

## Puget Sound Energy, Inc.

### Affiliated Interest and Subsidiary Transaction Report For the 6 months ended June 30, 2021

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, 2021.
  - 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, 2021.
  - 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 June 30, 2021

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

	<u>Amount</u>
<b><u>Puget Holdings LLC</u></b>	
Accounts receivable from PSE	\$ 496,478
Reimbursement of labor and other expenses to PSE	\$ 557,847
<b><u>Puget Intermediate Holdings, Inc.</u></b>	
Accounts payable to PSE	\$ 60,017
Reimbursement of labor and other expenses to PSE	\$ 142,504
<b><u>Puget Equico LLC</u></b>	
Accounts payable to PSE	\$ 3,626
Reimbursement of labor and other expenses to PSE	\$ 28,490
<b><u>Puget Energy, Inc.</u></b>	
Accounts payable to PSE	\$ 478,975
Reimbursement of labor and other expenses to PSE	\$ 1,015,215
Dividends from PSE	\$ 96,673,518
<b><u>Puget LNG LLC</u></b>	
Accounts receivable from PSE	\$ 12,591,469
Reimbursement of labor and other expenses to PSE	\$ 28,875
<b><u>Puget Western, Inc.</u></b>	
Accounts receivable from PSE	\$ 23,682
Reimbursement of labor and other expenses to PSE	\$ 98,477

PUGET SOUND ENERGY  
AFFILIATED INTEREST AND SUBSIDIARY  
TRANSACTIONS REPORT

EXHIBIT 2

## EXHIBIT 2

### COMPANIES WITH AN AFFILIATED INTEREST

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

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

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

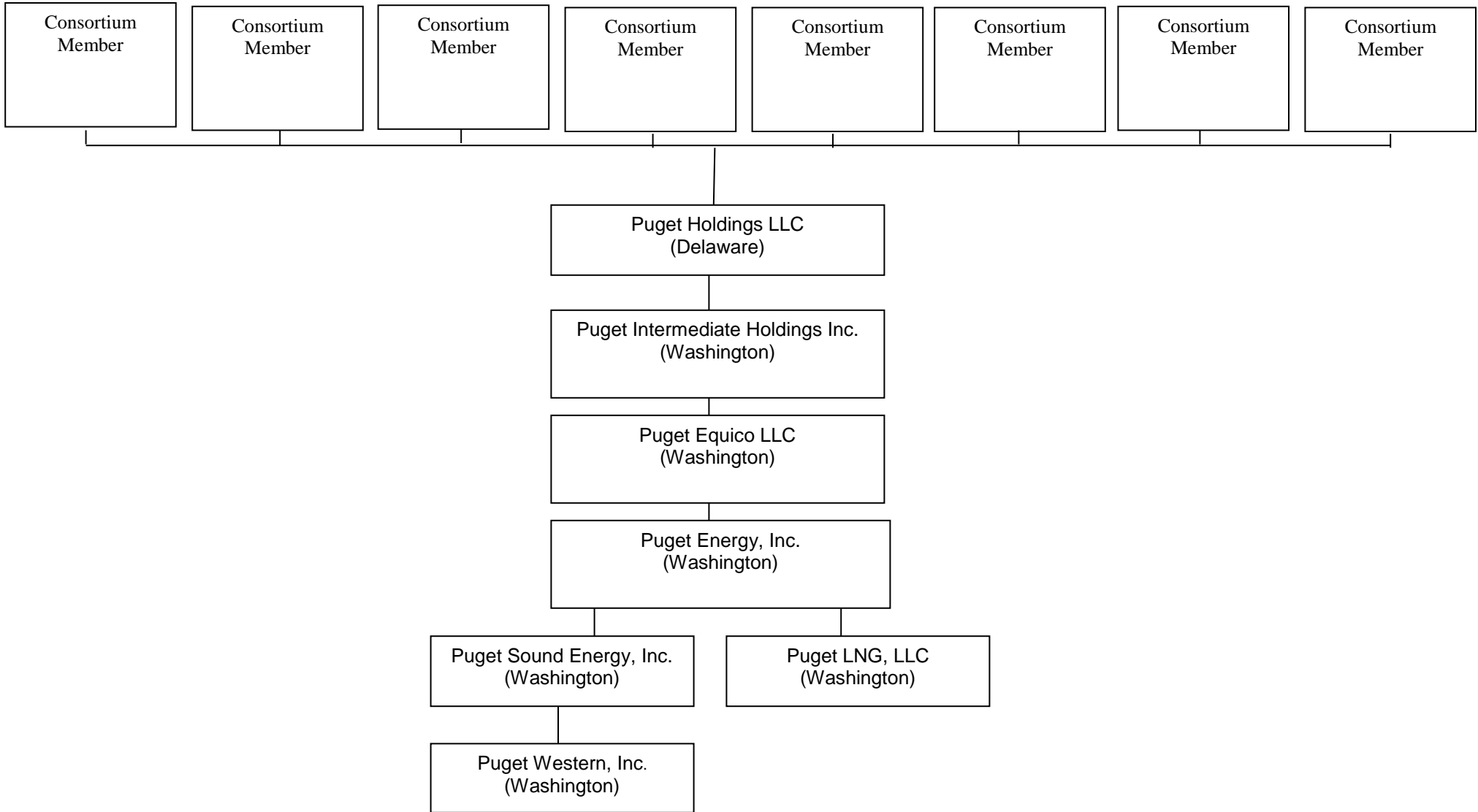
PUGET ENERGY, INC. (Puget Energy) is an energy services holding company incorporated in the State of Washington in 1999. All of its operations are conducted through its direct subsidiary PSE. Puget Energy has its principal executive office at 355 110<sup>th</sup> Avenue NE, Suite 1100, Bellevue, Washington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

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

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

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

**PUGET HOLDINGS  
CORPORATE STRUCTURE**



## **PUGET HOLDINGS LLC LISTING OF SUBSIDIARIES**

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

### **Directors**

Steve Hooper, Chair  
Scott Armstrong  
Kenton Bradbury  
Richard Dinneny  
Grant Hodgkins  
Chris Hind  
Tom King  
Mary Kipp  
Paul McMillan  
Mary McWilliams  
Martijn Verwoest  
Steven Zucchet

### **Officers**

Mary E. Kipp, President and Chief Executive Officer  
Kazi Hasan, Senior Vice President and Chief Financial Officer  
Steve R. Secrist, Senior Vice President and General Counsel  
Steve King, Controller and Principal Accounting Officer  
Cara Peterman, Treasurer  
Samuel S. Osborne, Assistant Secretary

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

### **Directors**

Steve Hooper, Chair  
Scott Armstrong  
Kenton Bradbury  
Richard Dinneny  
Grant Hodgkins  
Chris Hind  
Tom King  
Mary Kipp  
Paul McMillan  
Mary McWilliams  
Martijn Verwoest  
Steven Zucchet

### **Officers**

Mary E. Kipp, President and Chief Executive Officer  
Kazi Hasan, Senior Vice President and Chief Financial Officer  
Steve R. Secrist, Senior Vice President and General Counsel  
Steve King, Controller and Principal Accounting Officer  
Cara Peterman, Treasurer  
Samuel S. Osborne, Assistant Secretary

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

**Directors**

Steve Hooper, Chair  
Scott Armstrong  
Kenton Bradbury  
Richard Dinneny  
Grant Hodgkins  
Chris Hind  
Tom King  
Mary Kipp  
Paul McMillan  
Mary McWilliams  
Martijn Verwoest  
Steven Zucchet

**Officers**

Mary E. Kipp, President and Chief Executive Officer  
Kazi Hasan, Senior Vice President and Chief Financial Officer  
Steve R. Secrist, Senior Vice President and General Counsel  
Steve King, Controller and Principal Accounting Officer  
Cara Peterman, Treasurer  
Samuel S. Osborne, Assistant Secretary

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

**Directors**

Steve Hooper, Chair  
Scott Armstrong  
Kenton Bradbury  
Richard Dinneny  
Grant Hodgkins  
Chris Hind  
Tom King  
Mary Kipp  
Paul McMillan  
Mary McWilliams  
Martijn Verwoest  
Steven Zucchet

**Officers**

Mary E. Kipp, President and Chief Executive Officer  
Kazi Hasan, Senior Vice President and Chief Financial Officer  
Steve R. Secrist, Senior Vice President, General Counsel and CE&CO  
Steve King, Controller and Principal Accounting Officer  
Cara Peterman, Treasurer  
Samuel S. Osborne, Assistant Secretary



**SUBSIDIARY OF PUGET ENERGY, INC.**

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

**Directors**

Steve Hooper, Chair  
Scott Armstrong  
Kenton Bradbury  
Richard Dinneny  
Barbara Gordon  
Grant Hodgkins  
Chris Hind  
Tom King  
Mary Kipp  
Paul McMillan  
Mary McWilliams  
Martijn Verwoest  
Steven Zucchet

**Officers**

Mary E. Kipp, President and Chief Executive Officer  
Daniel Doyle, Senior Vice President  
Kazi Hasan, Senior Vice President and Chief Financial Officer  
Booga K. Gilbertson, Senior Vice President Operations  
Margaret Hopkins, Vice President and Chief Information Officer  
Ken Johnson, Vice President, Regulatory and Government Affairs  
Kimberly Collier, Vice President Human Resources  
Josh Jacobs, Vice President Clean Energy Strategy  
Adrian Rodriguez, Senior Vice President Regulatory and Strategy  
Ron Roberts, Vice President Energy Supply  
Steve R. Secrist, Senior Vice President, General Counsel and CE&CO  
Andrew W. Wappler, Vice President Customer Operations and  
Communications  
Steve King, Controller and Principal Accounting Officer  
Cara Peterman, Treasurer  
Samuel S. Osborne, Assistant Secretary

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

**Directors**

Blake Littauer, Chair  
Dan Doyle  
Roger Garratt  
John Hatley  
Dennis McLerran  
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**

Daniel A. Doyle, Chair  
Roger Garratt  
Samuel Osborne

**Officers**

Joel Molander, President  
Daniel A. Doyle, Treasurer  
Samuel Osborne, 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  
Robert W. Stolarski

**Officers**

Andrew W. Wappler, President  
Robert Stolarski, 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 Ending 6/30/2021

	<u>Jan - Jun 21</u>	<u>Budget</u>	<u>\$ Over Budget</u>
<b>Income</b>			
<b>3090 · Interest Income</b>	1.77	5.85	(4.08)
<b>Total Income</b>	<u>1.77</u>	<u>5.85</u>	<u>(4.08)</u>
<b>Expense</b>			
<b>5065 · Consulting Fees</b>			
<b>5070 · Legal Fees</b>			
<b>5075 · Accounting Fees</b>	13,320.00	11,700.00	1,620.00
<b>6060 · Property Taxes</b>	316,285.31	130,997.61	185,287.70
<b>6091 · Bank Service Charges</b>	1,093.27	864.20	229.07
<b>7060 · General &amp; Admin. Expense</b>	112,488.11	75,502.92	36,985.19
<b>Operating Expense</b>			
<b>5012 · Travel Expense</b>	649.60		649.60
<b>5018 · PSE Strander Lease Expense</b>	25,320.00	25,320.00	
<b>5020 · Office Supplies &amp; Equipment</b>			
<b>5026 · Utilities</b>	55,265.06	1,005.36	54,259.70
<b>5030 · Postage</b>	36.20		36.20
<b>5040 · Donations</b>	1,000.00	2,000.00	(1,000.00)
<b>6075 · Insurance Expense</b>	14,938.26	6,882.72	8,055.54
<b>6080 · Licenses</b>	126.00	124.00	2.00
<b>Total Operating Expense</b>	<u>97,335.12</u>	<u>35,332.08</u>	<u>62,003.04</u>
<b>9990 · Current F.I.T. Expense</b>	139,109.70	(63,150.78)	202,260.48
<b>Total Expense</b>	<u>679,631.51</u>	<u>191,246.03</u>	<u>488,385.48</u>
<b>Net Income</b>	<u><u>(679,629.74)</u></u>	<u><u>(191,240.18)</u></u>	<u><u>(488,389.56)</u></u>

**Puget Western Inc**  
**Balance Sheet**  
 As of June 30, 2021

Jun 30, 21

**ASSETS**

**Current Assets**

**Checking/Savings**

1070 · Cash In Bank - Reserve	931,676.00
1020 · Cash - Money Market	65,006.51
1050 · Cash In Bank	492,412.75

**Total Checking/Savings** 1,489,095.26

**Other Current Assets**

1250 · Prepaid Insurance	4,033.76
1270 · Prepaid Property Tax	-66,577.23

**Total Other Current Assets** -62,543.47

**Total Current Assets** 1,426,551.79

**Other Assets**

**Land Held for Sale/Development**

1700 · Commerical Land	21,321,780.12
1910 · Project Development	7,240,404.07

**Total Land Held for Sale/Development** 28,562,184.19

**Total Other Assets** 28,562,184.19

**TOTAL ASSETS** 29,988,735.98

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Other Current Liabilities**

2010 · ULID North Bend Accrual	-8,254.70
2017 · Accounts Payable Accrual	17,498.95
2150 · Interest Payable	120,613.38

**Total Other Current Liabilities** 129,857.63

**Total Current Liabilities** 129,857.63

**Long Term Liabilities**

2230 · Current FIT Payable to Parent	-2,142,539.41
2240 · Property Tax Payable	79,505.83
2400 · Current Maturities of LT Debt	2,345,453.12
2700 · Deferred FIT	-141,974.00

**Total Long Term Liabilities** 140,445.54

**Total Liabilities** 270,303.17

**Equity**

2900 · Common Stock	10,200.00
2910 · Additional Paid in Capital	51,147,244.08
2950 · Retained Earnings	-20,759,381.53
Net Income	-679,629.74

**Total Equity** 29,718,432.81

**TOTAL LIABILITIES & EQUITY** 29,988,735.98

**PUGET LNG, LLC**  
**GAAP BASIS INCOME STATEMENT**  
**SIX MONTHS ENDED JUNE 30, 2021**  
(Dollars in Thousands)

	(A)	(B)
	June 30, 2021	June 30, 2020
1 <b>Operating Revenues:</b>		
2   Liquid Natural Gas	-	-
3   Other	-	-
4 <b>Total Operating Revenue</b>	-	-
5		
6 <b>Operating Expenses:</b>		
7   Liquid Natural Gas	-	-
8   Operations and Maintenance	527	687
9   Depreciation and Amortization	196	94
10   Taxes Other than Income Taxes	-	-
11 <b>Total Operating Expenses</b>	723	781
12		
13 <b>Operating Income</b>	(723)	(781)
14 <b>Other Income (Deductions):</b>		
15   Other Income	499	900
16   Other Expense	-	-
17 <b>Interest Charges:</b>		
18   Interest Expense	(43)	(49)
19 <b>Income Before Income Taxes</b>	(267)	70
20   Income Tax Expense (Benefit)	(56)	15
21 <b>Net Income</b>	\$ (211)	\$ 55

# PUGET LNG, LLC.

## BALANCE SHEET

(Dollars in Thousands)

	(A)	(B)
	June 30, 2021	December 31, 2020
<b>ASSETS:</b>		
<b>Nonutility Plant:</b>		
1 <b>Other Property and Investments:</b>		
2 Plant in Service Non-Utility	\$ 748	\$ -
3 Construction Work in Progress	234,426	231,565
4 Capitalized Interest	-	-
5 Plant, Property and Equipment	3,058	6,983
6 Accumulated Depreciation	(56)	-
7 <b>Total Other Property and Investments</b>	<u>238,176</u>	<u>238,548</u>
8 <b>Current Assets:</b>		
9 Cash	1,179	340
10 Accounts Receivable	13,913	3
11 <b>Total Current Assets</b>	<u>15,092</u>	<u>343</u>
12 <b>Long-Term Assets:</b>		
13 Deferred Income Taxes	516	1,465
14 <b>Total Long-Term Assets</b>	<u>516</u>	<u>1,465</u>
15 <b>TOTAL ASSETS</b>	<u>\$ 253,784</u>	<u>\$ 240,356</u>
16		
17 <b>CAPITALIZATION AND LIABILITIES:</b>		
18 <b>Capitalization:</b>		
19 Common Equity	\$ 17,883	\$ 18,094
20 <b>Total Capitalization</b>	<u>17,883</u>	<u>18,094</u>
21 <b>Current Liabilities:</b>		
22 Accounts Payable	1,322	3,368
23 Short-Term Debt Owed to Puget Energy	230,596	210,970
24 <b>Accrued expenses:</b>	-	-
25 Taxes	(4)	161
26 Salaries and Wages	-	-
27 Interest	353	345
28 Other	-	-
29 <b>Total Current Liabilities</b>	<u>232,267</u>	<u>214,844</u>
30 <b>Long-Term Liabilities:</b>		
31 Deferred Income Taxes	-	-
32 Other Deferred Credits	3,634	7,418
33 <b>Total Long-Term Liabilities</b>	<u>3,634</u>	<u>7,418</u>
34 <b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<u>\$ 253,784</u>	<u>\$ 240,356</u>

**PART I FINANCIAL INFORMATION**

Item 1. **Financial Statements**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Operating revenue:</b>				
Electric	\$ 563,822	\$ 468,366	\$ 1,322,414	\$ 1,137,456
Natural Gas	195,124	177,609	588,030	548,640
Other	10,444	5,704	19,032	11,713
<b>Total operating revenue</b>	<b>769,390</b>	<b>651,679</b>	<b>1,929,476</b>	<b>1,697,809</b>
<b>Operating expenses:</b>				
<b>Energy costs:</b>				
Purchased electricity	162,515	125,487	367,925	291,229
Electric generation fuel	56,448	32,974	116,866	96,598
Residential exchange	(17,592)	(16,167)	(43,394)	(40,801)
Purchased natural gas	62,829	61,257	217,844	216,133
Unrealized (gain) loss on derivative instruments, net	(61,276)	(12,162)	(84,278)	36,379
Utility operations and maintenance	150,167	148,120	310,707	303,042
Non-utility expense and other	9,566	15,841	19,472	28,803
Depreciation & Amortization	165,930	136,865	374,361	301,681
Conservation amortization	21,901	20,321	55,961	47,714
Taxes other than income taxes	76,837	68,793	187,147	174,297
<b>Total operating expenses</b>	<b>627,325</b>	<b>581,329</b>	<b>1,522,611</b>	<b>1,455,075</b>
<b>Operating income (loss)</b>	<b>142,065</b>	<b>70,350</b>	<b>406,865</b>	<b>242,734</b>
<b>Other income (expense):</b>				
Other income	14,490	16,576	28,120	30,635
Other expense	(2,350)	(8,468)	(3,860)	(10,750)
<b>Interest charges:</b>				
AFUDC	3,775	3,914	7,361	7,557
Interest expense	(90,407)	(106,793)	(179,767)	(195,677)
<b>Income (loss) before income taxes</b>	<b>67,573</b>	<b>(24,421)</b>	<b>258,719</b>	<b>74,499</b>
<b>Income tax (benefit) expense</b>	<b>12,331</b>	<b>(1,188)</b>	<b>14,484</b>	<b>2,796</b>
<b>Net income (loss)</b>	<b>\$ 55,242</b>	<b>\$ (23,233)</b>	<b>\$ 244,235</b>	<b>\$ 71,703</b>

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

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

**ASSETS**

	June 30, 2021	December 31, 2020
Utility plant (at original cost, including construction work in progress of \$824,264 and \$712,204 respectively):		
Electric plant	\$ 9,458,901	\$ 9,200,231
Natural gas plant	4,371,055	4,227,532
Common plant	1,092,878	1,116,524
Less: Accumulated depreciation and amortization	(3,852,938)	(3,671,094)
Net utility plant	<u>11,069,896</u>	<u>10,873,193</u>
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	325,162	324,184
Total other property and investments	<u>1,981,675</u>	<u>1,980,697</u>
Current assets:		
Cash and cash equivalents	531,056	52,307
Restricted cash	13,819	29,544
Accounts receivable, net of allowance for doubtful accounts of \$33,441 and \$20,080, respectively	294,820	352,132
Unbilled revenue	160,980	221,871
Materials and supplies, at average cost	120,852	118,333
Fuel and natural gas inventory, at average cost	63,620	48,795
Unrealized gain on derivative instruments	150,371	33,015
Prepaid expense and other	46,529	45,746
Power contract acquisition adjustment gain	16,864	14,874
Total current assets	<u>1,398,911</u>	<u>916,617</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	69,551	82,801
Purchased gas adjustment receivable	49,425	87,655
Regulatory assets related to power contracts	10,481	11,728
Other regulatory assets	768,459	747,651
Unrealized gain on derivative instruments	17,848	8,805
Power contract acquisition adjustment gain	74,114	80,900
Operating lease right-of-use asset	191,498	172,167
Other	93,426	80,751
Total other long-term and regulatory assets	<u>1,274,802</u>	<u>1,272,458</u>
Total assets	<u>\$ 15,725,284</u>	<u>\$ 15,042,965</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, 2021	December 31, 2020
<b>Capitalization</b>		
Common shareholder's equity:		
Common stock \$0.01 par value, 1,000 shares authorized, 200 shares outstanding	\$ —	\$ —
Additional paid-in capital	3,523,532	3,313,532
Retained earnings	1,110,869	912,787
Accumulated other comprehensive income (loss), net of tax	(81,666)	(86,437)
<b>Total common shareholder's equity</b>	<b>4,552,735</b>	<b>4,139,882</b>
Long-term debt:		
First mortgage bonds and senior notes	4,212,000	4,212,000
Pollution control bonds	161,860	161,860
Long-term debt	2,032,700	1,724,700
Debt discount issuance costs and other	(203,378)	(206,120)
<b>Total long-term debt</b>	<b>6,203,182</b>	<b>5,892,440</b>
<b>Total capitalization</b>	<b>10,755,917</b>	<b>10,032,322</b>
Current liabilities:		
Accounts payable	311,304	342,404
Short-term debt	231,300	373,800
Current maturities of long-term debt	526,345	526,412
Accrued expenses:		
Taxes	101,153	110,752
Salaries and wages	37,314	42,530
Interest	74,304	73,647
Unrealized loss on derivative instruments	37,491	31,441
Power contract acquisition adjustment loss	1,893	2,039
Operating lease liabilities	19,041	19,204
Other	72,747	73,385
<b>Total current liabilities</b>	<b>1,412,892</b>	<b>1,595,614</b>
Other long-term and regulatory liabilities:		
Deferred income taxes	883,127	810,729
Unrealized loss on derivative instruments	18,566	29,833
Regulatory liabilities	801,161	732,498
Regulatory liability for deferred income taxes	905,522	953,274
Regulatory liabilities related to power contracts	90,978	95,774
Power contract acquisition adjustment loss	8,588	9,689
Operating lease liabilities	180,110	160,980
Other deferred credits	668,423	622,252
<b>Total long-term and regulatory liabilities</b>	<b>3,556,475</b>	<b>3,415,029</b>
Commitments and contingencies (Note 8)		
<b>Total capitalization and liabilities</b>	<b>\$ 15,725,284</b>	<b>\$ 15,042,965</b>

*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,	
	2021	2020	2021	2020
<b>Operating revenue:</b>				
Electric	\$ 563,822	\$ 468,366	\$1,322,414	\$1,137,456
Natural Gas	195,124	177,609	588,030	548,640
Other	10,444	5,704	19,032	11,713
<b>Total operating revenue</b>	<b>769,390</b>	<b>651,679</b>	<b>1,929,476</b>	<b>1,697,809</b>
<b>Operating expenses:</b>				
<b>Energy costs:</b>				
Purchased electricity	162,515	125,487	367,925	291,229
Electric generation fuel	56,448	32,974	116,866	96,598
Residential exchange	(17,592)	(16,167)	(43,394)	(40,801)
Purchased natural gas	62,829	61,257	217,844	216,133
Unrealized (gain) loss on derivative instruments, net	(61,276)	(12,162)	(84,278)	36,379
Utility operations and maintenance	150,167	148,120	310,707	303,042
Non-utility expense and other	8,952	15,048	18,370	27,783
Depreciation & Amortization	165,803	136,816	374,165	301,587
Conservation amortization	21,901	20,321	55,961	47,714
Taxes other than income taxes	76,837	68,793	187,147	174,297
<b>Total operating expenses</b>	<b>626,584</b>	<b>580,487</b>	<b>1,521,313</b>	<b>1,453,961</b>
<b>Operating income (loss)</b>	<b>142,806</b>	<b>71,192</b>	<b>408,163</b>	<b>243,848</b>
<b>Other income (expense):</b>				
Other income	11,427	12,862	22,461	24,145
Other expense	(2,350)	(8,468)	(3,860)	(10,750)
<b>Interest charges:</b>				
AFUDC	3,775	3,914	7,361	7,557
Interest expense	(62,869)	(62,464)	(125,240)	(123,178)
<b>Income (loss) before income taxes</b>	<b>92,789</b>	<b>17,036</b>	<b>308,885</b>	<b>141,622</b>
<b>Income tax (benefit) expense</b>	<b>14,425</b>	<b>1,999</b>	<b>31,051</b>	<b>15,264</b>
<b>Net income (loss)</b>	<b>\$ 78,364</b>	<b>\$ 15,037</b>	<b>\$ 277,834</b>	<b>\$ 126,358</b>

*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, 2021	December 31, 2020
Utility plant (at original cost, including construction work in progress of \$824,264 and \$712,204, respectively):		
Electric plant	\$ 11,282,253	\$ 11,035,402
Natural Gas plant	4,928,669	4,786,419
Common plant	1,115,155	1,139,120
Less: Accumulated depreciation and amortization	(6,256,181)	(6,087,748)
Net utility plant	<u>11,069,896</u>	<u>10,873,193</u>
Other property and investments:		
Other property and investments	85,205	83,855
Total other property and investments	<u>85,205</u>	<u>83,855</u>
Current assets:		
Cash and cash equivalents	25,472	51,177
Restricted cash	13,819	29,544
Accounts receivable, net of allowance for doubtful accounts of \$33,441 and \$20,080, respectively	296,715	355,850
Unbilled revenue	160,980	221,871
Materials and supplies, at average cost	120,852	118,333
Fuel and natural gas inventory, at average cost	62,356	47,531
Unrealized gain on derivative instruments	150,371	33,015
Prepaid expense and other	46,529	45,746
Total current assets	<u>877,094</u>	<u>903,067</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	69,551	82,801
Purchased gas adjustment receivable	49,425	87,655
Other regulatory assets	768,459	747,651
Unrealized gain on derivative instruments	17,848	8,805
Operating lease right-of-use asset	191,498	172,167
Other	92,174	79,231
Total other long-term and regulatory assets	<u>1,188,955</u>	<u>1,178,310</u>
Total assets	<u>\$ 13,221,150</u>	<u>\$ 13,038,425</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, 2021	December 31, 2020
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	3,485,105	3,485,105
Retained earnings	1,057,560	876,401
Accumulated other comprehensive income (loss), net of tax	(171,847)	(180,956)
Total common shareholder's equity	<u>4,371,677</u>	<u>4,181,409</u>
Long-term debt:		
First mortgage bonds and senior notes	4,212,000	4,212,000
Pollution control bonds	161,860	161,860
Debt discount, issuance costs and other	(34,857)	(35,816)
Total long-term debt	<u>4,339,003</u>	<u>4,338,044</u>
Total capitalization	<u>8,710,680</u>	<u>8,519,453</u>
Current liabilities:		
Accounts payable	325,314	342,504
Short-term debt	231,300	373,800
Current maturities of long-term debt	2,345	2,412
Accrued expenses:		
Taxes	101,522	107,254
Salaries and wages	37,314	42,530
Interest	48,835	48,189
Unrealized loss on derivative instruments	37,491	31,441
Operating lease liabilities	19,041	19,204
Other	72,747	73,385
Total current liabilities	<u>875,909</u>	<u>1,040,719</u>
Other long-term and regulatory liabilities:		
Deferred income taxes	1,064,975	987,382
Unrealized loss on derivative instruments	18,566	29,833
Regulatory liabilities	799,897	731,234
Regulatory liabilities for deferred income tax	906,228	953,987
Operating lease liabilities	180,110	160,980
Other deferred credits	664,785	614,837
Total long-term and regulatory liabilities	<u>3,634,561</u>	<u>3,478,253</u>
Commitments and contingencies (Note 8)		
Total capitalization and liabilities	<u>\$ 13,221,150</u>	<u>\$ 13,038,425</u>

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

## PEQ - Total Puget Equico

### Income by Functional Area

#### User Selection Area

**Jun 2021**  
**Actual in Thousands**  
**Total Puget Equico**  
**Year To Date**  
**Scaling (Y or N)**

2021.06

<= Double Click to Select Reporting Year

ACTUAL000

<= Double Click to Select Version

PEQ

<= Double Click to Select Company Code

YTD

<= Double Click to Select MTD, QTD, YTD, or LTM

No

Functional Area	2021.06	2020.06	Variance \$	Variance %
<b>Operating Revenues:</b>				
Electric Oper. Revenue	1,322,414	1,137,456	184,958	16.26%
Gas Oper. Revenue	588,030	548,640	39,390	7.18%
Non-Utility Oper. Revenue	19,032	11,713	7,319	62.49%
<b>Total Operating Revenue</b>	<b>1,929,476</b>	<b>1,697,809</b>	<b>231,667</b>	<b>13.65%</b>
<b>Operating Expenses:</b>				
<b>Energy Costs:</b>				
Purchased Electricity	367,925	291,229	(76,696)	-26.34%
Electric Generation Fuel	116,866	96,598	(20,268)	-20.98%
Res./Farm Exchange Credit	(43,394)	(40,801)	2,593	-6.36%
Purchased Natural Gas	217,844	216,133	(1,711)	-0.79%
Unreal. Gain/Loss on DI	(84,278)	36,379	120,657	331.67%
Utility Oper. & Maint.	310,707	303,042	(7,665)	-2.53%
Non-Util. Expense & Other	19,505	28,838	9,333	32.36%
Depreciation&Amortization	374,361	301,681	(72,680)	-24.09%
Conservation Amortization	55,961	47,714	(8,247)	-17.28%
Taxes Other than Inc.Tax	187,147	174,297	(12,850)	-7.37%
<b>Total Operating Expense</b>	<b>1,522,644</b>	<b>1,455,110</b>	<b>(67,534)</b>	<b>-4.64%</b>
<b>Operating Income (Loss)</b>	<b>406,832</b>	<b>242,699</b>	<b>164,133</b>	<b>67.63%</b>
<b>Other Income (Deductions):</b>				
Other Income	28,120	30,635	(2,515)	-8.21%
Other Expense	(3,860)	(10,750)	6,890	-64.09%
Other Income (deductions)	24,260	19,885	4,375	22.00%
Interest charges - AFUDC	7,361	7,557	(196)	-2.59%
Interest Expense	(179,767)	(195,677)	15,910	-8.13%
Interest Exp. on PE Note	-	-	-	0.00%
Interest Charges	(172,406)	(188,120)	15,714	-8.35%
<b>Income (Loss) Before Income Taxes</b>	<b>258,686</b>	<b>74,464</b>	<b>184,222</b>	<b>247.40%</b>
Income Tax Exp. (benefit)	14,477	2,789	(11,688)	-419.07%
<b>Net Income (Loss)</b>	<b>244,209</b>	<b>71,675</b>	<b>172,534</b>	<b>240.72%</b>

# PEQ - Total Puget Equico

## Balance Sheet

amounts are in thousands

### User Selection Area

Jun 2021  
Actual in Thousands  
Total Puget Equico  
Scaling (Y or N)

2021.06  
ACTUAL000  
PEQ  
No

Accounts	2021.06	2020.TOTAL
<b>ASSETS:</b>		
<b>Utility Plant:</b>		
Electric Plant	9,458,901	9,200,231
Natural Gas Plant	4,371,055	4,227,532
Common Plant	1,092,878	1,116,524
Less: Accumulated Depreciation and Amortizat	(3,852,938)	(3,671,094)
<b>Utility Plant</b>	<b>11,069,896</b>	<b>10,873,193</b>
Goodwill	1,656,513	1,656,513
Other Property and Investments	325,162	324,184
<b>Other Property and Investments</b>	<b>1,981,675</b>	<b>1,980,697</b>
<b>Current Assets:</b>		
Cash	531,063	52,322
Restricted Cash	13,819	29,544
Accounts Receivable	328,257	372,210
Less: Allowance for Doubtful Accounts	(33,441)	(20,080)
Unbilled Revenue	160,980	221,871
Materials and Supplies	120,852	118,333
Fuel and Gas Inventory	63,620	48,795
Unrealized Gain on Derivative Instruments(ST)	150,371	33,015
Prepaid Expenses and Other	46,529	45,746
Power Contracts Acquisition Fair Value (ST)	16,864	14,874
<b>Current Assets</b>	<b>1,398,914</b>	<b>916,630</b>
<b>Regulatory Assets:</b>		
Power Cost Adjustment Mechanism	69,551	82,801
Regulatory Assets Related to Power Contracts	10,481	11,728
Other Regulatory Assets	768,459	747,651
Purchased Gas Adjustment Receivable	49,425	87,655
<b>Regulatory Assets</b>	<b>897,916</b>	<b>929,835</b>
<b>Long-Term Assets:</b>		
Unrealized Gain on Derivative Instruments(LT)	17,848	8,805
Operating Lease Right-of-Use Assets	191,498	172,167
Other Long-Term Assets	93,426	80,751
Power Contract Acquisition Gain	74,114	80,900
<b>Long-Term Assets</b>	<b>376,886</b>	<b>342,623</b>
<b>Long-Term and Regulatory Assets</b>	<b>1,274,802</b>	<b>1,272,458</b>
<b>ASSETS</b>	<b>15,725,287</b>	<b>15,042,978</b>

## PEQ - Total Puget Equico

### Balance Sheet

amounts are in thousands

#### User Selection Area

Jun 2021  
 Actual in Thousands  
 Total Puget Equico  
 Scaling (Y or N)

2021.06
ACTUAL000
PEQ
No

Accounts	2021.06	2020.TOTAL
<b>Captialization:</b>		
Shareholder's Equity	4,552,822	4,139,981
<b>Long-Term Debt:</b>		
Long-Term Debt	6,203,182	5,892,440
Long-Term Debt Total	6,203,182	5,892,440
<b>Capitalization</b>	<b>10,756,004</b>	<b>10,032,421</b>
<b>Current Liabilities:</b>		
Accounts Payable	311,304	342,404
Short-Term Debt	231,300	373,800
Current Maturities of LTD	526,345	526,412
Accrued Taxes	101,153	110,752
Accrued Salaries and Wages	37,314	42,530
Accrued Interest	74,304	73,647
Unrealized Loss Derivative Instruments (ST)	37,491	31,441
Power Contract Acquisition Adj Loss (ST)	1,893	2,039
Operating Lease Liabilities	19,041	19,204
Other Current Liabilities	72,747	73,385
<b>Current Liabilities</b>	<b>1,412,892</b>	<b>1,595,614</b>
<b>Long-Term and Regulatory Liabilities:</b>		
Deferred Taxes	883,043	810,643
Regulatory Liabilities	801,161	732,498
Reg Liabilities for Deferred Income Taxes	905,522	953,274
Reg Liabilities Related to Power Contracts	90,978	95,774
Power Contracts Fair Value (LT)	8,588	9,689
Unrealized Loss Derivative Instruments (LT)	18,566	29,833
Operating Lease Liabilities	180,110	160,980
Other Deferred Credits	668,423	622,252
<b>Long-Term and Regulatory Liabilities</b>	<b>3,556,391</b>	<b>3,414,943</b>
<b>CAPITALIZATION AND LIABILITIES</b>	<b>15,725,287</b>	<b>15,042,978</b>

## **Puget Intermediate Holdings, Inc.**

Financial Statements

(Unaudited)

For Period Ending June 30, 2021

Puget Intermediate Holdings, Inc. (PIH) is an energy services holding company formed on October 24, 2007 in the state of Washington, which indirectly owns Puget Energy, Inc. (Puget Energy) and Puget Sound Energy, Inc. (PSE) and its subsidiary through its wholly-owned subsidiary Puget Equico, LLC (Puget Equico). PIH is a direct wholly-owned subsidiary of Puget Holdings, LLC (Puget Holdings). All of Puget Energy's common stock is indirectly owned by Puget Holdings. Puget Holdings is owned by a consortium of long-term infrastructure investors. Puget Energy is an energy services holding company that owns PSE. Puget Energy also has a wholly-owned non-regulated subsidiary, named Puget LNG, LLC (Puget LNG). Puget LNG was formed on November 29, 2016, and has the sole purpose of owning, developing and financing the non-regulated activity of the Tacoma LNG facility, currently under construction. PSE is a public utility incorporated in the state of Washington that furnishes electric and natural gas services in a territory covering 6,000 square miles, primarily in the Puget Sound region.

All of the operations of PIH, Puget Equico and Puget Energy are conducted through PSE. The consolidated financial statements of PIH reflect the accounts of PIH and its subsidiary, Puget Equico. Puget Equico's consolidated financial statements include the accounts of Puget Energy and PSE. The consolidated financial statements are presented after elimination of all significant intercompany items and transactions.

The consolidated financial statements contained in this certification are unaudited. In the respective opinions of the management of PIH and its subsidiaries, all adjustments necessary for a fair statement of the results for the interim periods have been reflected and were of a normal recurring nature.

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain prior year amounts have been corrected to conform to the current year presentation.



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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Operating revenue:</b>				
Electric	\$ 563,822	\$ 468,366	\$ 1,322,414	\$ 1,137,456
Natural gas	195,124	177,609	588,030	548,640
Other	10,444	5,704	19,032	11,713
<b>Total operating revenue</b>	<b>769,390</b>	<b>651,679</b>	<b>1,929,476</b>	<b>1,697,809</b>
<b>Operating expenses:</b>				
<b>Energy costs:</b>				
Purchased electricity	162,515	125,487	367,925	291,229
Electric generation fuel	56,448	32,974	116,866	96,598
Residential exchange	(17,592)	(16,167)	(43,394)	(40,801)
Purchased natural gas	62,829	61,257	217,844	216,133
Unrealized (gain) loss on derivative instruments, net	(61,276)	(12,162)	(84,278)	36,379
Utility operations and maintenance	150,167	148,120	310,707	303,042
Non-utility expense and other	9,615	15,921	19,583	29,083
Depreciation and amortization	165,930	136,865	374,361	301,681
Conservation amortization	21,901	20,321	55,961	47,714
Taxes other than income taxes	76,837	68,793	187,147	174,297
<b>Total operating expenses</b>	<b>627,374</b>	<b>581,409</b>	<b>1,522,722</b>	<b>1,455,355</b>
<b>Operating income</b>	<b>142,016</b>	<b>70,270</b>	<b>406,754</b>	<b>242,454</b>
<b>Other income (deductions):</b>				
Other income	14,490	16,576	28,120	30,635
Other expense	(2,350)	(8,468)	(3,860)	(10,750)
<b>Interest charges:</b>				
AFUDC	3,775	3,914	7,361	7,557
Interest expense - investors	(23,017)	(22,419)	(45,781)	(44,839)
Interest expense	(90,528)	(106,794)	(179,888)	(195,677)
<b>Income (loss) before income taxes</b>	<b>44,386</b>	<b>(46,921)</b>	<b>212,706</b>	<b>29,380</b>
Income tax (benefit) expense	7,425	(5,948)	4,749	(6,750)
<b>Net income (loss)</b>	<b>\$ 36,961</b>	<b>\$ (40,973)</b>	<b>207,957</b>	<b>36,130</b>

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

**ASSETS**

	June 30, 2021	December 31, 2020
Utility plant (at original cost, including construction work in progress of \$824,264 and \$712,204, respectively):		
Electric plant	\$ 9,458,901	\$ 9,200,231
Natural gas plant	4,371,055	4,227,532
Common plant	1,092,878	1,116,524
Less: Accumulated depreciation and amortization	<u>(3,852,938)</u>	<u>(3,671,094)</u>
Net utility plant	<u>11,069,896</u>	<u>10,873,193</u>
Other property and investments:		
Goodwill	1,656,513	1,656,513
Other property and investments	325,162	324,184
Total other property and investments	<u>1,981,675</u>	<u>1,980,697</u>
Current assets:		
Cash and cash equivalents	542,707	52,709
Restricted cash	13,819	29,544
Accounts receivable, net of allowance for doubtful accounts of \$33,441 and \$20,080, respectively	294,756	352,142
Unbilled revenue	160,980	221,871
Materials and supplies, at average cost	120,852	118,333
Fuel and gas inventory, at average cost	63,620	48,795
Unrealized gain on derivative instruments	150,371	33,015
Prepaid expense and other	46,529	45,746
Power contract acquisition adjustment gain	<u>16,864</u>	<u>14,874</u>
Total current assets	<u>1,410,498</u>	<u>917,029</u>
Other long-term and regulatory assets:		
Power cost adjustment mechanism	69,551	82,801
Purchased gas adjustment receivable	49,425	87,655
Regulatory assets related to power contracts	10,481	11,728
Other regulatory assets	768,459	747,651
Unrealized gain on derivative instruments	17,848	8,805
Power contract acquisition adjustment gain	74,114	80,900
Operating lease right-of-use assets	191,498	172,167
Other	<u>93,426</u>	<u>80,751</u>
Total other long-term and regulatory assets	<u>1,274,802</u>	<u>1,272,458</u>
Total assets	<u><u>\$ 15,736,871</u></u>	<u><u>\$ 15,043,377</u></u>

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

**CAPITALIZATION AND LIABILITIES**

	June 30, 2021	December 31, 2020
Capitalization:		
Common shareholder's equity:		
Common stock \$0.01 par value, 1,000 shares authorized and outstanding	\$ —	\$ —
Additional paid-in capital	2,175,717	2,175,717
Retained earnings	873,198	665,580
Accumulated other comprehensive income (loss), net of tax	(81,666)	(86,437)
Total common shareholder's equity	<u>2,967,249</u>	<u>2,754,860</u>
Long-term debt:		
PSE first mortgage bonds and senior notes	4,212,000	4,212,000
PSE pollution control bonds	161,860	161,860
Puget Energy long-term debt	2,032,700	1,724,700
Puget Intermediate Holdings senior secured investor notes	1,757,826	1,757,826
Other Long-term debt	210,000	—
Debt discount, issuance costs and other	(204,000)	(206,120)
Total long-term debt	<u>8,170,386</u>	<u>7,650,266</u>
Total capitalization	11,137,635	10,405,126
Current liabilities:		
Accounts payable	311,304	342,404
Short-term debt	231,300	373,800
Current maturities of long-term debt	526,345	526,412
Accrued expenses:		
Taxes	100,753	109,127
Salaries and wages	37,314	42,530
Interest	74,407	73,647
Unrealized loss on derivative instruments	37,491	31,441
Power contract acquisition adjustment loss	1,893	2,039
Operating lease liabilities	19,041	19,204
Other	72,747	73,385
Total current liabilities	<u>1,412,595</u>	<u>1,593,989</u>
Other long-term and regulatory liabilities:		
Deferred income taxes	513,293	439,961
Unrealized loss on derivative instruments	18,566	29,833
Regulatory liabilities	801,161	732,498
Regulatory liability for deferred income taxes	905,522	953,274
Regulatory liabilities related to power contracts	90,978	95,774
Power contract acquisition adjustment loss	8,588	9,689
Operating lease liabilities	180,110	160,980
Other deferred credits	668,423	622,253
Total other long-term and regulatory liabilities	<u>3,186,641</u>	<u>3,044,262</u>
Commitments and contingencies		
Total capitalization and liabilities	<u>\$ 15,736,871</u>	<u>\$ 15,043,377</u>

**PUGET INTERMEDIATE HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in thousands)  
Unaudited)

	Six Months Ended June 30,	
	2021	2020
<b>Operating activities:</b>		
Net income (loss)	\$ 207,957	\$ 36,130
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	374,361	301,681
Conservation amortization	55,961	47,714
Deferred income taxes and tax credits, net	24,311	(4,413)
Net unrealized (gain) loss on derivative instruments	(84,278)	36,379
(Gain) or loss on extinguishment of debt	—	13,546
AFUDC - equity	(12,139)	(11,668)
Production tax credit monetization	(45,562)	(14,470)
Other non-cash	(12,741)	696
Regulatory assets and liabilities	(50,120)	(71,268)
Purchased gas adjustment	38,230	45,833
Other long-term assets and liabilities	(13,087)	(11,115)
Change in certain current assets and liabilities:		
Accounts receivable and unbilled revenue	118,277	189,245
Materials and supplies	(2,519)	(15,837)
Fuel and gas inventory	(14,825)	793
Prepayments and other	(783)	(171)
Accounts payable	(24,775)	(54,136)
Taxes payable	(8,374)	(9,398)
Accrued expenses and other	(15,012)	(28,227)
<b>Net cash provided by (used in) operating activities</b>	<b>534,882</b>	<b>451,314</b>
<b>Investing activities:</b>		
Construction expenditures - excluding equity AFUDC	(442,981)	(438,477)
Other	60	104
<b>Net cash provided by (used in) investing activities</b>	<b>(442,921)</b>	<b>(438,373)</b>
<b>Financing activities:</b>		
Change in short-term debt, net	(142,500)	(36,000)
Dividends paid	(339)	(185)
Long term notes and bonds issued	724,875	644,690
Redemption of bonds and notes	(66)	(450,000)
Repayment of Term Loan and Revolving Credit	(210,000)	(174,100)
Other	10,342	(7,350)
<b>Net cash provided by (used in) financing activities</b>	<b>382,312</b>	<b>(22,945)</b>
Net increase (decrease) in cash and cash equivalents, and restricted cash	474,273	(10,004)
Cash, cash equivalents, and restricted cash at beginning of period	82,253	66,283
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 556,526</u>	<u>\$ 56,279</u>
<b>Supplemental cash flow information:</b>		
Cash payments for interest (net of capitalized interest)	\$ 206,767	\$ 192,251
Cash payments (refunds) for income taxes	<u>\$ 1,257</u>	<u>\$ —</u>
<b>Non-cash financing and investing activities</b>		
Accounts payable for capital expenditures eliminated from cash flows	<u>\$ 54,078</u>	<u>\$ 42,567</u>

## PH - Total Puget Holdings

### Income by Functional Area

#### User Selection Area

<b>Jun 2021</b>	2021.06	<= Double Click to Select Reporting Year
<b>Actual in Thousands</b>	ACTUAL000	<= Double Click to Select Version
<b>Total Puget Holdings</b>	PH	<= Double Click to Select Company Code
<b>Year To Date</b>	YTD	<= Double Click to Select MTD, QTD, YTD, or LTM
<b>Scaling (Y or N)</b>	No	

Functional Area	2021.06	2020.06	Variance \$	Variance %
<b>Operating Revenues:</b>				
Electric Oper. Revenue	1,322,414	1,137,456	184,958	16.26%
Gas Oper. Revenue	588,030	548,640	39,390	7.18%
Non-Utility Oper. Revenue	19,032	11,713	7,319	62.49%
<b>Total Operating Revenue</b>	<b>1,929,476</b>	<b>1,697,809</b>	<b>231,667</b>	<b>13.65%</b>
<b>Operating Expenses:</b>				
<b>Energy Costs:</b>				
Purchased Electricity	367,925	291,229	(76,696)	-26.34%
Electric Generation Fuel	116,866	96,598	(20,268)	-20.98%
Res./Farm Exchange Credit	(43,394)	(40,801)	2,593	-6.36%
Purchased Natural Gas	217,844	216,133	(1,711)	-0.79%
Unreal. Gain/Loss on DI	(84,278)	36,379	120,657	331.67%
Utility Oper. & Maint.	310,707	303,042	(7,665)	-2.53%
Non-Util. Expense & Other	20,310	29,708	9,398	31.63%
Depreciation&Amortization	374,361	301,681	(72,680)	-24.09%
Conservation Amortization	55,961	47,714	(8,247)	-17.28%
Taxes Other than Inc.Tax	187,147	174,297	(12,850)	-7.37%
<b>Total Operating Expense</b>	<b>1,523,449</b>	<b>1,455,980</b>	<b>(67,469)</b>	<b>-4.63%</b>
<b>Operating Income (Loss)</b>	<b>406,027</b>	<b>241,829</b>	<b>164,198</b>	<b>67.90%</b>
<b>Other Income (Deductions):</b>				
Other Income	28,120	30,635	(2,515)	-8.21%
Other Expense	(3,860)	(10,750)	6,890	-64.09%
<b>Other Income (deductions)</b>	<b>24,260</b>	<b>19,885</b>	<b>4,375</b>	<b>22.00%</b>
Interest charges - AFUDC	7,361	7,557	(196)	-2.59%
Interest Expense	(179,888)	(195,677)	15,789	-8.07%
Interest Exp. on PE Note	(45,781)	(44,839)	(942)	2.10%
Interest Charges	(218,308)	(232,959)	14,651	-6.29%
<b>Income (Loss) Before Income Taxes</b>	<b>211,979</b>	<b>28,755</b>	<b>183,224</b>	<b>637.19%</b>
<b>Income Tax Exp. (benefit)</b>	<b>4,595</b>	<b>(6,882)</b>	<b>(11,477)</b>	<b>166.77%</b>
<b>Net Income (Loss)</b>	<b>207,384</b>	<b>35,637</b>	<b>171,747</b>	<b>481.93%</b>

# PH - Total Puget Holdings

## Balance Sheet

amounts are in thousands

### User Selection Area

Jun 2021  
Actual in Thousands  
Total Puget Holdings  
Scaling (Y or N)

2021.06  
ACTUAL000  
PH  
No

Accounts	2021.06	2020.TOTAL
<b>ASSETS:</b>		
<b>Utility Plant:</b>		
Electric Plant	9,458,901	9,200,231
Natural Gas Plant	4,371,055	4,227,532
Common Plant	1,092,878	1,116,524
Less: Accumulated Depreciation and Amortizat	(3,852,938)	(3,671,094)
Utility Plant	11,069,896	10,873,193
Goodwill	1,656,513	1,656,513
Other Property and Investments	325,162	324,184
Other Property and Investments	1,981,675	1,980,697
<b>Current Assets:</b>		
Cash	543,594	52,849
Restricted Cash	13,819	29,544
Accounts Receivable	327,767	371,673
Less: Allowance for Doubtful Accounts	(33,441)	(20,080)
Unbilled Revenue	160,980	221,871
Materials and Supplies	120,852	118,333
Fuel and Gas Inventory	63,620	48,795
Unrealized Gain on Derivative Instruments(ST)	150,371	33,015
Prepaid Expenses and Other	46,529	45,746
Power Contracts Acquisition Fair Value (ST)	16,864	14,874
Current Assets	1,410,955	916,620
<b>Regulatory Assets:</b>		
Power Cost Adjustment Mechanism	69,551	82,801
Regulatory Assets Related to Power Contracts	10,481	11,728
Other Regulatory Assets	768,459	747,651
Purchased Gas Adjustment Receivable	49,425	87,655
Regulatory Assets	897,916	929,835
<b>Long-Term Assets:</b>		
Unrealized Gain on Derivative Instruments(LT)	17,848	8,805
Operating Lease Right-of-Use Assets	191,498	172,167
Other Long-Term Assets	93,426	80,751
Power Contract Acquisition Gain	74,114	80,900
Long-Term Assets	376,886	342,623
Long-Term and Regulatory Assets	1,274,802	1,272,458
<b>ASSETS</b>	<b>15,737,328</b>	<b>15,042,968</b>

# PH - Total Puget Holdings

## Balance Sheet

amounts are in thousands

### User Selection Area

Jun 2021  
 Actual in Thousands  
 Total Puget Holdings  
 Scaling (Y or N)

2021.06  
 ACTUAL000  
 PH  
 No

Accounts	2021.06	2020.TOTAL
<b>Capitalization:</b>		
Shareholder's Equity	2,947,281	2,735,127
<b>Long-Term Debt:</b>		
Long-Term Debt - Investors	1,757,826	1,757,826
Long-Term Debt	6,412,560	5,892,440
Long-Term Debt Total	8,170,386	7,650,266
<b>Capitalization</b>	<b>11,117,667</b>	<b>10,385,393</b>
<b>Current Liabilities:</b>		
Accounts Payable	310,948	342,048
Short-Term Debt	231,300	373,800
Current Maturities of LTD	526,345	526,412
Accrued Taxes	100,743	108,180
Accrued Salaries and Wages	37,314	42,530
Accrued Interest	74,407	73,647
Unrealized Loss Derivative Instruments (ST)	37,491	31,441
Power Contract Acquisition Adj Loss (ST)	1,893	2,039
Operating Lease Liabilities	19,041	19,204
Other Current Liabilities	72,747	73,385
<b>Current Liabilities</b>	<b>1,412,229</b>	<b>1,592,686</b>
<b>Long-Term and Regulatory Liabilities:</b>		
Deferred Taxes	534,085	460,586
Regulatory Liabilities	801,161	732,498
Reg Liabilities for Deferred Income Taxes	905,522	953,274
Reg Liabilities Related to Power Contracts	90,978	95,774
Power Contracts Fair Value (LT)	8,588	9,689
Unrealized Loss Derivative Instruments (LT)	18,566	29,833
Operating Lease Liabilities	180,110	160,980
Other Deferred Credits	668,422	622,255
<b>Long-Term and Regulatory Liabilities</b>	<b>3,207,432</b>	<b>3,064,889</b>
<b>CAPITALIZATION AND LIABILITIES</b>	<b>15,737,328</b>	<b>15,042,968</b>

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 commitments<sup>1</sup> from the Settlement Stipulation regarding allocation of costs:

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

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

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



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

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

26. In furtherance of Commitment 9:

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

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

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

27. In furtherance of Commitment 19:

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



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

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

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

28. In furtherance of Commitment 20:

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

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



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

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

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

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

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

**LIQUEFIED NATURAL GAS ORDER UG-151663**

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



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

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

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

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



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*the following allocators:*

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

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

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



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**ATTACHMENT D  
Tacoma LNG Facility Ownership Shares**

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

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

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

**GUIDELINES**

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

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



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

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

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

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

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

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

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

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

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





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

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

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

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

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