees | <u>2,755</u> |
| Total | <u>\$2,968,634</u> |

\$350 Million Energy Hedging Credit Agreement

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

Level of Expenses

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

| <u>Description</u> | <u>Amount</u> |
|--|--------------------|
| Bank Participation, Arrangement & Agent Fees | \$1,622,382 |
| Legal Fees | 34,320 |
| Other Fees | 1,419 |
| Total | <u>\$1,658,121</u> |

\$30 Million Demand Promissory Note

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

Level of Expenses

There were no expenses associated with entering into the agreement.

Securities Transactions

Puget Sound Energy did not issue any new long term debt or equity securities during the year ending December 31, 2014.

During 2014, Puget Sound Energy did not have any securities mature or retire any securities before their maturity date.

Securities Scheduled to Mature in the Following Reporting Period (year ending Dec. 31, 2015)

| <u>Series</u> | <u>Coupon</u> | <u>Maturity</u> | <u>Principal</u> |
|--------------------|---------------|-----------------|------------------|
| Medium Term Note C | 7.350% | Sep-2015 | \$ 10,000,000 |
| Medium Term Note C | 7.360% | Sep-2015 | \$ 2,000,000 |
| Senior Notes | 5.197% | Oct-2015 | \$150,000,000 |

Summary

Capital Structure and Cost of Capital

Exhibit A attached shows the Company's resulting capital structure and cost of capital for the year ending December 31, 2014.

**ATTACHMENT A to PSE's Annual
Report of Securities Transactions
dated May 27, 2015**

**Cost of Capital for the Year Ending
December 31, 2014**

PUGET SOUND ENERGY, INC.

**Utility Capital Structure
Cost of Capital and Rate of Return
For The 12 Months Ending December 31, 2014**

| 1 | (A) | (B) | (C) | (D) | (E) |
|----|--|-------------------------------|-----------------------|--------------|---------------------|
| 2 | | | | | |
| 3 | | | | | Weighted |
| 4 | | | | | Cost of |
| 5 | <u>Description</u> | <u>Amount (i)</u> | <u>Ratio</u> | <u>Cost</u> | <u>Capital</u> |
| 6 | | | | | |
| 7 | Short Term Debt | \$53,168,409 | 0.72% | 5.46% | 0.04% |
| 8 | | | | | |
| 9 | Long Term Debt | \$3,760,846,609 | 51.10% | 6.16% | 3.15% |
| 10 | | | | | |
| 11 | Common Stock | <u>\$3,546,722,659</u> | <u>48.18%</u> | <u>9.80%</u> | <u>4.72%</u> |
| 12 | | | | | |
| 13 | Total | <u>\$7,360,737,677</u> | <u>100.00%</u> | | <u>7.91%</u> |
| 14 | | | | | |
| 15 | | | | | |
| 16 | (i) - Average of Month-End Balances | | | | |

PUGET SOUND ENERGY, INC
Utility Capital Structure Calculation
December 31, 2013 Through December 31, 2014
Average of Month-End Balances

| 1 | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | (M) | (N) | (O) |
|----|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------------|
| | | | | | | | | | | | | | | | Avg of Mo- end Balances |
| 2 | (\$ thousands) | Dec-13 | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | |
| 3 | Commercial Paper | 162,000 | 83,000 | | | | | | | | | 22,000 | 35,000 | 85,000 | 21,958 |
| 4 | Intercompany Loan with PE | 29,598 | 29,598 | 29,598 | 29,598 | 28,933 | 28,933 | 28,933 | 28,933 | 28,933 | 28,933 | 28,933 | 28,933 | 28,933 | 29,127 |
| 5 | Bank Credit Facilities | | | | | | | | | | 25,000 | | | | 2,083 |
| 6 | Short-term debt | \$191,598 | \$112,598 | \$29,598 | \$29,598 | \$28,933 | \$28,933 | \$28,933 | \$28,933 | \$28,933 | \$53,933 | \$50,933 | \$63,933 | \$113,933 | \$53,168 |
| 7 | Long-term Bonds | \$3,510,846 | \$3,510,846 | \$3,510,846 | \$3,510,846 | \$3,510,847 | \$3,510,847 | \$3,510,847 | \$3,510,847 | \$3,510,847 | \$3,510,847 | \$3,510,847 | \$3,510,847 | \$3,510,847 | \$3,510,847 |
| 8 | Jr. Subordinated Notes | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| 9 | Long Term Debt | \$3,760,846 | \$3,760,846 | \$3,760,846 | \$3,760,846 | \$3,760,847 | \$3,760,847 | \$3,760,847 | \$3,760,847 | \$3,760,847 | \$3,760,847 | \$3,760,847 | \$3,760,847 | \$3,760,847 | \$3,760,847 |
| 10 | Total Preferred | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 11 | Regulated Common Equity | 3,554,742 | 3,589,633 | 3,623,640 | 3,597,170 | 3,620,219 | 3,506,817 | 3,514,672 | 3,524,253 | 3,528,072 | 3,480,852 | 3,497,027 | 3,535,848 | 3,530,196 | 3,546,723 |
| 12 | Total Capital | \$7,507,186 | \$7,463,077 | \$7,414,084 | \$7,387,615 | \$7,409,999 | \$7,296,596 | \$7,304,452 | \$7,314,032 | \$7,317,851 | \$7,295,632 | \$7,308,806 | \$7,360,627 | \$7,404,976 | \$7,360,738 |
| 13 | Short-term debt | 2.6% | 1.5% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | 0.7% | 0.7% | 0.9% | 1.5% | 0.7% |
| 14 | Long-term debt | 50.1% | 50.4% | 50.7% | 50.9% | 50.8% | 51.5% | 51.5% | 51.4% | 51.4% | 51.5% | 51.5% | 51.1% | 50.8% | 51.1% |
| 15 | Total Debt | 52.6% | 51.9% | 51.1% | 51.3% | 51.1% | 51.9% | 51.9% | 51.8% | 51.8% | 52.3% | 52.2% | 52.0% | 52.3% | 51.8% |
| 16 | Preferred | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 17 | Common | 47.35% | 48.10% | 48.88% | 48.69% | 48.86% | 48.06% | 48.12% | 48.18% | 48.21% | 47.71% | 47.85% | 48.04% | 47.67% | 48.18% |
| 18 | Total | 100.0% | 100.00% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| 19 | Consol. Common Equity | \$3,440,757 | \$3,492,468 | \$3,561,597 | \$3,490,524 | \$3,530,291 | \$3,413,422 | \$3,420,346 | \$3,409,868 | \$3,416,166 | \$3,367,433 | \$3,367,939 | \$3,409,822 | \$3,278,729 | |
| 20 | Subsidiary R.E. | | | | | | | | | | | | | | |
| 21 | Puget Western | (8,032) | (8,032) | (8,032) | (8,217) | (8,217) | (8,217) | (8,510) | (8,510) | (8,510) | (8,342) | (8,342) | (8,342) | (14,632) | |
| 22 | HEDC | | | | | | | | | | | | | | |
| 23 | Total Subsidiary R.E. | (\$8,032) | (\$8,032) | (\$8,032) | (\$8,217) | (\$8,217) | (\$8,217) | (\$8,510) | (\$8,510) | (\$8,510) | (\$8,342) | (\$8,342) | (\$8,342) | (\$14,632) | |
| 24 | Other Comprehensive Income Adjustments (OCI) and Derivative Accounting | | | | | | | | | | | | | | |
| 25 | Derivative Impacts through Income | (\$10,215) | \$5,633 | \$39,622 | (\$5,490) | \$10,535 | \$6,374 | \$5,621 | (\$15,126) | (\$13,218) | (\$15,599) | (\$31,967) | (\$30,158) | (\$65,879) | |
| 26 | OCI - Derivatives | (8,334) | (8,029) | (7,563) | (7,537) | (7,510) | (7,484) | (7,457) | (7,431) | (10,687) | (10,646) | (7,352) | (6,773) | (6,675) | |
| 27 | OCI - Other | (87,404) | (86,737) | (86,070) | (85,403) | (84,736) | (84,069) | (83,980) | (83,318) | (79,491) | (78,832) | (81,427) | (80,754) | (164,281) | |
| 28 | Total OCI Adj | (105,953) | (89,133) | (54,011) | (98,430) | (81,711) | (85,179) | (85,816) | (105,875) | (103,396) | (105,077) | (120,746) | (117,684) | (236,835) | |
| 29 | Regulated Common Equity | \$3,554,742 | \$3,589,633 | \$3,623,640 | \$3,597,170 | \$3,620,219 | \$3,506,817 | \$3,514,672 | \$3,524,253 | \$3,528,072 | \$3,480,852 | \$3,497,027 | \$3,535,848 | \$3,530,196 | |

Puget Sound Energy, Inc.
Cost of Short-Term Debt
For The 12 Months Ending December 31, 2014

| 1 | (A) | (B) | (C) | (D) | (E) |
|----|---|------------------------|-----------------|--------------------|--------------|
| 2 | | | | | |
| 3 | <u>Description</u> | <u>Weighted Amt</u> | <u>Interest</u> | <u>Annual</u> | <u>Cost</u> |
| 4 | | <u>Outstanding (i)</u> | <u>Rate</u> | <u>Charge</u> | <u>Rate</u> |
| 5 | | | | | |
| 6 | Commercial Paper | \$18,879,452 | 0.346% | \$65,413 | |
| 7 | Demand Promissory Note | \$29,122,265 | 0.624% | \$181,681 | |
| 10 | \$650mm Liquidity Facility | \$273,973 | 3.500% | \$9,589 | |
| 11 | Interest Charges & Avg Borrowing Rate | \$48,275,689 | 0.532% | \$256,683 | |
| 12 | | | | | |
| 13 | Commitment Fees | | | \$1,232,415 | (ii) |
| 14 | | | | | |
| 15 | 12 Month Short Term Debt Issue Costs Amortization | | | \$1,146,965 | (iii) |
| 16 | | | | | |
| 17 | Total Short-Term Debt/Cost | \$48,275,689 | | \$2,636,063 | 5.46% |

- 18
- 19
- 20 (i) Weighted Average Daily Balance Outstanding for 12 Months Ended
- 21 (ii) See Pg 4 STD OS & Comm Fees (includes any LC Fees)
- 22 (iii) See Pg 5 STD Amort

PUGET SOUND ENERGY
SHORT TERM DEBT RATE

For The 12 Months Ending December 31, 2014

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) |
|--|-------------------------------|------------------------|-----------------------------|-----------------------------------|-----------------------------------|--|--------------|--------------------|
| Weighted Avg. Outstandings and Rates and Total Commitment Fees | | | | | | | | |
| | <u>Wtd. Avg. Outstandings</u> | <u>Period Interest</u> | <u>Wtd. Avg. Rate (365)</u> | <u>Commitment Fees</u> | | | | |
| Commercial Paper | \$18,879,452 | \$65,413 | 0.346% | \$0 | | | | |
| Demand Promissory Note | \$29,122,265 | \$181,681 | 0.624% | \$0 | | | | |
| \$650mm Liquidity Facility Letters of Credit | \$273,973 | \$9,589 | 3.500% | 1,179,807 | | | | |
| | | | | 52,608 | | | | |
| Totals | \$48,275,689 | \$256,683 | 0.532% | \$1,232,415 | | | | |
| Bank Facility Fees | | | | | | | | |
| Commitment Fee Calculation | | | | | | | | |
| | <u>Beginning Date</u> | <u>Ending Date</u> | <u>Days</u> | <u>Commitment</u> | <u>Wgt'd Avg Utilized (Drawn)</u> | <u>Wgt'd Avg Unutilized Commitment</u> | <u>Fee %</u> | <u>Fee \$</u> |
| \$650mm Liquidity Facility | 01/01/14 | 12/31/14 | 365 | \$650,000,000 | \$759,901 | \$649,240,099 | 0.179% | 1,179,807 |
| Bank Facility Commitment Fees | | | | | | | | <u>\$1,179,807</u> |
| Letters of Credit (LC) Fees | | | | | | | | |
| | | | | <u>Facility</u> | <u>Days</u> | <u>W. Avg Amount</u> | | |
| Goldendale; Klickitat PUD Transmission | | | | Wells Fargo (not within facility) | 365 | \$4,405,025 | 1.000% | \$44,817 |
| BPA Transmission | | | | Liquidity Facility (Wells Fargo) | 365 | \$485,929 | 1.581% | \$7,791 |
| Total Fees | | | | | | | | <u>\$52,608</u> |
| Commitment fees are calculated for actual days elapsed on the basis of a 360 day year. | | | | | | | | |

PUGET SOUND ENERGY
AMORTIZATION OF SHORT TERM DEBT ISSUE COSTS
For The 12 Months Ending December 31, 2014

| (A) | (B) | (C) | (D) | (D) | (E) | (F) |
|---|-----|---|--|--|--|-----------------------|
| Description | | \$400 million Working Cap Fac 18101083/18900403 | \$400 million Capex Fac 18900423 | \$650 million Liquidity Fac 18100673 | \$650 million Liquidity Refinance 18900443 | TOTAL AMORTIZATION |
| Beginning Balance | | | | | | |
| As of: 12/31/13 | | \$1,353,314 | \$1,353,342 | \$1,991,729 | \$0 | |
| January-14 | | (27,619) | (27,619) | (40,643) | | |
| February-14 | | (27,619) | (27,619) | (40,869) | | |
| March-14 | | (27,619) | (27,619) | (40,653) | | |
| April-14 | | (27,619) | (27,619) | (39,842) | (1,508) | |
| May-14 | | (27,619) | (27,619) | (37,557) | | |
| June-14 | | (27,619) | (27,619) | (40,724) | | |
| July-14 | | (27,619) | (27,619) | (39,009) | (6,935) | |
| August-14 | | (27,619) | (27,619) | (36,989) | (2,285) | |
| September-14 | | (27,619) | (27,619) | (36,989) | (2,285) | |
| October-14 | | (27,619) | (27,619) | (36,989) | (2,285) | |
| November-14 | | (27,619) | (27,619) | (36,989) | (2,285) | |
| December-14 | | (27,619) | (27,619) | (36,989) | (2,285) | |
| Total Amortization for 12 months ended | | (\$331,424) | (\$331,431) | (\$464,243) | (\$19,868) | (\$1,146,965) |
| Costs transferred in | | | | 534,642 | 138,693 | |
| Costs transferred out | | | | (138,693) | | |
| Ending Balance | | \$1,021,890.42 | \$1,021,911 | \$1,923,435 | \$118,825 | |

Puget Sound Energy, Inc.
Schedule of Annual Charges on Reacquired Debt
For The 12 Months Ending December 31, 2014

| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) |
|----|--|------------|---------------|-----------------|-----------------|----------------|--------------------------|-------------------------|----------|
| | Issue | Issue Date | Maturity Date | Redemption Date | Refinance Issue | Refinance Date | Maturity Date for Amort. | Annual Amortization (i) | SAP # |
| 5 | 10.250% | 29-Dec-87 | 15-Dec-97 | 15-Dec-95 | | | 10-Nov-16 | \$18,336 | 18900013 |
| 6 | 8.231% Capital Trust I (Call) | 6-Jun-97 | 1-Jun-27 | 1-Jun-07 | JrSubN 6.974% | 4-Jun-07 | 1-Jun-17 | \$190,955 | 18900383 |
| 7 | 9.14% PP | 21-Jun-91 | 21-Jun-01 | 15-Jun-98 | 20 Yr 6.740% | 15-Jun-98 | 15-Jun-18 | \$3,499 | 18900243 |
| 8 | WNG 8.4% | 13-Jan-92 | 12-Jan-22 | 21-Mar-03 | | | 12-Jan-22 | \$1,141 | 18900293 |
| 9 | WNG 8.39% | 13-Jan-92 | 13-Jan-22 | 21-Mar-03 | | | 13-Jan-22 | \$2,663 | 18900303 |
| 10 | WNG 8.25% | 12-Aug-92 | 12-Aug-22 | 29-May-03 | | | 12-Aug-22 | \$62,486 | 18900323 |
| 11 | WNG 7.19% | 18-Aug-93 | 18-Aug-23 | 18-Aug-03 | | | 18-Aug-23 | \$10,656 | 18900353 |
| 12 | 9.625% PP | 15-Oct-90 | 15-Oct-97 | 7-Feb-94 | 30 Yr 7.350% | 1-Feb-94 | 1-Feb-24 | \$168,880 | 18900173 |
| 13 | 8.231% Capital Trust I (Tender) | 6-Jun-97 | 1-Jun-27 | 1-Jun-05 | | | 1-Jun-27 | \$229,804 | 18900193 |
| 14 | PCB Series 1991A | 7-Aug-91 | 1-Aug-21 | 11-Mar-03 | 2003 PCB's | 11-Mar-03 | 1-Mar-31 | \$45,480 | 18900253 |
| 15 | PCB Series 1991B | 7-Aug-91 | 1-Aug-21 | 11-Mar-03 | 2003 PCB's | 11-Mar-03 | 1-Mar-31 | \$34,561 | 18900263 |
| 16 | PCB Series 1992 | 1-Mar-92 | 1-Mar-22 | 11-Mar-03 | 2003 PCB's | 11-Mar-03 | 1-Mar-31 | \$105,825 | 18900273 |
| 17 | PCB Series 1993 | 1-Mar-92 | 1-Mar-22 | 11-Mar-03 | 2003 PCB's | 11-Mar-03 | 1-Mar-31 | \$32,298 | 18900283 |
| 18 | PCB Series 2003 | 11-Mar-03 | 1-Mar-31 | 24-Jun-13 | 2013 PCB's | 23-May-13 | 1-Mar-31 | \$299,129 | 18900433 |
| 19 | PCB Series 2003 | 11-Mar-03 | 1-Mar-31 | 24-Jun-13 | 2013 PCB's | 23-May-13 | 1-Mar-31 | \$50,553 | 18900533 |
| 20 | \$200mm VRN | 15-Jul-04 | 15-Jul-06 | 27-May-05 | 30 Yr 5.483% | 27-May-05 | 27-May-35 | \$17,087 | 18900183 |
| 21 | 8.40% Capital Trust II | 24-May-01 | 30-Jun-41 | 30-Jun-06 | 30 Yr 6.724% | 30-Jun-06 | 15-Jun-36 | \$197,021 | 18900373 |
| 22 | \$25M 9.57% Gas FMB's | 1-Sep-90 | 1-Sep-20 | 23-Dec-11 | 40 Yr 4.70% | 22-Nov-11 | 15-Nov-51 | \$400,519 | 18900393 |
| 28 | | | | | | | | | |
| 29 | Total Amortization on Reacquired Debt | | | | | | | \$1,870,893 | |

33 (i) Applicable monthly amortization during the 12 month reporting period;
34 Amortization is over life of replacement issue or remaining life of called bond if no replacement issue.