

**Puget Holdings LLC and Puget Sound Energy, Inc.**  
**Annual Report of Status of Commitments**  
**to the Washington Utilities and Transportation Commission**  
**for the period January 1, 2010 through December 31, 2010**

REPLACEMENT PAGE

Commitment Number	Commitment Description	Status	Status Description
57	<p>The objective of Joint Applicants is to refinance the term loan of Puget Energy using medium-term and/or long-term financing. The Joint Applicants will develop a plan to achieve this objective and maintain records of their efforts to achieve such objective. The plan developed by the Joint Applicants pursuant to this Commitment will be available to the Commission and other interested parties, upon request and subject to the protective order in Docket No. U-072375.</p>	Ongoing	<p>Agreed per signed stipulation.</p> <p>The Company continues to maintain the refinancing plan. The Puget Energy term loan and capital expenditure facilities were amended in May 2010 to allow for a sharing of collateral between the facility lenders and prospective note holders, enabling Puget Energy to issue secured notes. The draft 2011 Plan presented to the Puget Energy Board on November 3, 2010 included Puget Energy issuing four \$350 million note issues, one a year between 2010 and 2013. On December 6, 2010, Puget Energy issued \$450 million of senior secured 10-year notes at 6.5%. The issue was up-sized from \$350 million to \$450 million in light of favorable market conditions. Estimated net proceeds of \$443 million were used to repay the term loan.</p>
58	<p>Joint Applicants commit that the current and any future capital expenditure credit facilities will by their terms limit the use of such funds only for financing PSE capital expenditures. Quarterly officer certificates under each of the credit facilities of Puget Energy and PSE will be made available to the Commission and other interested parties, upon request and subject to the protective order in Docket No. U-072375.</p>	Ongoing	<p>Agreed per signed stipulation.</p> <p>Officer certificates will be provided within 60 days of the end of each of the first 3 quarters and within 100 days for the 4<sup>th</sup> quarter.</p> <p>Q1 certificates were provided 10/23/10;                      Q2 certificates were provided 10/23/10;                      Q3 certificates were provided 11/10/10; and                      Q4 certificates are due 4/10/11.</p>
59	<p>The Joint Applicants commit to reduce the size of the Puget Energy term facility from \$1.425 billion to \$1.225 billion by investing an additional \$200 million of equity in Puget Energy.</p>	Completed	<p>Agreed per signed stipulation.</p> <p>The term loan was limited to \$1.225 billion at close on February 6, 2009.</p>

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60	The Joint Applicants commit that they will not make any proposals to materially change or affect industrial service under rate Schedule 449, including any change to the methodology that is used for calculating rates for Schedule 449 customers during the five-year period commencing as of the date of the closing of the Proposed Transaction.	Ongoing	Agreed per signed stipulation.
61	The Joint Applicants agree that PSE will propose and support in its next general rate case rates for Schedule 40 based on the current calculated rate methodology. Under the calculated rate methodology, Schedule 40 rates are equal to the high voltage (Schedule 49) charges (adjusted for power factor and losses) for power supply and transmission, plus the actual costs of all the PSE distribution facilities used to provide delivery services to the Schedule 40 customers.	Completed	Per the signed stipulation, PSE proposed no changes to Schedule 40 in its general rate case filed May 8, 2009.
62	PSE has no current plans to make any proposals regarding decoupling for natural gas customers in the State of Washington for the two-year period following the date of closing of the Proposed Transaction. The Joint Applicants agree that PSE will not make any proposals regarding decoupling for gas industrial customers during the two-year period commencing as of the date of closing of the Proposed Transaction.	Ongoing	Agreed per signed stipulation.
63	PSE has no current plans to make any proposals regarding decoupling for electric customers in the State of Washington for the two-year period following the date of closing of the Proposed Transaction. The Joint Applicants agree that PSE will not make any proposals regarding decoupling for electric industrial customers during the two-year period commencing as of the date of closing of the Proposed Transaction.	Ongoing	Agreed per signed stipulation.