

**EXH. SWS-5
DOCKETS UE-240004/UG-240005
2024 PSE GENERAL RATE CASE
WITNESS: STACY W. SMITH**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-240004
Docket UG-240005**

**FOURTH EXHIBIT TO THE
PREFILED DIRECT TESTIMONY OF**

STACY W. SMITH

ON BEHALF OF PUGET SOUND ENERGY

FEBRUARY 15, 2024

Puget Sound Energy, Inc.

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

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

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

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

3. Not Applicable

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

PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT

EXHIBIT 1

EXHIBIT 1

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

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

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

PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT

EXHIBIT 2

EXHIBIT 2

COMPANIES WITH AN AFFILIATED INTEREST

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

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

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

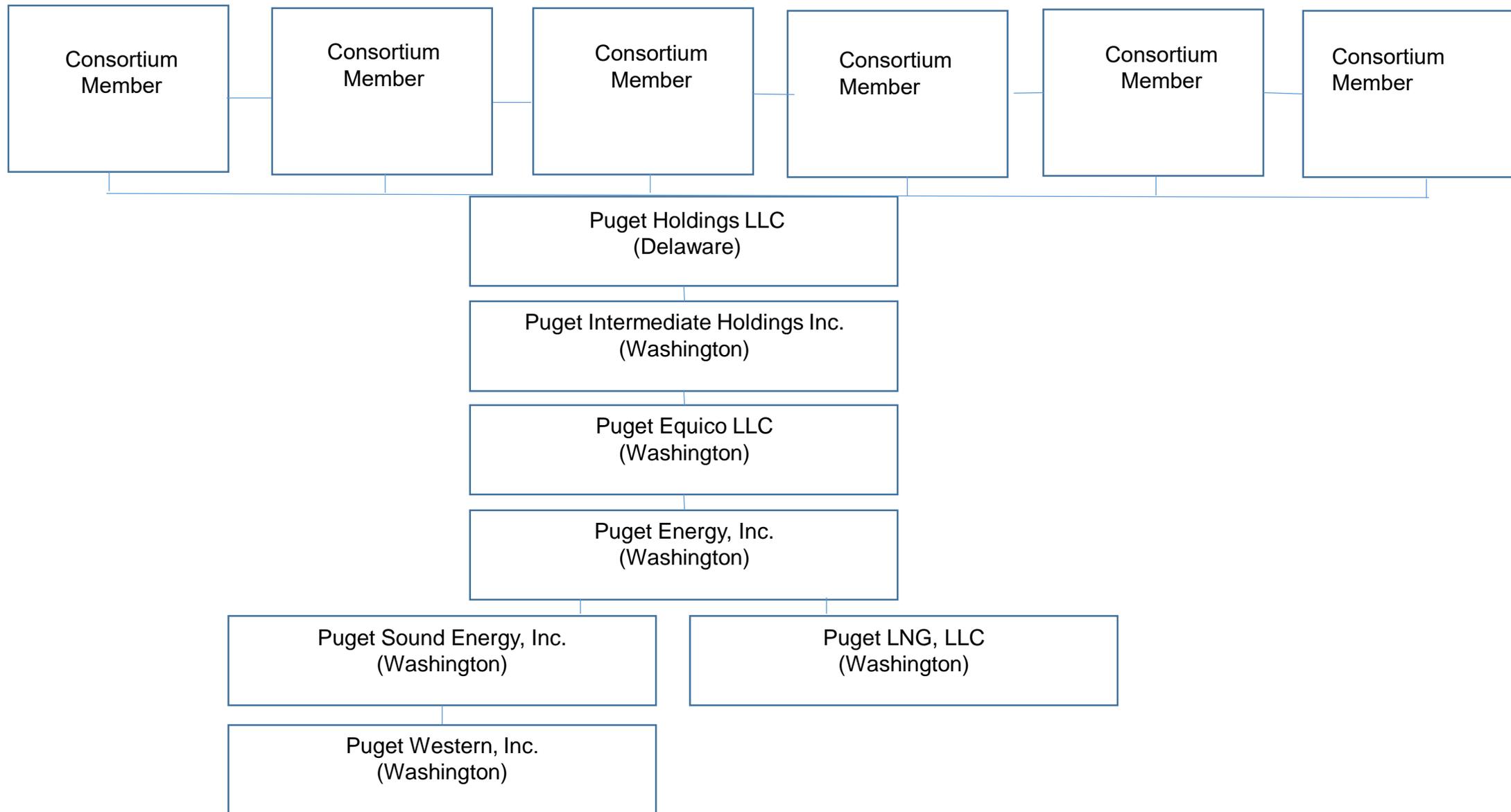
PUGET ENERGY, INC. (Puget Energy) is an energy services holding company incorporated in the State of Washington in 1999. All of its operations are conducted through its direct subsidiary PSE. Puget Energy has its principal executive office at 355 110th Avenue NE, Suite 1100, Bellevue, Washington 98004.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

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

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

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

Puget Holdings Corporate Structure



PUGET HOLDINGS LLC LISTING OF SUBSIDIARIES

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

Directors

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

Officers

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

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

Directors

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

Officers

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

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

Directors

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

Officers

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

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

Directors

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

Officers

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

SUBSIDIARY OF PUGET ENERGY, INC.

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

PSE's DUNS number 007942113

PSE's Unique Entity Number FAERAH4K1777

Directors

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

Officers

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

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

Directors

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

Officers

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

SUBSIDIARY OF PUGET SOUND ENERGY, INC.

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

Directors

Samuel Osborne, Chair
Matt Marcellia

Officers

Samuel Osborne, President and Secretary

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

Directors

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

Officers

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

PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT

EXHIBIT 3

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

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

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Accrual Basis

Puget Western Inc
Balance Sheet
As of December 31, 2022

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

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

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

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

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

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

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

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

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

ASSETS

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

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

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

CAPITALIZATION AND LIABILITIES

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

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

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

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

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

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

ASSETS

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

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

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

CAPITALIZATION AND LIABILITIES

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

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

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

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

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

PUGET EQUICO LLC
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

ASSETS

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

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

PUGET EQUICO LLC
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

CAPITALIZATION AND LIABILITIES

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

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

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

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

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

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

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ASSETS

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

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

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

Exh. SWS-5
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CAPITALIZATION AND LIABILITIES

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

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

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

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

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

PUGET HOLDINGS LLC
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

ASSETS

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

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

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

CAPITALIZATION AND LIABILITIES

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

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

PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT

EXHIBIT 4



CTM-8

Controller's Manual

SUBJECT
CORPORATE AND AFFILIATED INTEREST COST ALLOCATION
METHODOLOGY

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references

key words

Approvals

Stephen J King
Controller & Principle Accounting Officer

/s/ Susan Free
Manager Revenue Requirements

BACKGROUND

MERGER ORDER U-072375

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

In Order No. 08 the Washington Utilities and Transportation Commission, approved and adopted subject to conditions a Settlement Stipulation proposed by all parties except Public Counsel, authorizing Puget Holdings to acquire Puget Energy, and its wholly-owned subsidiary PSE. As part of the requirements in Docket No. UE-072375 PSE must adhere to the following commitments¹ from the Settlement Stipulation regarding allocation of costs:

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

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

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



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METHODOLOGY**

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

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

26. In furtherance of Commitment 9:

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

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

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

27. In furtherance of Commitment 19:

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



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SUBJECT

**CORPORATE AND AFFILIATED INTEREST COST ALLOCATION
METHODOLOGY**

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

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

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

28. In furtherance of Commitment 20:

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

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



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

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

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

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

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

LIQUEFIED NATURAL GAS ORDER UG-151663

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



PUGET SOUND ENERGY

The Energy To Do Great Things

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

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



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the following allocators:

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

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

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



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ATTACHMENT D
Tacoma LNG Facility Ownership Shares

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

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

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

ATTACHMENT D TO THE
FULL SETTLEMENT STIPULATION

Page 1 of 1

GUIDELINES

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

Puget Sound Energy, Inc.

Affiliated Interest and Subsidiary Transaction Report
For the 6 months ended June 30, 2023

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

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

2. Financial information for affiliated interests and subsidiary with total transactions with PSE that equal or exceed \$100,000 during the reporting period:
 - A. Refer to Exhibit 3 for balance sheets and income statements for affiliated interests and subsidiary.
 - B. Refer to Exhibit 1 for a description of the products or services provided to or from PSE and each affiliated interest or subsidiary.
 - C. Refer to Exhibit 4 for a description of the pricing basis or costing method, and procedures for allocating costs for such products or services. Corporate common costs were allocated on a monthly basis. Corporate policy regarding the allocation of common costs is outlined in PSE's Controller Manual CTM-8, attached as Exhibit 4. Refer to Exhibit 1 for the amount and accounts charged during the year.
 - D. There were no loan terms assumed by PSE on behalf of any affiliated interest or subsidiary during the 6 months ended June 30, 2023.
 - E. There were no obligations or liabilities assumed by PSE on behalf of any affiliated interest or subsidiary during the 6 months ended June 30, 2023.
 - F. Refer to Exhibit 2 for a description of activities of each affiliated interest or subsidiary having transactions with PSE.
 - G. Refer to Exhibit 2 for a list of officers and directors common to PSE and affiliated interests and subsidiaries.

3. Not Applicable

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

PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT

EXHIBIT 1

EXHIBIT 1

Puget Sound Energy, Inc.
Summary of Transactions
For the 6 Months Ended Jun-30, 2023

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

	<u>Amount</u>
<u>Puget Holdings LLC</u>	
Accounts payable to PSE	\$ 713,733
Reimbursement of labor and other expenses to PSE	\$ 905,268
<u>Puget Intermediate Holdings, Inc.</u>	
Accounts payable to PSE	\$ 8,860
Reimbursement of labor and other expenses to PSE	\$ 37,537
<u>Puget Equico LLC</u>	
Accounts payable to PSE	\$ 5,276
Reimbursement of labor and other expenses to PSE	\$ 30,890
<u>Puget Energy, Inc.</u>	
Accounts receivable from PSE	\$ 20,918
Reimbursement of labor and other expenses to PSE	\$ 258,164
Dividends from PSE	\$ 42,427,000
<u>Puget LNG LLC</u>	
Accounts payable to PSE	\$ 2,039,130
Reimbursement of labor and other expenses to PSE	\$ 421,197
Gas Purchases*	\$ 7,627,272

* The gas that PLNG purchases from PSE is priced at the First of Month (FOM) Sumas index price per Dth plus an adder which covers a balancing fee, a seasonal firming premium, and third party pipeline variable and fuel charges. The transactions also include pipeline demand charge reimbursements whereby PLNG reimburses PSE monthly for the ability to use PSE's capacity on a third party pipeline, needed to transport purchased gas. The pipeline reimbursement is a fixed daily volume, regardless of use, at the pipeline's FERC gas tariff rate.

<u>Puget Western, Inc.</u>	
Accounts payable to PSE	\$ 19,288
Reimbursement of labor and other expenses to PSE	\$ 35,971

PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT

EXHIBIT 2

EXHIBIT 2

COMPANIES WITH AN AFFILIATED INTEREST

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

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

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

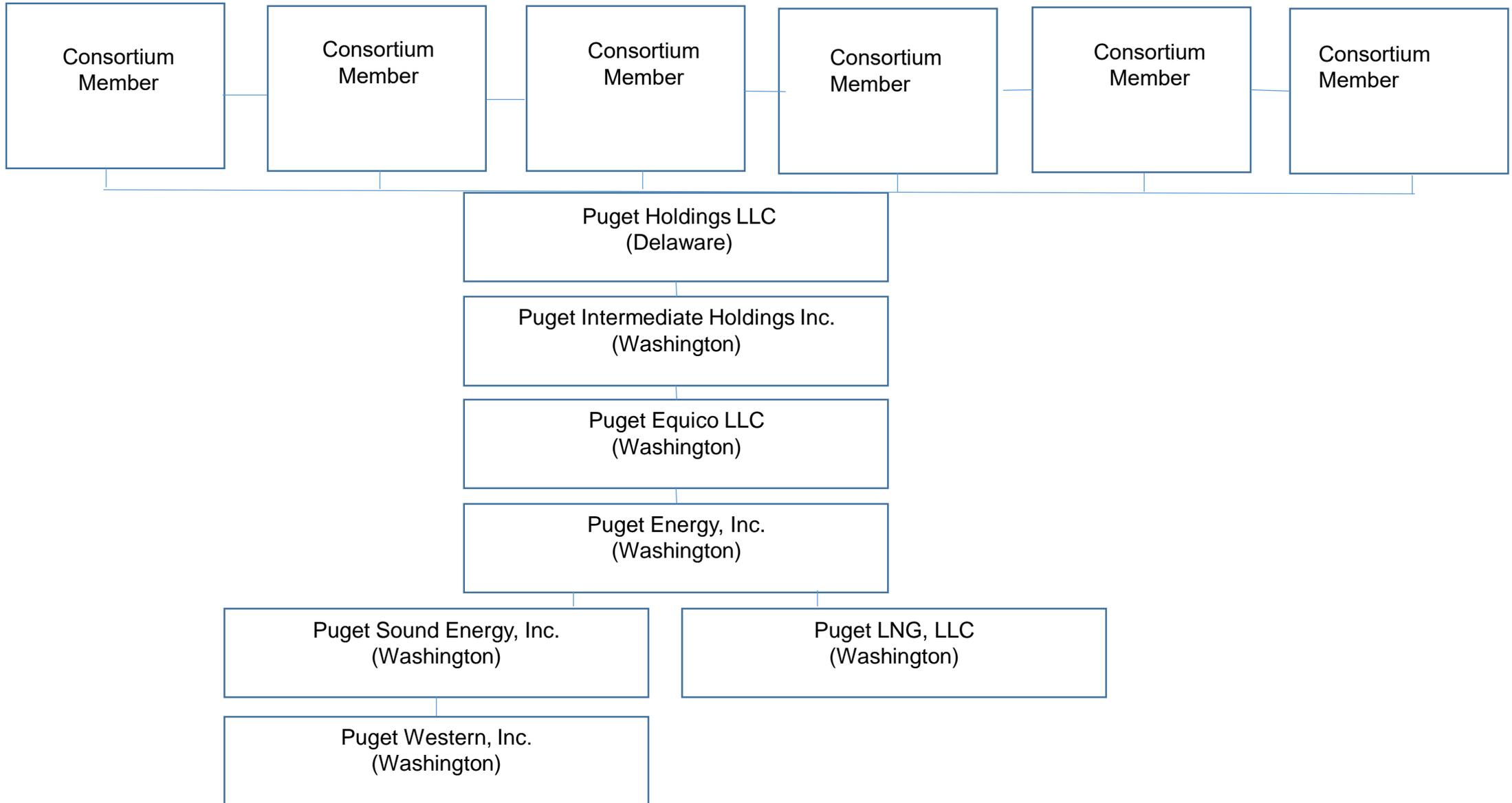
PUGET ENERGY, INC. (Puget Energy) is an energy services holding company incorporated in the State of Washington in 1999. All of its operations are conducted through its direct subsidiary PSE. Puget Energy has its principal executive office at 355 110th Avenue NE, Suite 1100, Bellevue, Washington 98004.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

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

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

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

Puget Holdings Corporate Structure



As of 6/30/23

PUGET HOLDINGS LLC LISTING OF SUBSIDIARIES

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

Directors

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

Officers

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

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

Directors

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

Officers

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

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

Directors

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

Officers

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

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

Directors

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

Officers

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

SUBSIDIARY OF PUGET ENERGY, INC.

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

Directors

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

Officers

Mary E. Kipp, President and Chief Executive Officer
Kimberly Collier, Vice President and Chief Human Resources Officer
Kazi Hasan, Executive Vice President and Chief Financial Officer
Josh Jacobs, Vice President Clean Energy Strategy and Planning
Dan Koch, Vice President Energy Delivery
Lorna Luebbe, SVP, Chief Sustainability Officer and General Counsel
Jon Piliaris, Vice President Regulatory Affairs
Ron Roberts, Vice President Energy Supply
Wade Smith, Executive Vice President and Chief Operating Officer
Simon Upton, Chief Information Officer
Cara Peterman, Treasurer
Samuel S. Osborne, Corporate Secretary

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

Directors

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

Officers

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

SUBSIDIARY OF PUGET SOUND ENERGY, INC.

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

Directors

Samuel Osborne, Chair
Matt Marcelia
Stacy Smith

Officers

Samuel Osborne, President and Secretary
Stacy Smith, Treasurer

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

Directors

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

Officers

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

PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT

EXHIBIT 3

Puget Western Inc
Comparative Statement of Income
For The Quarter Ending 06/30/2023

	<u>Jan - Jun 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Income			
3070 · Earnings - Other	142.50		
3090 · Interest Income	1.31	1.31	
3050 · Sales Revenue	2,000,000.00		
Total Income	<u>2,000,143.81</u>	<u>1.31</u>	<u>2,000,142.50</u>
Expense			
4000 · Cost Of Sale	931,199.57		
4005 · Direct Selling Exp	148,797.35		
5065 · Consulting Fees	36,000.00	18,000.00	18,000.00
5070 · Legal Fees			
5075 · Accounting Fees	17,126.00	15,938.40	1,187.60
6030 · B & O/Excise Tax	6,722.30	6,772.30	(50.00)
6060 · Property Taxes	117,420.95	(85,833.81)	203,254.76
6091 · Bank Service Charges	1,083.15	1,209.37	(126.22)
7060 · General & Admin. Expense	68,656.04	108,171.35	(39,515.31)
Operating Expense			
5018 · PSE Strander Lease Expense	25,320.00	25,320.00	
5020 · Office Supplies & Equipment			
5026 · Utilities	45,356.89	37,790.52	7,566.37
5030 · Postage	235.15	83.16	151.99
5035 · Dues, Subscriptions, Manuals	425.00		
5040 · Donations		1,000.00	(1,000.00)
6075 · Insurance Expense	5,124.92	5,198.83	(73.91)
6080 · Licenses	5.00		
Total Operating Expense	<u>76,466.96</u>	<u>69,392.51</u>	<u>7,074.45</u>
9990 · Current F.I.T. Expense	125,371.91	61,920.97	63,450.94
Total Expense	<u>1,528,844.23</u>	<u>195,571.09</u>	<u>1,333,273.14</u>
Net Income	<u><u>471,299.58</u></u>	<u><u>(195,569.78)</u></u>	<u><u>666,869.36</u></u>

Puget Western Inc
Comparative Statement of Income
For The Quarter Ending 06/30/2023

	Jun 30, 23
ASSETS	
Current Assets	
Checking/Savings	
1070 · Cash In Bank - Reserve	927,476.00
1020 · Cash - Money Market	65,012.59
1050 · Cash In Bank	14,809,949.84
Total Checking/Savings	15,802,438.43
Other Current Assets	
1250 · Prepaid Insurance	-13,738.85
1270 · Prepaid Property Tax	-457,367.51
Total Other Current Assets	-471,106.36
Total Current Assets	15,331,332.07
Other Assets	
Investments	
1415 · Westley Group	916,000.00
1406 · Investment in Clean Energy Fund	1,859,600.00
Total Investments	2,775,600.00
Land Held for Sale/Development	
1700 · Commerical Land	12,666,277.88
1910 · Project Development	5,496,085.46
Total Land Held for Sale/Development	18,162,363.34
Total Other Assets	20,937,963.34
TOTAL ASSETS	36,269,295.41
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2010 · ULID North Bend Accrual	-20,046.11
2017 · Accounts Payable Accrual	17,498.95
2150 · Interest Payable	126,709.40
Total Other Current Liabilities	124,162.24
Total Current Liabilities	124,162.24
Long Term Liabilities	
2230 · Current FIT Payable to Parent	-1,714,073.08
2240 · Property Tax Payable	-869,950.32
2400 · Current Maturities of LT Debt	-182,647.76
2700 · Deferred FIT	-141,974.00
Total Long Term Liabilities	-2,908,645.16
Total Liabilities	-2,784,482.92
Equity	
2900 · Common Stock	10,200.00
2910 · Additional Paid in Capital	51,837,244.08
2950 · Retained Earnings	-13,264,965.33
Net Income	471,299.58
Total Equity	39,053,778.33
TOTAL LIABILITIES & EQUITY	36,269,295.41

PUGET LNG, LLC
GAAP BASIS INCOME STATEMENT
SIX MONTHS ENDED JUNE 30, 2023
(Dollars in Thousands)

	(A)	(B)
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
1 Operating Revenues:		
2 Liquid Natural Gas	11,280	35
3 Other	-	-
4 Total Operating Revenue	<u>11,280</u>	<u>35</u>
5		
6 Operating Expenses:		
7 Liquid Natural Gas	-	-
8 Operations and Maintenance	14,074	5,360
9 Depreciation and Amortization	3,350	2,539
10 Taxes Other than Income Taxes	1,944	562
11 Total Operating Expenses	<u>19,368</u>	<u>8,461</u>
12		
13 Operating Income	(8,088)	(8,426)
14 Other Income (Deductions):		
15 Other Income	-	-
16 Other Expense	-	-
17 Interest Charges:		
18 Interest Expense	(8,345)	(2,092)
19 Income Before Income Taxes	<u>(16,433)</u>	<u>(10,518)</u>
20 Income Tax Expense (Benefit)	(3,482)	(2,223)
21 Net Income	<u>\$ (12,951)</u>	<u>\$ (8,295)</u>

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

	(A)	(B)
	June 30, 2023	December 31, 2022
ASSETS:		
Nonutility Plant:		
1 Other Property and Investments:		
2 Plant in Service Non-Utility	\$ 246,993	\$ 246,904
3 Construction Work in Progress	2,469	2,433
4 Capitalized Interest	-	-
5 Plant, Property and Equipment	2,989	2,989
6 Accumulated Depreciation	(9,146)	(5,870)
7 Total Other Property and Investments	<u>243,305</u>	<u>246,456</u>
8 Current Assets:		
9 Cash	3,822	1,372
10 Accounts Receivable	5,361	3,859
11 Unbilled Revenue	-	8
12 Fuel and Gas Inventory	132	1,028
13 Total Current Assets	<u>9,315</u>	<u>6,267</u>
14 Long-Term Assets:		
15 Deferred Income Taxes	-	379
16 Total Long-Term Assets	<u>-</u>	<u>379</u>
17 TOTAL ASSETS	<u>\$ 252,620</u>	<u>\$ 253,102</u>
18		
19 CAPITALIZATION AND LIABILITIES:		
20 Capitalization:		
21 Common Equity	\$ (13,026)	\$ (75)
22 Total Capitalization	<u>(13,026)</u>	<u>(75)</u>
23 Current Liabilities:		
24 Accounts Payable	2,040	2,994
25 Short-Term Debt Owed to Puget Energy	257,469	244,928
26 Accrued expenses:	-	-
27 Taxes	-	157
28 Salaries and Wages	-	-
29 Interest	1,499	1,249
30 Other	-	-
31 Total Current Liabilities	<u>261,008</u>	<u>249,328</u>
32 Long-Term Liabilities:		
33 Deferred Income Taxes	716	-
34 Other Deferred Credits	3,922	3,849
35 Total Long-Term Liabilities	<u>4,638</u>	<u>3,849</u>
36 TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 252,620</u>	<u>\$ 253,102</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating revenue:				
Electric	\$ 680,639	\$ 594,331	\$1,690,799	\$1,350,708
Natural gas	270,140	236,054	787,398	662,402
Other	12,849	11,991	26,618	22,703
Total operating revenue	963,628	842,376	2,504,815	2,035,813
Operating expenses:				
Energy costs:				
Purchased electricity	227,539	212,391	567,355	450,594
Electric generation fuel	64,147	46,498	214,401	107,142
Residential exchange	(16,181)	(16,783)	(39,712)	(39,853)
Purchased natural gas	114,917	92,452	350,399	269,785
Unrealized (gain) loss on derivative instruments, net	30,802	9,273	222,925	(122,648)
Utility operations and maintenance	174,497	160,933	369,488	331,233
Non-utility expense and other	13,858	15,299	29,904	30,718
Depreciation & amortization	187,491	165,676	376,208	330,252
Conservation amortization	26,259	25,906	64,478	56,047
Taxes other than income taxes	92,150	86,544	225,840	207,921
Total operating expenses	915,479	798,189	2,381,286	1,621,191
Operating income (loss)	48,149	44,187	123,529	414,622
Other income (expense):				
Other income	17,294	13,231	30,992	26,395
Other expense	(3,427)	(4,538)	(5,904)	(7,692)
Interest charges:				
AFUDC	5,874	3,974	11,482	8,103
Interest expense	(93,391)	(86,194)	(183,433)	(172,662)
Income (loss) before income taxes	(25,501)	(29,340)	(23,334)	268,766
Income tax (benefit) expense	11,409	4,156	13,607	23,967
Net income (loss)	\$ (36,910)	\$ (33,496)	\$ (36,941)	\$ 244,799

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

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

ASSETS

	June 30, 2023	December 31, 2022
Utility plant (at original cost, including construction work in progress of \$1,068,267 and \$861,801 respectively):		
Electric plant	\$ 10,585,124	\$ 10,300,895
Natural gas plant	4,837,939	4,721,982
Common plant	1,013,304	1,103,783
Less: Accumulated depreciation and amortization	(4,414,522)	(4,341,789)
Net utility plant	<u>12,021,845</u>	<u>11,784,871</u>
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	314,098	328,535
Total other property and investments	<u>1,970,611</u>	<u>1,985,048</u>
Current assets:		
Cash and cash equivalents	253,144	105,740
Restricted cash	36,504	63,045
Accounts receivable, net of allowance for doubtful accounts of \$42,666 and \$41,962, respectively	408,215	673,236
Unbilled revenue	182,961	284,022
Materials and supplies, at average cost	141,268	132,172
Fuel and natural gas inventory, at average cost	83,849	94,075
Unrealized gain on derivative instruments	95,490	587,029
Prepaid expense and other	55,669	41,940
Power contract acquisition adjustment gain	17,033	16,736
Total current assets	<u>1,274,133</u>	<u>1,997,995</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	93,762	112,207
Regulatory assets related to power contracts	6,905	7,904
Other regulatory assets	930,731	784,231
Unrealized gain on derivative instruments	53,978	94,621
Power contract acquisition adjustment gain	39,555	46,924
Operating lease right-of-use asset	187,508	193,509
Other	171,456	180,204
Total other long-term and regulatory assets	<u>1,483,895</u>	<u>1,419,600</u>
Total assets	<u>\$ 16,750,484</u>	<u>\$ 17,187,514</u>

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

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

CAPITALIZATION AND LIABILITIES

	June 30, 2023	December 31, 2022
Capitalization:		
Common shareholder's equity:		
Common stock \$0.01 par value, 1,000 shares authorized, 200 shares outstanding	\$ —	\$ —
Additional paid-in capital	3,523,532	3,523,532
Retained earnings	1,385,965	1,465,331
Accumulated other comprehensive income (loss), net of tax	(32,517)	(24,774)
Total common shareholder's equity	4,876,980	4,964,089
Long-term debt:		
First mortgage bonds and senior notes	5,062,000	4,662,000
Pollution control bonds	161,860	161,860
Long-term debt	2,000,000	2,034,300
Debt discount issuance costs and other	(193,332)	(194,787)
Total long-term debt	7,030,528	6,663,373
Total capitalization	11,907,508	11,627,462
Current liabilities:		
Accounts payable	306,802	665,750
Short-term debt	135,800	441,300
Accrued expenses:		
Taxes	131,616	116,098
Salaries and wages	52,035	60,537
Interest	64,812	62,148
Unrealized loss on derivative instruments	108,923	124,976
Power contract acquisition adjustment loss	1,536	1,638
Operating lease liabilities	20,654	20,342
Other	65,333	70,685
Total current liabilities	887,511	1,563,474
Other long-term and regulatory liabilities:		
Deferred income taxes	945,267	985,947
Unrealized loss on derivative instruments	22,311	18,366
Purchased gas adjustment liability	138,996	3,536
Regulatory liabilities	906,593	1,147,143
Regulatory liability for deferred income taxes	784,844	811,161
Regulatory liabilities related to power contracts	56,588	63,660
Power contract acquisition adjustment loss	5,369	6,266
Operating lease liabilities	174,354	181,265
Finance lease liabilities	100,904	102,518
Compliance obligation	138,676	—
Other deferred credits	681,563	676,716
Total long-term and regulatory liabilities	3,955,465	3,996,578
Commitments and contingencies (Note 8)		
Total capitalization and liabilities	\$ 16,750,484	\$ 17,187,514

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating revenue:				
Electric	\$ 680,639	\$ 594,331	\$1,690,799	\$1,350,708
Natural gas	270,140	236,054	787,398	662,402
Other	6,105	11,991	15,338	22,668
Total operating revenue	956,884	842,376	2,493,535	2,035,778
Operating expenses:				
Energy costs:				
Purchased electricity	227,539	212,391	567,355	450,594
Electric generation fuel	64,147	46,498	214,401	107,142
Residential exchange	(16,181)	(16,783)	(39,712)	(39,853)
Purchased natural gas	114,917	92,452	350,399	269,785
Unrealized (gain) loss on derivative instruments, net	30,802	9,273	222,925	(122,648)
Utility operations and maintenance	174,497	160,933	369,488	331,233
Non-utility expense and other	6,720	11,842	14,734	24,656
Depreciation & amortization	185,815	164,009	372,858	327,713
Conservation amortization	26,259	25,906	64,478	56,047
Taxes other than income taxes	90,632	86,243	223,896	207,359
Total operating expenses	905,147	792,764	2,360,822	1,612,028
Operating income (loss)	51,737	49,612	132,713	423,750
Other income (expense):				
Other income	16,349	11,005	29,169	21,973
Other expense	(3,427)	(4,538)	(5,904)	(7,692)
Interest charges:				
AFUDC	5,874	3,974	11,482	8,103
Interest expense	(69,928)	(62,663)	(136,911)	(125,807)
Income (loss) before income taxes	605	(2,610)	30,549	320,327
Income tax (benefit) expense	(860)	3,708	1,549	38,564
Net income (loss)	\$ 1,465	\$ (6,318)	\$ 29,000	\$ 281,763

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

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

ASSETS

	June 30, 2023	December 31, 2022
Utility plant (at original cost, including construction work in progress of \$1,068,267 and \$861,801, respectively):		
Electric plant	\$ 12,342,442	\$ 12,071,531
Natural gas plant	5,390,844	5,276,156
Common plant	1,034,170	1,125,217
Less: Accumulated depreciation and amortization	(6,745,611)	(6,688,033)
Net utility plant	<u>12,021,845</u>	<u>11,784,871</u>
Other property and investments:		
Other property and investments	68,790	80,076
Total other property and investments	<u>68,790</u>	<u>80,076</u>
Current assets:		
Cash and cash equivalents	248,718	102,840
Restricted cash	36,504	63,045
Accounts receivable, net of allowance for doubtful accounts of \$42,666 and \$41,962, respectively	407,569	671,071
Unbilled revenue	182,961	284,014
Materials and supplies, at average cost	141,268	132,172
Fuel and natural gas inventory, at average cost	82,453	91,783
Unrealized gain on derivative instruments	95,490	587,029
Prepaid expense and other	55,537	41,940
Total current assets	<u>1,250,500</u>	<u>1,973,894</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	93,762	112,207
Other regulatory assets	930,731	784,231
Unrealized gain on derivative instruments	53,978	94,621
Operating lease right-of-use asset	187,508	193,509
Other	168,433	176,833
Total other long-term and regulatory assets	<u>1,434,412</u>	<u>1,361,401</u>
Total assets	<u>\$ 14,775,547</u>	<u>\$ 15,200,242</u>

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

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

CAPITALIZATION AND LIABILITIES

	June 30, 2023	December 31, 2022
Capitalization:		
Common shareholder's equity:		
Common stock \$0.01 par value, 150,000,000 shares authorized, 85,903,791 shares outstanding	\$ 859	\$ 859
Additional paid-in capital	3,535,105	3,535,105
Retained earnings	1,417,161	1,438,163
Accumulated other comprehensive income (loss), net of tax	(109,601)	(103,044)
Total common shareholder's equity	<u>4,843,524</u>	<u>4,871,083</u>
Long-term debt:		
First mortgage bonds and senior notes	5,062,000	4,662,000
Pollution control bonds	161,860	161,860
Debt discount, issuance costs and other	(40,780)	(37,095)
Total long-term debt	<u>5,183,080</u>	<u>4,786,765</u>
Total capitalization	<u>10,026,604</u>	<u>9,657,848</u>
Current liabilities:		
Accounts payable	306,943	664,457
Short-term debt	—	357,000
Accrued expenses:		
Taxes	134,152	116,472
Salaries and wages	52,035	60,537
Interest	54,869	52,170
Unrealized loss on derivative instruments	108,923	124,976
Operating lease liabilities	20,654	20,342
Other	65,333	70,685
Total current liabilities	<u>742,909</u>	<u>1,466,639</u>
Other long-term and regulatory liabilities:		
Deferred income taxes	1,062,421	1,139,600
Unrealized loss on derivative instruments	22,311	18,366
Purchased gas adjustment liability	138,996	3,536
Regulatory liabilities	905,329	1,145,879
Regulatory liabilities for deferred income tax	785,401	811,724
Operating lease liabilities	174,354	181,265
Finance lease liabilities	100,904	102,518
Compliance obligation	138,676	—
Other deferred credits	677,642	672,867
Total long-term and regulatory liabilities	<u>4,006,034</u>	<u>4,075,755</u>
Commitments and contingencies (Note 8)		
Total capitalization and liabilities	<u>\$ 14,775,547</u>	<u>\$ 15,200,242</u>

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

PUGET EQUICO, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating revenue:				
Electric	\$ 680,639	\$ 594,331	\$ 1,690,799	\$ 1,350,708
Natural gas	270,140	236,054	787,398	662,402
Other	12,849	11,991	26,618	22,703
Total operating revenue	963,628	842,376	2,504,815	2,035,813
Operating expenses:				
Energy costs:				
Purchased electricity	227,539	212,391	567,355	450,594
Electric generation fuel	64,147	46,498	214,401	107,142
Residential exchange	(16,181)	(16,783)	(39,712)	(39,853)
Purchased natural gas	114,917	92,452	350,399	269,785
Unrealized (gain) loss on derivative instruments, net	30,802	9,273	222,925	(122,648)
Utility operations and maintenance	174,497	160,933	369,488	331,233
Non-utility expense and other	13,874	15,314	29,951	30,756
Depreciation and amortization	187,491	165,676	376,208	330,252
Conservation amortization	26,259	25,906	64,478	56,047
Taxes other than income taxes	92,150	86,544	225,840	207,921
Total operating expenses	915,495	798,204	2,381,333	1,621,229
Operating income	48,133	44,172	123,482	414,584
Other income (deductions):				
Other income	17,294	13,231	30,992	26,395
Other expense	(3,427)	(4,538)	(5,904)	(7,692)
Interest charges:				
AFUDC	5,874	3,974	11,482	8,103
Interest expense	(93,391)	(86,194)	(183,433)	(172,662)
Income (loss) before income taxes	(25,517)	(29,355)	(23,381)	268,728
Income tax (benefit) expense	11,406	4,153	13,597	23,959
Net income (loss)	\$ (36,923)	\$ (33,508)	\$ (36,978)	\$ 244,769

PUGET EQUICO, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(Unaudited)

ASSETS

	June 30, 2023	December 31, 2022
Utility plant (at original cost, including construction work in progress of \$1,068,267 and \$861,801, respectively):		
Electric plant	\$ 10,585,124	\$ 10,300,895
Natural gas plant	4,837,939	4,721,982
Common plant	1,013,304	1,103,783
Less: Accumulated depreciation and amortization	(4,414,522)	(4,341,789)
Net utility plant	<u>12,021,845</u>	<u>11,784,871</u>
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	314,098	328,535
Total other property and investments	<u>1,970,611</u>	<u>1,985,048</u>
Current assets:		
Cash and cash equivalents	253,148	105,755
Restricted cash	36,504	63,045
Accounts receivable, net of allowance for doubtful accounts of \$42,666 and \$41,962, respectively	408,210	673,231
Unbilled revenue	182,961	284,022
Materials and supplies, at average cost	141,268	132,172
Fuel and natural gas inventory, at average cost	83,849	94,075
Unrealized gain on derivative instruments	95,490	587,029
Prepaid expense and other	55,669	41,940
Power contract acquisition adjustment gain	17,033	16,736
Total current assets	<u>1,274,132</u>	<u>1,998,005</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	93,762	112,207
Regulatory assets related to power contracts	6,905	7,904
Other regulatory assets	930,731	784,231
Unrealized gain on derivative instruments	53,978	94,621
Power contract acquisition adjustment gain	39,555	46,924
Operating lease right-of-use assets	187,508	193,509
Other	171,456	180,204
Total other long-term and regulatory assets	<u>1,483,895</u>	<u>1,419,600</u>
Total assets	<u>\$ 16,750,483</u>	<u>\$ 17,187,524</u>

PUGET EQUICO, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(Unaudited)

CAPITALIZATION AND LIABILITIES

	June 30, 2023	December 31, 2022
Capitalization:		
Members' equity:		
Membership interest, \$1.00 par value, 100 shares authorized and outstanding	\$ —	\$ —
Additional paid-in capital	3,611,907	3,611,907
Retained earnings	1,297,664	1,377,043
Accumulated other comprehensive income (loss), net of tax	(32,516)	(24,774)
Total common shareholder's equity	<u>4,877,055</u>	<u>4,964,176</u>
Long-term debt:		
PSE first mortgage bonds and senior notes	5,062,000	4,662,000
PSE pollution control bonds	161,860	161,860
Puget Energy long-term debt	2,000,000	2,034,300
Debt discount, issuance costs and other	(193,332)	(194,787)
Total long-term debt	<u>7,030,528</u>	<u>6,663,373</u>
Total capitalization	<u>11,907,583</u>	<u>11,627,549</u>
Current liabilities:		
Accounts payable	306,802	665,750
Short-term debt	135,800	441,300
Accrued expenses:		
Taxes	131,617	116,105
Salaries and wages	52,035	60,537
Interest	64,812	62,148
Unrealized loss on derivative instruments	108,923	124,976
Power contract acquisition adjustment loss	1,536	1,638
Operating lease liabilities	20,654	20,342
Other	65,333	70,685
Total current liabilities	<u>887,512</u>	<u>1,563,481</u>
Other long-term and regulatory liabilities:		
Deferred income taxes	945,191	985,865
Unrealized loss on derivative instruments	22,311	18,366
Purchased gas adjustment liabilities	138,996	3,536
Regulatory liabilities	906,593	1,147,143
Regulatory liability for deferred income taxes	784,844	811,161
Regulatory liabilities related to power contracts	56,588	63,660
Power contract acquisition adjustment loss	5,369	6,266
Operating lease liabilities	174,354	181,265
Finance lease liabilities	100,904	102,518
Compliance obligation	138,676	—
Other deferred credits	681,562	676,714
Total other long-term and regulatory liabilities	<u>3,955,388</u>	<u>3,996,494</u>
Commitments and contingencies		
Total capitalization and liabilities	<u>\$ 16,750,483</u>	<u>\$ 17,187,524</u>

PUGET INTERMEDIATE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating revenue:				
Electric	\$ 680,639	\$ 594,331	\$ 1,690,799	\$ 1,350,708
Natural gas	270,140	236,054	787,398	662,402
Other	12,849	11,991	26,618	22,703
Total operating revenue	963,628	842,376	2,504,815	2,035,813
Operating expenses:				
Energy costs:				
Purchased electricity	227,539	212,391	567,355	450,594
Electric generation fuel	64,147	46,498	214,401	107,142
Residential exchange	(16,181)	(16,783)	(39,712)	(39,853)
Purchased natural gas	114,917	92,452	350,399	269,785
Unrealized (gain) loss on derivative instruments, net	30,802	9,273	222,925	(122,648)
Utility operations and maintenance	174,497	160,933	369,488	331,233
Non-utility expense and other	13,907	15,350	30,061	30,839
Depreciation and amortization	187,491	165,676	376,208	330,252
Conservation amortization	26,259	25,906	64,478	56,047
Taxes other than income taxes	92,150	86,544	225,840	207,921
Total operating expenses	915,528	798,240	2,381,443	1,621,312
Operating income	48,100	44,136	123,372	414,501
Other income (deductions):				
Other income	17,294	13,231	30,992	26,395
Other expense	(3,427)	(4,538)	(5,904)	(7,692)
Interest charges:				
AFUDC	5,874	3,974	11,482	8,103
Interest expense - investors	(20,156)	(19,895)	(40,090)	(39,320)
Interest expense	(96,066)	(87,546)	(188,830)	(175,105)
Income (loss) before income taxes	(48,381)	(50,638)	(68,978)	226,882
Income tax (benefit) expense	6,562	(344)	3,936	15,117
Net income (loss)	\$ (54,943)	\$ (50,294)	\$ (72,914)	\$ 211,765

PUGET INTERMEDIATE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(Unaudited)

ASSETS

	June 30, 2023	December 31, 2022
Utility plant (at original cost, including construction work in progress of \$1,068,267 and \$861,801, respectively):		
Electric plant	\$ 10,585,124	\$ 10,300,895
Natural gas plant	4,837,939	4,721,982
Common plant	1,013,304	1,103,783
Less: Accumulated depreciation and amortization	(4,414,522)	(4,341,789)
Net utility plant	<u>12,021,845</u>	<u>11,784,871</u>
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	314,098	328,536
Total other property and investments	<u>1,970,611</u>	<u>1,985,049</u>
Current assets:		
Cash and cash equivalents	254,268	106,355
Restricted cash	36,504	63,045
Accounts receivable, net of allowance for doubtful accounts of \$42,666 and \$41,962, respectively	408,201	673,223
Unbilled revenue	182,961	284,022
Materials and supplies, at average cost	141,268	132,172
Fuel and natural gas inventory, at average cost	83,849	94,075
Unrealized gain on derivative instruments	95,490	587,029
Prepaid expense and other	55,669	41,940
Power contract acquisition adjustment gain	17,033	16,736
Total current assets	<u>1,275,243</u>	<u>1,998,597</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	93,762	112,207
Regulatory assets related to power contracts	6,905	7,904
Other regulatory assets	930,731	784,231
Unrealized gain on derivative instruments	53,978	94,621
Power contract acquisition adjustment gain	39,555	46,924
Operating lease right-of-use assets	187,508	193,509
Other	171,456	180,204
Total other long-term and regulatory assets	<u>1,483,895</u>	<u>1,419,600</u>
Total assets	<u>\$ 16,751,594</u>	<u>\$ 17,188,117</u>

PUGET INTERMEDIATE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(Unaudited)
CAPITALIZATION AND LIABILITIES

	June 30, 2023	December 31, 2022
Capitalization:		
Common shareholder's equity:		
Common stock \$0.01 par value, 1,000 shares authorized and outstanding	\$ —	\$ —
Additional paid-in capital	2,433,543	2,433,543
Retained earnings	1,127,255	1,200,637
Accumulated other comprehensive income (loss), net of tax	(32,516)	(24,774)
Total common shareholder's equity	<u>3,528,282</u>	<u>3,609,406</u>
Long-term debt:		
PSE first mortgage bonds and senior notes	5,062,000	4,662,000
PSE pollution control bonds	161,860	161,860
Puget Energy long-term debt	2,000,000	2,034,300
Puget Intermediate Holdings senior secured investor notes	1,539,320	1,539,320
Other long-term debt	124,000	159,000
Debt discount, issuance costs and other	(193,634)	(195,208)
Total long-term debt	<u>8,693,546</u>	<u>8,361,272</u>
Total capitalization	<u>12,221,828</u>	<u>11,970,678</u>
Current liabilities:		
Accounts payable	306,802	665,750
Short-term debt	135,800	441,300
Accrued expenses:		
Taxes	133,527	115,849
Salaries and wages	52,035	60,537
Interest	64,837	62,206
Unrealized loss on derivative instruments	108,923	124,976
Power contract acquisition adjustment loss	1,536	1,638
Operating lease liabilities	20,654	20,342
Other	65,333	70,685
Total current liabilities	<u>889,447</u>	<u>1,563,283</u>
Other long-term and regulatory liabilities:		
Deferred income taxes	630,123	643,525
Unrealized loss on derivative instruments	22,311	18,366
Purchased gas adjustment liabilities	138,996	3,536
Regulatory liabilities	906,593	1,147,143
Regulatory liability for deferred income taxes	784,844	811,161
Regulatory liabilities related to power contracts	56,588	63,660
Power contract acquisition adjustment loss	5,369	6,266
Operating lease liabilities	174,354	181,265
Finance lease liabilities	100,904	102,518
Compliance obligation	138,676	—
Other deferred credits	681,561	676,716
Total other long-term and regulatory liabilities	<u>3,640,319</u>	<u>3,654,156</u>
Commitments and contingencies		
Total capitalization and liabilities	<u>\$ 16,751,594</u>	<u>\$ 17,188,117</u>

PUGET HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating revenue:				
Electric	\$ 680,639	\$ 594,331	\$ 1,690,799	\$ 1,350,708
Natural gas	270,140	236,054	787,398	662,402
Other	12,849	11,991	26,618	22,703
Total operating revenue	963,628	842,376	2,504,815	2,035,813
Operating expenses:				
Energy costs:				
Purchased electricity	227,539	212,391	567,355	450,594
Electric generation fuel	64,147	46,498	214,401	107,142
Residential exchange	(16,181)	(16,783)	(39,712)	(39,853)
Purchased natural gas	114,917	92,452	350,399	269,785
Unrealized (gain) loss on derivative instruments, net	30,802	9,273	222,925	(122,648)
Utility operations and maintenance	174,497	160,933	369,488	331,233
Non-utility expense and other	14,370	15,829	31,032	31,345
Depreciation and amortization	187,491	165,676	376,208	330,252
Conservation amortization	26,259	25,906	64,478	56,047
Taxes other than income taxes	92,150	86,544	225,840	207,921
Total operating expenses	915,991	798,719	2,382,414	1,621,818
Operating income	47,637	43,657	122,401	413,995
Other income (deductions):				
Other income	17,293	13,231	30,991	26,395
Other expense	(3,427)	(4,538)	(5,904)	(7,692)
Interest charges:				
AFUDC	5,874	3,974	11,482	8,103
Interest expense - investors	(20,156)	(19,895)	(40,090)	(39,320)
Interest expense	(96,066)	(87,546)	(188,830)	(175,105)
Income (loss) before income taxes	(48,845)	(51,117)	(69,950)	226,376
Income tax (benefit) expense	6,464	(227)	3,730	15,228
Net income (loss)	\$ (55,309)	\$ (50,890)	\$ (73,680)	\$ 211,148

PUGET HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(Unaudited)

ASSETS

	June 30, 2023	December 31, 2022
Utility plant (at original cost, including construction work in progress of \$1,068,267 and \$861,801, respectively):		
Electric plant	\$ 10,585,124	\$ 10,300,895
Natural gas plant	4,837,939	4,721,982
Common plant	1,013,304	1,103,783
Less: Accumulated depreciation and amortization	(4,414,522)	(4,341,789)
Net utility plant	<u>12,021,845</u>	<u>11,784,871</u>
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	314,098	328,536
Total other property and investments	<u>1,970,611</u>	<u>1,985,049</u>
Current assets:		
Cash and cash equivalents	254,418	106,745
Restricted cash	36,504	63,045
Accounts receivable, net of allowance for doubtful accounts of \$42,666 and \$41,962, respectively	407,458	672,457
Unbilled revenue	182,961	284,022
Materials and supplies, at average cost	141,268	132,172
Fuel and natural gas inventory, at average cost	83,849	94,075
Unrealized gain on derivative instruments	95,490	587,029
Prepaid expense and other	55,669	41,940
Power contract acquisition adjustment gain	17,033	16,736
Total current assets	<u>1,274,650</u>	<u>1,998,221</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	93,762	112,207
Regulatory assets related to power contracts	6,905	7,904
Other regulatory assets	930,731	784,231
Unrealized gain on derivative instruments	53,978	94,621
Power contract acquisition adjustment gain	39,555	46,924
Operating lease right-of-use assets	187,508	193,509
Other	171,456	180,204
Total other long-term and regulatory assets	<u>1,483,895</u>	<u>1,419,600</u>
Total assets	<u>\$ 16,751,001</u>	<u>\$ 17,187,741</u>

PUGET HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(Unaudited)

CAPITALIZATION AND LIABILITIES

	June 30, 2023	December 31, 2022
Capitalization:		
Members' equity:		
Membership interest, no par value, 98,328 shares authorized and outstanding	\$ —	\$ —
Additional paid-in capital	2,457,886	2,457,888
Retained earnings	1,098,761	1,172,436
Accumulated other comprehensive income (loss), net of tax	(32,516)	(24,774)
Total common shareholder's equity	<u>3,524,131</u>	<u>3,605,550</u>
Long-term debt:		
PSE first mortgage bonds and senior notes	5,062,000	4,662,000
PSE pollution control bonds	161,860	161,860
Puget Energy long-term debt	2,124,000	2,193,300
Puget Intermediate Holdings senior secured investor notes	1,539,320	1,539,320
Debt discount, issuance costs and other	(193,634)	(195,208)
Total long-term debt	<u>8,693,546</u>	<u>8,361,272</u>
Total capitalization	<u>12,217,677</u>	<u>11,966,822</u>
Current liabilities:		
Accounts payable	306,773	665,721
Short-term debt	135,800	441,300
Accrued expenses:		
Taxes	132,754	115,038
Salaries and wages	52,035	60,537
Interest	64,837	62,206
Unrealized loss on derivative instruments	108,923	124,976
Power contract acquisition adjustment loss	1,536	1,638
Operating lease liabilities	20,654	20,342
Other	65,333	70,685
Total current liabilities	<u>888,645</u>	<u>1,562,443</u>
Other long-term and regulatory liabilities:		
Deferred income taxes	634,484	647,845
Unrealized loss on derivative instruments	22,311	18,366
Purchased gas adjustment liabilities	138,996	3,536
Regulatory liabilities	906,593	1,147,143
Regulatory liability for deferred income taxes	784,844	811,161
Regulatory liabilities related to power contracts	56,588	63,660
Power contract acquisition adjustment loss	5,369	6,266
Operating lease liabilities	174,354	181,265
Finance lease liabilities	100,904	102,518
Compliance obligation	138,676	—
Other deferred credits	681,560	676,716
Total other long-term and regulatory liabilities	<u>3,644,679</u>	<u>3,658,476</u>
Commitments and contingencies		
Total capitalization and liabilities	<u>\$ 16,751,001</u>	<u>\$ 17,187,741</u>

PUGET SOUND ENERGY
AFFILIATED INTEREST AND SUBSIDIARY
TRANSACTIONS REPORT

EXHIBIT 4



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references

key words

Approvals

Stephen J King
Controller & Principle Accounting Officer

/s/ Susan Free
Manager Revenue Requirements

BACKGROUND

MERGER ORDER U-072375

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

In Order No. 08 the Washington Utilities and Transportation Commission, approved and adopted subject to conditions a Settlement Stipulation proposed by all parties except Public Counsel, authorizing Puget Holdings to acquire Puget Energy, and its wholly-owned subsidiary PSE. As part of the requirements in Docket No. UE-072375 PSE must adhere to the following commitments¹ from the Settlement Stipulation regarding allocation of costs:

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

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

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



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

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

26. In furtherance of Commitment 9:

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

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

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

27. In furtherance of Commitment 19:

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



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

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

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

28. In furtherance of Commitment 20:

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

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



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

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

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

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

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

LIQUEFIED NATURAL GAS ORDER UG-151663

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



PUGET SOUND ENERGY

The Energy To Do Great Things

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

25. *Each of the Settling Parties agree to the following capital cost allocators with respect to the Tacoma LNG Facility:*

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

26. *Each of the Settling Parties agree to the following Ownership Shares with respect to*



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the following allocators:

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

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

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



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ATTACHMENT D
Tacoma LNG Facility Ownership Shares

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

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

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

ATTACHMENT D TO THE
FULL SETTLEMENT STIPULATION

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GUIDELINES

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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