

Puget Energy

EEI – Fixed Income Investor Presentation

November 2022



**PUGET
SOUND
ENERGY**

Cautionary Statement

Information Current as of September 30, 2022 (except as expressly noted)

Except as expressly noted, the information in this presentation is current as of November 2, 2022– the date on which PUGET ENERGY, INC. (“PE”) filed its Quarterly Report on Form 10-Q for the quarter ended September 30, 2022– and should not be relied upon as being current as of any subsequent date. PE undertakes no duty to update the presentation, except as may be required by law.

Forward-Looking Statements

Statements in this presentation that relate to future plans, objectives, expectations, performance, events and the like may constitute “forward-looking statements” with the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding earnings guidance, statements regarding future load, hydro conditions and operating and maintenance costs; statements concerning implementation of PE’s 5-year Plan and related future capital expenditures; statements regarding the outcome of any legal or regulatory proceeding; as well as other statements containing words such as “anticipates,” “believes,” “intends,” “estimates,” “promises,” “expects,” “should,” and similar expressions. Investors are cautioned that any such forward-looking statements are subject to risks and uncertainties, including – but not limited to – the costs of compliance with regulatory and environmental laws, changes in capital market conditions, reduction in demand, low wholesale prices, operational risks, hydro and wind conditions, disruption in fuel supply, and unscheduled power outages, which may result in unanticipated operating, maintenance, and repair costs.

As a result, actual results may differ materially from those projected in the forward-looking statements. All forward-looking statements included in this presentation are based on information available to PE on the date hereof and such statements speak only as of the date hereof. PE assumes no obligation to update any such forward-looking statement. Reference is also made to the risks and uncertainties listed in PE’s most recent Annual Report Form 10-K and PE’s reports on Forms 8-K and 10-Q filed with the United States Securities and Exchange Commission.

Nothing in this document should be construed as an offer or sale of securities of PE or any other person.



PSE team members

Kazi Hasan – Executive VP and CFO

Cara Peterman – Director, Corporate Treasurer

Tsung-Hsing Shen – Debt Capital Markets Manager

Manli Huang – Principal Treasury Analyst

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Key Company updates since 2021 EEI Financial Conference



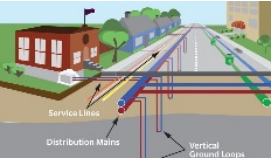
General business updates

- **GRC** - PSE filed a GRC on January 31, 2022, to establish a three-year multiyear rate plan. In Aug 2022, PSE agreed to three multiparty settlements that creates a two-year multiyear rate plan. Commission order due by Dec 31, 2022
- **Clean Energy Implementation Plan (CEIP)** - PSE filed first CEIP in Dec 2021. Commission order due Q1/Q2 2023
- **Colstrip** - PSE signed an agreement in Sept 2022 to transfer PSE's 25% ownership in Units 3 & 4 of the Colstrip to Talen Energy effective Dec 31, 2025
- **LNG** - Pollution Control Hearing Board (PCHB) affirmed the air permit on Nov 19, 2021. Plant became operational Feb 2022
- **Legislation**: State building codes changed to end new commercial gas hook-ups in Jul 2023
- **Ownership Change** - Macquarie Asset Management and Ontario Teachers Pension jointly acquired CPPIB's stake in Puget Holdings on February 22, 2022

Financial updates

- **Credit Ratings** - PSE/PE corporate ratings were affirmed by Moody's and Fitch in Aug 2022 and Oct 2022 respectively
- **ESG Ratings** - MSCI's ESG rating was upgraded to 'AA' from 'BBB' in May 2022
- **PE Bond Refinance** - On Mar 14, 2022, PE issued \$450M 10-yr Sr. Secured Notes @ 4.224% to refinance 2022 July maturity. No additional maturities until 2025
- **Credit Facility** - On May 16, 2022, PE and PSE entered into new five-year credit facilities totaling up to \$1.6B

Puget Sound Energy will lead Washington's clean energy future

	Yesterday	Today	Tomorrow
 <p>ESG</p>	<ul style="list-style-type: none"> Energy conservation pioneer since 1998 Carbon emission reporting and climate focus since 2002 First wind farm in 2005 	<ul style="list-style-type: none"> Set ambitious and aspirational targets to be beyond net zero carbon by 2045. Customers, equity, affordability and DEI are also key drivers 	<ul style="list-style-type: none"> More robust ESG disclosures. Achieve fastest net-zero implementation possible by 2030 Focus on customers, equity, affordability and DEI
 <p>Electric</p>	<ul style="list-style-type: none"> 2010 – 2019 average 1.1M customers 21-31% clean energy 	<ul style="list-style-type: none"> 2020 – 2022 average 1.2M customers 31-32% clean energy 	<ul style="list-style-type: none"> No coal by 2025 Net zero carbon emissions by 2030 100% carbon free by 2045
 <p>Gas</p>	<ul style="list-style-type: none"> 2010 – 2019 average ~800K customers Gas sales ~1,110 Dth <ul style="list-style-type: none"> No RNG No Hydrogen 	<ul style="list-style-type: none"> 2020 – 2022 average 870K customers Gas sale ~1,170 Dth <ul style="list-style-type: none"> Up to 0.75% RNG No Hydrogen Focus on methane emission reduction Adding more RNG to gas supply. 	<ul style="list-style-type: none"> Net zero methane emissions by 2030 Aspire to reduce customer end use carbon emissions 30% by 2030 and net zero by 2045 Increase RNG/Hydrogen supply Promote dual fuel systems and targeted electrification to reduce gaseous energy throughput.
<p>Financials</p>	<ul style="list-style-type: none"> 2010 – 2019 average rate base \$6.7B <ul style="list-style-type: none"> CAGR 3.2% Financials <ul style="list-style-type: none"> ROE 7.0 – 9.0% range EBIDTA \$0.9B – \$1.3B EBITDA growth 4.0% 	<ul style="list-style-type: none"> 2020 – 2022 average rate base \$8B <ul style="list-style-type: none"> CAGR 3.2% Financials <ul style="list-style-type: none"> ROE ~7% average EBIDTA \$~1.33B 	<ul style="list-style-type: none"> GRC/MYRP will drive financial performance

Regulatory & Legislative updates

In August 2022, PSE reached settlement agreements of the pending GRC filed in January 2022 with multiple parties

- Three Separate Agreements:
 1. Green Direct Program
 2. All Issues Except those related to the Green Direct and Tacoma LNG facility
 3. Prudency and cost recovery for the Tacoma LNG facility
- Together these agreements represent a full settlement of all issues in the case.

Party	Green Direct	Main	LNG Only
WUTC Staff	Joining	Joining	Joining
Walmart	Joining	Joining	Joining
Kroger	Not Opposing	Joining	Joining
AWEC - Industrials	Not Opposing	Joining	Joining
Nucor Steel	Not in their scope	Joining	Joining
NWEC, F&C, SC	Not Opposing	Joining	Not Opposing
FEA - Feds	Not Opposing	Joining	Not in their scope
Microsoft	Not in their scope	Joining	Not in their scope
King County	Joining	Not in their scope	Not in their scope
The Energy Project	Not Opposing	Opposing	Opposing
Puyallup Tribe	Not in their scope	Not Opposing	Opposing
Public Counsel	Joining	Opposing (Note 1)	Opposing
CENSE	Not in their scope	Opposing	Not in their scope

(Note 1) Public Counsel contests only ROE / capital structure.

The multiparty settlements are key to PSE's financial performance and enhances timeliness of power cost recovery

- 9.4% ROE and 49% equity ratio
 - 7.16% weighted average cost of capital
 - New earnings sharing mechanism with 50 basis point dead band above rate of return (ROR)
- Power Costs:
 - Power costs to be updated 1/1/2023 and 1/1/2024
 - PCORC stay-out during the rate plan
- All decommissioning and remediation and other non-power costs and benefits of Colstrip moved to Tracker. Disallow Dry Ash Disposal System and major maintenance amortization
- Projects and contracts deemed prudent subject to refund pending final review:
 - Energize Eastside
 - AMI
 - Colstrip plant through 2022 (except the Dry Ash Disposal system)
 - All other plant through 2024

Stakeholder benefits in settlement mainly tied to policy issues

- Many commitments made regarding customer equity
- Low Income Issues:
 - Consultation with advisory groups in development of Bill Discount Rate (BDR) and Arrearage Management Plans (AMP)
 - Time Varying Rate Pilot modified for greater low-income participation
- Natural Gas Line Extension Margin Allowance:
 - Stepped reduction in margin until no allowance effective 1/1/2025
- Decoupling mechanism to continue

If Commission approves the settlements, the rate increase would be approximately 70% and 53% of PSE’s requested amounts for electric and gas, a higher percentile of final filed revenue requirement than the company’s last four GRC’s

	(A)	(B)	(C)	(D)	(E)
	Electric & Gas Total	2023	2024	Full MYRP	Aggregate 2-Yr Revenues
1	Revenue Proposed under Settlements	\$294	\$58	\$352	\$646
2	Revenue Proposed from Separate Trackers ⁽¹⁾	\$51	\$51	\$103	\$154
3	Total Expected Rate Increase	\$346	\$109	\$455	\$801
4	GRC as Filed (January 2022)	\$454	\$92	\$545	\$999
5	Change vs. GRC as Filed	(\$108)	\$18	(\$90)	(\$198)

(1) Includes LNG, CEIP and Transportation Electrification Plan. Amounts are contingent on order result (CEIP), 2023 LNG Tracker filing result, how the trackers are designed as well as the timing and amount of costs spent. Commission order on CEIP is anticipated to occur Q1-Q2 2023.

Next Step:

The Commission will complete its review of the three multiparty settlements by December 31, 2022. If approved, PSE’s new rates would go into effect in January 2023



2022 Washington legislative session outcome was neutral

State session ended on March 10, 2022

Legislation that passed:

- Expansion of building performance standards (effectively reduces use of natural gas in commercial buildings)
- Budget includes \$100M for utility customer arrearages (PSE expects to receive \$21M)

Legislation that stalled:

- Various proposals to limit the use and expansion of the natural gas system
- Wildfire risk mapping and preparedness
- Permitting and siting reform

Next session meets in January 2023

- Washington lawmakers will meet for a 105-day session starting in January to develop a two-year state budget
- Legislators may revisit legislation that previously stalled including natural gas decarbonization, utility wildfire risk, and permitting and siting reform, among other topics



Climate Commitment Act & Clean Fuel Standards from the 2021 Washington legislative session are currently in the rulemaking process

During the 2021 Washington legislative session, PSE supported two carbon policy bills in alignment with our Beyond Net Zero Carbon pledge:

- Climate Commitment Act (CCA) – comprehensive cap and invest program to reduce carbon pollution statewide
- Clean Fuel Standard (CFS) – program to reduce carbon intensity of transportation fuels

Programs begin January 1, 2023. Throughout 2021-2022, Washington’s Department of Ecology conducted rulemakings to implement these programs

PSE engaged with both rulemaking efforts to ensure the company’s interests were well represented and that the company can robustly participate in these decarbonization programs. PSE is preparing in earnest for compliance with and participation in these market-based programs

Key Rulemaking Dates:

- CCA: Final program rules adopted September 29, 2022
- CFS: Final program rules expected to be adopted late 2022

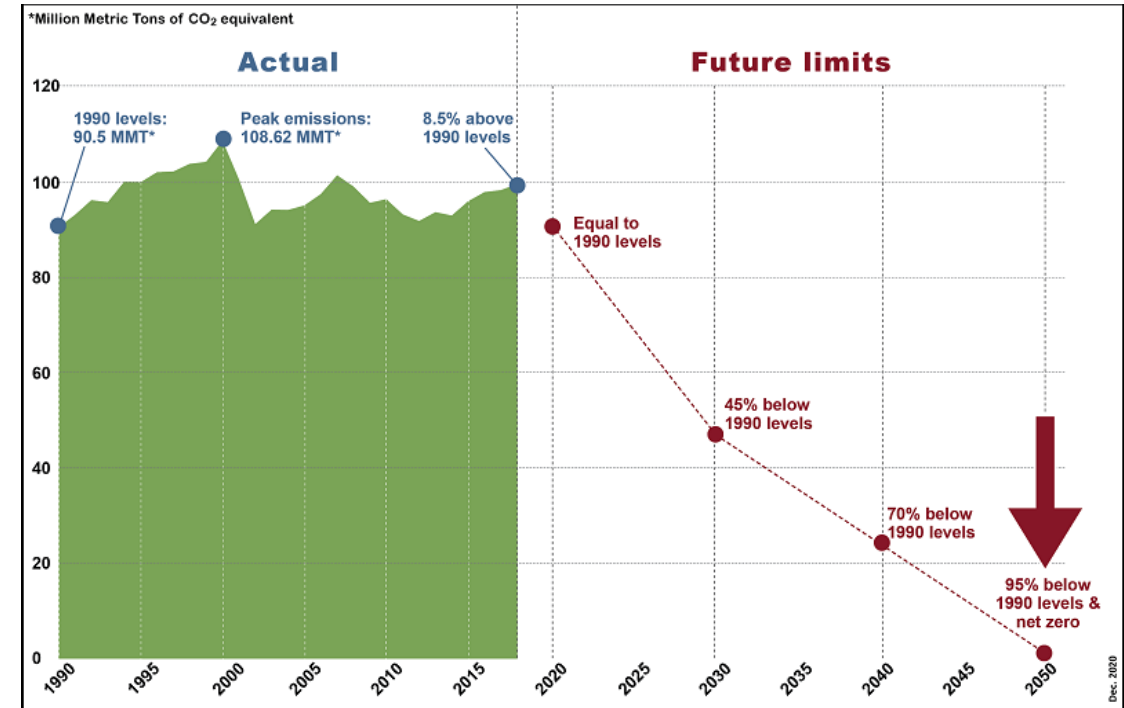
Climate Commitment Act (CCA) overview

Creates a “cap and invest” program

- Establishes a carbon allowance pricing mechanism and carbon allowance cap to reduce carbon pollution
- Allowance cap decline intended to meet the state’s GHG emissions limits
- State invests revenues from the sale of carbon allowances in carbon reduction activities prioritizing overburdened communities

PSE will pass through the costs of carbon on to customers through a line-item on their bill

- Electric utilities subject to CETA are to be allocated no-cost allowance to mitigate the cost burden of CCA on electric customers
- Natural gas utilities will receive no-cost allowances based on a 2015-2019 emissions baseline that will decline with the statewide cap with certain requirements around consignment
- Cost to customers are still being estimated and will be influenced by no-cost allowance allocation and allowance prices in the market



WA state GHG emission limits

Source: Department of Ecology

ESG Strategy

ESG is central to PSE's future success



Environmental Stewardship

- Good environmental practices
- Transparency
- Energy efficiency
- Eco-friendly and energy performance technologies
- Carbon footprint
- Compliance with requirements
- Sustainable materials in supply chain
- Habitat protection and improvement
- Strategies to reduce risk and cost

Social Responsibility

- Safety and security at work
- Improved health and occupational health
- Human factors
- Organization structure, leadership, compensation
- Community service, involvement and development
- Stakeholder identification and engagement
- Human rights, labor practices, consumer issues and protection
- Employee benefits, hiring and retention
- Promoting diversity, equity and inclusion

Governance and economics

- Employee benefits and compensation
- Financial viability of organization (profitability)
- Transparency and ethics
- Executive compensation
- Dissemination of new technologies
- Good business practices, including procurement
- Relations between economic actors
- Supporting local economies
- Cost effective strategies
- Risk reduction strategies
- Cybersecurity

More information can be found on our PSE website:
<https://www.pse.com/about-us/sustainability-reporting-templates>

Looking to the future, PSE has set an aspirational goal to be a Beyond Net Zero Carbon company by 2045



PSE operations and electric supply

We will achieve the following

- Net zero carbon emissions for all PSE operations and electric supply by 2030
- 100% carbon free electric supply by 2045



Natural gas sales customer end use

Our aspirational objective

- Reduce customer end use carbon emissions 30% by 2030
- Net zero carbon emissions for customer end use by 2045

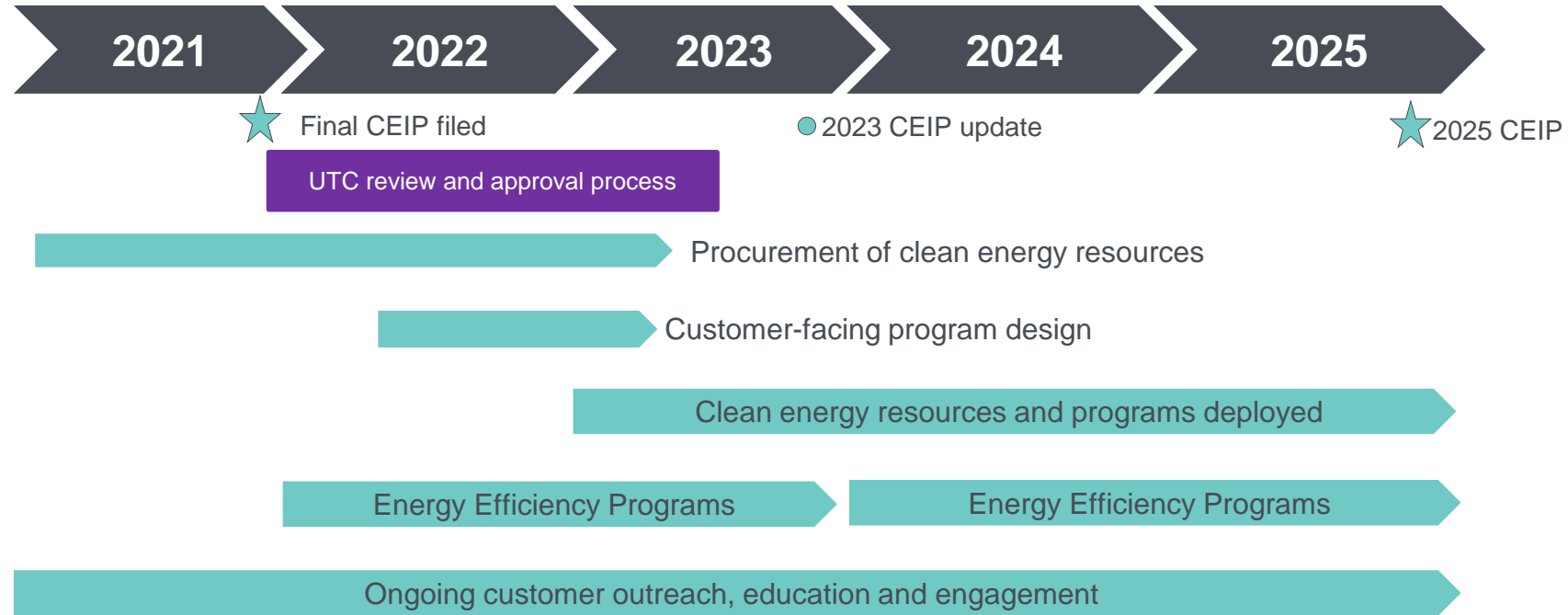
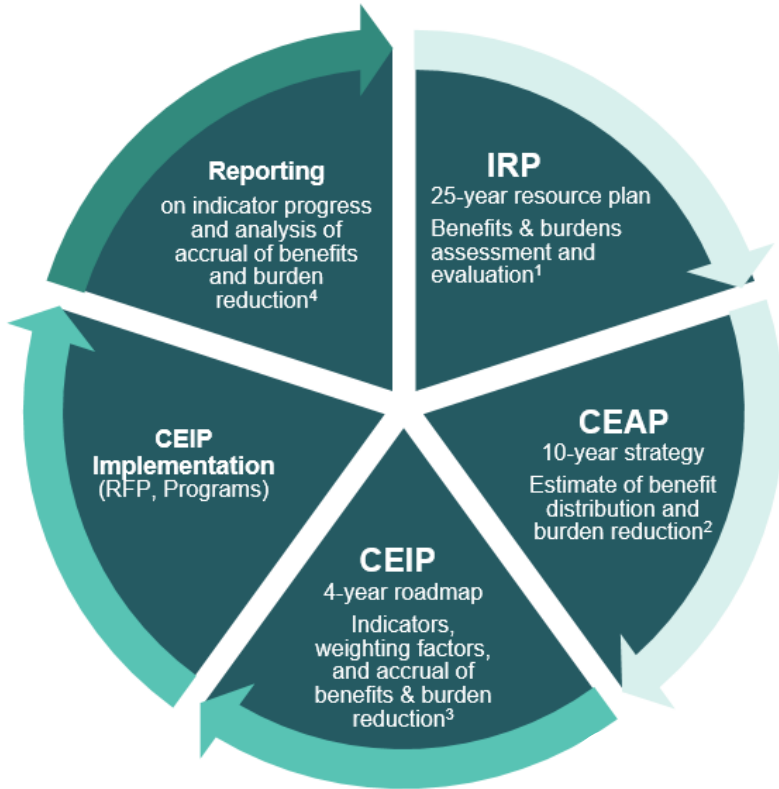


Beyond PSE reported emissions

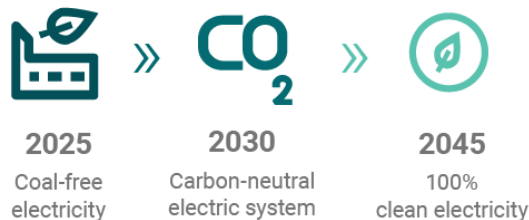
We will help other sectors reduce carbon

- Electric vehicles
- LNG for marine and long haul trucking
- RNG/hydrogen or other low carbon fuels for transportation
- Upstream methane emission reduction

PSE filed its first Clean Energy Implementation Plan (CEIP) in December 2021. Based on the 2021 IRP, the CEIP is a four-year roadmap that will determine PSE’s clean energy investments for the years 2022-2025, and provides guidance to achieve CETA targets



CETA Targets:

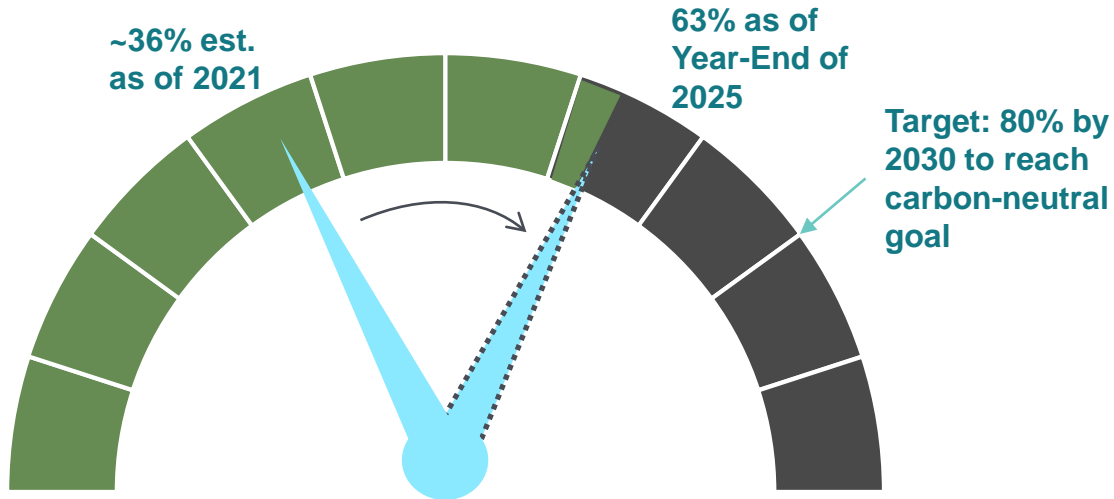


- More information can be found on **PSE Clean Energy Implementation Plan** website: <https://www.cleanenergyplan.pse.com/>
- PSE’s CEIP is in [UTC Docket UE-210795](#).



PSE anticipates significant investments in energy efficiency, demand response, and renewable energy to achieve our clean energy goals

Interim clean electricity target



PSE clean electricity portfolio forecast

**measured as a % of net retail load*

- Electric supply from renewable or non-emitting resources in 2025 is forecasted to be 63%
- To reach carbon-neutral status by 2030, PSE needs 80% electric supply from non-emitting resources

Specific targets



Energy Efficiency: 1,073,434 MWh for 2022-2025
Equivalent to electricity used by more than 138,000 homes in one year



Demand response: 23.7 MW
New programs incentivizing shifting energy use during peak periods



Renewable Energy: 63% of retail sales in 2025

- Large-scale generation, like wind and solar
- 2x as much local solar and battery programs than today
- Adding 800 MW of utility scale resources and 80 MW of distributed energy resources to meet 63%



Exiting coal, providing LNG as a marine fuel, and developing renewable generation and storage are key elements in the effort to decarbonize

CETA mandates that coal be removed from PSE rates by the end of 2025:

- PSE signed an agreement in September 2022 to transfer PSE's 25% ownership in Units 3 & 4 of the Colstrip Generating Station in Eastern Montana to Talen Energy effective December 31, 2025
- The settlement of 2022 GRC proposed that all decommissioning and remediation and other non-power costs and benefits of Colstrip moved to Tracker for recovery

Tacoma LNG helps marine transportation switch to a cleaner-burning fuel and provides PSE customers with peak-shaving needs

- LNG cuts particulate matter, SO_x, NO_x emissions produced by ships by +85% and reduces GHG emissions by 15%
- Pollution Control Hearing Board (PCHB) affirmed the air permit on November 19, 2021
- Commissioning was complete on January 31, 2022 and the plant is now operational
- Puyallup Tribe and Earthjustice filed appeals of the PCHB decision pending before WA State Court of Appeals.

PSE is working to understand how hydrogen can support our Beyond Net Zero commitment, and support our customer's decarbonization efforts

Activities completed so far:

- Test of H₂ / NG blended gas in one of our facilities to understand safety and customer equipment impacts
- Closed loop pipeline saturation test to understand material and integrity impacts

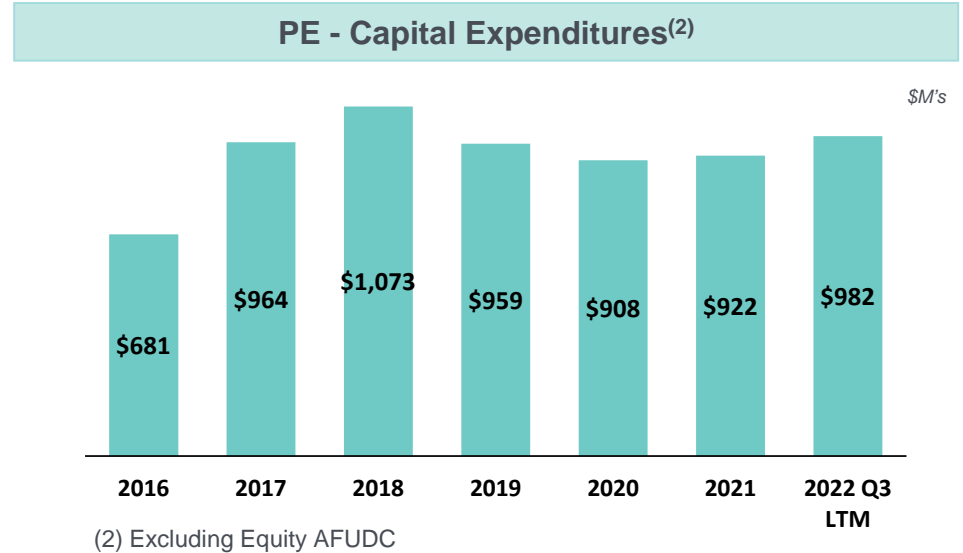
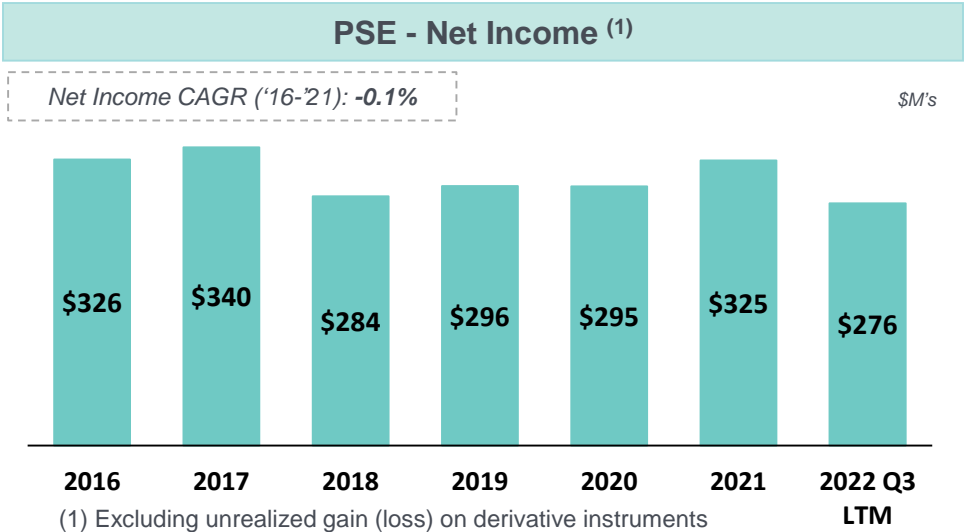
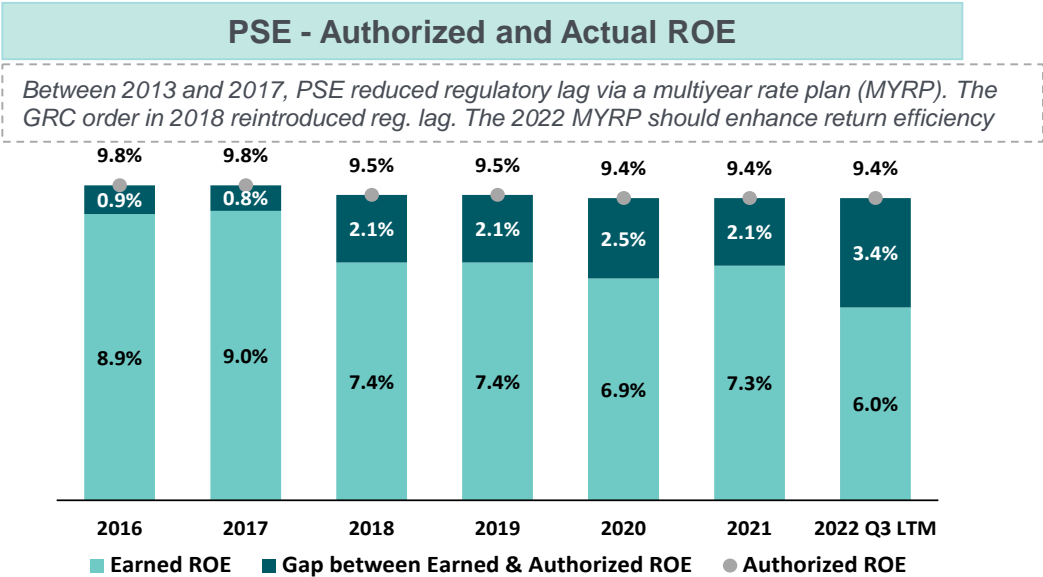
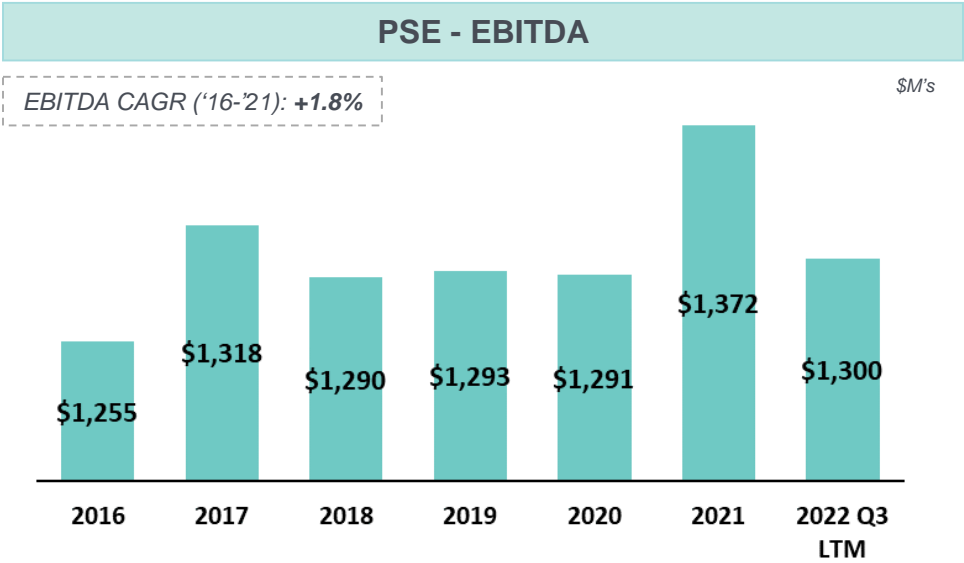


PSE is committed to being a valued member of the communities we serve and where our employees live

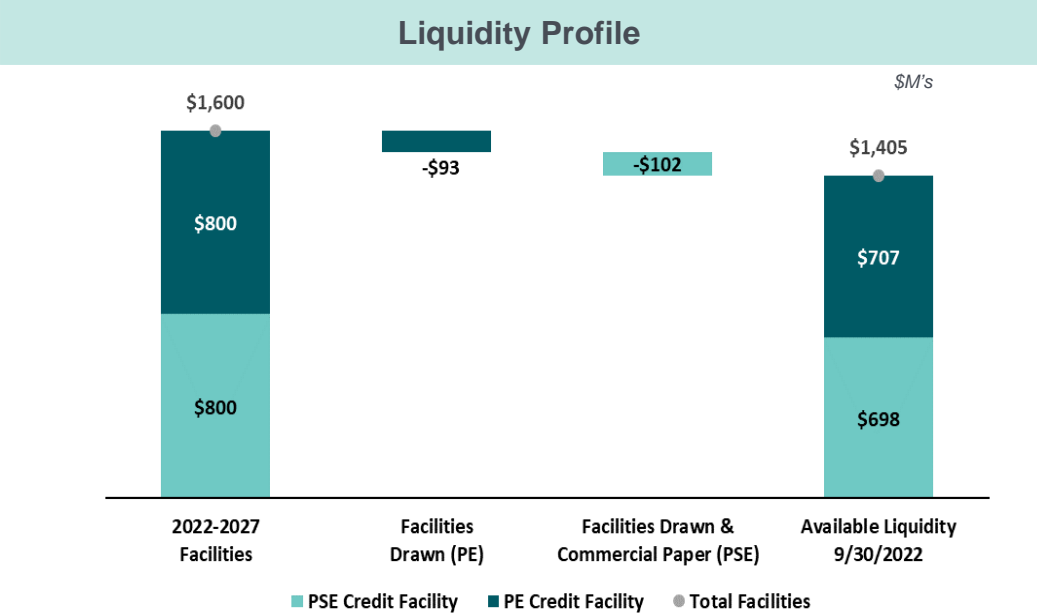
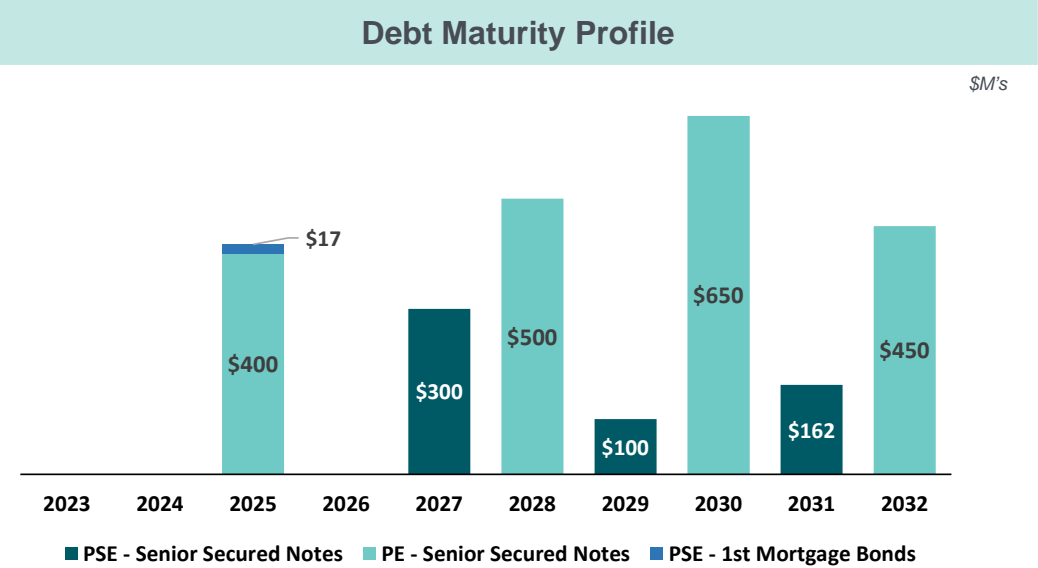
<p>Clean Energy Solution for Our Customers</p>	<ul style="list-style-type: none"> • PSE has top-notch industry leading programs for home and business customers to support additional clean energy consumption, including Green Power/Solar Choice, Carbon Balance, Community Solar, Green Direct and Customer Connected Solar (Net Metering) • Continue to measure and track customer priorities over time and deliver clean energy solutions to our customers through innovation, development, and commitment that helps drive us closer to meeting our beyond Net Zero Carbon goal
<p>Expanding into EV Charging</p>	<ul style="list-style-type: none"> • Washington is the third largest EV market in the country and we are calling for 1 million electric vehicles on the roads by 2030 • PSE is running a series of pilot programs with charger installations in public and residential locations, and will launch new programs with the goal of installing more than 10,000 chargers over the next few years
<p>Employees</p>	<ul style="list-style-type: none"> • Employees bring their ‘whole’ self to work and thrive in an inclusive culture. DEI training is offered • Support physical and mental health safety of our employees with a variety of programs including monthly videos and other resources. • PSE has nine active Employee Resource Groups to foster a supportive environment and enhance company’s DEI efforts
<p>Cyber Security</p>	<ul style="list-style-type: none"> • Our goal is to apply same level of due diligence across the enterprise to consistently identify, address and mitigate risks for alignment with the rapidly changing cybersecurity landscape • Awareness and monthly training programs for our employees and vendors so that they are aware of the important role they play in to keep our systems and information safe
<p>Customer Support</p>	<ul style="list-style-type: none"> • Low-Income program to help customers increase comfort in their homes and reduce heating costs. In 2022 GRC settlements, PSE is committed to make the program more impactful and more accessible for low-income customers • Special customer assistance program to mitigate the economic impact of the COVID-19 pandemic on PSE’s customers distributed \$59M
<p>Corporate Giving</p>	<ul style="list-style-type: none"> • Since 2016, PSE has contributed more than \$13 million to the community through PSE, our separately-funded Puget Sound Energy Foundation, employee contributions and volunteer efforts

Financials, Ratings & Other Key Items

Final GRC and MYRP order will be critical for mitigating the current regulatory lag inherent in the present regulatory regime



PE/PSE has a manageable debt profile, with strong access to the capital markets and ample liquidity to properly finance the business



- On, March 14, 2022, PE issued \$450M 10-yr Sr. Secured Notes @ 4.224% to refinance 2022 July maturity
- PE and PSE entered into new five-year credit facilities totaling up to \$1.6B (\$800M for both PSE and PE) on May 16, 2022



PSE has strong balance sheet and cash flow while deeply committed to sustainability goals

- Outlook from three rating agencies remains stable pending final settlement results
- MSCI’s ESG rating has been upgraded to ‘AA’ from ‘BBB’ in May 2022:
 - Retirement of Colstrip 1 and 2
 - Supportive legislative environment for clean energy and plans to add additional renewable capacity
 - Enhanced disclosure of ESG practices in sustainability report

	PE	PSE	Outlook	ESG Rating
S&P Global Ratings	BBB-	BBB	Stable	Neutral/ Moderately Negative
MOODY’S	Baa3	Baa1	Stable	Moderately Negative
FitchRatings	BBB-	BBB+	Stable	Neutral
MSCI				AA ⁽¹⁾



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PSE executive leadership team changes since last EEI

Wade Smith – Executive VP and Chief Operating Officer

Joined PSE July 2022 and will be responsible for all of PSE’s operational areas, which include natural gas and electric operations and energy supply. He brings more than 30 years of operations experience to PSE. Since May 2021, he served as Senior VP, Electric Operations, for Pacific Gas and Electric Company. Prior to that, he served as Senior VP, GRIP Development at American Electric Company (AEP)

Lorna Luebbe – Senior VP and Chief Sustainability Officer and General Counsel

Joined PSE in 2002 and held multiple roles throughout her long career at PSE. In Lorna’s new role, she will lead our strategy for corporate-wide sustainability, complementing the clean energy supply work. Additionally, Lorna will continue her work managing key complex litigation and legal issues

Steve Secrist – Senior VP, General Counsel and Chief Ethics and Compliance Officer

Will retire in Nov 2022 after almost 34 years of service in PSE

Adrian Rodriguez – Senior VP, Regulatory and Strategy

Left May 2022 to be President of Xcel Energy, Southwest

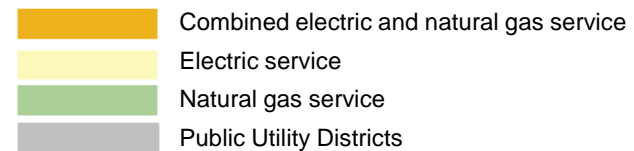
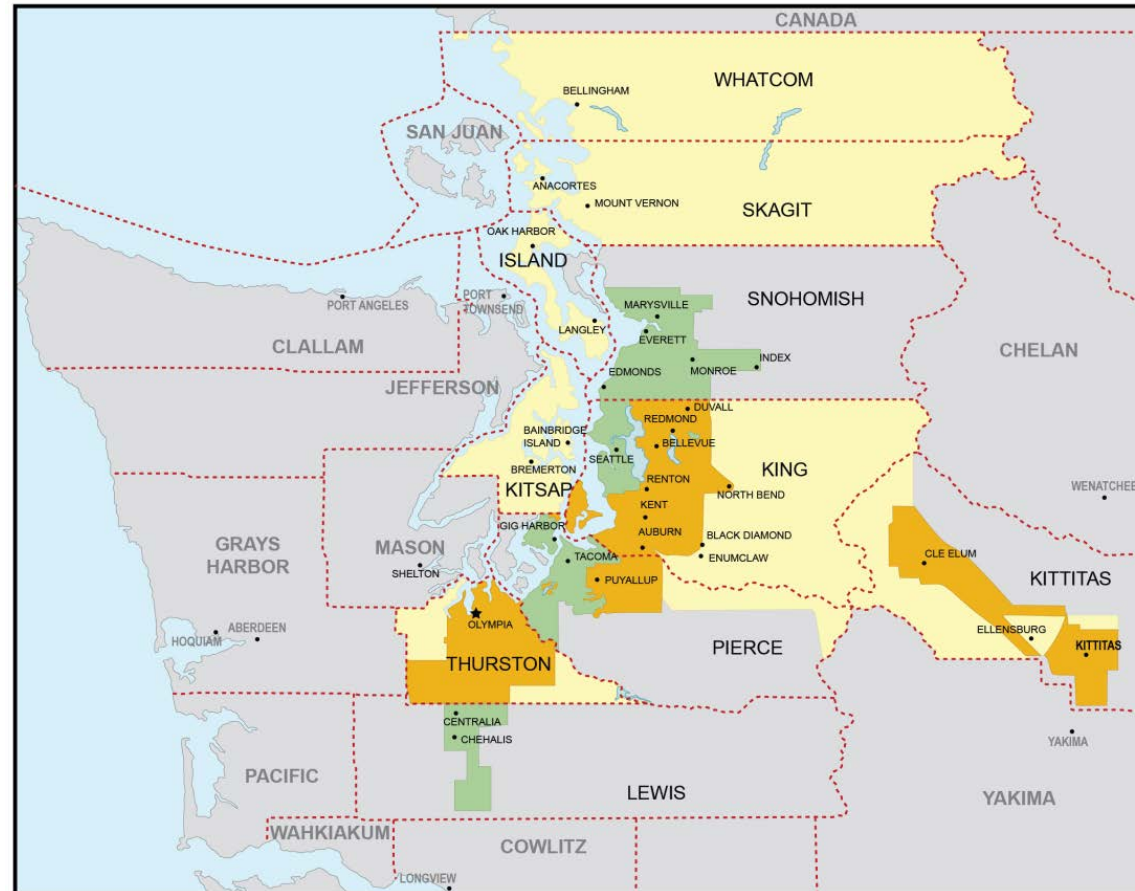


Appendix

Company Overview

PSE Service Territory

- Washington state's oldest local energy company
- 100% regulated, engaged in business of electric generation, transmission, distribution and natural gas distribution
- 6,000 square⁽¹⁾ mile service area in Puget Sound region of Western Washington
 - 1.2 million electric customers⁽¹⁾
 - 865k gas customers⁽¹⁾



(1) Puget Energy Annual Report on Form 10-K filed for 2021

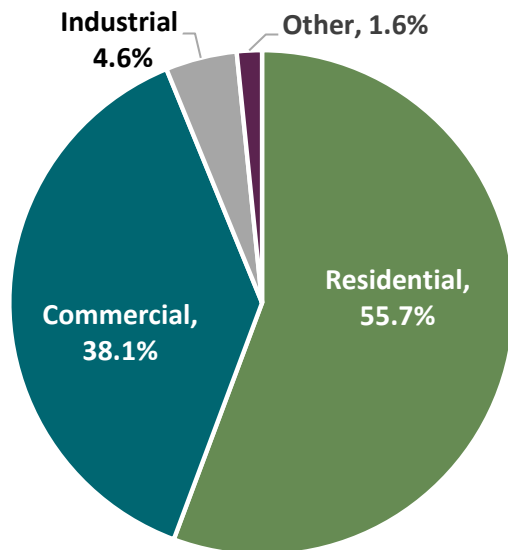
Company Overview

Customer Base

- PSE primarily serves residential and commercial customers with limited industrial exposure

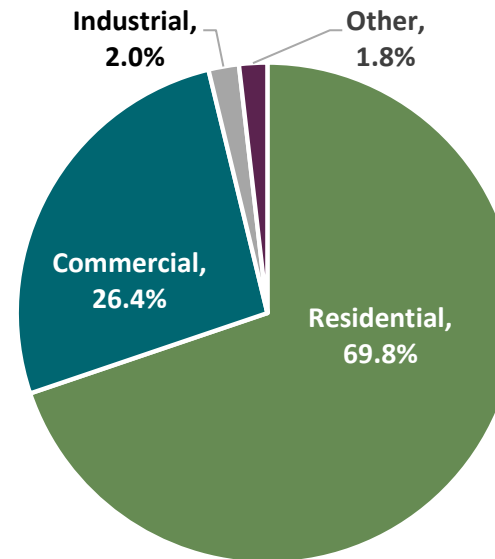
2021 Electric Retail Revenue by Customer Class⁽¹⁾

Total = \$2.4B



2021 Gas Retail Revenue by Customer Class⁽¹⁾

Total = \$1.1B



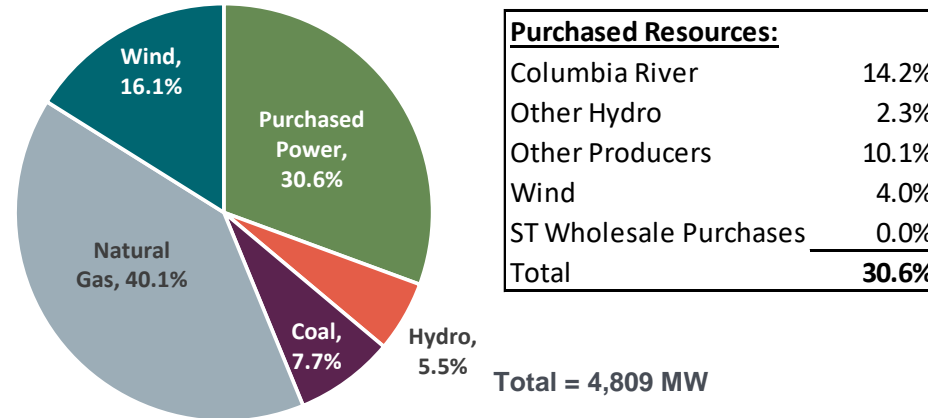
(1) Puget Energy Annual Report on Form 10-K filed for 2021

Company Overview

Diverse Power Generation Portfolio

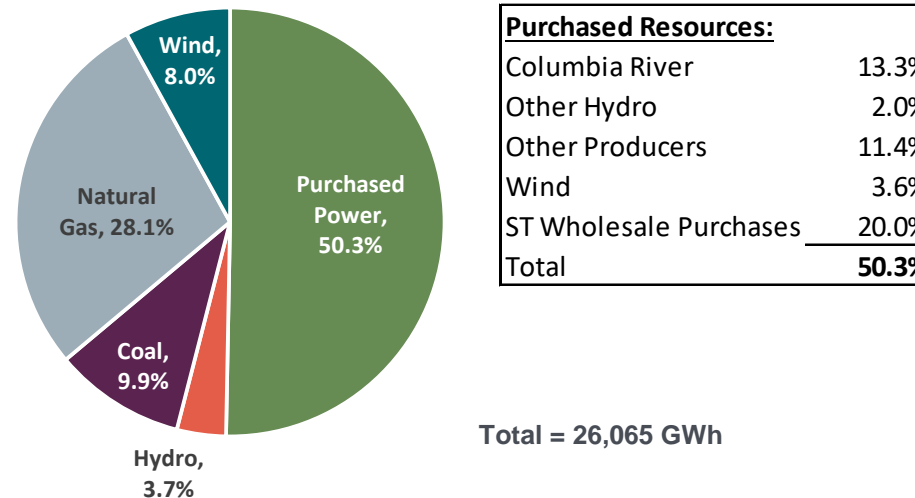
- PSE is committed to providing safe and reliable electric service to customers in its territory while being a steward of clean energy
- Puget has a diverse portfolio of resources to meet customer needs:
 - Natural Gas
 - Wind
 - Hydroelectric
 - Coal (low % vs. other utilities)
 - Purchased Power Agreements
- As a national leader in wind power, PSE has 773 MW of wind resources and has met its Renewable Portfolio Standard mandates through 2021

2021 Peak Power Resource Capacity (MW) ⁽¹⁾



Purchased Resources:	
Columbia River	14.2%
Other Hydro	2.3%
Other Producers	10.1%
Wind	4.0%
ST Wholesale Purchases	0.0%
Total	30.6%

2021 Energy Production Sources (GWh) ⁽¹⁾









Purchased Resources:	
Columbia River	13.3%
Other Hydro	2.0%
Other Producers	11.4%
Wind	3.6%
ST Wholesale Purchases	20.0%
Total	50.3%



(1) Puget Energy Annual Report on Form 10-K filed for 2021

Macquarie Asset Management and Ontario Teachers Pension jointly acquired CPPIB's stake in Puget Holdings on February 22, 2022

		<u>Ownership %</u>
	Ontario Municipal Employees Retirement System	23.9%
	British Columbia Investment Management	20.9%
	Macquarie Asset Management	15.8%
	Teachers Ontario Pension Plan	15.8%
	Alberta Investment Management Corporation	13.6%
	PGGM	10.0%
		<u>100.0%</u>