THIS FILING IS		
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____	

Form 2 Approved
OMB No.1902-0028
(Expires 10/31/2014)

Form 3-Q Approved
OMB No.1902-0205
(Expires 05/31/2014)

FERC FINANCIAL REPORT
FERC FORM No. 2: Annual Report of Major Natural Gas Companies and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR Parts 260.1 and 260.300. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of a confidential nature.

Exact Legal Name of Respondent (Company)	Year/Period of Report
Puget Sound Energy, Inc. UBI# 179010055	End of 2013/Q4

QUARTERLY/ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

IDENTIFICATION

01 Exact Legal Name of Respondent Puget Sound Energy, Inc.	Year/Period of Report End of 2013/Q4
03 Previous Name and Date of Change (If name changed during year)	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) P.O. Box 97034, Bellevue, WA 98009-9734	
05 Name of Contact Person Michael J. Stranik	06 Title of Contact Person Controller & PAO
07 Address of Contact Person (Street, City, State, Zip Code) P.O. Box 97034, Bellevue, WA 98009-9734	

08 Telephone of Contact Person, Including Area Code 425-462-3202	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* 04/28/2014

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

11 Name Michael J. Stranik	12 Title Controller & PAO
13 Signature Michael J. Stranik	14 Date Signed 04/28/2014

Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

List of Schedules (Natural Gas Company)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

List of Schedules (Natural Gas Company) (continued)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
38	Unamortized Loss and Gain on Reacquired Debt	260		
39	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261		
40	Taxes Accrued, Prepaid, and Charged During Year	262-263		
41	Miscellaneous Current and Accrued Liabilities	268		
42	Other Deferred Credits	269		
43	Accumulated Deferred Income Taxes-Other Property	274-275		
44	Accumulated Deferred Income Taxes-Other	276-277		
45	Other Regulatory Liabilities	278		
	INCOME ACCOUNT SUPPORTING SCHEDULES			
46	Monthly Quantity & Revenue Data by Rate Schedule	299		n/a
47	Gas Operating Revenues	300-301		
48	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		n/a
49	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305		n/a
50	Revenues from Storage Gas of Others	306-307		n/a
51	Other Gas Revenues	308		
52	Discounted Rate Services and Negotiated Rate Services	313		n/a
53	Gas Operation and Maintenance Expenses	317-325		
54	Exchange and Imbalance Transactions	328		n/a
55	Gas Used in Utility Operations	331		
56	Transmission and Compression of Gas by Others	332		n/a
57	Other Gas Supply Expenses	334		n/a
58	Miscellaneous General Expenses-Gas	335		
59	Depreciation, Depletion, and Amortization of Gas Plant	336-338		
60	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340		
	COMMON SECTION			
61	Regulatory Commission Expenses	350-351		
62	Employee Pensions and Benefits (Account 926)	352		
63	Distribution of Salaries and Wages	354-355		
64	Charges for Outside Professional and Other Consultative Services	357		
65	Transactions with Associated (Affiliated) Companies	358		n/a
	GAS PLANT STATISTICAL DATA			
66	Compressor Stations	508-509		
67	Gas Storage Projects	512-513		n/a
68	Transmission Lines	514		
69	Transmission System Peak Deliveries	518		n/a
70	Auxiliary Peaking Facilities	519		
71	Gas Account-Natural Gas	520		
72	Shipper Supplied Gas for the Current Quarter	521		n/a
73	System Map	522		
74	Footnote Reference	551		
75	Footnote Text	552		
76	Stockholder's Reports (check appropriate box)			
	[ ] Four copies will be submitted [X] No annual report to stockholders is prepared			

General Information

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Puget Sound Energy, Inc.
Michael J. Stranik, Controller & Principal Accounting Officer
P.O. Box 97034 PSE-08S
Bellevue, Washington 98009-9734

2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

State of Washington - September 12, 1960

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric - State of Washington
Gas - State of Washington

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes... Enter the date when such independent accountant was initially engaged:
(2) [X] No

Control Over Respondent

1. Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year. If control is in a holding company organization, report in a footnote the chain of organization.
2. If control is held by trustees, state in a footnote the names of trustees, the names of beneficiaries for whom the trust is maintained, and the purpose of the trust.
3. In column (b) designate type of control over the respondent. Report an "M" if the company is the main parent or controlling company having ultimate control over the respondent. Otherwise, report a "D" for direct, an "I" for indirect, or a "J" for joint control.

Line No.	Company Name (a)	Type of Control (b)	State of Incorporation (c)	Percent Voting Stock Owned (d)
1	Puget Energy, Inc. (a holding company)	M	WA	100.00
2	Puget Equico, LLC (holds Puget Energy)	I	WA	100.00
3	Puget Intermidiate Holdings, Inc. (holds Puget Eq)	I	WA	100.00
4	Puget Holdings, LLC (holds Puget Intermediate)	I	WA	100.00
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Corporations Controlled by Respondent

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.

DEFINITIONS

----

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Reference (e)
1	Puget Western, Inc.	D	Real Estate Operation	100	*Not used*
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Security Holders and Voting Powers

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.
2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.
3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.
4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants,

1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing:	2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy.	3. Give the date and place of such meeting:
12/31/2013	Total: By Proxy:	N/A

Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES 4. Number of votes as of (date): Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	85,903,791	85,903,791		
6	TOTAL number of security holders	1	1		
7	TOTAL votes of security holders listed below	85,903,791	85,903,791		
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

Important Changes During the Quarter/Year

Give details concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.
Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
13. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

1. A replacement franchise was granted to and accepted by PSE in the 2nd quarter of 2013 for the City of Mercer Island (gas). New (replacement) franchises were granted to and accepted by PSE in the 4th quarter of 2013 for the Town of Wilkenson (electric), City of Milton (gas), and City of SeaTac (common). Extended franchises were granted to and accepted by PSE in the 4th quarter of 2013 for the City of Bellevue (electric) and City of City of Kirkland (electric). No monetary consideration was given for this agreement.

2. None

3. The Company completed the sale of its electric infrastructure assets located in Jefferson County and the transition of electrical services in the county to JPUD on March 31, 2013. The proceeds from the sale exceeded the transferred assets' net carrying value of $46.7 million resulting in a pre-tax gain of approximately $60 million. In its 2010 order on the subject, the Washington Commission stated that the Company must file an accounting and ratemaking petition with the Washington Commission to determine how this gain will be allocated between customers and shareholders. As a result, the gain was deferred and recorded as a regulatory liability until the Washington Commission determines the accounting and ratemaking treatment. On October 31, 2013, PSE filed an accounting petition for a Washington Commission order that authorizes PSE to retain the gain of $45.0 million and return $15.0 million to its remaining customers over a period of 48 months. Intervenor's testimony is scheduled to be filed in March 2014.

4. None

5. Jefferson Country PUD sale on March 31, 2013:

Class	Approximate Number of Customer Lost	Estimated Annual Revenue Lost
Residential	15,300.00	21,400,000.00
Commercial	2,900.00	7,850,000.00
Industrial	100.00	325,000.00
Lighting	300.00	125,000.00
Total	18,600.00	$ 29,700,000.00

6. As of December 31, 2013, PSE owed $29,598,000 in short-term loans to its parent company, Puget Energy, Inc. and $162,000,000 in Commercial Paper. PSE is allowed by the Washington Utilities and Transportation Commission (WUTC) to issue obligations as necessary to meet ongoing working capital needs.

7. None

8. Non-represented employees received an average 3% salary increase effective March 1, 2013. Employees represented by the UA received a 3.75% wage increase that went into effect January 1, 2013 and employees represented by the IBEW received a 2.5% wage increase that was effective April 1, 2013. The estimated annual effect of these changes is $381,000. The current labor contract with the IBEW ran through March 31, 2014 and UA runs through September 30, 2017.

9. Regulation and Rates.

Expedited Rate Filing (ERF). On February 4, 2013, PSE filed revised tariffs seeking to update its rates established in its base rate proceedings in May 2012 known as an Expedited Rate Filing (ERF). The ERF was limited in scope and rate impact. This filing was primarily intended to establish baseline rates on which the decoupling mechanisms, described below, are proposed to operate. The filing also provided for the collection of property taxes through a property tax tracker mechanism based on cash payments of property tax made by PSE during the year. Any difference between the cash payments and property tax valuation accruals will be deferred and recovered in a property tax tracker.

Decoupling. On October 25, 2012, PSE and the Northwest Energy Coalition (NWEC) filed a petition for an order seeking approval of an electric and a natural gas decoupling mechanism for the recovery of its delivery-system costs and authority to record accounting entries associated with the mechanisms. After the petition and supporting testimony were filed, the Washington Commission held two technical conferences to allow interested stakeholders to further discuss the proposed decoupling mechanisms. PSE also responded to inquiries of interested stakeholders seeking additional information about the decoupling proposal.

On March 4, 2013, PSE and NWEC, taking this process into account, reached an agreement on certain modifications to the decoupling mechanisms and filed an amended petition and testimony in support of these modifications to the original decoupling proposal. The Washington Commission's regulatory staff (Commission Staff) filed testimony in support of the revised proposal on the same day. Included in the amended decoupling petition was a rate plan that allows PSE an opportunity to earn its authorized rate of return without the need for another general rate case process over the plan period. The rate plan includes predetermined annual increases (K factor) to PSE's allowed electric and gas revenue which are effective January of each year. Under this plan, PSE, with limited exceptions, would be allowed to file its next general rate case no sooner than April 1, 2015 and no later than April 1, 2016 unless agreed to otherwise by the parties. PSE would continue to be authorized to file for rate changes under existing rate mechanisms such as the Power Cost Adjustment (PCA) and Purchased Gas Adjustment (PGA) mechanism, and emergency rate relief during the rate plan period.

PSE's rates related to the cumulative deferred decoupling mechanism accrued by each rate group through the calendar year and effective May 1 in the following year will be subject to a 3.0% "soft cap" on rate increases. Any amount in excess of the soft cap will be added to the decoupling tracker in subsequent rate periods, subject to a 3.0% soft cap on rate increases in the subsequent year. In addition, PSE and the customers would have shared 50.0% each in any earnings in excess of the authorized rate of return of 7.77%. The customers share of the over earnings will be returned to customers over the subsequent 12 month period beginning May 1 of each year.

TransAlta Centralia Agreement. In 2012, PSE executed a power purchase agreement with TransAlta Centralia for the purchase of up to 380 Megawatt (MW) of coal transition power. PSE filed a petition for approval of the TransAlta Centralia agreement and recovery of related acquisition costs. The Washington Commission issued an order granting PSE's petition which contained conditions that left PSE with a level of uncertainty such that it could terminate the contract. PSE subsequently filed a Petition for Reconsideration of the order with the Washington Commission.

Washington Commission Decision. PSE filed a settlement agreement with the Washington Commission on March 22, 2013. The agreement was intended to settle all issues regarding decoupling, the power purchase agreement with TransAlta Centralia and the ERF which included the property tax tracker. The Washington Commission placed these filings under a common procedural schedule. On June 25, 2013, the Washington Commission issued three final orders resolving the amended decoupling petition, the ERF filing and the Petition for Reconsideration. Order No. 6 rejected the multi-party settlement agreement between PSE, NWEC and Commission Staff due to uncertainty regarding the legality of consolidating the three filings. Order No. 7 approved PSE's ERF filing with a small change to its cost of capital from 7.80% to 7.77% to update long term debt costs. This order also approved the property tax tracker discussed above. In addition, Order No. 7 approved the amended decoupling and rate plan filing as filed by PSE and NWEC on March 4, 2013 with the requirement that PSE update the underlying ERF rates for the change in cost of capital, and with the further condition that PSE and the customers will share 50.0% each in earnings in excess of the 7.77% authorized rate of return. Order No. 8 granted PSE's Petition for Reconsideration, clarifying certain portions of the Washington Commission's original order.

As approved, the ERF filing will produce an additional $30.7 million in annual electric revenue and reduce annual gas revenue by $2.0 million. The property tax rate tracker will initially produce no incremental revenue, but is intended to reduce regulatory lag associated with the recovery of future increases in property tax expenses. PSE's 2012 and 2013 property taxes that are not in current rates will be recovered in later years. The decoupling mechanisms will initially produce an additional $21.4 million in annual electric revenue and $10.8 million in annual gas revenue. The allowed decoupling revenue per customer for the recovery of delivery system costs will subsequently increase by 3.0% for the electric customers and 2.2% for the gas customers on January 1 of each year, until the conclusion of PSE's next general rate case.

Three parties to the ERF and decoupling proceedings have filed Petitions for Reconsideration of Order of No. 7, requesting that the Washington Commission reconsider its decision not to reduce PSE's allowed return on equity and requesting that certain rate schedules used to provide service to larger retail customers be removed from the operation of the decoupling mechanism.

On July 24, 2013, the Public Counsel Division of the Washington State Attorney General's Office (Public Counsel) and the Industrial Customers of Northwest Utilities (ICNU) each filed a petition in Thurston County Superior Court (the Court) seeking judicial review of various aspects of the Washington Commission's ERF and decoupling mechanism final order. The parties' petition argues that the order violates various procedural and substantive requirements of the Washington Administrative Procedure Act, and so requests that it be vacated and that the matter be remanded to the Washington Commission. Oral arguments regarding this matter are scheduled for May 2014.

On December 13, 2013, the Washington Commission approved the settlement agreements for rates effective January 1, 2014. These settlement agreements do not materially change the revenues originally approved in June 2013. As a result, certain high volume natural gas industrial customers rate schedules are excluded from the decoupling mechanism and will be subject to certain effects of abnormal weather, conservation impacts and changes in customer usage patterns.

Power Cost Only Rate Case (PCORC). On April 25, 2013, PSE filed revised tariffs seeking to update its Schedule 95 rates for a power cost only rate case to reflect decreases in the Company's overall normalized power supply costs. PSE's initial filing represented a revenue decrease of $0.6 million (an average decrease of approximately 0.03%) for customers. PSE's rebuttal case, filed on August 28, 2013, supported a revenue decrease of $1.0 million (an average decrease of approximately 0.05%) for customers. PSE and all parties to the PCORC filed a settlement agreement supported by joint testimony with the Washington Commission on September 16, 2013. The agreement was intended to settle all issues in the proceeding and called for a revenue decrease of $10.5 million (an average decrease of approximately 0.5%) for customers.

This was approved by the Washington Commission on October 23, 2013 and became effective on November 1, 2013.

Treasury Grant. On January 31, 2013, the Washington Commission approved a rate change to the PSE's Federal Incentive Tracker tariff, effective February 1, 2013, which incorporated the effects of the Treasury Grant related to the Lower Snake River wind generation project and keeping the ten year amortization period and inclusion of interest on the unamortized balance of the grants. The rate change passed through 11 months of amortization for both grants to eligible customers over 11 months beginning February 1, 2013. Of the total credit, $34.6 million represents the pass-back of grant amortization and $23.8 million represents the pass through of interest. This represents an overall average rate decrease of 2.76%.

On December 27, 2013, the Washington Commission approved the annual true-up and rate filing to the PSE's Federal Incentive Tracker tariff, effective January 1, 2014. The true-up filing resulted in a total credit of $58.5 million to be passed back to eligible customers over the twelve months beginning January 1, 2014. Of the total credit, $37.8 million represents the pass-back of grant amortization and $20.6 million represents the pass through of interest, in addition to a minor true-up associated with the 2013 rate period. This filing represents an overall average rate increase of 0.26%.

Purchased Gas Adjustment (PGA). On October 31, 2012, the Washington Commission approved PSE's PGA natural gas tariff filing and allowed the rates to go into effect on November 1, 2012 on a temporary basis subject to revision. The rates resulted in a decrease to the rates charged to customers under the PGA. On May 1, 2013, the Washington Commission approved the proposed rates and allowed them to be made permanent. The estimated revenue impact of the approved change is a decrease of $77.0 million, or 7.7% annually, with no impact on net operating income.

On October 30, 2013, the Washington Commission approved PSE's PGA natural gas tariff, effective on November 1, 2013, which reflected changes in wholesale gas and pipeline transportation costs and changes in deferral amortization rates. The estimated revenue impact of the approved change is an increase of $4.0 million or 0.4% annually, with no impact on net operating income.

In addition, PSE will be increasing the allowed delivery revenue per customer under the ERF filing by 2.2% for natural gas customers on January 1 of each year until the conclusion of PSE's next general rate case.

Biogas Energy. On November 27, 2013, the Washington Commission issued an order authorizing PSE to provide the net proceeds from the sale of natural gas supply produced from a landfill-gas recovery project in King County (Biogas) prior to October 31, 2013 as a bill credit to customers over a one-year period in its Renewable Energy Credits adjusting price schedule which became effective January 1, 2014. Additionally, the Washington Commission order authorized that all net proceeds from Biogas produced after October 31, 2013 plus the internal labor needed to obtain the net proceeds is reflected as a PSE below-the-line item (i.e., not included in the revenues and expenses considered when setting electric customer rates) and excluded from utility operations.

Residential Exchange. The Northwest Power Act, through the Residential Exchange Program (REP), provides access to the benefits of low-cost federal power for residential and small farm customers of regional utilities, including PSE. The program is administered by the Bonneville Power Administration (BPA). Pursuant to agreements (including settlement agreements) between the BPA and PSE, the BPA has provided payments of REP benefits to PSE, which PSE has passed through to its residential and small farm customers in the form of electricity bill credits.

In 2007, the United States Court of Appeals for the Ninth Circuit (Ninth Circuit) ruled that REP agreements of the BPA with PSE and a number of other investor-owned utilities were inconsistent with the Northwest Power Act. Since that time, those investor-owned utilities, including PSE, the BPA and other parties have been involved in ongoing litigation at the Ninth Circuit relating to the amount of REP benefits paid to utilities, including PSE, for the fiscal year 2002 through fiscal year 2011 period and the amount of REP benefits to be paid going forward.

In July 2011, the BPA, PSE and a number of other parties entered into a settlement agreement that by its terms, if upheld in its entirety, would resolve the disputes between BPA and PSE regarding REP benefits paid for fiscal years 2002-2011 and determine REP benefits for fiscal years 2012-2028. In October 2011, certain other parties challenged BPA decisions with regard to its entering into the 2012 settlement agreement. On October 28, 2013, the Ninth Circuit issued an order dismissing this challenge to this settlement. In light of the disposition of this challenge, the stay of the other pending Ninth Circuit litigation regarding REP benefits was lifted in January 2014. In the order lifting the stay, petitioners (unless they move to voluntarily dismiss their petitions) and intervenors (unless they move to voluntarily withdraw) were directed to file a statement explaining which issues, if any, remain pending. Such statements are due on or before April 1, 2014. PSE is unable to determine prior to April 1, if this other pending litigation will continue and, if so, what impact these proceedings may have on PSE. However, the Company believes it is unlikely that any unfavorable outcome would have a material adverse effect on PSE because REP benefits received by PSE are passed through directly to REP customers.

With the Ninth Circuit's decision affirming the 2012 REP Settlement, PSE will receive approximately $57.0 million plus interests of REP payments owed under a 2008 agreement, which are in addition to scheduled monthly REP benefits received from BPA under the 2012 REP Settlement. These payments will be given back to PSE's residential and small farm customers through a higher residential exchange credit on their bills.

Colstrip. PSE has a 50% ownership interest in Colstrip Units 1 and 2, and a 25% interest in Colstrip Units 3 and 4. On March 6, 2013, Sierra Club and Montana Environmental Information Center (MEIC) filed a Clean Air Act citizen suit against all Colstrip owners (including PSE) alleging numerous claims for relief, most which relate to alleged prevention of significant deterioration (PSD) violations. One claim relates to the alleged failure to update the Title V permit to reflect the major modifications alleged in the first thirty-six claims, another claim alleges that the previous Title V compliance certifications have been incomplete because they did not address the alleged major modifications, and the last claim alleges opacity violations since 2007. The lawsuit was filed in U.S. District of Montana, Billings Division requesting injunctive relief and civil penalties, including a request that the owners remediate environmental damage and that $100,000 of the civil penalties be used for beneficial mitigation projects. This lawsuit followed various Notices of Intent to Sue sent to Colstrip owners (including PSE) from the Sierra Club and the MEIC between July and December 2012. Discovery in the case has begun, and a prehearing conference took place in July 2013. The case has been bifurcated into separate liability and remedy trials set for October 2014 and August 2015, respectively. PSE is evaluating the allegations set forth in the notices and cannot at this time predict the outcome of this matter.

Other Proceedings. The Company is also involved in litigation relating to claims arising out of its operations in the normal course of business. The Company has recorded reserves of $1.4 million and $3.4 million relating to these claims as of December 31, 2013 and December 31, 2012, respectively.

10. Kimberly Harris, who serves as the President and Chief Executive Officer, as well as a director of PSE, is married to Kyle Branum, a Principal at the law firm Riddell Williams P.S. since 2008. Riddell Williams or its predecessor firms have been one of PSE's primary law firms for nearly 50 years. Mr. Branum is among the lawyers at Riddell Williams who provide legal services to PSE. This work is performed under the direct supervision of the office of the general counsel and the compensation arrangements are comparable to other regional law firms providing legal services to PSE.

11. Gas operating revenue decreased $57.7 million, or 5.3%, to $1,028.4 million from $1,086.1 million for the year ended December 31, 2013 as compared to the same period in 2012. The decrease in gas operating revenue of $57.7 million was due primarily to lower natural gas retail sales revenue of $53.9 million due to lower natural gas costs.

Natural gas retail sales revenue decreased $53.9 million, or 5.1%, to $1,003.3 million from $1,057.2 million for the year ended December 31, 2013 as compared to the same period in 2012. The decrease in natural gas retail sales for the year ended December 31, 2013 as compared to the same period in 2012 was primarily due to a net $56.0 million decrease mostly related to the PGA rate decrease effective November 1, 2012. The PGA mechanism passes through to customers increases or decreases in the natural gas supply portion of the natural gas service rates based upon changes in the price of natural gas purchased from producers and wholesale marketers or changes in natural gas pipeline transportation costs. PSE's net income is not affected by changes under the PGA mechanism. Also contributing to the decrease was a decrease of $6.9 million related to gas conservation revenues as a result of an approved accounting petition authorizing PSE to recover the costs associated with the Company's 2012 gas conservation programs via transfers from amounts deferred for the over-recovery of commodity costs in the Company's PGA commodity account. This had no impact on earnings as conservation expense increased by the same amount. Partially offsetting these decreases was an increase of 7.7 million in therm sales, or 0.9%, that resulted in a $9.0 million revenue increase.

Decoupling revenue resulted in an over-collection of $5.2 million for the year ended December 31, 2013 due to higher actual revenue per natural gas customer as compared to the allowed amount under the decoupling mechanism effective July 1, 2013. The offset is recorded in regulatory liability which will be passed back to customers through a future rate filing.

The following table sets forth natural gas rate adjustments that were approved by the Washington Commission and the corresponding impact to PSE's annual revenue based on the effective dates:

Type of Rate Adjustment	Effective Date	Average Percentage Increase (Decrease) in Rates	Annual Increase (Decrease) in Revenue (Dollars in Millions)
Purchased Gas Adjustment	November 1, 2013	0.4%	$4.0
Decoupling Rate Filing	July 1, 2013	1.1	10.8
Expedited Rate Filing	July 1, 2013	(0.2)	(2.0)
Purchased Gas Adjustment	November 1, 2012	(7.7)	(77.0)
Natural Gas General Rate Case	May 14, 2012	1.3	13.4

The following table presents the number of PSE customers as of December 31, 2013 and 2012:

	Gas		
	December 31,		Percent
	2013	2012	Change
Customers: [1]			
Residential	722,680	710,926	1.6 %
Commercial	54,569	54,049	1.0 %
Industrial	2,409	2,423	(0.6)%
Other	208	203	2.4 %
Total	779,866	767,601	1.6 %

12. On May 1, 2013, Donald E. Gaines, Vice President Finance & Treasurer retired from the company.
On May 3, 2013, Susan McClain, Senior Vice President of Operations retired from the company.
On May 8, 2013, the sole shareholders of Puget Sound Energy appointed and elected Drew Murphy to the Board of Directors.
On May 8, 2013, John McMahon resigned from the Board of Directors.
On July 1, 2013, Rudiger H. Wolf, Vice President & Chief Information Officer retired from the company.
Margaret Hopkins was promoted into the position on July 31, 2013.
On October 31, 2013, Cal Shirley, Vice President Customer Solutions retired from the company.

13. None

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report End of 2013/Q4

Comparative Balance Sheet (Assets and Other Debits)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	12,657,379,401	11,827,504,510
3	Construction Work in Progress (107)	200-201	310,318,032	766,035,007
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	12,967,697,433	12,593,539,517
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		4,566,548,281	4,284,644,566
6	Net Utility Plant (Total of line 4 less 5)		8,401,149,152	8,308,894,951
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)		0	0
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)		0	0
9	Nuclear Fuel (Total of line 7 less 8)		0	0
10	Net Utility Plant (Total of lines 6 and 9)		8,401,149,152	8,308,894,951
11	Utility Plant Adjustments (116)	122	0	0
12	Gas Stored-Base Gas (117.1)	220	0	0
13	System Balancing Gas (117.2)	220	0	0
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	8,654,564	8,654,564
15	Gas Owed to System Gas (117.4)	220	0	0
16	OTHER PROPERTY AND INVESTMENTS			
17	Nonutility Property (121)		4,961,470	5,293,611
18	(Less) Accum. Provision for Depreciation and Amortization (122)		394,886	397,105
19	Investments in Associated Companies (123)	222-223	0	0
20	Investments in Subsidiary Companies (123.1)	224-225	36,465,651	37,573,935
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances		0	0
23	Other Investments (124)	222-223	53,449,207	63,802,336
24	Sinking Funds (125)		0	0
25	Depreciation Fund (126)		0	0
26	Amortization Fund - Federal (127)		0	0
27	Other Special Funds (128)		62,565,031	20,160,521
28	Long-Term Portion of Derivative Assets (175)		7,732,879	14,813,761
29	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)		164,779,352	141,247,059
31	CURRENT AND ACCRUED ASSETS			
32	Cash (131)		38,297,043	23,956,451
33	Special Deposits (132-134)		7,082,729	3,068,687
34	Working Funds (135)		3,125,417	4,014,747
35	Temporary Cash Investments (136)	222-223	0	105,000,000
36	Notes Receivable (141)		1,192,584	777,677
37	Customer Accounts Receivable (142)		245,419,541	227,152,485
38	Other Accounts Receivable (143)		145,001,227	69,730,596
39	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		7,385,209	9,932,461
40	Notes Receivable from Associated Companies (145)		0	0
41	Accounts Receivable from Associated Companies (146)		452,705	299,673
42	Fuel Stock (151)		20,739,826	18,243,996
43	Fuel Stock Expenses Undistributed (152)		0	0

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report End of 2013/Q4

Comparative Balance Sheet (Assets and Other Debits)(continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
44	Residuals (Elec) and Extracted Products (Gas) (153)		0	0
45	Plant Materials and Operating Supplies (154)		82,717,229	77,482,359
46	Merchandise (155)		0	0
47	Other Materials and Supplies (156)		204,525	0
48	Nuclear Materials Held for Sale (157)		0	0
49	Allowances (158.1 and 158.2)		0	0
50	(Less) Noncurrent Portion of Allowances		0	0
51	Stores Expense Undistributed (163)		5,422,914	4,870,242
52	Gas Stored Underground-Current (164.1)	220	42,350,784	66,676,995
53	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	618,974	626,020
54	Prepayments (165)	230	25,140,188	19,676,320
55	Advances for Gas (166 thru 167)		0	0
56	Interest and Dividends Receivable (171)		0	0
57	Rents Receivable (172)		0	0
58	Accrued Utility Revenues (173)		219,883,773	204,358,951
59	Miscellaneous Current and Accrued Assets (174)		0	0
60	Derivative Instrument Assets (175)		26,599,879	21,682,690
61	(Less) Long-Term Portion of Derivative Instrument Assets (175)		7,732,879	14,813,761
62	Derivative Instrument Assets - Hedges (176)		0	0
63	(Less) Long-Term Portion of Derivative Instrument Assests - Hedges (176)		0	0
64	TOTAL Current and Accrued Assets (Total of lines 32 thru 63)		849,131,250	822,871,667
65	DEFERRED DEBITS			
66	Unamortized Debt Expense (181)		31,195,825	36,271,069
67	Extraordinary Property Losses (182.1)	230	116,328,043	131,903,965
68	Unrecovered Plant and Regulatory Study Costs (182.2)	230	3,262,451	4,998,421
69	Other Regulatory Assets (182.3)	232	610,197,869	564,512,052
70	Preliminary Survey and Investigation Charges (Electric)(183)		8,182	0
71	Preliminary Survey and Investigation Charges (Gas)(183.1 and 183.2)		0	0
72	Clearing Accounts (184)		0	0
73	Temporary Facilities (185)		58,041	111,105
74	Miscellaneous Deferred Debits (186)	233	173,488,539	255,968,713
75	Deferred Losses from Disposition of Utility Plant (187)		382,030	530,629
76	Research, Development, and Demonstration Expend. (188)		0	0
77	Unamortized Loss on Reacquired Debt (189)		37,832,365	31,399,347
78	Accumulated Deferred Income Taxes (190)	234-235	548,785,238	563,177,063
79	Unrecovered Purchased Gas Costs (191)		(5,937,698)	(32,587,139)
80	TOTAL Deferred Debits (Total of lines 66 thru 79)		1,515,600,885	1,556,285,225
81	TOTAL Assets and Other Debits (Total of lines 10-15,30,64,and 80)		10,939,315,203	10,837,953,466

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Comparative Balance Sheet (Liabilities and Other Credits)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	859,038	859,038
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	478,145,250	478,145,250
7	Other Paid-In Capital (208-211)	253	2,775,196,691	2,775,196,691
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	7,133,879	7,133,879
11	Retained Earnings (215, 215.1, 216)	118-119	297,459,772	351,199,626
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	(8,031,791)	(6,923,503)
13	(Less) Reacquired Capital Stock (217)	250-251	0	0
14	Accumulated Other Comprehensive Income (219)	117	(95,737,745)	(187,198,543)
15	TOTAL Proprietary Capital (Total of lines 2 thru 14)		3,440,757,336	3,404,144,680
16	LONG TERM DEBT			
17	Bonds (221)	256-257	3,760,860,000	3,773,860,000
18	(Less) Reacquired Bonds (222)	256-257	0	0
19	Advances from Associated Companies (223)	256-257	0	0
20	Other Long-Term Debt (224)	256-257	0	0
21	Unamortized Premium on Long-Term Debt (225)	258-259	0	0
22	(Less) Unamortized Discount on Long-Term Debt-Dr (226)	258-259	13,642	14,144
23	(Less) Current Portion of Long-Term Debt		0	0
24	TOTAL Long-Term Debt (Total of lines 17 thru 23)		3,760,846,358	3,773,845,856
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases-Noncurrent (227)		9,472,609	17,050,697
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		1,060,000	1,070,000
29	Accumulated Provision for Pensions and Benefits (228.3)		54,789,264	148,577,672
30	Accumulated Miscellaneous Operating Provisions (228.4)		244,303,032	271,765,109
31	Accumulated Provision for Rate Refunds (229)		0	1,316,719

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Comparative Balance Sheet (Liabilities and Other Credits)(continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)
32	Long-Term Portion of Derivative Instrument Liabilities		30,467,636	65,203,994
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		1,055,163	3,118,598
34	Asset Retirement Obligations (230)		48,686,890	45,496,347
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		389,834,594	553,599,136
36	CURRENT AND ACCRUED LIABILITIES			
37	Current Portion of Long-Term Debt		0	0
38	Notes Payable (231)		162,000,000	181,000,000
39	Accounts Payable (232)		309,405,222	323,855,881
40	Notes Payable to Associated Companies (233)		29,597,785	29,597,785
41	Accounts Payable to Associated Companies (234)		0	0
42	Customer Deposits (235)		29,044,531	35,471,873
43	Taxes Accrued (236)	262-263	109,262,101	90,826,718
44	Interest Accrued (237)		55,262,485	55,805,752
45	Dividends Declared (238)		0	0
46	Matured Long-Term Debt (239)		0	0
47	Matured Interest (240)		0	0
48	Tax Collections Payable (241)		1,204,256	2,657,034
49	Miscellaneous Current and Accrued Liabilities (242)	268	16,990,908	18,368,320
50	Obligations Under Capital Leases-Current (243)		7,578,088	7,578,088
51	Derivative Instrument Liabilities (244)		69,869,432	232,230,177
52	(Less) Long-Term Portion of Derivative Instrument Liabilities		30,467,636	65,203,994
53	Derivative Instrument Liabilities - Hedges (245)		3,118,598	7,040,518
54	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges		1,055,163	3,118,598
55	TOTAL Current and Accrued Liabilities (Total of lines 37 thru 54)		761,810,607	916,109,554
56	DEFERRED CREDITS			
57	Customer Advances for Construction (252)		57,241,155	70,300,619
58	Accumulated Deferred Investment Tax Credits (255)		2	3,498
59	Deferred Gains from Disposition of Utility Plant (256)		1,273,806	1,867,219
60	Other Deferred Credits (253)	269	386,371,700	222,080,889
61	Other Regulatory Liabilities (254)	278	146,019,989	124,255,561
62	Unamortized Gain on Reacquired Debt (257)	260	0	0
63	Accumulated Deferred Income Taxes - Accelerated Amortization (281)		0	0
64	Accumulated Deferred Income Taxes - Other Property (282)		1,632,467,281	1,415,588,961
65	Accumulated Deferred Income Taxes - Other (283)		362,692,375	356,157,493
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		2,586,066,308	2,190,254,240
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55,and 66)		10,939,315,203	10,837,953,466

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Statement of Income

Quarterly
1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
4. If additional columns are needed place them in a footnote.

Annual or Quarterly, if applicable
5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting mehods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
1	UTILITY OPERATING INCOME					
2	Gas Operating Revenues (400)	300-301	3,326,941,159	3,308,315,481	0	0
3	Operating Expenses					
4	Operation Expenses (401)	317-325	1,798,130,018	1,825,841,629	0	0
5	Maintenance Expenses (402)	317-325	155,271,656	153,256,564	0	0
6	Depreciation Expense (403)	336-338	362,753,289	337,408,898	0	0
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338	1,570,258	542,644	0	0
8	Amortization and Depletion of Utility Plant (404-405)	336-338	40,392,575	35,042,142	0	0
9	Amortization of Utility Plant Acu. Adjustment (406)	336-338	13,794,396	12,760,092	0	0
10	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)		17,213,410	17,529,940	0	0
11	Amortization of Conversion Expenses (407.2)		0	0	0	0
12	Regulatory Debits (407.3)		43,747,744	40,478,471	0	0
13	(Less) Regulatory Credits (407.4)		56,677,296	16,277,816	0	0
14	Taxes Other than Income Taxes (408.1)	262-263	302,765,686	318,858,847	0	0
15	Income Taxes-Federal (409.1)	262-263	0	4,267,786	0	0
16	Income Taxes-Other (409.1)	262-263	0	0	0	0
17	Provision of Deferred Income Taxes (410.1)	234-235	540,441,469	895,203,555	0	0
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	298,567,820	695,480,063	0	0
19	Investment Tax Credit Adjustment-Net (411.4)		(3,496)	(21,939)	0	0
20	(Less) Gains from Disposition of Utility Plant (411.6)		694,857	1,253,774	0	0
21	Losses from Disposition of Utility Plant (411.7)		149,128	158,546	0	0
22	(Less) Gains from Disposition of Allowances (411.8)		51,498	54,776	0	0
23	Losses from Disposition of Allowances (411.9)		0	0	0	0
24	Accretion Expense (411.10)		1,241,497	1,571,093	0	0
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)		2,921,476,159	2,929,831,839	0	0
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		405,465,000	378,483,642	0	0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Statement of Income

Line No.	Elec. Utility Current Year to Date (in dollars) (g)	Elec. Utility Previous Year to Date (in dollars) (h)	Gas Utility Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1						
2	2,298,584,625	2,222,220,439	1,028,356,534	1,086,095,042	0	0
3						
4	1,173,809,276	1,141,485,071	624,320,742	684,356,558	0	0
5	133,622,742	132,491,685	21,648,914	20,764,879	0	0
6	252,217,244	230,929,981	110,536,045	106,478,917	0	0
7	793,492	607,316	776,766	(64,672)	0	0
8	28,122,139	23,501,771	12,270,436	11,540,371	0	0
9	13,794,396	12,760,092	0	0	0	0
10	17,213,410	17,529,940	0	0	0	0
11	0	0	0	0	0	0
12	43,747,744	40,478,471	0	0	0	0
13	56,677,296	16,277,816	0	0	0	0
14	200,730,843	208,527,763	102,034,843	110,331,084	0	0
15	0	4,271,535	0	(3,749)	0	0
16	0	0	0	0	0	0
17	338,945,372	672,025,668	201,496,097	223,177,887	0	0
18	154,102,815	515,803,282	144,465,005	179,676,781	0	0
19	0	0	(3,496)	(21,939)	0	0
20	633,008	1,138,715	61,849	115,059	0	0
21	132,649	127,890	16,479	30,656	0	0
22	51,498	54,776	0	0	0	0
23	0	0	0	0	0	0
24	1,192,372	1,437,954	49,125	133,139	0	0
25	1,992,857,062	1,952,900,548	928,619,097	976,931,291	0	0
26	305,727,563	269,319,891	99,737,437	109,163,751	0	0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Statement of Income(continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		405,465,000	378,483,642	0	0
28	OTHER INCOME AND DEDUCTIONS					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues form Merchandising, Jobbing and Contract Work (415)		784,913	1,517,341	0	0
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (416)		684,674	1,072,529	0	0
33	Revenues from Nonutility Operations (417)		1,190,524	32,888	0	0
34	(Less) Expenses of Nonutility Operations (417.1)		4,270,772	2,811,625	0	0
35	Nonoperating Rental Income (418)		0	0	0	0
36	Equity in Earnings of Subsidiary Companies (418.1)	119	(1,108,288)	(786,214)	0	0
37	Interest and Dividend Income (419)		16,657,645	17,796,739	0	0
38	Allowance for Other Funds Used During Construction (419.1)		15,930,161	25,469,009	0	0
39	Miscellaneous Nonoperating Income (421)		100,843,738	3,580,906	0	0
40	Gain on Disposition of Property (421.1)		26,360	30,953	0	0
41	TOTAL Other Income (Total of lines 31 thru 40)		129,369,607	43,757,468	0	0
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		0	0	0	0
44	Miscellaneous Amortization (425)		795	795	0	0
45	Donations (426.1)	340	70,682	1,159,346	0	0
46	Life Insurance (426.2)		(3,845,049)	(3,272,977)	0	0
47	Penalties (426.3)		583,005	719,520	0	0
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		4,873,682	5,807,354	0	0
49	Other Deductions (426.5)		7,175,628	(108,992,549)	0	0
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	340	8,858,743	(104,578,511)	0	0
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other than Income Taxes (408.2)	262-263	117,996	92,004	0	0
53	Income Taxes-Federal (409.2)	262-263	0	0	0	0
54	Income Taxes-Other (409.2)	262-263	0	409	0	0
55	Provision for Deferred Income Taxes (410.2)	234-235	(80,387,162)	(54,238,144)	0	0
56	(Less) Provision for Deferred Income Taxes-Credit (411.2)	234-235	0	0	0	0
57	Investment Tax Credit Adjustments-Net (411.5)		0	0	0	0
58	(Less) Investment Tax Credits (420)		0	0	0	0
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(80,269,166)	(54,145,731)	0	0
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		200,780,030	202,481,710	0	0
61	INTEREST CHARGES					
62	Interest on Long-Term Debt (427)		227,624,722	228,231,522	0	0
63	Amortization of Debt Disc. and Expense (428)	258-259	3,465,724	6,927,610	0	0
64	Amortization of Loss on Reacquired Debt (428.1)		2,285,732	1,623,911	0	0
65	(Less) Amortization of Premium on Debt-Credit (429)	258-259	0	0	0	0
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0	0	0
67	Interest on Debt to Associated Companies (430)	340	112,275	201,716	0	0
68	Other Interest Expense (431)	340	27,888,255	10,027,467	0	0
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		11,260,684	22,215,570	0	0
70	Net Interest Charges (Total of lines 62 thru 69)		250,116,024	224,796,656	0	0
71	Income Before Extraordinary Items (Total of lines 27,60 and 70)		356,129,006	356,168,696	0	0
72	EXTRAORDINARY ITEMS					
73	Extraordinary Income (434)		0	0	0	0
74	(Less) Extraordinary Deductions (435)		0	0	0	0
75	Net Extraordinary Items (Total of line 73 less line 74)		0	0	0	0
76	Income Taxes-Federal and Other (409.3)	262-263	0	0	0	0
77	Extraordinary Items after Taxes (Total of line 75 less line 76)		0	0	0	0
78	Net Income (Total of lines 71 and 77)		356,129,006	356,168,696	0	0

THIS PAGE INTENTIONALLY LEFT BLANK

[Next Page is 117]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Statement of Accumulated Comprehensive Income and Hedging Activities

1. Report in columns (b) (c) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.

2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.

3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on available-for-sale securities (b)	Minimum Pension liabililty Adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year		(168,704,513)		
2	Preceding Quarter/Year to Date Reclassifications from Account 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value		(7,294,159)		
4	Total (lines 2 and 3)		(7,294,159)		
5	Balance of Account 219 at End of Preceding Quarter/Year		(175,998,672)		
6	Balance of Account 219 at Beginning of Current Year		(175,998,672)		
7	Current Quarter/Year to Date Reclassifications from Account 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value		88,594,581		
9	Total (lines 7 and 8)		88,594,581		
10	Balance of Account 219 at End of Current Quarter/Year		(87,404,091)		

Statement of Accumulated Comprehensive Income and Hedging Activities(continued)

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges (Insert Category) (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 116, Line 78) (i)	Total Comprehensive Income (j)
1	(6,940,503)	(12,934,222)	(188,579,238)		
2	316,968	8,357,884	8,674,852		
3			(7,294,159)		
4	316,968	8,357,884	1,380,693	356,168,694	357,549,387
5	(6,623,535)	(4,576,338)	(187,198,545)		
6	(6,623,535)	(4,576,338)	(187,198,545)		
7	316,968	2,549,248	2,866,216		
8			88,594,581		
9	316,968	2,549,248	91,460,797	356,129,006	447,589,803
10	(6,306,567)	(2,027,090)	(95,737,748)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Statement of Retained Earnings

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter Year to Date Balance (c)	Previous Quarter Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS			
1	Balance-Beginning of Period		340,449,149	155,077,430
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
4	TOTAL Credits to Retained Earnings (Account 439) (footnote details)			
5	TOTAL Debits to Retained Earnings (Account 439) (footnote details)		507,490	1,358,551
6	Balance Transferred from Income (Acct 433 less Acct 418.1)		357,237,294	356,954,908
7	Appropriations of Retained Earnings (Account 436)			
8	TOTAL Appropriations of Retained Earnings (Account 436) (footnote details)			
9	Dividends Declared-Preferred Stock (Account 437)			
10	TOTAL Dividends Declared-Preferred Stock (Account 437) (footnote details)			
11	Dividends Declared-Common Stock (Account 438)			
12	TOTAL Dividends Declared-Common Stock (Account 438) (footnote details)		410,977,148	175,624,638
13	Transfers from Account 216.1, Unappropriated Undistributed Subsidiary Earnings			5,400,000
14	Balance-End of Period (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		286,201,805	340,449,149
15	APPROPRIATED RETAINED EARNINGS (Account 215)			
16	TOTAL Appropriated Retained Earnings (Account 215) (footnote details)		11,257,967	10,750,477
17	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account			
18	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account			
19	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines		11,257,967	10,750,477
20	TOTAL Retained Earnings (Accounts 215, 215.1, 216) (Total of lines 14 and 1		297,459,772	351,199,626
21	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)			
	Report only on an Annual Basis no Quarterly			
22	Balance-Beginning of Year (Debit or Credit)		(6,923,502)	(737,288)
23	Equity in Earnings for Year (Credit) (Account 418.1)		(1,108,288)	(786,214)
24	(Less) Dividends Received (Debit)			5,400,000
25	Other Changes (Explain)			
26	Balance-End of Year		(8,031,790)	(6,923,502)

Statement of Cash Flows

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 25) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
1	Net Cash Flow from Operating Activities		
2	Net Income (Line 78(c) on page 116)	356,129,006	356,168,696
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	392,431,896	397,616,690
5	Amortization of (Specify) (footnote details)	31,007,806	30,290,032
6	Deferred Income Taxes (Net)	161,482,990	145,463,752
7	Investment Tax Credit Adjustments (Net)		
8	Net (Increase) Decrease in Receivables	(113,516,196)	35,957,954
9	Net (Increase) Decrease in Inventory	15,845,360	5,242,712
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	24,166,257	(15,889,440)
12	Net (Increase) Decrease in Other Regulatory Assets	(146,413,845)	(172,231,287)
13	Net Increase (Decrease) in Other Regulatory Liabilities	68,916,060	28,064,199
14	(Less) Allowance for Other Funds Used During Construction	15,930,161	25,469,009
15	(Less) Undistributed Earnings from Subsidiary Companies	(1,108,288)	(786,214)
16	Other (footnote details):	43,895,729	(6,047,959)
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of Lines 2 thru 16)	819,123,190	779,952,554
19			
20	Cash Flows from Investment Activities:		
21	Construction and Acquisition of Plant (including land):		
22	Gross Additions to Utility Plant (less nuclear fuel)	(583,765,541)	(885,352,319)
23	Gross Additions to Nuclear Fuel		
24	Gross Additions to Common Utility Plant		
25	Gross Additions to Nonutility Plant		
26	(Less) Allowance for Other Funds Used During Construction	(15,930,161)	(25,469,009)
27	Other (footnote details):		
28	Cash Outflows for Plant (Total of lines 22 thru 27)	(567,835,380)	(859,883,310)
29			
30	Acquisition of Other Noncurrent Assets (d)		
31	Proceeds from Disposal of Noncurrent Assets (d)	108,495,157	85,247
32			
33	Investments in and Advances to Assoc. and Subsidiary Companies		
34	Contributions and Advances from Assoc. and Subsidiary Companies		5,400,000
35	Disposition of Investments in (and Advances to)		
36	Associated and Subsidiary Companies		
37			
38	Purchase of Investment Securities (a)		
39	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Statement of Cash Flows (continued)

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
40	Loans Made or Purchased		
41	Collections on Loans		
42			
43	Net (Increase) Decrease in Receivables		
44	Net (Increase) Decrease in Inventory		
45	Net (Increase) Decrease in Allowances Held for Speculation		
46	Net Increase (Decrease) in Payables and Accrued Expenses		
47	Other (footnote details):	(17,556)	199,348,009
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47)	(459,357,779)	(655,050,054)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	161,860,000	
54	Preferred Stock		
55	Common Stock		
56	Other (footnote details):		
57	Net Increase in Short-term Debt (c)		
58	Other (footnote details):	(4,322,959)	(1,268,159)
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	157,537,041	(1,268,159)
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)	(174,860,000)	
63	Preferred Stock		
64	Common Stock		
65	Other (footnote details):		
66	Net Decrease in Short-Term Debt (c)	(19,000,000)	155,600,000
67			
68	Dividends on Preferred Stock		
69	Dividends on Common Stock	(410,977,148)	(175,624,638)
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	(447,300,107)	(21,292,797)
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of line 18, 49 and 71)	(87,534,696)	103,609,703
75			
76	Cash and Cash Equivalents at Beginning of Period	136,039,885	32,430,182
77			
78	Cash and Cash Equivalents at End of Period	48,505,189	136,039,885

Schedule Page: 120 Line No.: 58 Column: a

Other components of financing cash flows		**2013**		**2012**
Debt Issuance Costs	$	(5,481,944)		(16,358)
Refundable cash received for customer construction projects		8,737,072		6,311,170
Landis Gyr Capital Lease		(7,578,087)		(7,562,971)
	$	(4,322,959)	$	(1,268,159)

Schedule Page: 120 Line No.: 16 Column: a

Other components of operating cash flows		**2013**		**2012**
Other Long-Term Assets	$	(39,839,736)	$	(24,251,549)
Other Long-Term Liabilities		102,581,960		45,832,315
Conservation Amortization		105,897,025		114,177,265
Pension Funding		(20,400,000)		(22,800,000)
Net Unrealized (Gain) Loss on Derivative Transactions		(98,879,652)		(119,120,361)
Prepayments and Other		(5,463,868)		114,371
	$	43,895,729	$	(6,047,959)

Schedule Page: 120 Line No.: 47 Column: a

Other components of investing cash flows		**2013**		**2012**
Treasury Grants	$	-	$	202,485,800
Other		(17,556)		(3,137,791)
	$	(17,556)	$	199,348,009

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets. Entities that participate in multiemployer postretirement benefit plans (e.g. parent company sponsored pension plans) disclose in addition to the required disclosures for the consolidated plan, (1) the amount of cost recognized in the respondent's financial statements for each plan for the period presented, and (2) the basis for determining the respondent's share of the total plan costs.
4. Furnish details on the respondent's asset retirement obligations (ARO) as required by instruction no. 1 and, in addition, disclose the amounts recovered through rates to settle such obligations. Identify any mechanism or account in which recovered funds are being placed (i.e. trust funds, insurance policies, surety bonds). Furnish details on the accounting for the asset retirement obligations and any changes in the measurement or method of accounting for the obligations. Include details on the accounting for settlement of the obligations and any gains or losses expected or incurred on the settlement.
5. Provide a list of all environmental credits received during the reporting period.
6. Provide a summary of revenues and expenses for each tracked cost and special surcharge.
7. Where Account 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these item. See General Instruction 17 of the Uniform System of Accounts.
8. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
9. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
10. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
11. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
12. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
13. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
14. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
15. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

(1) Summary of Significant Accounting Policies

Basis of Presentation

These financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than generally accepted accounting principles. As a result, the presentation of these financial statements differs from generally accepted accounting principles. Certain disclosures which are required by generally accepted accounting principles and not required by FERC have been excluded from these financial statements.

As required by FERC, Puget Sound Energy, Inc. (PSE) classifies certain items in its Form 2 Balance Sheet (primarily the classification of the components of accumulated deferred income taxes, non-legal asset retirement obligations, certain miscellaneous current and accrued liabilities, maturities of long-term debt, deferred debits and deferred credits) in a manner different than that required by generally accepted accounting principles.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

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. The results of PSE's subsidiaries are presented on an equity basis.

Certain amounts previously reported have been reclassified to conform with current year presentations with no effect on total equity or net income.

Utility Plant

PSE capitalizes, at original cost, additions to utility plant, including renewals and betterments. Costs include indirect costs such as engineering, supervision, certain taxes, pension and other employee benefits and an Allowance For Funds Used During Construction (AFUDC). Replacements of minor items of property are included in maintenance expense. When the utility plant is retired and removed from service, the original cost of the property is charged to accumulated depreciation and costs associated with removal of the property, less salvage, are charged to the cost of removal regulatory liability.

Planned Major Maintenance

Planned major maintenance is an activity that typically occurs when PSE overhauls or substantially upgrades various systems and equipment on its natural gas fired combustion turbines on a scheduled basis. Costs related to planned major maintenance, in excess of $0.5 million, are deferred and amortized to the next scheduled major maintenance. This accounting method also follows the Washington Utilities and Transportation Commission (Washington Commission) regulatory treatment related to these generating facilities.

Non-Utility Property, Plant and Equipment

For PSE, the costs of other property, plant and equipment are stated at historical cost. Expenditures for refurbishment and improvements that significantly add to productive capacity or extend useful life of an asset are capitalized. Replacement of minor items are expensed on a current basis. Gains and losses on assets sold or retired are reflected in earnings.

Depreciation and Amortization

For financial statement purposes, the Company provides for depreciation and amortization on a straight-line basis. Amortization is recorded for intangibles such as regulatory assets and liabilities, computer software and franchises. The depreciation of vehicles and equipment is allocated to the asset and expense accounts based on usage. The annual depreciation provision stated as a percent of a depreciable electric utility plant was 2.8% and 2.9% in 2013 and 2012, respectively; depreciable gas utility plant was 3.4% in 2013 and 2012; and depreciable common utility plant was 11.4% and 11.6% in 2013 and 2012, respectively. Depreciation on other property, plant and equipment is calculated primarily on a straight-line basis over the useful lives of the assets. The cost of removal is collected from PSE's customers through depreciation expense and any excess is recorded as a regulatory liability.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand bank deposits and short-term highly liquid investments with original maturities of three months or less at the time of purchase. The 2012 balance consisted of cash equivalents, which are reported at cost and approximate fair value, and were $105.0 million. As of December 31, 2013, PSE did not have any cash equivalents.

Materials and Supplies

Materials and supplies are used primarily in the operation and maintenance of electric and natural gas distribution and transmission systems as well as spare parts for combustion turbines used for the generation of electricity. PSE records these items at weighted-average cost.

Fuel and Gas Inventory

Fuel and gas inventory is used in the generation of electricity and for future sales to the Company's natural gas customers. Fuel inventory consists of coal, diesel and natural gas used for generation. Gas inventory consists of natural gas and liquefied natural gas (LNG) held in storage for future sales. PSE records these items at the lower of cost or market value using the weighted-average cost method.

Regulatory Assets and Liabilities

PSE accounts for its regulated operations in accordance with ASC 980 "Regulated Operations" (ASC 980). ASC 980 requires PSE to defer certain costs that would otherwise be charged to expense, if it is probable that future rates will permit recovery of such costs. It similarly requires deferral of revenues or gains and losses that are expected to be returned to customers in the future. Accounting under ASC 980 is appropriate as long as rates are established by or subject to approval by independent third-party regulators; rates are designed to recover the specific enterprise's cost of service; and in view of demand for service, it is reasonable to assume that rates set at levels that will recover costs can be charged to and collected from customers. In most cases, PSE classifies regulatory assets and liabilities as long-term assets or liabilities due to the length of the amortization. The exception is the Purchased Gas Adjustment (PGA) which can be a current asset or current liability.

Allowance for Funds Used During Construction

AFUDC represents the cost of both the debt and equity funds used to finance utility plant additions during the construction period. The amount of AFUDC recorded in each accounting period varies depending principally upon the level of construction work in progress and the AFUDC rate used. AFUDC is capitalized as a part of the cost of utility plant and is credited to interest expense and as a non-cash item to other income. Cash inflow related to AFUDC does not occur until these charges are reflected in rates.

The AFUDC rates authorized by the Washington Commission for natural gas and electric utility plant additions based on the effective dates are as follows:

Effective Date	Washington Commission AFUDC Rates
July 1, 2013 - present	7.77%
May 14, 2012 - June 30, 2013	7.80
April 8, 2010 - May 13, 2012	8.10

The Washington Commission authorized the Company to calculate AFUDC using its allowed rate of return. To the extent amounts calculated using this rate exceed the AFUDC calculated rate using the Federal Energy Regulatory Commission (FERC) formula, PSE capitalizes the excess as a deferred asset, crediting other income. The deferred asset is being amortized over the average useful life of PSE's non-project electric utility plant which is approximately 30 years.

Revenue Recognition

Operating utility revenue is recognized when the basis of services is rendered, which includes estimated unbilled revenue, in accordance with ASC 605, "Revenue Recognition" (ASC 605). PSE's estimate of unbilled revenue is based on a calculation using meter readings from its automated meter reading (AMR) system. The estimate calculates unbilled usage at the end of each month as the difference between the customer meter readings on the last day of the month and the last customer meter readings billed. The unbilled usage is then priced at published rates for each schedule to estimate the unbilled revenues by customer.

Non-utility subsidiaries recognize revenue when services are performed or upon the sale of assets. Revenue from retail sales is billed based on tariff rates approved by the Washington Commission. Sales of Renewable Energy Credits (RECs) are deferred as a regulatory liability.

PSE collected Washington State excise taxes (which are a component of general retail customer rates) and municipal taxes totaling $243.9 million and $244.2 million for 2013 and 2012, respectively. The Company reports the collection of such taxes on a gross basis in operating revenue and as expense in taxes other than income taxes in the accompanying consolidated statements of income.

Beginning July 1, 2013, PSE's electric and gas operations contain a revenue decoupling mechanism under which PSE's actual energy delivery revenues related to electric transmission and distribution, gas operations and general administrative costs are compared with authorized revenues allowed under the mechanism. Any differences are deferred to a regulatory asset for under recovery or regulatory liability for over recovery. Revenues associated with power costs under the Power Cost Adjustment (PCA) mechanism and PGA rates are excluded from the decoupling mechanism.

Allowance for Doubtful Accounts

Allowance for doubtful accounts are provided for electric and natural gas customer accounts based upon a historical experience rate of write-offs of energy accounts receivable along with information on future economic outlook. The allowance account is adjusted monthly for this experience rate. The allowance account is maintained until either receipt of payment or the likelihood of collection is considered remote at which time the allowance account and corresponding receivable balance are written off.

The Company's allowance for doubtful accounts at December 31, 2013 and 2012 was $7.4 million and $9.9 million, respectively.

Self-Insurance

PSE currently has no insurance coverage for storm damage and recent environmental contamination occurring on PSE-owned property. PSE is self-insured for a portion of the risk associated with comprehensive liability, workers' compensation claims and catastrophic property losses other than those which are storm related. The Washington Commission has approved the deferral of certain uninsured qualifying storm damage costs that exceed $8.0 million which will be requested for collection in future rates. Additionally, costs may only be deferred if the outage meets the Institute of Electrical and Electronics Engineers (IEEE) outage criteria for system average interruption duration index.

Federal Income Taxes

For presentation in PSE's separate financial statements, income taxes are allocated to the subsidiaries on the basis of separate company computations of tax, modified by allocating certain consolidated group limitations which are attributed to the separate company. Taxes payable or receivable are settled with Puget Holdings.

Natural Gas Off-System Sales and Capacity Release

PSE contracts for firm natural gas supplies and holds firm transportation and storage capacity sufficient to meet the expected peak winter demand for natural gas by its firm customers. Due to the variability in weather, winter peaking consumption of natural gas by most of its customers and other factors, PSE holds contractual rights to natural gas supplies and transportation and storage capacity in excess of its average annual requirements to serve firm customers on its distribution system. For much of the year, there is excess capacity available for third-party natural gas sales, exchanges and capacity releases. PSE sells excess natural gas supplies, enters into natural gas supply exchanges with third parties outside of its distribution area and releases to third parties excess interstate natural gas pipeline capacity and natural gas storage rights on a short-term basis to mitigate the costs of firm transportation and storage capacity for its core natural gas customers. The proceeds from such activities, net of transactional costs, are accounted for as reductions in the cost of purchased natural gas and passed on to customers through the PGA mechanism, with no direct impact on net income. As a result, PSE nets the sales revenue and associated cost of sales for these transactions in purchased natural gas.

Non-Core Gas Sales

As part of the Company's electric operations, PSE provides natural gas to its gas-fired generation facilities. The projected volume of natural gas for power is relative to the price of natural gas. Based on the market prices for natural gas, PSE may use the gas it has already purchased to generate power or PSE may sell the already purchased natural gas. The net proceeds from selling natural gas, previously purchased for power generation, are accounted for in other electric operating revenue and are included in the PCA mechanism.

Production Tax Credit

Production Tax Credits (PTCs) represent federal income tax incentives available to taxpayers that generate energy from qualifying renewable sources. Prior to July 1, 2010, PSE passed the benefit of the PTCs to customers as the benefits were generated. After July 1, 2010, PSE records the benefit of the PTCs as a regulatory liability until such time as PSE utilizes the tax credit on its tax return. Once utilized, PSE will pass the benefit to customers.

Accounting for Derivatives

ASC 815 requires that all contracts considered to be derivative instruments be recorded on the balance sheet at their fair value unless the contracts qualify for an exception. PSE enters into derivative contracts to manage its energy resource portfolio and interest rate exposure including forward physical and financial contracts and swaps. Some of PSE's physical electric supply contracts qualify for the Normal Purchase Normal Sale (NPNS) exception to derivative accounting rules. PSE may enter into financial fixed price contracts to economically hedge the variability of certain index-based contracts. Those contracts that do not meet the NPNS exception are marked-to-market to current earnings in the statements of income, subject to deferral under ASC 980, for energy related derivatives due to the PCA mechanism and PGA mechanism.

PSE elected to de-designate all energy related derivative contracts previously recorded as cash flow hedges for the purpose of simplifying its financial reporting in 2009. The contracts that were de-designated related to physical electric supply contracts and natural gas swap contracts used to fix the price of natural gas for electric generation. For these contracts and for contracts initiated after such date, all mark-to-market adjustments are recognized through earnings. The amount previously recorded in accumulated other comprehensive income (OCI) is transferred to earnings in the same period or periods during which the hedged transaction affects earnings or sooner if management determines that the forecasted transaction is probable of not occurring. As a result, the Company will continue to experience the earnings impact of these reversals from OCI in future periods.

The Company may enter into swap instruments or other financial derivative instruments to manage the interest rate risk associated with its long-term debt financing and debt instruments. As of December 31, 2013, PSE did not have interest rate swap contracts outstanding related to its long-term debt. For additional information, see Note 9 Accounting for Derivative Instruments and Hedging Activities.

Fair Value Measurements of Derivatives

ASC 820, "Fair Value Measurements and Disclosures" (ASC 820), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). However, as permitted under ASC 820, the Company utilizes a mid-market pricing convention (the mid-point price between bid and ask prices) as a practical expedient for valuing the majority of its assets and liabilities measured and reported at fair value. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. The Company primarily applies the market approach for recurring fair value measurements as it believes that the approach is used by market participants for these types of assets and liabilities. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company values derivative instruments based on daily quoted prices from an independent external pricing service. When external quoted market prices are not available for derivative contracts, the Company uses a valuation model that uses volatility assumptions relating to future energy prices based on specific energy markets and utilizes externally available forward market price curves. All derivative instruments are sensitive to market price fluctuations that can occur on a daily basis. For additional information, see Note 10 Fair Value Measurements.

Debt Related Costs

Debt premiums, discounts, expenses and amounts received or incurred to settle hedges are amortized over the life of the related debt for the Company. The premiums and costs associated with reacquired debt are deferred and amortized over the life of the related new issuance, in accordance with ratemaking treatment for PSE.

Statements of Cash Flows

The Company has refinancing transactions that do not result in an actual exchange of cash. For these transactions, the Company evaluates if the non-exchange of cash is for convenience purposes and if so, the Company considers the transaction as if it had constructively received and disbursed the cash and presents the transaction as gross on the financing section of the statements of cash flows.

PSE funds cash dividends to pay the shareholder of Puget Energy.

The following non-cash investing and financing activities have occurred at the Company:

- PSE did not incur any capital lease obligations in 2013 or 2012.

The Company revised its Statement of Cash Flows due to an immaterial error. Revisions were made in the second quarter ended June 30, 2013 on the Company's Statement of Cash Flows to reflect energy efficiency expenditures as operating cash outflows instead of investing cash outflows. The Company determined energy efficiency expenditures should have been classified as operating activities instead of investing activities. These revisions decreased net cash provided by operating activities and decreased net cash used by investing activities. The revision does not affect the net change in cash and cash equivalents for any of the periods, and has no effect on the Company's Statement of Income, Statement of Acculmulative Comprehensive Income and Hedging Activities, Comparative Balance Sheet and Statement of Retained Earnings. The Company has evaluated the effects of these errors and concluded that none of them are material to any of the Company's previously issued quarterly or annual Financial Statements. Nevertheless, the Company has elected to revise the Statement of Cash Flows in this report to correct for the effect of these errors and properly reflect the revised values.

The amounts on prior period Statement of Cash Flows that have been revised are summarized below:

(Dollars in Thousands)	As Reported		As Revised	
Description	Year Ended December 31, 2012		Year Ended December 31, 2012	
Net Cash Flow from Operating Activities:				
Net (Increase) Decrease in Other Regulatory Assets	$	(66,225)	$	(172,231)
Net Cash Provided by (Used in) Operating Activities	$	885,959	$	779,953
Cash Flows from Investment Activities:				
Other (provide details in footnote):	$	93,342	$	199,348
Footnote				
Energy Conservation Program	$	(106,006)	$	-
Net Cash Provided by (Used in) Investing Activities	$	(761,056)	$	(655,050)

Accumulated Other Comprehensive Income (Loss)

The following tables set forth the components of the Company's accumulated other comprehensive income (loss) at:

		December 31,		
(Dollars in Thousands)		2013		2012
Net unrealized loss on energy derivative instruments	$	(2,027)	$	(4,576)
Net unrealized loss on treasury interest rate swaps		(6,307)		(6,624)
Net unrealized loss and prior service cost on pension plans		(87,404)		(175,999)
Total PSE, net of tax	$	(95,738)	$	(187,199)

(2) New Accounting Pronouncements

Balance Sheet

In December 2011, the FASB issued ASU 2011-11, Balance Sheet (Topic 210) (ASU 2011-11). ASU 2011-11, as amended by ASU 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, enhances disclosure requirements about the nature of an entity's right to offset and related arrangements associated with its derivative instruments. ASU 2011-11 requires the disclosure of the gross amounts subject to rights of set-off, amounts offset in accordance with the accounting standards followed, and the related net exposure.

ASU 2011-11, as amended, is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. Retrospective application of the disclosures is required for all periods presented within the financial statements. These disclosure requirements are the only impact on the Company's consolidated financial statements. The Company adopted the Accounting Standards Update (ASU) requirements as disclosed in Note 9 - Accounting for Derivative Instruments and Hedging

Activities.

Comprehensive Income

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02), to improve the transparency of reporting reclassifications out of accumulated other comprehensive income. ASU 2013-02 requires an entity to present (either on the face of the statement where net income is presented or in the notes) the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income but only if the item reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. ASU 2013-02 also requires an entity to cross-reference to other disclosures currently required under U.S. GAAP for other reclassification items (that are not required under U.S. GAAP) to be reclassified directly to net income in their entirety in the same reporting period. This would be the case when a portion of the amount reclassified out of accumulated other comprehensive income is initially transferred to a balance sheet account instead of directly to income or expense.

ASU 2013-02 is effective for reporting periods beginning after December 15, 2012, for public companies and is effective for reporting periods beginning after December 15, 2013, for private companies. Other than additional disclosures or a change in the presentation on the statement of comprehensive income when necessary, ASU 2013-02 does not impact the Company's consolidated results of operations, cash flows or financial position. The Company adopted the ASU requirements as disclosed in Note 18 - Accumulated Other Comprehensive Income (Loss).

(3) Regulation and Rates

Regulatory Assets and Liabilities

ASC 980 requires PSE to defer certain costs that would otherwise be charged to expense, if it is probable that future rates will permit recovery of such costs. It similarly requires deferral of revenues or gains and losses that are expected to be returned to customers in the future.

Below is a chart with the allowed return on the net regulatory assets and liabilities and the associated time periods:

Period	Rate of Return	After-Tax Return
July 1, 2013 - present	7.77%	6.69%
May 14, 2012 - June 30, 2013	7.80	6.71
April 8, 2010 - May 13, 2012	8.10	6.90

The net regulatory assets and liabilities at December 31, 2013 and 2012 included the following:

(Dollars in Thousands)	Remaining Amortization Period	December 31, 2013	December 31, 2012
PGA deferral of unrealized losses on derivative instruments	(a)	$ 27,555	$ 95,953
Chelan PUD contract initiation	17.8 years	126,404	133,492
Storm damage costs electric	1 to 5 years	116,328	131,904
Environmental remediation	(a)	57,342	66,402
Baker Dam licensing operating and maintenance costs	45 years	57,270	57,644
Snoqualmie licensing operating and maintenance costs	31 years	10,881	7,816
Colstrip common property	10.5 years	7,479	8,195
Deferred income taxes	(a)	146,350	119,279

Deferred Washington Commission AFUDC	Varies up to 36 years	55,495	55,896
Energy conservation costs	1 to 2 years	35,987	26,940
Unamortized loss on reacquired debt	1 to 22.5 years	37,832	31,399
White River relicensing and other costs	(a)	28,190	29,654
Mint Farm ownership and operating costs	11.3 years	22,320	24,321
Investment in Bonneville Exchange power contract	3.5 years	12,343	15,870
Ferndale	5.8 years	22,811	1,789
Lower Snake River	2.3 to 23.3 years	92,924	126,887
Snoqualmie	5.8 years	8,009	—
Property tax tracker	(a)	22,134	—
Various other regulatory assets	Varies	8,078	2,782
Total PSE regulatory assets	$	895,732 $	936,223
Cost of removal	(b) $	(269,536)$	(239,243)
Production tax credits	(c)	(93,618)	(93,618)
PGA payable	1 year	(5,938)	(32,587)
PCA mechanism	(a)	(5,345)	—
Decoupling over-collection	(a)	(20,535)	—
Summit purchase option buy-out	6.8 years	(10,763)	(12,338)
Deferred gain on Jefferson County sale	(a)	(60,844)	—
Deferred credit on Biogas sale	1 year	(10,908)	—
Deferred credit on gas pipeline capacity	Varies up to 4.8 years	(4,508)	(6,213)
Renewable energy credits	(a)	(5,820)	(11,341)
Treasury grants	6 to 9 years	(203,889)	(225,573)
Various other regulatory liabilities	Up to 4 years	(5,755)	(7,998)
Total PSE regulatory liabilities	$	(697,459)$	(628,911)
PSE net regulatory assets (liabilities)	$	198,273 $	307,312

(a) Amortization periods vary depending on timing of underlying transactions or awaiting regulatory approval in a future Washington Commission rate proceeding.

(b) The balance is dependent upon the cost of removal of underlying assets and the life of utility plant.

(c) Amortization will begin once PTCs are utilized by PSE on its tax return.

If the Company determines that it no longer meets the criteria for continued application of ASC 980, the Company would be required to write off its regulatory assets and liabilities related to those operations not meeting ASC 980 requirements. Discontinuation of ASC 980 could have a material impact on the Company's financial statements.

In accordance with guidance provided by ASC 410, "Asset Retirement and Environmental Obligations," PSE reclassified from accumulated depreciation to a regulatory liability $269.5 million and $239.2 million in 2013 and 2012, respectively, for the cost of removal of utility plant. These amounts are collected from PSE's customers through depreciation rates.

Electric Regulation and Rates

Storm Damage Deferral Accounting

The Washington Commission issued a general rate case order that defined deferrable catastrophic/extraordinary losses and provided that costs in excess of $8.0 million annually may be deferred for qualifying storm damage costs that meet the modified IEEE outage criteria for system average interruption duration index. In 2013 and 2012, PSE incurred $9.5 million and $71.5 million, respectively, in storm-related electric transmission and distribution system restoration costs, of which no amount was deferred in 2013 and $60.4 million was deferred in 2012.

Power Cost Only Rate Case

Power Cost Only Rate Case (PCORC), a limited-scope proceeding, was approved in 2002 by the Washington Commission to periodically reset power cost rates. In addition to providing the opportunity to reset all power costs, the PCORC proceeding also provides for timely review of new resource acquisition costs and inclusion of such costs in rates at the time the new resource goes into service. To achieve this objective, the Washington Commission has used an expedited six-month PCORC decision timeline rather than the statutory 11-month timeline for a general rate case.

On October 23, 2013, the Washington Commission approved an update on the Company's PCORC, effective November 1, 2013, which reflected decreases in the overall normalized power supply costs. This resulted in an estimated revenue decrease of $10.5 million or 0.5% annually.

Electric Rate Case

On June 25, 2013, the Washington Commission approved PSE's electric and natural gas decoupling mechanism and expedited rate filing (ERF) tariff filings, effective July 1, 2013. The estimated revenue impact of the decoupling mechanism for electric is an increase of $21.4 million, or 1.0% annually. The estimated revenue impact of the ERF filings for electric is an increase of $30.7 million, or 1.5% annually. In its order, the Washington Commission approved a weighted cost of capital of 7.77% and a capital structure that included 48.0% common equity with a return on equity of 9.8%. Subsequently, certain parties to this proceeding petitioned the Washington Commission to reconsider the order. On December 13, 2013, the Washington Commission approved the settlement agreements for rates effective January 1, 2014. These settlement agreements do not materially change the revenues originally approved in June 2013.

On July 24, 2013, the Public Counsel Division of the Washington State Attorney General's Office (Public Counsel) and the Industrial Customers of Northwest Utilities (ICNU) each filed a petition in Thurston County Superior Court (the Court) seeking judicial review of various aspects of the Washington Commission's ERF and decoupling mechanism final order. The parties' petition argues that the order violates various procedural and substantive requirements of the Washington Administrative Procedure Act, and so requests that it be vacated and that the matter be remanded to the Washington Commission. Oral arguments regarding this matter are scheduled for May 2014.

On May 7, 2012, the Washington Commission issued its order in PSE's electric general rate case filed in June 2011, approving a general rate increase for electric customers of $63.3 million or 3.2% annually. The rate increases for electric customers became effective May 14, 2012. In its order, the Washington Commission approved a weighted cost of capital of 7.8% and a capital structure that included 48.0% common equity with a return on equity of 9.8%. PSE's requested treatment of the prepayments made to Bonneville Power Administration (BPA), filed in May 2010, was approved in the order. The final order rejected PSE's proposed conservation savings adjustment. Finally, a new rate rider for RECs was proposed by settlement of electric parties and approved by the Washington Commission in the final order.

The following table sets forth electric rate adjustments approved by the Washington Commission and the corresponding impact on PSE's revenue based on the effective dates:

	Effective Date	Average Percentage Increase (Decrease)	Increase (Decrease) in Revenue (Dollars

Type of Rate Adjustment		in Rates	in Millions)
PCORC	November 1, 2013	(0.5)%	$(10.5)
Decoupling Rate Filing	July 1, 2013	1.0	21.4
Expedited Rate Filing	July 1, 2013	1.5	30.7
Electric General Rate Case	May 14, 2012, Annual	3.2	63.3

In addition, PSE will be increasing the allowed delivery revenue per customer under the ERF filing by 3.0% for electric customers on January 1 of each year until the conclusion of PSE's next general rate case.

Accounting Orders and Petitions

On November 27, 2013, the Washington Commission issued an order authorizing PSE to provide the net proceeds from the sale of natural gas supply produced from a landfill-gas recovery project in King County (Biogas) prior to October 31, 2013 as a bill credit to customers over a one-year period in its Renewable Energy Credits adjusting price schedule which became effective January 1, 2014. Additionally, the Washington Commission order authorized that all net proceeds from Biogas produced after October 31, 2013 plus the internal labor needed to obtain the net proceeds is reflected as a PSE below-the-line item (i.e., not included in the revenues and expenses considered when setting electric customer rates) and excluded from utility operations.

PSE completed the sale of its electric infrastructure assets located in Jefferson County and the transition of electrical services in the county to Jefferson County Public Utility District (JPUD) on March 31, 2013. The proceeds from the sale exceeded the transferred assets' net carrying value of $46.7 million resulting in a pre-tax gain of approximately $60.0 million. In its 2010 order on the subject, the Washington Commission stated that PSE must file an accounting and ratemaking petition with the Washington Commission to determine how this gain will be allocated between customers and shareholders. As a result, the gain was deferred and recorded as a regulatory liability until the Washington Commission determines the accounting and ratemaking treatment. On October 31, 2013, PSE filed an accounting petition for a Washington Commission order that authorizes PSE to retain the gain of $45.0 million and return $15.0 million to its remaining customers over a period of 48 months. Intervenors testimony is scheduled to be filed in March, 2014. For federal income tax purposes, the Company will elect to treat the transaction as an involuntary conversion under the Internal Revenue Code which allows for deferral of the tax gain if PSE acquires qualified replacement property by December 31, 2015. Based on PSE's current construction program projection, it anticipates meeting this requirement through such purchases by that date.

PCA Mechanism

In 2002, the Washington Commission approved a PCA mechanism that provides for a rate adjustment process if PSE's costs to provide customers' electricity vary from a baseline power cost rate established in a rate proceeding. All significant variable power supply cost variables (hydroelectric and wind generation, market price for purchased power and surplus power, natural gas and coal fuel price, generation unit forced outage risk and transmission cost) are included in the PCA mechanism.

The PCA mechanism apportions increases or decreases in power costs, on a calendar year basis, between PSE and its customers on a graduated scale.

The graduated scale is as follows:

Annual Power Cost Variability	Customers' Share	Company's Share
+/- $20 million	0%	100%
+/- $20 million - $40 million	50%	50%
+/- $40 million - $120 million	90%	10%
+/- $120 + million	95%	5%

Treasury Grant

Section 1603 of the American Recovery and Reinvestment Tax Act of 2009 (Section 1603) authorizes the United States Department of the Treasury (U.S. Treasury) to make grants (Treasury Grants) to taxpayers who place specified energy property in service provided certain conditions are met. Section 1603 precludes a recipient from claiming PTCs on property for which a grant is claimed.

The Wild Horse wind project (Wild Horse) expansion facility was placed into service on November 9, 2009. The capacity of the Wild Horse facility was expanded from 229 megawatts (MW) to 273 MW through the addition of wind turbines. In February 2010, the U.S. Treasury approved a Treasury Grant of $28.7 million. The 343 MW Lower Snake River facility was placed into service on February 29, 2012. In December 2012, the U.S. Treasury approved a Treasury Grant of $205.3 million.

On December 30, 2010, the Washington Commission approved revisions to PSE's Federal Incentive Tracker tariff, effective January 1, 2011. The rate schedule passed-through $5.5 million of the $28.7 million Wild Horse Expansion Treasury Grant in 2011. The order authorized PSE to pass back one-tenth of the Treasury Grant on an annual basis and included 23 months of Treasury Grant amortization to customers from February 2010 through December 2011, which represented the month the Treasury Grant funds were received through the end of the period over which the rates will be set. This represents an overall average rate reduction of 0.3%, with no impact to net income.

On February 29, 2012, PSE filed proposed tariff revisions, with stated effective dates of April 1, 2012, and subsequently revised by filing on March 29, 2012 with stated effective dates of June 1, 2012, to pass-through $2.4 million in interest on the unamortized balance of the Wild Horse Expansion Treasury Grant. On June 26, 2012, the Washington Commission approved PSE's methods and calculations and new rates became effective on July 3, 2012.

On January 31, 2013, the Washington Commission approved a rate change to the PSE's Federal Incentive Tracker tariff, effective February 1, 2013, which incorporated the effects of the Treasury Grant related to the Lower Snake River wind generation project and keeping the ten year amortization period and inclusion of interest on the unamortized balance of the grants. The rate change passed through 11 months of amortization for both grants to eligible customers over 11 months beginning February 1, 2013. Of the total credit, $34.6 million represents the pass-back of grant amortization and $23.8 million represents the pass through of interest. This represents an overall average rate decrease of 2.76%.

On December 27, 2013, the Washington Commission approved the annual true-up and rate filing to the PSE's Federal Incentive Tracker tariff, effective January 1, 2014. The true-up filing resulted in a total credit of $58.5 million to be passed back to eligible customers over the twelve months beginning January 1, 2014. Of the total credit, $37.8 million represents the pass-back of grant amortization and $20.6 million represents the pass through of interest, in addition to a minor true-up associated with the 2013 rate period. This filing represents an overall average rate increase of 0.26%.

Gas Regulation and Rates

Gas General Rate Cases and Other Filings Affecting Rates

On May 7, 2012, the Washington Commission issued its order in PSE's natural gas general rate case filed in June 2011, approving a general rate increase for natural gas customers of $13.4 million or 1.3% annually. The rate increases for natural gas customers became effective May 14, 2012. In its order, the Washington Commission approved a weighted cost of capital of 7.8% and a capital structure that included 48.0% common equity with a return on equity of 9.8%.

On June 1, 2012, PSE filed with the Washington Commission a petition seeking an Accounting Order authorizing PSE to change the existing natural gas conservation tracker mechanism into a rider mechanism to be consistent with the electric conservation program recovery. The accounting petition requested the ability to recover the costs associated with the Company's current gas conservation programs via transfers from amounts deferred for the over-recovery of commodity costs in the Company's PGA mechanism. The

Commission granted PSE's accounting petition on June 28, 2012. The approved accounting petition resulted in an increase to gas conservation revenues of $6.9 million and an increase to conservation amortization expense of $6.6 million.

On June 25, 2013, the Washington Commission approved PSE's electric and natural gas decoupling mechanism and ERF tariff filings, effective July 1, 2013. The estimated revenue impact of the decoupling mechanism for natural gas is an increase of $10.8 million, or 1.1% annually. The estimated revenue impact of the ERF filings for natural gas is a decrease of $2.0 million, or a decrease of 0.2% annually. In its order, the Washington Commission approved a weighted cost of capital of 7.77% and a capital structure that included 48.0% common equity with a return on equity of 9.8%.

Subsequently, certain parties to this proceeding petitioned the Washington Commission to reconsider the order. On December 13, 2013, the Washington Commission approved a series of settlement agreements for rates effective January 1, 2014. These settlement agreements do not materially change the revenues originally approved in June 2013. As a result, certain high volume natural gas industrial customers rate schedules are excluded from the decoupling mechanism and will be subject to certain effects of abnormal weather, conservation impacts and changes in customer usage patterns.

On July 24, 2013, the Public Counsel Division of the Washington State Attorney General's Office (Public Counsel) and the Industrial Customers of Northwest Utilities (ICNU) each filed a petition in Thurston County Superior Court (the Court) seeking judicial review of various aspects of the Washington Commission's ERF and decoupling mechanism final order. The parties' petition argues that the order violates various procedural and substantive requirements of the Washington Administrative Procedure Act, and so requests that it be vacated and that the matter be remanded to the Washington Commission. Oral arguments regarding this matter are scheduled for May 2014.

Purchased Gas Adjustment

PSE has a PGA mechanism in retail natural gas rates to recover variations in natural gas supply and transportation costs. Variations in natural gas rates are passed through to customers; therefore, PSE's net income is not affected by such variations. Changes in the PGA rates affect PSE's revenue, but do not impact net income as the changes to revenue are offset by increased or decreased purchased gas and gas transportation costs.

On October 31, 2012, the Washington Commission approved PSE's PGA natural gas tariff filing and allowed the rates to go into effect on November 1, 2012 on a temporary basis subject to revision. The rates resulted in a decrease to the rates charged to customers under the PGA. On May 1, 2013, the Washington Commission approved the proposed rates and allowed them to be made permanent. The estimated revenue impact of the approved change is a decrease of $77.0 million, or 7.7% annually, with no impact on net operating income.

On October 30, 2013, the Washington Commission approved PSE's PGA natural gas tariff, effective on November 1, 2013, which reflected changes in wholesale gas and pipeline transportation costs and changes in deferral amortization rates. The estimated revenue impact of the approved change is an increase of $4.0 million, or 0.4% annually, with no impact on net operating income.

The following table sets forth natural gas rate adjustments that were approved by the Washington Commission and the corresponding impact to PSE's annual revenue based on the effective dates:

Type of Rate Adjustment	Effective Date	Average Percentage Increase (Decrease) in Rates	Increase (Decrease) in Revenue (Dollars in Millions)
Purchased Gas Adjustment	November 1, 2013	0.4%	$4.0
Decoupling Rate Filing	July 1, 2013	1.1	10.8
Expedited Rate Filing	July 1, 2013	(0.2)	(2.0)
Purchased Gas Adjustment	November 1, 2012	(7.7)	(77.0)
Natural Gas General Rate Case	May 14, 2012	1.3	13.4

In addition, PSE will be increasing the allowed delivery revenue per customer under the ERF filing by 2.2% for natural gas customers on January 1 of each year until the conclusion of PSE's next general rate case.

Environmental Remediation

The Company is subject to environmental laws and regulations by the federal, state and local authorities and is required to undertake certain environmental investigative and remedial efforts as a result of these laws and regulations. The Company has been named by the Environmental Protection Agency (EPA), the Washington State Department of Ecology and/or other third parties as potentially responsible at several contaminated sites and manufactured gas plant sites. PSE has implemented an ongoing program to test, replace and remediate certain underground storage tanks (UST) as required by federal and state laws. The UST replacement component of this effort is finished, but PSE continues its work remediating and/or monitoring relevant sites. During 1992, the Washington Commission issued orders regarding the treatment of costs incurred by the Company for certain sites under its environmental remediation program. The orders authorize the Company to accumulate and defer prudently incurred cleanup costs paid to third parties for recovery in rates established in future rate proceedings, subject to Washington Commission review. The Washington Commission consolidated the gas and electric methodological approaches to remediation and deferred accounting in an order issued October 8, 2008. Per the guidance of ASC 450, "Contingencies," the Company reviews its estimated future obligations and adjusts loss reserves quarterly. Management believes it is probable and reasonably estimable that the impact of the potential outcomes of disputes with certain property owners and other potentially responsible parties will result in environmental remediation costs ranging from $31.3 million to $49.5 million for gas and from $9.1 million to $27.4 million for electric. The Company does not consider any amounts within those ranges as being a better estimate and has therefore accrued $31.3 million and $9.1 million for gas and electric, respectively. The Company believes a significant portion of its past and future environmental remediation costs are recoverable from insurance companies, from third parties or from customers under a Washington Commission order. The Company is also subject to a cost-sharing agreement with a third party regarding an environmental remediation project in Seattle, Washington. The Company has taken the lead for completing the project. As of December 31, 2013, the Company's share of remediation costs is estimated to be approximately $19.4 million. For the year ended December 31, 2013, the Company incurred deferred electric and natural gas environmental costs of $12.3 million and $45.1 million, net of insurance proceeds, respectively.

(4) Dividend Payment Restrictions

The payment of dividends by PSE to Puget Energy is restricted by provisions of certain covenants applicable to long-term debt contained in PSE's electric and natural gas mortgage indentures. At December 31, 2013, approximately $469.6 million of unrestricted retained earnings was available for the payment of dividends under the most restrictive mortgage indenture covenant.

Beginning February 6, 2009, pursuant to the terms of the Washington Commission merger order, PSE may not declare or pay dividends if PSE's common equity ratio, calculated on a regulatory basis, is 44.0% or below except to the extent a lower equity ratio is ordered by the Washington Commission. Also, pursuant to the merger order, PSE may not declare or make any distribution unless on the date of distribution PSE's corporate credit/issuer rating is investment grade, or, if its credit ratings are below investment grade, PSE's ratio of Adjusted Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) to interest expense for the most recently ended four fiscal quarter periods prior to such date is equal to or greater than 3 to one. The common equity ratio, calculated on a regulatory basis, was 47.4% at December 31, 2013 and the EBITDA to interest expense was 4.4 to one for the 12 months then ended.

PSE's ability to pay dividends is also limited by the terms of its credit facilities, pursuant to which PSE is not permitted to pay dividends during any Event of Default (as defined in the facilities), or if the payment of dividends would result in an Event of Default, such as failure to comply with certain financial covenants.

At December 31, 2013, the Company was in compliance with all applicable covenants, including those pertaining to the payment of dividends.

(5) Utility Plant

(Dollars In Thousands)	Estimated Useful Life (Years)	At December 31, 2013	2012
Electric, gas and common utility plant classified by prescribed accounts :			
Distribution plant	10-50	$ 6,127,732	$ 5,993,055
Production plant	25-125	3,948,270	3,464,528
Transmission plant	45-65	1,162,929	1,108,104
General plant	5-35	599,156	543,195
Intangible plant (including capitalized software)	3-50	309,972	181,596
Plant acquisition adjustment	7-30	282,792	282,624
Underground storage	25-60	41,501	40,987
Liquefied natural gas storage	25-45	14,492	14,492
Plant held for future use	NA	28,895	18,568
Recoverable Cushion Gas	NA	8,655	8,655
Plant not classified	NA	124,589	155,625
Capital leases, net of accumulated amortization [1]	5	17,051	24,629
Less: accumulated provision for depreciation		(4,297,012)	(4,045,402)
Subtotal		$ 8,369,022	$ 7,790,656
Construction work in progress	NA	310,318	766,035
Net utility plant		$ 8,679,340	$ 8,556,691

1 *Accumulated amortization of capital leases at PSE was $20.8 million in 2013 and $13.3 million in 2012.*

Jointly owned generating plant service costs are included in utility plant service cost at the Company's ownership share. The following table indicates the Company's percentage ownership and the extent of the Company's investment in jointly owned generating plants in service at December 31, 2013. These amounts are also included in the Utility Plant table above.

Jointly Owned Generating Plant (Dollars in Thousands)	Energy Source (Fuel)	Company's Ownership Share	Puget Sound Energy's Share: Plant in Service at Cost	Puget Sound Energy's Share: Accumulated Depreciation
Colstrip Units 1 & 2	Coal	50 %	$ 297,494	$ (156,278)
Colstrip Units 3 & 4	Coal	25 %	513,992	(312,278)
Colstrip Units 1 – 4 Common Facilities	Coal	various	252	(185)

Frederickson 1	Gas	49.85 %	70,719	(13,189)

The Company recognized new Asset Retirement Obligations (ARO) of $0.4 million and $7.7 million in 2013 and 2012, respectively.

The following table describes all changes to the Company's ARO liability:

(Dollars in Thousands)	At December 31, 2013	At December 31, 2012
Asset retirement obligation at beginning of period	$ 45,496	$ 26,540
New asset retirement obligation recognized in the period	350	7,737
Liability settled in the period	(1,188)	(2,960)
Revisions in estimated cash flows	2,769	12,632
Accretion expense	1,260	1,547
Asset retirement obligation at end of period	$ 48,687	$ 45,496

The Company has identified the following obligations, as defined by ASC 410, "Asset Retirement and Environmental Obligations," which were not recognized because the liability for these assets cannot be reasonably estimated at December 31, 2013 due to:

- a legal obligation under Federal Dangerous Waste Regulations to dispose of asbestos-containing material in facilities that are not scheduled for remodeling, demolition or sales. The disposal cost related to these facilities could not be measured since the retirement date is indeterminable; therefore, the liability cannot be reasonably estimated;
- an obligation under Washington state law to decommission the wells at the Jackson Prairie natural gas storage facility upon termination of the project. Since the project is expected to continue as long as the Northwest pipeline continues to operate, the liability cannot be reasonably estimated;
- an obligation to pay its share of decommissioning costs at the end of the functional life of the major transmission lines. The major transmission lines are expected to be used indefinitely; therefore, the liability cannot be reasonably estimated.
- a legal obligation under Washington state environmental laws to remove and properly dispose of certain under and above ground fuel storage tanks. The disposal costs related to under and above ground storage tanks could not be measured since the retirement date is indeterminable; therefore, the liability cannot be reasonably estimated;
- an obligation to pay decommissioning costs at the end of utility service franchise agreements to restore the surface of the franchise area. The decommissioning costs related to facilities at the franchise area could not be measured since the decommissioning date is indeterminable; therefore, the liability cannot be reasonably estimated; and
- a potential legal obligation may arise upon the expiration of an existing FERC hydropower license if FERC orders the project to be decommissioned, although PSE contends that FERC does not have such authority. Given the value of ongoing generation, flood control and other benefits provided by these projects, PSE believes that the potential for decommissioning is remote and cannot be reasonably estimated.

(6) Long-Term Debt

(Dollars in Thousands) At December 31,

Series	Type	Due	2013	2012
Puget Sound Energy:				
6.830%	First Mortgage Bond	2013	$ —	$ 3,000
6.900%	First Mortgage Bond	2013	—	10,000
7.350%	First Mortgage Bond	2015	10,000	10,000
7.360%	First Mortgage Bond	2015	2,000	2,000
5.197%	Senior Secured Note	2015	150,000	150,000
6.750%	Senior Secured Note	2016	250,000	250,000
6.740%	Senior Secured Note	2018	200,000	200,000
7.150%	First Mortgage Bond	2025	15,000	15,000
7.200%	First Mortgage Bond	2025	2,000	2,000
7.020%	Senior Secured Note	2027	300,000	300,000
7.000%	Senior Secured Note	2029	100,000	100,000
3.900%	Pollution Control Bond	2031	138,460	—
4.000%	Pollution Control Bond	2031	23,400	—
5.000%	Pollution Control Bond	2031	—	138,460
5.100%	Pollution Control Bond	2031	—	23,400
5.483%	Senior Secured Note	2035	250,000	250,000
6.724%	Senior Secured Note	2036	250,000	250,000
6.274%	Senior Secured Note	2037	300,000	300,000
5.757%	Senior Secured Note	2039	350,000	350,000
5.795%	Senior Secured Note	2040	325,000	325,000
5.764%	Senior Secured Note	2040	250,000	250,000
4.434%	Senior Secured Note	2041	250,000	250,000
5.638%	Senior Secured Note	2041	300,000	300,000
4.700%	Senior Secured Note	2051	45,000	45,000
6.974%	Junior Subordinated Note	2067	250,000	250,000
	Unamortized discount on senior notes		(14)	(14)
PSE long-term debt			$ 3,760,846	$ 3,773,846

PSE's senior secured notes will cease to be secured by the pledged first mortgage bonds on the date that all of the first mortgage bonds issued and outstanding under the electric or natural gas utility mortgage indenture have been retired. As of December 31, 2013, the latest maturity date of the first mortgage bonds, other than pledged first mortgage bonds, is December 22, 2025.

Puget Sound Energy Long-Term Debt

PSE has in effect a shelf registration statement under which it may issue, from time to time, up to $800 million aggregate principal amount of senior notes secured by pledged first mortgage bonds. The Company remains subject to the restrictions of PSE's indentures and credit agreements on the amount of first mortgage bonds that PSE may issue.

Substantially all utility properties owned by PSE are subject to the lien of the Company's electric and natural gas mortgage indentures. To issue additional first mortgage bonds under these indentures, PSE's earnings available for interest must exceed certain minimums as defined in the indentures. At December 31, 2013, the earnings available for interest exceeded the required amount.

Puget Sound Energy Pollution Control Bonds

PSE has two series of Pollution Control Bonds (the Bonds) outstanding. Amounts outstanding were borrowed from the City of

Forsyth, Montana who obtained the funds from the sale of Customized Pollution Control Refunding Bonds issued to finance pollution control facilities at Colstrip Units 3 & 4.

On May 23, 2013, PSE refinanced $161.9 million of the Bonds to a lower weighted average interest rate from 5.01% to 3.91%. The Bonds will mature on March 1, 2031. On or after March 1, 2023, the Company may elect to call the bonds at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

Each series of the Bonds is collateralized by a pledge of PSE's first mortgage bonds, the terms of which match those of the Bonds. No payment is due with respect to the related series of first mortgage bonds so long as payment is made on the Bonds.

Long-Term Debt Maturities

The principal amounts of long-term debt maturities for the next five years and thereafter are as follows:

(Dollars in Thousands)	2014	2015	2016	2017	2018	Thereafter	Total
Maturities of:							
PSE long-term debt	$ —	$ 162,000	$ 250,000	$ —	$ 200,000	$ 3,148,860	$ 3,760,860

Financial Covenants

As of December 31, 2013, the Company is in compliance with its long-term debt financial covenants.

(7) Liquidity Facilities and Other Financing Arrangements

As of December 31, 2013 and 2012, PSE had $162.0 million and $181.0 million in short-term debt outstanding, respectively, exclusive of the demand promissory note with Puget Energy. PSE's weighted-average interest rate on short-term debt, including borrowing rate, commitment fees and the amortization of debt issuance costs, during 2013 and 2012 was 3.93% and 6.49%, respectively. As of December 31, 2013, PSE had several committed credit facilities that are described below.

Puget Sound Energy Credit Facilities

On February 4, 2013, PSE entered into two new credit facilities and terminated its previous three credit facilities. The new credit facilities provide, in aggregate, $1.0 billion of short-term liquidity needs. These facilities consist of a $650.0 million revolving liquidity facility (which includes a liquidity letter of credit facility and a swingline facility) to be used for general corporate purposes, including a backstop to the Company's commercial paper program and a $350.0 million revolving energy hedging facility (which includes an energy hedging letter of credit facility). The $650.0 million liquidity facility includes a swingline feature allowing same day availability on borrowings up to $75.0 million. The new credit facilities also have an accordion feature that, upon the banks' approval, would increase the total size of these facilities to $1.450 billion.

The credit agreements for these two replacement credit facilities contain similar terms and conditions, are syndicated among numerous lenders and mature in February 2018. The credit agreements contain usual and customary affirmative and negative covenants, that among other things, place limitations on PSE's ability to incur additional indebtedness and liens, issue equity, pay dividends, transact with affiliates and make asset dispositions and investments. The credit agreements also contain a financial covenant of total debt to total capitalization of 65% or less. PSE certifies its compliance with such covenants to participating banks each quarter. As of December 31, 2013, PSE was in compliance with all applicable covenants.

The credit agreements provide PSE with the ability to borrow at different interest rate options. The credit agreements allow PSE to borrow at the bank's prime rate or to make floating rate advances at the London Interbank Offer Rate (LIBOR) plus a spread that is based upon PSE's credit rating. PSE must pay a commitment fee on the unused portion of the credit facilities. The spreads and the commitment fee depend on PSE's credit ratings. As of the date of this report, the spread to the LIBOR is 1.25% and the commitment fee is 0.175%.

As of December 31, 2013, no amount was drawn and outstanding under PSE's $650.0 million liquidity facility. A letter of credit in the amount of $3.0 million in support of contracts was outstanding under the facility, and $162.0 million was outstanding under the commercial paper program. A letter of credit in the amount of $1.0 million was outstanding under the $350.0 million facility supporting energy hedging.

Demand Promissory Note On June 1, 2006, PSE entered into a revolving credit facility with Puget Energy, in the form of a credit agreement and a Demand Promissory Note (Note) pursuant to which PSE may borrow up to $30.0 million from Puget Energy subject to approval by Puget Energy. Under the terms of the Note, PSE pays interest on the outstanding borrowings based on the lower of the weighted-average interest rates of PSE's outstanding commercial paper interest rate or PSE's senior unsecured revolving credit facility. Absent such borrowings, interest is charged at one-month LIBOR plus 0.25%. At December 31, 2013, the outstanding balance of the Note was $29.6 million.

(8) Leases

PSE leases buildings and assets under operating leases. Certain leases contain purchase options, renewal options and escalation provisions. Operating lease expenses net of sublease receipts were:

(Dollars in Thousands) At December 31,		
2013	$	29,392
2012		29,661

Payments received for the subleases of properties were immaterial for each of the years ended 2013 and 2012.

Future minimum lease payments for non-cancelable leases net of sublease receipts are:

(Dollars in Thousands) At December 31,		Operating		Capital
2014	$	16,603	$	8,160
2015		16,963		8,160
2016		18,922		2,718
2017		18,852		—
2018		16,051		—
Thereafter		68,847		—

Total minimum lease payments	$ 156,238	$ 19,038

(9) Accounting for Derivative Instruments and Hedging Activities

PSE employs various energy portfolio optimization strategies, but is not in the business of assuming risk for the purpose of realizing speculative trading revenue. The nature of serving regulated electric customers with its portfolio of owned and contracted electric generation resources exposes PSE and its customers to some volumetric and commodity price risks within the sharing mechanism of the PCA. Therefore, wholesale market transactions and related hedging strategies are focused on reducing costs and risks where feasible, thus reducing volatility in costs in the portfolio. In order to manage its exposure to the variability in future cash flows for forecasted energy transactions, PSE utilizes a programmatic hedging strategy which extends out three years. PSE's energy risk portfolio management function monitors and manages these risks using analytical models and tools. In order to manage risks effectively, PSE enters into forward physical electric and natural gas purchase and sale agreements, fixed-for-floating swap contracts, and commodity call/put options. The forward physical electric agreements are both fixed and variable (at index), while the physical natural gas contracts are variable with investment grade counterparties that do not require collateral calls on the contracts. To fix the price of wholesale electricity and natural gas, PSE may enter into fixed-for-floating swap (financial) contracts with various counterparties. PSE also utilizes natural gas call and put options as an additional hedging instrument to increase the hedging portfolio's flexibility to react to commodity price fluctuations.

The Company manages its interest rate risk through the issuance of mostly fixed-rate debt with varied maturities. The Company utilizes internal cash from operations, borrowings under its commercial paper program, and its credit facilities to meet short-term funding needs. The Company may enter into swap instruments or other financial hedge instruments to manage the interest rate risk associated with these debts. As of December 31, 2013, PSE did not have any outstanding interest rate swap instruments.

The following table presents the volumes, fair values and locations of the Company's derivative instruments recorded on the balance sheets:

	Year Ended December 31,					
(Dollars in Thousands)	Volumes (millions)		Assets [1]		Liabilities [2]	
	2013	2012	2013	2012	2013	2012
Electric portfolio derivatives	*	*	$ 18,479	$ 9,557	$ 37,312	$ 131,193
Natural gas derivatives (MMBtus) [3]	423.5	516.9	8,121	12,126	35,676	108,078
Total derivative contracts			$ 26,600	$ 21,683	$ 72,988	$ 239,271
Current			$ 18,867	$ 6,869	$ 41,465	$ 170,948

Long-term	7,733	14,814	31,523	68,323
Total derivative contracts	$ 26,600	$ 21,683	$ 72,988	$ 239,271

1 *Balance sheet location: Current and Long-term Unrealized gain on derivative instruments.*

2 *Balance sheet location: Current and Long-term Unrealized loss on derivative instruments.*

3 *PSE had a net derivative liability and an offsetting regulatory asset of $27.6 million at December 31, 2013 and $96.0 million at December 31, 2012 related to contracts used to economically hedge the cost of physical gas purchased to serve natural gas customers. All fair value adjustments on derivatives relating to the natural gas business have been deferred in accordance with ASC 980. due to the PGA mechanism.*

* *Electric portfolio derivatives consist of electric generation fuel of 145.6 million One Million British Thermal Units (MMBtus) and purchased electricity of 8.6 million MWhs at December 31, 2013 and 129.7 million MMBtus and 10.7 million MWhs at December 31, 2012.*

For further details regarding the fair value of derivative instruments, see Note 10.

ASU 2013-01 requires disclosure of both gross and net information for recognized derivative assets and liabilities. It is the Company's policy to record all derivative transactions on a gross basis at the contract level, without offsetting assets or liabilities. The Company generally enters into transactions using the following master agreements: WSPP, Inc. (WSPP) agreements which standardize physical power contracts; International Swaps and Derivatives Association (ISDA) agreements which standardize financial gas and electric contracts; and North American Energy Standards Board (NAESB) agreements which standardize physical gas contracts. The Company believes that such agreements reduce credit risk exposure because such agreements provide for the netting and offsetting of monthly payments as well as right of set-off in the event of counterparty default. The set-off provision can be used as a final settlement of accounts which extinguishes the mutual debts owed between the parties in exchange for a new net amount.

The following tables present the potential effect of netting arrangements, including rights of set-off associated with the Company's derivative assets and liabilities:

At December 31, 2013 (Dollars in Thousands)	Gross Amount Recognized in the Statement of Financial Position [1]	Gross Amounts Offset in the Statement of Financial Position	Net of Amounts Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position: Commodity Contracts	Gross Amounts Not Offset in the Statement of Financial Position: Cash Collateral Received/Posted	Net Amount
Assets						
Energy Derivative Contracts	$ 26,600	$ —	$ 26,600	$ (19,491)	$ —	$ 7,109
Liabilities						

Energy Derivative Contracts	$	72,988	$	—	$	72,988	$	(19,491)	$	—	$ 53,497

At December 31, 2012 (Dollars in Thousands)	Gross Amount Recognized in the Statement of Financial Position [1]		Gross Amounts Offset in the Statement of Financial Position		Net of Amounts Presented in the Statement of Financial Position		Gross Amounts Not Offset in the Statement of Financial Position: Commodity Contracts		Gross Amounts Not Offset in the Statement of Financial Position: Cash Collateral Received/Posted		Net Amount
Assets											
Energy Derivative Contracts	$	21,683	$	—	$	21,683	$	(14,126)	$	—	$ 7,557
Liabilities											
Energy Derivative Contracts	$	239,271	$	—	$	239,271	$	(14,126)	$	—	$ 225,145

1 *All Derivative Contract deals are executed under ISDA, NAESB and WSPP Master Netting Agreements with Right of Offset.*

The following tables present the effect and locations of the Company's derivatives not designated as hedging instruments, recorded on the statements of income:

(Dollars in Thousands)	Location		Year Ended December 31, 2013		Year Ended December 31, 2012
Commodity contracts:					
Electric derivatives	Unrealized gain (loss) on derivative instruments, net	$	98,880	$	119,120
	Electric generation fuel		(27,008)		(66,762)
	Purchased electricity		(38,299)		(138,551)
Total gain (loss) recognized in income on derivatives		$	33,573	$	(86,193)

The unrealized gain or loss on derivative contracts is reported in the statement of cash flows under the operating activities section.

For derivative instruments previously designated as cash flow hedges (including both commodity and interest rate swap contracts), the effective portion of the gain or loss on the derivative was recorded as a component of OCI, and then is reclassified into earnings in the same period(s) during which the hedged transaction affects earnings.

PSE expects $2.1 million of losses in accumulated OCI will be reclassified into earnings within the next twelve months. The Company does not attempt cash flow hedging for any new transactions and records all mark-to-market adjustments through earnings.

The following tables present the Company's pre-tax gain (loss) on derivatives that were previously in a cash flow hedge relationship, and subsequently reclassified out of accumulated OCI into income:

(Dollars in Thousands)	Location		Year Ended December 31, 2013		Year Ended December 31, 2012
Interest rate contracts:	Interest expense	$	(488)	$	(488)
Commodity contracts:					
Electric derivatives	Electric generation fuel		—		97
	Purchased electricity		(3,922)		(12,955)
Total		$	(4,410)	$	(13,346)

The Company is exposed to credit risk primarily through buying and selling electricity and natural gas to serve its customers. Credit risk is the potential loss resulting from a counterparty's non-performance under an agreement. The Company manages credit risk with policies and procedures for, among other things, counterparty credit analysis, exposure measurement, exposure monitoring and exposure mitigation.

The Company monitors counterparties that have significant swings in credit default swap rates, have credit rating changes by external rating agencies, have changes in ownership or are experiencing financial distress. Where deemed appropriate, the Company may request collateral or other security from its counterparties to mitigate potential credit default losses. Criteria employed in this decision include, among other things, the perceived creditworthiness of the counterparty and the expected credit exposure.

It is possible that volatility in energy commodity prices could cause the Company to have material credit risk exposure with one or more counterparties. If such counterparties fail to perform their obligations under one or more agreements, the Company could suffer a material financial loss. However, as of December 31, 2013, approximately 99.9% of the Company's energy portfolio exposure, excluding NPNS transactions, is with counterparties that are rated at least investment grade by the major rating agencies and 0.1% are either rated below investment grade or not rated by rating agencies. The Company assesses credit risk internally for counterparties that are not rated.

As the Company generally enters into transactions using the WSPP, ISDA and NAESB master agreements, it believes that such agreements reduce credit risk exposure because they provide for the netting and offsetting of monthly payments and, in the event of counterparty default, termination payments.

The Company computes credit reserves at a master agreement level by counterparty (i.e., WSPP, ISDA, or NAESB). The Company considers external credit ratings and market factors, such as credit default swaps and bond spreads, in the determination of reserves. The Company recognizes that external ratings may not always reflect how a market participant perceives a counterparty's risk of default. The Company uses both default factors published by Standard & Poor's and factors derived through analysis of market risk, which reflect the application of an industry standard recovery rate. The Company selects a default factor by counterparty at an aggregate master agreement level based on a weighted-average default tenor for that counterparty's deals. The default tenor is used by weighting the fair value and contract tenors for all deals for each counterparty to derive an average value. The default factor used is dependent upon whether the counterparty is in a net asset or a net liability position after applying the master agreement levels.

The Company applies the counterparty's default factor to compute credit reserves for counterparties that are in a net asset position. The Company calculates a non-performance risk on its derivative liabilities by using its estimated incremental borrowing rate over the risk-free rate. Credit reserves are recorded as contra accounts to unrealized gain (loss) positions. As of December 31, 2013, the Company was in a net liability position with the majority of counterparties, so the default factors of counterparties did not have a significant impact on reserves for the quarter. The majority of the Company's derivative contracts are with financial institutions and other utilities operating within the Western Electricity Coordinating Council. As of December 31, 2013, PSE has posted a $1.0 million letter of credit as a condition of transacting on a physical energy exchange and clearinghouse in Canada. PSE did not trigger any collateral requirements with any of its counterparties nor were any of PSE's counterparties required to post collateral resulting from credit rating downgrades.

The table below presents the fair value of the overall contractual contingent liability positions for the Company's derivative activity at December 31, 2013:

Contingent Feature (Dollars in Thousands)	Fair Value [1] Liability	Posted Collateral	Contingent Collateral
Credit rating [2]	$ (12,561)	$ —	$ 12,561
Requested credit for adequate assurance	(22,415)	—	—
Forward value of contract [3]	(49)	—	—
Total	$ (35,025)	$ —	$ 12,561

1 *Represents the derivative fair value of contracts with contingent features for counterparties in net derivative liability positions. Excludes NPNS, accounts payable and accounts receivable.*

2 *Failure by PSE to maintain an investment grade credit rating from each of the major credit rating agencies provides counterparties a contractual right to demand collateral.*

3 *Collateral requirements may vary, based on changes in the forward value of underlying transactions relative to contractually defined collateral thresholds.*

(10) Fair Value Measurements

ASC 820 established a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy categorizes the inputs into three levels with the highest priority given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority given to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 1 primarily consists of financial instruments such as exchange-traded derivatives and listed equities. Equity securities that are also classified as cash equivalents are considered Level 1 if there are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. Instruments in this category include non-exchange-traded derivatives such as over-the-counter forwards and options.

Level 3 - Pricing inputs include significant inputs that have little or no observability as of the reporting date. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial assets and liabilities measured at fair value are classified in their entirety in the appropriate fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy. The Company primarily determines fair value measurements classified as Level 2 or Level 3 using a combination of the income and market valuation approaches. The process of determining the fair values is the responsibility of the derivative accounting department which reports to the Controller and Principal Accounting Officer. Inputs used to estimate the fair value of forwards, swaps and options include market-price curves; contract terms and prices; credit-risk adjustments; and discount factors. Additionally, for options, the Black-Scholes option valuation model and implied market volatility curves are used. Inputs used to estimate fair value in industry-standard models are categorized as Level 2 inputs because substantially all assumptions and inputs are observable in active markets throughout the full term of the instruments. On a daily basis, the Company obtains quoted forward prices for the electric and natural gas markets from an independent external pricing service. For interest rate swaps, the Company obtains monthly mark-to-market values from an independent external pricing service for LIBOR forward rates, which is a significant input. Some of the inputs of the interest rate swap valuations, which are less significant, include the credit standing of the counterparties, assumptions for time value and the impact of the Company's nonperformance risk of its liabilities. The Company classifies cash and cash equivalents, and restricted cash as Level 1 financial instruments due to cash being at stated value, and cash equivalents at quoted market prices.

The Company considers its electric, natural gas and interest rate swap contracts as Level 2 derivative instruments as such contracts are commonly traded as over-the-counter forwards with indirectly observable price quotes. Management's assessment was based on the trading activity in real-time and forward electric and natural gas markets. Each quarter, the Company confirms the validity of pricing-service quoted prices (e.g., Level 2 in the fair value hierarchy) used to value commodity contracts with the actual prices of commodity contracts entered into during the most recent quarter. However, certain energy derivative instruments with maturity dates falling outside the range of observable price quotes are classified as Level 3 in the fair value hierarchy.

Assets and Liabilities with Estimated Fair Value

The following table presents the carrying value for cash, cash equivalents, restricted cash, notes receivable and short-term debt by level, within the fair value hierarchy. The carrying values below are representative of fair values due to the short-term nature of these financial instruments.

	Carrying / Fair Value At December 31, 2013			Carrying / Fair Value At December 31, 2012		
(Dollars in Thousands)	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Cash and Cash Equivalents	$ 41,422	$ —	$ 41,422	$ 132,971	$ —	$ 132,971
Restricted Cash	7,083	—	7,083	3,069	—	3,069
Notes Receivable and Other	—	53,449	53,449	—	63,802	63,802
Total assets	$ 48,505	$ 53,449	$ 101,954	$ 136,040	$ 63,802	$ 199,842
Liabilities:						
Short-term debt	$ 162,000	$ —	$ 162,000	$ 181,000	$ —	$ 181,000
Short-term debt owed to parent	—	29,598	29,598	—	29,598	29,598
Total liabilities	$ 162,000	$ 29,598	$ 191,598	$ 181,000	$ 29,598	$ 210,598

The fair value of the junior subordinated and long-term notes were estimated using the discounted cash flow method with U.S. Treasury yields and Company credit spreads as inputs, interpolating to the maturity date of each issue. Carrying values and estimated fair values were as follows:

		December 31, 2013		December 31, 2012	
(Dollars in Thousands)	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:					
Junior subordinated notes	2	$ 250,000	$ 269,366	$ 250,000	$ 264,842
Long-term debt (fixed-rate), net of discount	2	3,510,846	4,035,703	3,523,846	4,626,097
Total		$ 3,760,846	$ 4,305,069	$ 3,773,846	$ 4,890,939

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the Company's financial assets and liabilities by level, within the fair value hierarchy, that were accounted for at fair value on a recurring basis and the reconciliation of the changes in the fair value of Level 3 derivatives in the fair value hierarchy:

	Fair Value At December 31, 2013			Fair Value At December 31, 2012		
(Dollars in Thousands)	Level 2	Level 3	Total	Level 2	Level 3	Total
Assets:						
Electric derivative instruments	$ 14,661	$ 3,818	$ 18,479	$ 1,259	$ 8,298	$ 9,557
Natural gas derivative instruments	5,448	2,673	8,121	6,769	5,357	12,126
Total assets	$ 20,109	$ 6,491	$ 26,600	$ 8,028	$ 13,655	$ 21,683
Liabilities:						
Electric derivative instruments	$ 18,073	$ 19,239	$ 37,312	$ 88,971	$ 42,221	$ 131,192
Natural gas derivative instruments	32,642	3,034	35,676	101,119	6,960	108,079
Total liabilities	$ 50,715	$ 22,273	$ 72,988	$ 190,090	$ 49,181	$ 239,271

Level 3 Roll-Forward Net (Liability)	Year Ended December 31, 2013			2012		
(Dollars in Thousands)	Electric	Gas	Total	Electric	Gas	Total
Balance at beginning of period	$ (33,924)	$ (1,602)	$ (35,526)	$ (90,311)	$ (5,041)	$ (95,352)
Changes during period						
Realized and unrealized energy derivatives:						
Included in earnings [1]	(10,491)	—	(10,491)	(21,362)	—	(21,362)
Included in regulatory assets / liabilities	—	(945)	(945)	—	(1,937)	(1,937)

Settlements [2]	11,609	(754)	10,855	59,133	969	60,102
Transferred into Level 3	(7,799)	—	(7,799)	(55,548)	(297)	(55,845)
Transferred out of Level 3	25,184	2,940	28,124	74,164	4,704	78,868
Balance at end of period	$ (15,421)	$ (361)	$ (15,782)	$ (33,924)	$ (1,602)	$ (35,526)

1 *Income Statement location: Unrealized (gain) loss on derivative instruments, net. Includes unrealized gains (losses) on derivatives still held in position as of the reporting date for electric derivatives of $(13.4) million and $(15.2) million million for the years ended December 31, 2013 and 2012 respectively.*

2 *The Company had no purchases, sales or issuances during the reported periods.*

Realized gains and losses on energy derivatives for Level 3 recurring items are included in energy costs in the Company's consolidated statements of income under purchased electricity, electric generation fuel or purchased natural gas when settled. Unrealized gains and losses on energy derivatives for Level 3 recurring items are included in net unrealized (gain) loss on derivative instruments in the Company's consolidated statements of income.

In order to determine which assets and liabilities are classified as Level 3, the Company receives market data from its independent external pricing service defining the tenor of observable market quotes. To the extent any of the Company's commodity contracts extend beyond what is considered observable as defined by its independent pricing service, the contracts are classified as Level 3. The actual tenor of what the independent pricing service defines as observable is subject to change depending on market conditions. Therefore, as the market changes, the same contract may be designated Level 3 one month and Level 2 the next, and vice versa. The changes of fair value classification into or out of Level 3 are recognized each month, and reported in the Level 3 Roll-forward table above. The Company did not have any transfers between Level 2 and Level 1 during the years ended December 31, 2013 and 2012. The Company does periodically transact at locations, or market price points, that are illiquid or for which no prices are available from the independent pricing service. In such circumstances the Company uses a more liquid price point and performs a 15-month regression against the illiquid locations to serve as a proxy for market prices. Such transactions are classified as Level 3. The Company does not use internally developed models to make adjustments to significant unobservable pricing inputs.

The only significant unobservable input into the fair value measurement of the Company's Level 3 assets and liabilities is the forward price for electric and natural gas contracts. Below are the forward price ranges for the Company's purchased commodity contracts, as of December 31, 2013:

(Dollars in Thousands)

	Fair Value				Range		
Derivative Instrument	Assets [1]	Liabilities [1]	Valuation Technique	Unobservable Input	Low	High	Weighted Average
Electric	$3,818	$19,239	Discounted cash flow	Power Prices	$17.06 per MWh	$47.09 per MWh	$38.74 per MWh
Natural gas	$2,673	$3,034	Discounted cash flow	Natural Gas Prices	$3.62 per MMBtu	$4.19 per MMBtu	$3.78 per MMBtu

1 *The valuation techniques, unobservable inputs and ranges are the same for asset and liability positions.*

The significant unobservable inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. Consequently significant increases or decreases in the forward prices of electricity or natural gas in isolation would result in a significantly higher or lower fair value for Level 3 assets and liabilities. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets. At December 31, 2013, a hypothetical 10% increase or decrease in market prices of natural gas and electricity would change the fair value of the Company's derivative portfolio, classified as Level 3 within the fair value hierarchy, by $7.0 million.

(11) Employee Investment Plans

The Company's existing plan is a qualified employee Investment Plan 401(k) plan, under which employee salary deferrals and after-tax contributions are used to purchase several different investment fund options. For employees under the Cash Balance retirement plan formula, PSE will match 100% of an employee's contribution up to 6% of plan compensation, and will make an additional year-end contribution equal to 1% of base pay. For employees grandfathered under the Final Average Earning retirement plan formula, PSE will match 55% of an employee's contribution up to 6% of plan compensation. PSE's contributions to the employee Investment Plan were $14.6 million and $14.5 for the years 2013 and 2012 respectively. The employee Investment Plan eligibility requirements are set forth in the plan documents.

Beginning January 1, 2014 employees hired as of this date will have access to the 401(k) plan and will choose how they want to accumulate funds for retirement, with two contribution sources from PSE:

- 401(k) Company Matching: new non-represented and United Association of Plumbers and Pipefitters (UA) employees will receive company match each paycheck based on a new schedule-100% match on the first 3% of pay contributed and 50% match on the next 3% of pay contributed. An employee who contributes 6% of pay will receive 4.5% of pay in company match. Company matching will be immediately vested.
- Company Contribution: 401(k) or pension plan. New non-represented employees will receive an annual company contribution of 4% of eligible pay, placed either in the Investment Plan 401(k) plan or an account in PSE's Retirement Plan (Cash Balance pension plan). New employees will make a one-time election within 30 days of hire and direct that PSE put the 4% contribution either into the 401(k) plan or into an account in the Cash Balance pension plan. The Company's 4% contribution will vest after three years of employment.

(12) Retirement Benefits

PSE has a defined benefit pension plan covering substantially all PSE employees. Pension benefits earned are a function of age, salary, years of service and, in the case of employees in the cash balance formula plan, the applicable annual interest crediting rates. Beginning January 1, 2014, all new UA employees and those new non-represented employees who elect to accumulate the Company contribution in the Cash Balance pension, will receive annual pay credits of 4% each year. They will also receive interest credits like other participants in the Cash Balance pension, which are at least 1% per quarter. When a newly-hired employee with a vested Cash Balance benefit leaves PSE, he or she will have annuity and lump sum options for distribution, with annuities calculated according to the Pension Protection Act. Those who select the lump sum option will receive their current cash balance amount.

In addition to providing pension benefits, PSE provides group health care and life insurance benefits for certain retired employees. PSE also maintains a non-qualified Supplemental Executive Retirement Plan (SERP) for its key senior management employees. These benefits are provided principally through an insurance company. The insurance premiums, paid primarily by retirees, are based on the benefits provided during the year.

The following tables summarize the Company's change in benefit obligation, change in plan assets and amounts recognized in the Statements of Financial Position for the years ended December 31, 2013 and 2012:

	Qualified Pension Benefits		SERP Pension Benefits		Other Benefits	
(Dollars in Thousands)	2013	2012	2013	2012	2013	2012
Change in benefit obligation:						
Benefit obligation at beginning of period	$ 616,290	$ 565,997	$ 51,795	$ 48,370	$ 17,672	$ 16,436
Service cost	19,285	16,926	1,498	1,073	134	139
Interest cost	24,754	25,986	2,045	2,152	664	751
Amendment	—	—	478	(122)	—	—
Actuarial loss/(gain)	(48,559)	40,914	(1,687)	5,483	(2,240)	1,199
Benefits paid	(38,453)	(33,533)	(6,850)	(5,161)	(1,536)	(1,523)
Medicare part D subsidy received	—	—	—	—	245	670
Benefit obligation at end of period	$ 573,317	$ 616,290	$ 47,279	$ 51,795	$ 14,939	$ 17,672

	Qualified Pension Benefits		SERP Pension Benefits		Other Benefits	
(Dollars in Thousands)	2013	2012	2013	2012	2013	2012
Change in plan assets:						
Fair value of plan assets at beginning of period	$ 531,183	$ 479,786	$ —	$ —	$ 7,541	$ 7,206
Actual return on plan assets	102,591	62,130	—	—	1,861	1,100
Employer contribution	20,400	22,800	6,850	5,161	908	758
Benefits paid	(38,453)	(33,533)	(6,850)	(5,161)	(1,536)	(1,523)
Fair value of plan assets at end of period	$ 615,721	$ 531,183	$ —	$ —	$ 8,774	$ 7,541
Funded status at end of period	$ 42,404	$ (85,107)	$ (47,279)	$ (51,795)	$ (6,165)	$ (10,131)

	Qualified Pension Benefits		SERP Pension Benefits		Other Benefits	
(Dollars in Thousands)	2013	2012	2013	2012	2013	2012
Amounts recognized in Statement of Financial Position consist of:						
Noncurrent assets	$ 42,404	$ —	$ —	$ —	$ —	$ —
Current liabilities	—	—	(3,981)	(5,040)	(421)	(460)
Noncurrent liabilities	—	(85,107)	(43,298)	(46,755)	(5,744)	(9,671)
Net assets / (liabilities)	$ 42,404	$ (85,107)	$ (47,279)	$ (51,795)	$ (6,165)	$ (10,131)

The following tables summarize PSE's pension benefit amounts recognized in Accumulated Other Comprehensive income for the years ended December 31, 2013 and 2012:

(Dollars in Thousands)	Qualified Pension Benefits 2013	Qualified Pension Benefits 2012	SERP Pension Benefits 2013	SERP Pension Benefits 2012	Other Benefits 2013	Other Benefits 2012
Amounts recognized in Accumulated Other Comprehensive Income consist of:						
Net loss/(gain)	$ 138,324	$ 269,401	$ 14,050	$ 17,928	$ (5,556)	$ (2,175)
Prior service cost/(credit)	(12,525)	(14,098)	383	(110)	6	36
Total	$ 125,799	$ 255,303	$ 14,433	$ 17,818	$ (5,550)	$ (2,139)

The following tables summarize PSE's net periodic benefit cost for the years ended December 31, 2013 and 2012:

(Dollars in Thousands)	Qualified Pension Benefits 2013	Qualified Pension Benefits 2012	SERP Pension Benefits 2013	SERP Pension Benefits 2012	Other Benefits 2013	Other Benefits 2012
Components of net periodic benefit cost:						
Service cost	$ 19,285	$ 16,926	$ 1,498	$ 1,073	$ 134	$ 139
Interest cost	24,753	25,986	2,045	2,152	664	751
Expected return on plan assets	(40,685)	(41,533)	—	—	(436)	(435)
Amortization of prior service cost/(credit)	(1,573)	(1,573)	(16)	293	30	35
Amortization of net loss/(gain)	20,612	15,015	2,191	1,432	(284)	(245)
Amortization of transition obligation	—	—	—	—	—	50
Net periodic benefit cost	$ 22,392	$ 14,821	$ 5,718	$ 4,950	$ 108	$ 295

The following tables summarize PSE's benefit obligations recognized in other comprehensive income for the years ended December 31, 2013 and 2012:

(Dollars in Thousands)	Qualified Pension Benefit 2013	Qualified Pension Benefit 2012	SERP Pension Benefits 2013	SERP Pension Benefits 2012	Other Benefits 2013	Other Benefits 2012
Other changes (pre-tax) in plan assets and benefit obligations recognized in other comprehensive income:						
Net loss/(gain)	$ (110,465)	$ 20,318	$ (1,687)	$ 5,483	$ (3,665)	$ 534
Amortization of net (loss)/gain	(20,612)	(15,015)	(2,191)	(1,433)	284	245
Prior service cost/(credit)	—	—	477	(122)	—	—
Amortization of prior service cost/(credit)	1,573	1,573	16	(293)	(30)	(35)

Amortization of transition obligation	—	—	—	—	—	(50)
Total change in other comprehensive income for year	$ (129,504)	$ 6,876	$ (3,385)	$ 3,635	$ (3,411)	$ 694

The estimated net (loss)/gain and prior service cost/(credit) for the pension plans that will be amortized from accumulated OCI into net periodic benefit cost in 2014 by PSE are $(13.0) million and $1.6 million, respectively. The estimated net loss/(gain) and prior service cost/(credit) for the SERP that will be amortized from accumulated OCI into net periodic benefit cost in 2014 are $(1.5) million. The estimated prior service cost/(credit) for the SERP that will be amortized from accumulated OCI into net periodic benefit cost in 2014 is immaterial. The estimated net (loss)/gain for the other postretirement plan that will be amortized from accumulated OCI into net periodic benefit cost in 2014 is $0.6 million and prior service cost/(credit) and transition (obligation)/asset for the other postretirement plans are immaterial.

The aggregate expected contributions by the Company to fund the retirement plan, SERP and the other postretirement plans for the year ending December 31, 2014 are expected to be at least $12.0 million, $4.0 million and $0.4 million, respectively.

Assumptions

In accounting for pension and other benefit obligations and costs under the plans, the following weighted-average actuarial assumptions were used by the Company:

	Qualified Pension Benefits		SERP Pension Benefits		Other Benefits	
Benefit Obligation Assumptions	2013	2012	2013	2012	2013	2012
Discount rate [1]	5.10%	4.15%	5.10%	4.15%	5.10%	4.15%
Rate of compensation increase	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Medical trend rate	—	—	—	—	6.80%	7.50%
Benefit Cost Assumptions						
Discount rate	4.15%	4.75%	4.15%	4.75%	4.15%	4.75%
Rate of plan assets	7.75%	7.75%	—	—	6.90%	7.50%
Rate of compensation increase	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Medical trend rate	—	—	—	—	8.20%	7.50%

1 *The Company calculates the present value of the pension liability using a discount rate of 5.10% which represents the single-rate equivalent of the AA rated corporate bond yield curve.*

The assumed medical inflation rate used to determine benefit obligations is 8.20% in 2014 grading down to 4.30% in 2015. A 1.0% change in the assumed medical inflation rate would have the following effects:

	2013		2012	
(Dollars in Thousands)	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on post-retirement benefit obligation	$ 66	$ (66)	$ 92	$ (92)
Effect on service and interest cost components	3	(3)	4	(4)

The Company has selected the expected return on plan assets based on a historical analysis of rates of return and the Company's investment mix, market conditions, inflation and other factors. The expected rate of return is reviewed annually based on these factors. The Company's accounting policy for calculating the market-related value of assets for the Company's retirement plan is as follows. PSE market-related value of assets is based on a five-year smoothing of asset gains/losses measured from the expected return on market-related assets. This is a calculated value that recognizes changes in fair value in a systematic and rational manner over five years. The same manner of calculating market-related value is used for all classes of assets, and is applied consistently from year to year.

PSE's pension and other postretirement benefits income or costs depend on several factors and assumptions, including plan design, timing and amount of cash contributions to the plan, earnings on plan assets, discount rate, expected long-term rate of return, mortality and health care costs trends. Changes in any of these factors or assumptions will affect the amount of income or expense that PSE records in its financial statements in future years and its projected benefit obligation. PSE has selected an expected return on plan assets based on a historical analysis of rates of return and PSE's investment mix, market conditions, inflation and other factors.

The discount rates were determined by using market interest rate data and the weighted-average discount rate from Citigroup Pension Liability Index Curve. The Company also takes into account in determining the discount rate the expected changes in market interest rates and anticipated changes in the duration of the plan liabilities.

Plan Benefits

The expected total benefits to be paid under the next five years and the aggregate total to be paid for the five years thereafter are as follows:

(Dollars in Thousands)	2014	2015	2016	2017	2018	2019-2023
Qualified Pension total benefits	$ 40,000	$ 40,200	$ 40,200	$ 41,100	$ 42,300	$ 226,900
SERP Pension total benefits	3,981	1,985	2,541	1,900	5,177	18,392
Other Benefits total with Medicare Part D subsidy	1,222	1,193	1,242	1,197	1,149	6,276
Other Benefits total without Medicare Part D subsidy	1,604	1,591	1,555	1,519	1,479	6,709

Plan Assets

Plan contributions and the actuarial present value of accumulated plan benefits are prepared based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, changes in these estimates and assumptions in the near term may be material to the financial statements.

The Company has a Retirement Plan Committee that establishes investment policies, objectives and strategies designed to balance expected return with a prudent level of risk. All changes to the investment policies are reviewed and approved by the Retirement Plan Committee prior to being implemented.

The Retirement Plan Committee invests trust assets with investment managers who have historically achieved above-median long-term investment performance within the risk and asset allocation limits that have been established. Interim evaluations are routinely performed with the assistance of an outside investment consultant. To obtain the desired return needed to fund the pension benefit plans, the Retirement Plan Committee has established investment allocation percentages by asset classes as follows:

	Allocation		
Asset Class	Minimum	Target	Maximum
Domestic large cap equity	25%	31%	40%

Domestic small cap equity	0%	9%	15%
Non-U.S. equity	10%	25%	30%
Fixed income	15%	25%	30%
Real estate	0%	0%	10%
Absolute return	5%	10%	15%
Cash	0%	0%	5%

Plan Fair Value Measurements

ASC 715, "Compensation – Retirement Benefits" (ASC 715) directs companies to provide additional disclosures about plan assets of a defined benefit pension or other postretirement plan. The objectives of the disclosures are to disclose the following: (1) how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies; (2) major categories of plan assets; (3) inputs and valuation techniques used to measure the fair value of plan assets; (4) effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period; and (5) significant concentrations of risk within plan assets.

ASC 820 allows the reporting entity, as a practical expedient, to measure the fair value of investments that do not have readily determinable fair values on the basis of the net asset value per share of the investment if the net asset value of the investment is calculated in a matter consistent with ASC 946, "Financial Services – Investment Companies." The standard requires disclosures about the nature and risk of the investments and whether the investments are probable of being sold at amounts different from the net asset value per share.

The following table sets forth by level, within the fair value hierarchy, the qualified pension plan as of December 31, 2013 and 2012:

	Recurring Fair Value Measures As of December 31, 2013				Recurring Fair Value Measures As of December 31, 2012			
(Dollars in Thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Equities:								
Non-US equity [1]	$ 76,188	$ 78,816	$ —	$ 155,004	$ 56,717	$ 49,304	$ —	$ 106,021
Domestic large cap equity [2]	157,874	35,851	—	193,725	136,994	28,890	—	165,884
Domestic small cap equity [3]	62,867	—	—	62,867	51,264	—	—	51,264

Total equities	296,929	114,667	—	411,596	244,975	78,194	—	323,169
Tactical asset allocation [4]	—	—	—	—	—	26,425	—	26,425
Fixed income securities [5]	135,007	—	—	135,007	119,939	—	—	119,939
Absolute return [6]	—	—	62,278	62,278	—	—	55,615	55,615
Cash and cash equivalents [7]	—	7,054	—	7,054	—	6,019	—	6,019
Subtotal	$ 431,936	$ 121,721	$ 62,278	$ 615,935	$ 364,914	$ 110,638	$ 55,615	$ 531,167
Net (payable) receivable				(417)				(173)
Accrued income				203				189
Total assets				$ 615,721				$ 531,183

1 *Non – US Equity investments are comprised of a (1) mutual fund; and a (2) commingled fund. The investment in the mutual fund is valued using quoted market prices multiplied by the number of shares owned as of December 31, 2013. The investment in the commingled fund is valued at the net asset value per share multiplied by the number of shares held as of December 31, 2013.*

2 *Domestic large cap equity investments are comprised of (1) common stock, and a (2) commingled fund. Investments in common stock are valued using quoted market prices multiplied by the number of shares owned as of December 31, 2013. The investment in the commingled fund is valued at the net asset value per share multiplied by the number of shares held as of December 31, 2013.*

3 *Domestic small cap equity investments are comprised of (1) common stock and a (2) mutual fund. The investments in common stock are valued using quoted market prices multiplied by the number of shares owned as of December 31, 2013. The investment in the mutual fund is valued using quoted market prices multiplied by the number of shares owned as of December 31, 2013.*

4 *The tactical asset allocation investment is comprised of a commingled fund, which is valued at the net asset value per share multiplied by the number of shares held as of the measurement date.*

5 *Fixed income securities consist of a mutual fund. The investment in the mutual fund is valued using quoted market prices multiplied by the number of shares owned as of December 31, 2013.*

6 *As of December 31, 2013 absolute return investments consist of two partnerships. The partnerships are valued using the financial reports as of December 31, 2013. These investments are a Level 3 under ASC 820 because the significant valuation inputs are primarily internal to the partnerships with little third party involvement.*

7 *The investment consists of a money market fund, which is valued at the net asset value per share of $1.00 per unit as of December 31, 2013. The money market fund invests primarily in commercial paper, notes, repurchase agreements, and other evidences of indebtedness which are payable on demand or short-term in nature.*

Level 3 Roll-Forward

The following table sets forth a reconciliation of changes in the fair value of the plan's Level 3 assets:

	As of December 31, 2013			As of December 31, 2012		
(Dollars in Thousands)	Partnership	Mutual Funds	Total	Partnership	Mutual Funds	Total
Balance at beginning of year	$ 55,614	$ —	$ 55,614	$ 45,319	$ —	$ 45,319
Additional investments	—	—	—	7,021	—	7,021
Distributions	—	—	—	—	—	—
Realized losses on distributions	—	—	—	—	—	—
Unrealized gains relating to instruments still held at the reporting date	6,664	—	6,664	3,274	—	3,274
Transferred out of level 3 [1]	—	—	—	—	—	—

Balance at end of year	$	62,278	$	—	$	62,278	$	55,614	$	—	$ 55,614

1 *The plan had no transfers between level 2 and level 1 during the years ended December 31, 2013 or 2012.*

The following table sets forth by level, within the fair value hierarchy, the Other Benefits plan assets which consist of insurance benefits for retired employees, at fair value:

	Recurring Fair Value Measures As of December 31, 2013			Recurring Fair Value Measures As of December 31, 2012		
(Dollars in Thousands)	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Mutual fund [1]	$ 8,703	$ —	$ 8,703	$ 7,472	$ —	$ 7,472
Cash equivalents [2]	—	71	71	—	69	69
Total assets	$ 8,703	$ 71	$ 8,774	$ 7,472	$ 69	$ 7,541

1 *This is a publicly traded balanced mutual fund. The fund seeks regular income, conservation of principal, and an opportunity for long-term growth of principal and income. The fair value is determined by taking the number of shares owned by the plan, and multiplying by the market price as of December 31, 2013.*

2 *This is a money market fund. The money market fund investments are valued at the net asset value per share of $1.00 per unit as of December 31, 2013. The money market fund invests primarily in commercial paper, notes, repurchase agreements, and other evidences of indebtedness which are payable on demand or short-term in nature.*

(13) Income Taxes

The details of income tax (benefit) expense are as follows:

	Year Ended December 31,	
(Dollars in Thousands)	2013	2012
Charged to operating expenses:		
Current:		
Federal	$ —	$ 4,268
State	—	—
Deferred:		

Federal	161,483	145,464
State	—	—
Total income tax expense	$ 161,483	$ 149,732

The following reconciliation compares pre-tax book income at the federal statutory rate of 35.0% to the actual income tax expense in the Statements of Income:

	Year Ended December 31,	
(Dollars in Thousands)	2013	2012
Income taxes at the statutory rate	$ 181,552	$ 177,340
Increase (decrease):		
Production tax credit	(22,414)	(22,188)
AFUDC excluded from taxable income	(9,406)	(16,543)
Capitalized interest	7,294	9,757
Utility plant differences	9,527	8,674
Treasury grant amortization	(7,651)	(1,007)
Tenaska gas contract	1	(4,687)
Other - net	2,580	(1,614)
Total income tax expense	$ 161,483	$ 149,732
Effective tax rate	31.2%	29.6%

The Company's deferred tax liability at December 31, 2013 and 2012 is composed of amounts related to the following types of temporary differences:

	At December 31,	
(Dollars In Thousands)	2013	2012
Utility plant and equipment	$ 1,625,107	$ 1,409,216
Regulatory asset for income taxes	146,350	119,279
Other deferred tax liabilities	131,977	132,304
Subtotal deferred tax liabilities	1,903,434	1,660,799
Net operating loss carryforward	(173,068)	(134,513)
Production tax credit carryforward	(135,531)	(113,117)
Regulatory liability on production tax credit	(71,880)	(59,811)

Fair value of derivative instruments		(9,988)		(46,139)
Other deferred tax assets		(69,175)		(100,632)
Subtotal deferred tax assets		(459,642)		(454,212)
Total	$	1,443,792	$	1,206,587

The above amounts have been classified in the Consolidated Balance Sheets as follows:

		At December 31,		
(Dollars in Thousands)		2013		2012
Current deferred taxes	$	(141,058)	$	(68,015)
Non-current deferred taxes		1,584,850		1,274,602
Total	$	1,443,792	$	1,206,587

The Company calculates its deferred tax assets and liabilities under ASC 740, "Income Taxes" (ASC 740). ASC 740 requires recording deferred tax balances, at the currently enacted tax rate, on assets and liabilities that are reported differently for income tax purposes than for financial reporting purposes. The utilization of deferred tax assets requires sufficient taxable income in future years. ASC 740 requires a valuation allowance on deferred tax assets when it is more likely than not that the deferred tax assets will not be realized. The Company's PTC carryforwards expire from 2026 through 2033. The Company's net operating loss carryforwards expire from 2029 through 2033.

For ratemaking purposes, deferred taxes are not provided for certain temporary differences. PSE has established a regulatory asset for income taxes recoverable through future rates related to those temporary differences for which no deferred taxes have been provided, based on prior and expected future ratemaking treatment.

The Company accounts for uncertain tax position under ASC 740, which clarifies the accounting for uncertainty in income taxes recognized in the financial statements. ASC 740 requires the use of a two-step approach for recognizing and measuring tax positions taken or expected to be taken in a tax return. First, a tax position should only be recognized when it is more likely than not, based on technical merits, that the position will be sustained upon challenge by the taxing authorities and taken by management to the court of last resort. Second, a tax position that meets the recognition threshold should be measured at the largest amount that has a greater than 50.0% likelihood of being sustained.

As of December 31, 2013 and 2012, the Company had no material unrecognized tax benefits. As a result, no interest or penalties were accrued for unrecognized tax benefits during the year.

For ASC 740 purposes, the Company has open tax years from 2010 through 2013. The Company classifies interest as interest expense and penalties as other expense in the financial statements.

(14) Litigation

Residential Exchange

The Northwest Power Act, through the Residential Exchange Program (REP), provides access to the benefits of low-cost federal power for residential and small farm customers of regional utilities, including PSE. The program is administered by the BPA. Pursuant to agreements (including settlement agreements) between the BPA and PSE, the BPA has provided payments of REP benefits to PSE, which PSE has passed through to its residential and small farm customers in the form of electricity bill credits.

In 2007, the United States Court of Appeals for the Ninth Circuit (Ninth Circuit) ruled that REP agreements of the BPA with PSE and a number of other investor-owned utilities were inconsistent with the Northwest Power Act. Since that time, those investor-owned utilities, including PSE, the BPA and other parties have been involved in ongoing litigation at the Ninth Circuit relating to the amount of REP benefits paid to utilities, including PSE, for the fiscal year 2002 through fiscal year 2011 period and the amount of REP benefits to be paid going forward.

In July 2011, the BPA, PSE and a number of other parties entered into a settlement agreement (2012 REP Settlement) that by its terms, if upheld in its entirety, would resolve the disputes between BPA and PSE regarding REP benefits paid for fiscal years 2002-2011 and determine REP benefits for fiscal years 2012-2028. In October 2011, certain other parties challenged BPA decisions with regard to its entering into the 2012 REP Settlement agreement. On October 28, 2013, the Ninth Circuit issued an order dismissing this challenge to this settlement. In light of the disposition of this challenge, the stay of the other pending Ninth Circuit litigation regarding REP benefits was lifted in January 2014. In the order lifting the stay, petitioners (unless they move to voluntarily dismiss their petitions) and intervenors (unless they move to voluntarily withdraw) were directed to file a statement explaining which issues, if any, remain pending. Such statements are due on or before April 1, 2014. PSE is unable to determine prior to April 1, if this other pending litigation will continue and, if so, what impact these proceedings may have on PSE. However, the Company believes it is unlikely that any unfavorable outcome would have a material adverse effect on PSE because REP benefits received by PSE are passed through directly to REP customers.

With the Ninth Circuit's decision affirming the 2012 REP Settlement, PSE will receive approximately $57.0 million plus interests of REP payments owed under a 2008 agreement, which are in addition to scheduled monthly REP benefits received from BPA under the 2012 REP Settlement. These payments will be given back to PSE's residential and small farm customers through a higher residential exchange credit on their bills.

Colstrip

PSE has a 50% ownership interest in Colstrip Units 1 and 2, and a 25% interest in Colstrip Units 3 and 4. On March 6, 2013, Sierra Club and Montana Environmental Information Center (MEIC) filed a Clean Air Act citizen suit against all Colstrip owners (including PSE) alleging numerous claims for relief, most which relate to alleged prevention of significant deterioration (PSD) violations. One claim relates to the alleged failure to update the Title V permit to reflect the major modifications alleged in the first 36 claims, another claim alleges that the previous Title V compliance certifications have been incomplete because they did not address the alleged major modifications, and the last claim alleges opacity violations since 2007. The lawsuit was filed in U.S. District of Montana, Billings Division requesting injunctive relief and civil penalties, including a request that the owners remediate environmental damage and that $100,000 of the civil penalties be used for beneficial mitigation projects. This lawsuit followed various Notices of Intent to Sue sent to Colstrip owners (including PSE) from the Sierra Club and the MEIC between July and December 2012. Discovery in the case has begun, and a prehearing conference took place in July 2013. The case has been bifurcated into separate liability and remedy trials set for March and August 2015, respectively. PSE is litigating the allegations set forth in the notices and cannot at this time predict the outcome of this matter.

Other Proceedings

The Company is also involved in litigation relating to claims arising out of its operations in the normal course of business. The Company has recorded reserves of $1.4 million and $3.4 million relating to these claims as of December 31, 2013 and 2012, respectively.

(15) Commitments and Contingencies

For the year ended December 31, 2013, approximately 15.1% of the Company's energy output was obtained at an average cost of approximately $0.018 per kilowatt hour (kWh) through long-term contracts with three of the Washington Public Utility Districts (PUDs) that own hydroelectric projects on the Columbia River. The purchase of power from the Columbia River projects is on a pro rata share basis under which the Company pays a proportionate share of the annual debt service, operating and maintenance costs and other expenses associated with each project in proportion to the contractual shares that PSE obtains from that project. In these instances, PSE's payments are not contingent upon the projects being operable; therefore, PSE is required to make the payments even if power is not delivered. These projects are financed through substantially level debt service payments and their annual costs should not vary significantly over the term of the contracts unless additional financing is required to meet the costs of major maintenance, repairs or replacements, or license requirements. The Company's share of the costs and the output of the projects is subject to reduction due to various withdrawal rights of the PUDs and others over the contract lives.

The Company's expenses under these PUD contracts were as follows for the years ended December 31:

(Dollars in Thousands)	2013	2012
PUD contract costs	$ 63,365	$ 70,188

As of December 31, 2013, the Company purchased portions of the power output of the PUDs' projects as set forth in the following table:

			Company's Current Share of:				
(Dollars in Thousands)	Contract Expiration	Percent of Output	Megawatt Capacity	Estimated 2014 Costs	2014 Debt Service Costs	Interest included in 2014 Debt Service Costs	Debt Outstanding
Chelan County PUD:							
Rock Island Project	2031	25.0%	156	$ 29,182	$ 11,288	$ 6,412	$ 102,522
Rocky Reach Project	2031	25.0%	325	26,484	8,787	3,563	58,055
Douglas County PUD:							
Wells Project	2018	29.9%	251	16,258	8,675	2,678	71,679
Grant County PUD:							
Priest Rapids Development	2052	0.8%	9	4,032	2,175	1,274	23,738
Wanapum Development	2052	0.8%	9	4,032	2,175	1,274	23,738
Total			750	$ 79,988	$ 33,100	$ 15,201	$ 279,732

The following table summarizes the Company's estimated payment obligations for power purchases from the Columbia River projects, contracts with other utilities and contracts with non-utilities. These contracts have varying terms and may include escalation and termination provisions.

(Dollars in Thousands)	2014	2015	2016	2017	2018	Thereafter	Total
Columbia River projects	$ 67,094	$ 69,401	$ 70,924	$ 71,091	$ 62,477	$ 601,448	$ 942,435
Other utilities	17,277	16,718	17,229	10,174	—	—	61,398
Non-utility contracts	53,928	116,317	150,305	186,948	191,405	1,480,584	2,179,487
Total	$ 138,299	$ 202,436	$ 238,458	$ 268,213	$ 253,882	$ 2,082,032	$ 3,183,320

Total purchased power contracts provided the Company with approximately 10.7 million and 6.1 million megawatt hours (MWh) of firm energy at a cost of approximately $348.7 million and $203.1 million for the years 2013 and 2012 respectively.

The Company has natural gas-fired generation facility obligations for natural gas supply amounting to an estimated $118.6 million in 2014. Longer term agreements for natural gas supply amount to an estimated $318.1 million for 2015 through 2030.

PSE enters into short-term energy supply contracts to meet its core customer needs. These contracts are sometimes classified as NPNS, however in most cases recorded at fair value in accordance with ASC 815. Commitments under these contracts are $32.5 million, $10.8 million and $2.7 million in 2014, 2015 and 2016, respectively.

Natural Gas Supply Obligations

The Company has also entered into various firm supply, transportation and storage service contracts in order to ensure adequate availability of natural gas supply for its firm customers. Many of these contracts, which have remaining terms from less than one year to 31 years, provide that the Company must pay a fixed demand charge each month, regardless of actual usage. The Company contracts for its long-term natural gas supply on a firm basis, which means the Company has a 100% daily take obligation and the supplier has a 100% daily delivery obligation to ensure service to PSE's customers and generation requirements. The Company incurred demand charges in 2013 for firm transportation service and firm storage and peaking service of $160.8 million and $6.6 million, respectively. The demand charge for firm natural gas supply was immaterial in 2013. The Company incurred demand charges in 2013 for firm transportation and firm storage service for the natural gas supply for its combustion turbines in the amount of $39.5 million, which is included in the total Company demand charges.

The following table summarizes the Company's obligations for future demand charges through the primary terms of its existing contracts. The quantified obligations are based on the FERC and NEB (National Energy Board) currently authorized rates, which are subject to change.

Demand Charge Obligations (Dollars in Thousands)	2014	2015	2016	2017	2018	Thereafter	Total
Firm transportation service	$ 168,936	$ 166,452	$ 159,899	$ 156,205	$ 133,281	$ 487,739	$ 1,272,512
Firm storage service	6,528	5,337	5,209	5,209	1,407	2,793	26,483
Total	$ 175,464	$ 171,789	$ 165,108	$ 161,414	$ 134,688	$ 490,532	$ 1,298,995

Service Contracts

The following table summarizes the Company's estimated obligations for service contracts through the terms of its existing contracts.

Service Contract Obligations (Dollars in Thousands)	2014	2015	2016	2017	2018	Thereafter	Total
Energy production service contracts [1]	$ 26,714	$ 33,068	$ 15,728	$ 5,658	$ 4,165	$ 27,182	$ 112,515
Automated meter reading system [2]	23,443	24,176	13,063	9,558	9,994	80,106	160,340
Total	$ 50,157	$ 57,244	$ 28,791	$ 15,216	$ 14,159	$ 107,288	$ 272,855

1 *Energy production service contracts include operations and maintenance contracts on Mint Farm, Wild Horse, Goldendale, Hopkins Ridge, Frederickson 1,*

Ferndale and Lower Snake River facilities.

2 *Automated meter reading system contractual obligation is the service component of the Landis and Gyr contract.*

For information regarding PSE's environmental remediation obligations, see Note 3 Regulation and Rates.

(16) Related Party Transactions

On June 1, 2006, PSE entered into a revolving credit facility with Puget Energy in the form of a Demand Promissory Note (Note). Through the Note, PSE may borrow up to $30.0 million from Puget Energy, subject to approval by Puget Energy. Under the terms of the Note, PSE pays interest on the outstanding borrowings based on the lowest of the weighted-average interest rate of PSE's outstanding commercial paper interest rate or PSE's senior unsecured revolving credit facility. Absent such borrowings, interest is charged at one-month LIBOR plus 0.25%. At December 31, 2013 and 2012, the outstanding balance of the Note was $29.6 million and $29.6 million, respectively, and the interest rate was 0.325% and 0.5%, respectively. The $30.0 million credit facility with Puget Energy was unaffected by the merger.

(17) Segment Information

PSE operates one reportable business segment referred to as the regulated utility segment. PSE's regulated utility operation generates, purchases and sells electricity and purchases, transports and sells natural gas. The service territory of PSE covers approximately 6,000 square miles in the state of Washington. In managing the business, management reviews the consolidated financial statements for PSE during the year.

(18) Accumulated Other Comprehensive Income (Loss)

The following tables present the changes in the Company's accumulated other comprehensive income (loss) (AOCI) by component for the years ended December 31, 2013 and 2012 respectively.

Changes in AOCI, net of tax (Dollars in Thousands)	Net unrealized gain (loss) and prior service cost on pension plans	Net unrealized gain (loss) on energy derivative instruments	Net unrealized gain (loss) on treasury interest rate swaps	Total
Balance at December 31, 2011	$ (168,704)	$ (12,934)	$ (6,941)	$ (188,579)
Other comprehensive income (loss) before reclassifications	(17,050)	—	—	(17,049)
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	9,755	8,358	317	18,430
Net current-period other comprehensive				

income (loss)		(7,295)	8,358	317	1,381
Balance at December 31, 2012	$	(175,999)$	(4,576)$	(6,624)$	(187,198)
Other comprehensive income (loss) before reclassifications		74,969	—	—	74,969
Amounts reclassified from accumulated other comprehensive income (loss), net of tax		13,624	2,549	317	16,490
Net current-period other comprehensive income (loss)		88,593	2,549	317	91,459
Balance at December 31, 2013	$	(87,404)$	(2,027)$	(6,307)$	(95,739)

Details about these reclassifications out of accumulated other comprehensive income (loss) for the years ended December 31, 2013 and 2012 respectively, are as follows:

(Dollars in Thousands)

Details about accumulated other comprehensive income (loss) components	Affected line item in the statement where net income (loss) is presented	Amount reclassified from accumulated other comprehensive income (loss)	
		2013	2012
Net unrealized gain (loss) and prior service cost on pension plans:			
Amortization of prior service cost	(a)	$ 1,559 $	1,245
Amortization of net gain (loss)	(a)	(22,519)	(16,203)

Amortization of transition obligation	(a)		—	(50)
	Total before tax		(20,960)	(15,008)
	Tax (expense) or benefit		7,336	5,253
	Net of tax	$	(13,624)$	(9,755)
Net unrealized gain (loss) on energy derivative instruments:				
Commodity contracts:				
Electric derivatives	Electric generation fuel		—	97
	Purchased electricity		(3,922)	(12,955)
	Total before tax		(3,922)	(12,858)
	Tax (expense) or benefit		1,373	4,500
	Net of Tax	$	(2,549)$	(8,358)
Net unrealized gain (loss) on treasury interest rate swaps:				
Interest rate contracts	Interest expense		(488)	(488)
	Tax (expense) or benefit		171	171
	Net of Tax	$	(317)$	(317)
Total reclassification for the period	Net of Tax	$	(16,490)$	(18,430)

(a) *These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 12 for additional details).*

THIS PAGE INTENTIONALLY LEFT BLANK

[Next Page is 200]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion

Line No.	Item (a)	Total Company For the Current Quarter/Year
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	12,204,053,303
4	Property Under Capital Leases	17,050,697
5	Plant Purchased or Sold	
6	Completed Construction not Classified	124,589,086
7	Experimental Plant Unclassified	
8	TOTAL Utility Plant (Total of lines 3 thru 7)	12,345,693,086
9	Leased to Others	
10	Held for Future Use	28,894,640
11	Construction Work in Progress	310,318,032
12	Acquisition Adjustments	282,791,675
13	TOTAL Utility Plant (Total of lines 8 thru 12)	12,967,697,433
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	4,566,548,281
15	Net Utility Plant (Total of lines 13 and 14)	8,401,149,152
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	4,339,547,237
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
20	Amortization of Underground Storage Land and Land Rights	
21	Amortization of Other Utility Plant	136,702,119
22	TOTAL In Service (Total of lines 18 thru 21)	4,476,249,356
23	Leased to Others	
24	Depreciation	
25	Amortization and Depletion	
26	TOTAL Leased to Others (Total of lines 24 and 25)	
27	Held for Future Use	
28	Depreciation	140,417
29	Amortization	
30	TOTAL Held for Future Use (Total of lines 28 and 29)	140,417
31	Abandonment of Leases (Natural Gas)	
32	Amortization of Plant Acquisition Adjustment	90,158,508
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	4,566,548,281

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (continued)

Line No.	Electric (c)	Gas (d)	Other (specify) (e)	Common (f)
1				
2				
3	8,649,370,775	3,027,671,769		527,010,759
4				17,050,697
5				
6	76,830,045	47,665,120		93,921
7				
8	8,726,200,820	3,075,336,889		544,155,377
9				
10	23,660,291	5,234,349		
11	244,497,375	44,903,821		20,916,836
12	282,791,675			
13	9,277,150,161	3,125,475,059		565,072,213
14	3,225,604,486	1,118,587,182		222,356,613
15	6,051,545,675	2,006,887,877		342,715,600
16				
17				
18	3,112,963,166	1,114,278,750		112,305,321
19				
20				
21	22,342,395	4,308,432		110,051,292
22	3,135,305,561	1,118,587,182		222,356,613
23				
24				
25				
26				
27				
28	140,417			
29				
30	140,417			
31				
32	90,158,508			
33	3,225,604,486	1,118,587,182		222,356,613

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Plant in Service (Accounts 101, 102, 103, and 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.
3. Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c).Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d),

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	158,692	
3	302 Franchises and Consents	246,130	
4	303 Miscellaneous Intangible Plant	20,062,062	158,061
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	20,466,884	158,061
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Measuring and Regulating Station Equipment		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines		
20	333 Field Compressor Station Equipment		
21	334 Field Measuring and Regulating Station Equipment		
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration and Development Costs		
26	339 Asset Retirement Costs for Natural Gas Production and		
27	TOTAL Production and Gathering Plant (Enter Total of lines 8		
28	PRODUCTS EXTRACTION PLANT		
29	340 Land and Land Rights		
30	341 Structures and Improvements		
31	342 Extraction and Refining Equipment		
32	343 Pipe Lines		
33	344 Extracted Products Storage Equipment		

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report End of 2013/Q4

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
1				
2				158,692
3	1,448			244,682
4	2,349,721			17,870,402
5	2,351,169			18,273,776
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	345 Compressor Equipment		
35	346 Gas Measuring and Regulating Equipment		
36	347 Other Equipment		
37	348 Asset Retirement Costs for Products Extraction Plant		
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)		
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and		
40	Manufactured Gas Production Plant (Submit Supplementary	6,737,083	
41	TOTAL Production Plant (Enter Total of lines 39 and 40)	6,737,083	
42	NATURAL GAS STORAGE AND PROCESSING PLANT		
43	Underground Storage Plant		
44	350.1 Land	464,428	
45	350.2 Rights-of-Way		
46	351 Structures and Improvements	804,103	28,750
47	352 Wells	10,902,732	339,768
48	352.1 Storage Leaseholds and Rights		
49	352.2 Reservoirs	1,757,701	
50	352.3 Non-recoverable Natural Gas	4,185,431	
51	353 Lines	2,585,602	
52	354 Compressor Station Equipment	16,817,515	205,166
53	355 Other Equipment	512,026	
54	356 Purification Equipment	2,662,647	
55	357 Other Equipment	294,341	22,531
56	358 Asset Retirement Costs for Underground Storage Plant		
57	TOTAL Underground Storage Plant (Enter Total of lines 44 thru	40,986,526	596,215
58	Other Storage Plant		
59	360 Land and Land Rights	1,704,569	
60	361 Structures and Improvements	4,155,602	
61	362 Gas Holders	3,683,221	
62	363 Purification Equipment		
63	363.1 Liquefaction Equipment		
64	363.2 Vaporizing Equipment	1,197,749	
65	363.3 Compressor Equipment		
66	363.4 Measuring and Regulating Equipment	621,394	
67	363.5 Other Equipment	2,158,877	
68	363.6 Asset Retirement Costs for Other Storage Plant		
69	TOTAL Other Storage Plant (Enter Total of lines 58 thru 68)	13,521,412	
70	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
71	364.1 Land and Land Rights		
72	364.2 Structures and Improvements		
73	364.3 LNG Processing Terminal Equipment		
74	364.4 LNG Transportation Equipment	970,581	
75	364.5 Measuring and Regulating Equipment		
76	364.6 Compressor Station Equipment		
77	364.7 Communications Equipment		
78	364.8 Other Equipment		
79	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas		
80	TOTAL Base Load Liquefied Nat'l Gas, Terminaling and	970,581	

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
34				
35				
36				
37				
38				
39				
40				6,737,083
41				6,737,083
42				
43				
44				464,428
45				
46	5,764			827,089
47	6,940			11,235,560
48				
49				1,757,701
50				4,185,431
51				2,585,602
52	5,787			17,016,894
53	51,295			460,731
54				2,662,647
55	11,905			304,967
56				
57	81,691			41,501,050
58				
59				1,704,569
60				4,155,602
61				3,683,221
62				
63				
64				1,197,749
65				
66				621,394
67				2,158,877
68				
69				13,521,412
70				
71				
72				
73				
74				970,581
75				
76				
77				
78				
79				
80				970,581

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 57,	55,478,519	596,215
82	TRANSMISSION PLAN		
83	365.1 Land and Land Rights		
84	365.2 Rights-of-Way		
85	366 Structures and Improvements		
86	367 Mains		
87	368 Compressor Station Equipment		
88	369 Measuring and Regulating Station Equipment		
89	370 Communication Equipment		
90	371 Other Equipment		
91	372 Asset Retirement Costs for Transmission Plant		
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)		
93	DISTRIBUTION PLANT		
94	374 Land and Land Rights	17,507,398	
95	375 Structures and Improvements	36,002,777	(14,453,913)
96	376 Mains	1,477,791,111	70,273,766
97	377 Compressor Station Equipment		
98	378 Measuring and Regulating Station Equipment-General	92,652,498	6,937,537
99	379 Measuring and Regulating Station Equipment-City Gate		
100	380 Services	823,496,707	48,500,123
101	381 Meters	65,956,781	1,943,758
102	382 Meter Installations	142,548,717	5,176,270
103	383 House Regulators	14,603,706	572,741
104	384 House Regulator Installations	75,854,636	526,348
105	385 Industrial Measuring and Regulating Station Equipment	34,569,257	2,660,655
106	386 Other Property on Customers' Premises	33,202,545	1,382,598
107	387 Other Equipment	5,321,860	646,278
108	388 Asset Retirement Costs for Distribution Plant	9,291,129	3,988,221
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)	2,828,799,122	128,154,382
110	GENERAL PLANT		
111	389 Land and Land Rights	22,729	
112	390 Structures and Improvements	355,786	13,519,821
113	391 Office Furniture and Equipment	10,160,971	1,537,711
114	392 Transportation Equipment	6,302,462	
115	393 Stores Equipment	50,149	
116	394 Tools, Shop, and Garage Equipment	9,939,704	
117	395 Laboratory Equipment	2,630,396	
118	396 Power Operated Equipment	483,583	
119	397 Communication Equipment	4,561,455	85
120	398 Miscellaneous Equipment	190,543	25,750
121	Subtotal (Enter Total of lines 111 thru 120)	34,697,778	15,083,367
122	399 Other Tangible Property		
123	399.1 Asset Retirement Costs for General Plant		
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)	34,697,778	15,083,367
125	TOTAL (Accounts 101 and 106)	2,946,179,386	143,992,025
126	Gas Plant Purchased (See Instruction 8)		
127	(Less) Gas Plant Sold (See Instruction 8)		
128	Experimental Gas Plant Unclassified		
129	TOTAL Gas Plant In Service (Enter Total of lines 125 thru 128)	2,946,179,386	143,992,025

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
81	81,691			55,993,043
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				17,507,398
95			13,516,916	35,065,780
96	2,214,942	(12,179)	1,638,023	1,547,475,779
97				
98	316,536			99,273,499
99				
100	2,949,011	(56,427)	(1,638,023)	867,353,369
101	979,065			66,921,474
102	528,884		(1,694,652)	145,501,451
103	65,010			15,111,437
104	64,007		1,694,654	78,011,631
105	3,196,806			34,033,106
106	606,123	(1,364,168)		32,614,852
107	45,601			5,922,537
108				13,279,350
109	10,965,985	(1,432,774)	13,516,918	2,958,071,663
110				
111				22,729
112			(13,519,821)	355,786
113				11,698,682
114				6,302,462
115		(1)		50,148
116				9,939,704
117				2,630,396
118				483,583
119				4,561,540
120				216,293
121		(1)	(13,519,821)	36,261,323
122				
123				
124		(1)	(13,519,821)	36,261,323
125	13,398,845	(1,432,775)	(2,903)	3,075,336,888
126				
127				
128				
129	13,398,845	(1,432,775)	(2,903)	3,075,336,888

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Plant Held for Future Use (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of $1,000,000 or more. Group other items of property held for future use.
2. For property having an original cost of $1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	EASEMENT TOLT ROW (Northeast King County)	06/01/2010	01/01/2015	4,702,851
2	TOLT HP GATE STATION LAND (King County)	11/01/2013	01/01/2022	531,498
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	Total			5,234,349

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Construction Work in Progress-Gas (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than $1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Bare Steel Replacement Project	9,962,748	
2	LNG Facility & Distribution System Development Project	3,560,257	
3	Alaska Way Viaduct Gas Relocation Project	1,830,570	
4	North Lacey Project	1,312,562	
5	Tolt HP 16" Project	1,171,038	
6	Minor Projects Less than $1,000,000 each:		
7	Gas Distribution	25,814,395	
8	Gas General Plant	743,587	
9	Gas Underground Storage	508,664	
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Total	44,903,821	

General Description of Construction Overhead Procedure

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.
3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

EXPLANATION OF CONSTRUCTION OVERHEADS

INDIRECT OVERHEAD - REGULAR PROJECTS

Construction support:
Certain expenses applicable to construction including for service of personnel whose general activities preclude the charging of expenditures directly to specific orders are charged to CWIP through the Construction Support. The rate is a ratio of those expenses to construction charges capitalized during the period and applied on the current month construction charges only. For certain construction projects where services and/or equipment are purchased from a third party, the rate applied may be less than described above.

Materials:
Stores' expenses are allocated to CWIP on the basis of materials charged to orders. OH rate is a ratio of stores' expenses to outstanding balance on Inventory account.

Employee Pension and Benefits:
Expenditures for pension and benefits are allocated to CWIP on the basis of payroll charges.

INDIRECT OVERHEAD - MAJOR CONSTRUCTION PROJECTS

Puget as the sponsor of a Jointly Owned Project - Indirect overhead is applied monthly to direct payroll. The rate is contractually fixed as agreed upon by the participants.

Puget as a participant in Jointly Owned Project - No indirect overhead for administrative and general expenses is applied.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION
The AFUDC rate is the Company's rate of return allowed by the Washington Utilities and Transportation Commission. PSE's Gas Operation is not under the FERC's jurisdiction. Therefore, the significant deviation test per FERC Order #561 does not apply.
For recording the current month's AFUDC, work order accumulated charges at the beginning of the month are multiplied by 1/12 of the annual rate and current month's charges are multiplied by 1/24 the annual rate.

The Washington Utilities and Transportation Commission in Cause U-81-41 authorized the annual compounding of accrued allowance for funds used during construction. Cause U-83-54 changed the tax accounting for AFUDC from the normalization method to the flow-through method. Therefore, effective October 1984, the FERC and the WUTC rates were the gross-of-tax rate.

Periodically, the Short-Term debt balance has exceeded Construction Work in Progress. In accordance with Federal Power Commission Order 561-A, the AFUDC rate used was the weighted average Short-Term Debt Rate. To the extent the WUTC approved rate of return was greater than Short-Term rate, the difference between these two rates was credited to Account 419.1, Allowance for other funds used during construction.

General Description of Construction Overhead Procedure (continued)

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

1. For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.
2. Identify, in a footnote, the specific entity used as the source for the capital structure figures.
3. Indicate, in a footnote, if the reported rate of return is one that has been approved in a rate case, black-box settlement rate, or an actual three-year average rate.

1. Components of Formula (Derived from actual book balances and actual cost rates):

Line No.	Title (a)	Amount (b)	Capitalization Ration (percent) (c)	Cost Rate Percentage (d)
	(1) Average Short-Term Debt	S 69,425,416		
	(2) Short-Term Interest			s 3.94
	(3) Long-Term Debt	D 3,773,860,000	52.52	d 5.41
	(4) Preferred Stock	P		p
	(5) Common Equity	C 3,411,781,011	47.48	c 9.80
	(6) Total Capitalization	7,185,641,011	100.00	
	(7) Average Construction Work In Progress Balance	W 556,832,239		

2. Gross Rate for Borrowed Funds $s(S/W) + d[(D/(D+P+C)) (1-(S/W))]$ 2.98

3. Rate for Other Funds $[1-(S/W)] [p(P/(D+P+C)) + c(C/(D+P+C))]$ 4.07

4. Weighted Average Rate Actually Used for the Year:
   - a. Rate for Borrowed Funds - 3.07
   - b. Rate for Other Funds - 4.71

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report End of 2013/Q4

Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
	Section A. BALANCES AND CHANGES DURING YEAR				
1	Balance Beginning of Year	1,032,255,512	1,032,255,512		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	100,575,382	100,575,382		
4	(403.1) Depreciation Expense for Asset Retirement Costs	755,329	755,329		
5	(413) Expense of Gas Plant Leased to Others				
6	Transportation Expenses - Clearing	569,480	569,480		
7	Other Clearing Accounts				
8	Other Clearing (Specify) (footnote details):				
9					
10	TOTAL Deprec. Prov. for Year (Total of lines 3 thru 8)	101,900,191	101,900,191		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	(13,639,542)	(13,639,542)		
13	Cost of Removal	(7,163,290)	(7,163,290)		
14	Salvage (Credit)				
15	TOTAL Net Chrgs for Plant Ret. (Total of lines 12 thru 14)	(20,802,832)	(20,802,832)		
16	Other Debit or Credit Items (Describe) (footnote details):	925,879	925,879		
17					
18	Book Cost of Asset Retirement Costs				
19	Balance End of Year (Total of lines 1,10,15,16 and 18)	1,114,278,750	1,114,278,750		
	Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS				
21	Productions-Manufactured Gas	6,059,613	6,059,613		
22	Production and Gathering-Natural Gas				
23	Products Extraction-Natural Gas				
24	Underground Gas Storage	17,958,651	17,958,651		
25	Other Storage Plant	3,468,763	3,468,763		
26	Base Load LNG Terminaling and Processing Plant	497,152	497,152		
27	Transmission				
28	Distribution	1,069,056,761	1,069,056,761		
29	General	17,237,810	17,237,810		
30	TOTAL (Total of lines 21 thru 29)	1,114,278,750	1,114,278,750		

Schedule Page: 219 Line No.: 16 Column: b

Included transfers, gains/losses, and manual adjustments.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Stored (Accounts 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, and 164.3)

1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.
2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.
3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).

Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of			8,654,564		66,676,995	626,021		75,957,580
2	Gas Delivered to Storage					41,746,377	133,952		41,880,329
3	Gas Withdrawn from					66,072,588	140,999		66,213,587
4	Other Debits and Credits								
5	Balance at End of Year			8,654,564		42,350,784	618,974		51,624,322
6	Dth			5,725,904		10,836,636	248,166		16,810,706
7	Amount Per Dth			1.5115		3.9081	2.4942		3.0709

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Investments (Account 123, 124, and 136)

1. Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.
2. Provide a subheading for each account and list thereunder the information called for:

(a) Investment in Securities-List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.

(b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment (a)	* (b)	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (c)	Purchases or Additions During the Year (d)
1	Account 124 - Other Investments			
2	Life Insurance		60,544,423	3,628,803
3	Notes Receivable - BOA Projects		2,237,254	101,582
4	Notes Receivable - Intolight		770,659	
5	Notes Receivable - City of Buckley		250,000	
6	Notes Receivable - West Coast Hospitality			63,300
7	Notes Receivable - Bio Energy			266,628
8	Temporary Cash Investment - Taxable		105,000,000	
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Investments (Account 123, 124, and 136) (continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.
4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.
5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.
6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Line No.	Sales or Other Dispositions During Year (e)	Principal Amount or No. of Shares at End of Year (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)
1					
2	13,198,032		50,975,194		
3	721,077		1,617,759	120,089	
4	121,936		648,723	70,512	
5	105,769		144,231	3,000	
6			63,300		
7	266,628			17,330	
8	105,000,000				
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Investments in Subsidiary Companies (Account 123.1)

1. Report below investments in Account 123.1, Investments in Subsidiary Companies.
2. Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).
(a) Investment in Securities-List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	PUGET WESTERN, INC.	05/31/1960		
2	Common			10,200
3	Retained Earnings			(6,923,507)
4	Additional Paid in Capital			44,487,244
5	Subtotal			37,573,937
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	TOTAL Cost of Account 123.1 $		TOTAL	37,573,937

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Investments in Subsidiary Companies (Account 123.1) (continued)

4. Designate in a footnote, any securities, notes, or accounts that were pledged, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustments includible in column (f).
8. Report on Line 40, column (a) the total cost of Account 123.1.

Line No.	Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)
1				
2			10,200	
3	(1,108,286)		(8,031,793)	
4			44,487,244	
5	(1,108,286)		36,465,651	
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	(1,108,286)		36,465,651	

PREPAYMENTS (ACCOUNT 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Payment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	5,236,957
2	Prepaid Rents	498,513
3	Prepaid Taxes	
4	Prepaid Interest	28,286
5	Miscellaneous Prepayments	19,376,432
6	TOTAL	25,140,188

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2) (continued)

EXTRAORDINARY PROPERTY LOSSES (ACCOUNT 182.1)

Line No.	Description of Extraordinary Loss [include the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr)] Add rows as necessary to report all data. (a)	Balance at Beginning of Year (b)	Total Amount of Loss (c)	Losses Recognized During Year (d)	Written off During Year Account Charged (e)	Written off During Year Amount (f)	Balance at End of Year (g)
7	12/13/2006 Storm	46,429,501	79,593,401		407	7,959,336	38,470,165
8	2007 Storm	9,035,529	13,794,354		407	7,518,060	1,517,469
9	2008 Storm	2,084,964					2,084,964
10	2010 Storm	13,959,955					13,959,955
11	2012 Storm	60,394,016		(98,526)			60,295,490
12							
13							
14							
15	**Total**	131,903,965	93,387,755	(98,526)		15,477,396	116,328,043

Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2) (continued)

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (ACCOUNT 182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr)] Add rows as necessary to report all data. Number rows in sequence beginning with the next row number after the last row number used for extraordinary property losses. (a)	Balance at Beginning of Year (b)	Total Amount of Charges (c)	Costs Recognized During Year (d)	Written off During Year Account Charged (e)	Written off During Year Amount (f)	Balance at End of Year (g)
16	White River Plant Costs	34,245,029			407	1,494,702	32,750,327
17	White River Plant Sale	(30,211,680)					(30,211,680)
18	Upper Baker Regulatory Study Cost	965,072			407	241,268	723,804
19							
20							
21							
22							
23							
24							
25							
26	**Total**	4,998,421				1,735,970	3,262,451

Schedule Page: 230 Line No.: 7 Column: a

The 12/13/2006 storm deferral cost was approved for amortization over 10 years in WUTC Dockets UE-072300 and UG-072301. Monthly amortization commenced on November 1, 2008 for $7,959,341 annually. The storm is amortized separately from the other storm losses.

Schedule Page: 230 Line No.: 8 Column: a

The 2007 storm deferral cost was approved for amortization over four years in WUTC Dockets UE-090704 and UG 090705. Monthly amortization commenced on May 14, 2012 for $7,518,060 annually. Once the 2007 storm has been fully amortized, the 2008 storm should be applied for the next amortization.

Schedule Page: 230 Line No.: 16 Column: a

In May 2005, WUTC approved PSE's request for rate recovery of its unrecovered investment in the White River Project of approximately $47.8 million over a 31 year period in Docket AC05-33-000. Monthly amortization for the recovery commenced in January 2004 for $1,494,702 annually and the amortization will be complete in 2035.

Schedule Page: 230 Line No.: 17 Column: a

In May 2009, WUTC approved the sale of certain assets related to White River Hydroelectric Project to Cascade Water Alliance in Docket UE-090399. PSE received $39.6 million for the sale which included $29.9 million purchased price along with reimbursement of $9.7 million for processing and conveyance costs. The White River land was sold to City of Buckley for $300K in April 2011.

The amortization for gain has not yet been approved and as per WUTC commission order is dependent upon the sale of all remaining properties associated with White River, with such approval to be sought in the rate filing thereafter.

Schedule Page: 230 Line No.: 18 Column: a

In December 2011, WUTC approved PSE's accounting petition to defer non-construction related regulatory study costs and to amortize $1.2 million over a five year period in Dockets UE-021577 and UE-070074. Monthly amortization for the regulatory study costs commenced in January 2012 for $241K annually and the amortization will be completing in 2016.

Schedule Page: 230 Line No.: 5 Column: b

Prepayment Description	Amount
Prepaid Statutory Assessment	765,727.91
Prepaid Lime Contract	750,000.00
Prepaid Permits/Easements	562,859.59
Prepaid Plant Long Term Maintenance	7,682,125.30
Prepaid Software Maintenance	9,103,363.22
Prepaid Miscellaneous	512,356.02
Total:	$ 19,376,432.04

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Other Regulatory Assets (Account 182.3)

1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than $250,000, whichever is less) may be grouped by classes.
4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.
5. Provide in a footnote, for each line item, the regulatory citation where authorization for the regulatory asset has been granted (e.g. Commission Order, state commission order, court decision).

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning Current Quarter/Year (b)	Debits (c)	Written off During Quarter/Year Account Charged (d)	Written off During Period Amount Recovered (e)	Written off During Period Amount Deemed Unrecoverable (f)	Balance at End of Current Quarter/Year (g)
1	Unamortized Conservation Costs - 1 to 10 years	26,940,008	222,128,874	908	213,082,260		35,986,622
2	Deferred AFUDC	55,896,463	1,963,558	406	2,365,246		55,494,775
3	Colstrip Common - 37.5 years	10,100,682		406, 501	1,076,479		9,024,203
4	Colstrip Deferred - 27.5 years	1,594,057		406	138,804		1,455,253
5	BPA Power Exchange - 27.5 years	15,869,698		555	3,526,620		12,343,078
6	Regulatory Tax Asset	119,279,154	30,406,214	283	3,335,796		146,349,572
7	Environmental Remidiation Costs	3,566,401	1,033,603	228	731,423		3,868,581
8	Tree Watch Program - 10 years	970,867		403	794,445		176,422
9	Gas Rental Equip Pipe&Vent - 5.5 to 16.5 years	72,516	10,870	403	78,393		4,993
10	Property Tax Tracker		24,882,252	408	2,748,064		22,134,188
11	Decoupling Mechanism		4,816,389	419, 495	4,522,924		293,465
12	Power Cost Adjustment Mechanism	3,773,433	35,420,204	419	44,538,173		(5,344,536)
13	White River Relicensing & Reg Asset	25,620,617	32,518		2,232		25,650,903
14	Chelan PUD - 20 years	133,491,903		555	7,088,066		126,403,837
15	Goldendale Deferred Costs - 3 years	385,205		553	385,205		
16	Mint Farm Deferral - 1.9 years and 15 years	35,175,647		407	2,885,052		32,290,595
17	LSR Deferral - 4 years and 25 years	131,775,402	322	407	28,958,521		102,817,203
18	Ferndale Deferral - 6 years		27,511,502	407	1,497,847		26,013,655
19	Baker Deferral - 6 years		3,210,919	407	89,849		3,121,070
20	Snoqualmie Deferral - 6 years		12,627,155	407	513,165		12,113,990
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40	Total	564,512,053	364,044,380		318,358,564	0	610,197,869

Schedule Page: 232 Line No.: 1 Column: a
Included in Washington Commission Dockets UE-080389, UE-080390, UE-072300 and UG-072301 and UG-120812.
Schedule Page: 232 Line No.: 2 Column: a
Included in Washington Commission Dockets UE-072300 and UG-072301.
Schedule Page: 232 Line No.: 3 Column: a
Included in Washington Commission Dockets U-89-080389. Amortization expires in June 2024.
Schedule Page: 232 Line No.: 4 Column: a
Included in Washington Commission Dockets UE-072300 and UG-072301. Amortization expires in June 2024.
Schedule Page: 232 Line No.: 5 Column: a
Included in Washington Commission Dockets UE-89-2688-T, UE-090704 and UG-090705. Amortization expires in June 2017.
Schedule Page: 232 Line No.: 6 Column: a
No docket number required. FAS 109 balance.

Schedule Page: 232 Line No.: 7 Column: a
Included in Washington Commission Dockets UE-991796, UE-072300, UG-072301, UE-0911476, UG-920781, UG-920782 and UE-021537.

Schedule Page: 232 Line No.: 8 Column: a
Included in Washington Commission Dockets UE-980877. Amortization expires in December 2014.
Schedule Page: 232 Line No.: 9 Column: a
Included in Washington Commission Dockets UG-001315, UE-072300, UG-072301, UE-090704 and UG-090705. The amortization period is over 5.5 years for conversion burners and 16.25 years for water heaters, ending in November 2023.

Schedule Page: 232 Line No.: 10 Column: a
Included in Washington Commission Dockets UE-130137 and UG-130138.
Schedule Page: 232 Line No.: 11 Column: a
Included in Washington Commission Dockets UE-121697 and UG-121705.
Schedule Page: 232 Line No.: 12 Column: a
Included in Washington Commission Dockets UE-011570. Total includes interest recorded on the customer balance of the PCA.

Schedule Page: 232 Line No.: 13 Column: a
Included in Washington Commission Dockets UE-032043, UE-031725, UG-040640 and UE-040641.
Schedule Page: 232 Line No.: 14 Column: a
Included in Washington Commission Dockets UE-060266 and UG-060267. Plant amortization schedule to began in November 2011.
Schedule Page: 232 Line No.: 16 Column: a
Included in Washington Commission Dockets UE-090704 and UG-090705. Deferral amortization is for 1.9 years and plant life expires in 2025.
Schedule Page: 232 Line No.: 17 Column: a
Included in Washington Commission Dockets UE-111048, UE-100882 and UG-111049. Deferral amortization expires in 2016 and plant will fully depreciate in 2037.
Schedule Page: 232 Line No.: 18 Column: a
Included in Washington Commission Dockets UE-130617. Deferral amortization is for 6 years.
Schedule Page: 232 Line No.: 19 Column: a

Included in Washington Commission Dockets UE-130617. Deferral amortization is for 6 years.

Schedule Page: 232 Line No.: 20 Column: a

Included in Washington Commission Dockets UE-130617. Deferral amortization is for 6 years.

Schedule Page: 232 Line No.: 15 Column: a

Included in Washington Commission Dockets UE-070533, UE-072300, UG-072301, UE-090704 and UG-090705.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Miscellaneous Deferred Debits (Account 186)

1. Report below the details called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than $250,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	Credits Account Charged (d)	Credits Amount (e)	Balance at End of Year (f)
1	Incurred not Reported Worker Comp		6,638,405	Varoius	2,952,721	3,685,684
2	Environmental Remediation Exp	62,836,019	28,808,168	Various	32,389,227	59,254,960
3	Accumulated BOA Cost	19,080	2,397,909	186	2,309,227	107,762
4	Non-Temp Facility	3,531,779	9,481,835	Various	11,021,498	1,992,116
5	Damage Claims	8,299,572	15,772,136	186	20,469,769	3,601,939
6	FAS 133 Net Unrealized GN/(Ls)	95,953,018	27,554,736	244, 283	95,953,019	27,554,735
7	Colstrip Exp Billable to MPC	15	23,182	143	21,825	1,372
8	Real Estate Broker Fee - Ranch	22,226		931	19,051	3,175
9	SFAS 71 - Snoqualmie License	7,815,511	18,296,627	253	15,230,736	10,881,402
10	Shelf Registration	10,229	83	Various		10,312
11	SFAS 71 - Baker License Expense	61,224,332	5,969,790	253, 242	6,377,490	60,816,632
12	Colstrip Deferred Asset	1,559,783		232	750,000	809,783
13	Residential Exchange	1,722,522	2,438,621	253	4,161,143	
14	Gas Path Inspection		1,904,162	165, 640	370,254	1,533,908
15	WSU ARRA Westherization	133,773	415,441	Various	549,214	
16	Chelan Prepayment	8,612,407	50,079	555, 128	459,955	8,202,531
17	Clearing Acct Charge	734	261,531	822	7,516	254,749
18	White River Conveyance	(53,092)	62,088	416	8,996	
19	Tax Assessment	1,912,618	388,326	236, 431	1,912,618	388,326
20	Fernadale Deferral	2,368,186	58,527,011	Various	60,895,197	
21	Carbon Offset Program		340,350	253	169,331	171,019
22	WA DOT Settlement			131	5,781,866	(5,781,866)
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39	Miscellaneous Work in Progress					
40	Total	255,968,712	179,330,480		261,810,653	173,488,539

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Accumulated Deferred Income Taxes (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric	423,673,334	63,284,329	102,563,354
3	Gas	139,503,729	68,060,877	56,827,924
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	563,177,063	131,345,206	159,391,278
6	Other (Specify) (footnote details)			
7	TOTAL Account 190 (Total of lines 5 thru 6)	563,177,063	131,345,206	159,391,278
8	Classification of TOTAL			
9	Federal Income Tax	563,177,063	131,345,206	159,391,278
10	State Income Tax			
11	Local Income Tax			

Accumulated Deferred Income Taxes (Account 190) (continued)

Line No.	Changes During Year Amounts Debited to Account 410.2 (e)	Changes During Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Account No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2			Various		Various	18,425,383	481,377,742
3			Various	60,863,281	Various		67,407,495
4							
5				60,863,281		18,425,383	548,785,237
6							
7				60,863,281		18,425,383	548,785,237
8							
9				60,863,281		18,425,383	548,785,237
10							
11							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Capital Stock (Accounts 201 and 204)

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value per Share (c)	Call Price at End of Year (d)
1	Common Stock	150,000,000	0.01	
2				
3				
4	Total Common	150,000,000		
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

Capital Stock (Accounts 201 and 204)

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No.	Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e)	Outstanding per Bal. Sheet Amount (f)	Held by Respondent As Reacquired Stock (Acct 217) Shares (g)	Held by Respondent As Reacquired Stock (Acct 217) Cost (h)	Held by Respondent In Sinking and Other Funds Shares (i)	Held by Respondent In Sinking and Other Funds Amount (j)
1	85,903,791	859,038				
2						
3						
4	85,903,791	859,038				
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Capital Stock: Subscribed, Liability for Conversion, Premium on, and Installments Recieved on (Accts 202, 203, 205, 206, 207, and 212)

1. Show for each of the above accounts the amounts applying to each class and series of capital stock.
2. For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.
3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of year.
4. For Premium on Account 207, Capital Stock, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No.	Name of Account and Description of Item (a)	* (b)	Number of Shares (c)	Amount (d)
1	Premium on Common Stock Issued During 1961		326,682	7,782,690
2	Premium on Common Stock Issued During 1968		360,000	8,640,000
3	Premium on Common Stock Issued During 1970		1,752	29,927
4	Premium on Common Stock Issued During 1971		407,191	8,493,757
5	Premium on Common Stock Issued During 1972		12,900	276,268
6	Premium on Common Stock Issued During 1973		9,706	185,819
7	Premium on Common Stock Issued During 1974		612,802	7,055,455
8	Premium on Common Stock Issued During 1975		781,163	10,703,714
9	Premium on Common Stock Issued During 1976		954,797	19,264,821
10	Premium on Common Stock Issued During 1976 ($2.59)		800,000	2,000,000
11	Premium on Common Stock Issued During 1977 Stock Split		7,019,243	(68,994,489)
12	Premium on Common Stock Issued During 1977		2,519,571	22,613,874
13	Premium on Common Stock Issued During 1977 ($2.34)		1,000,000	2,500,000
14	Premium on Common Stock Issued During 1978		3,357,447	15,753,536
15	Premium on Common Stock Issued During 1979		3,657,643	16,751,584
16	Premium on Common Stock Issued During 1980		4,350,026	15,190,018
17	Premium on Common Stock Issued During 1981		5,056,169	14,045,545
18	Premium on Common Stock Issued During 1982		6,105,561	24,054,868
19	Premium on Common Stock Issued During 1982 ($4.375)		2,000,000	5,000,000
20	Premium on Common Stock Issued During 1983		6,204,992	26,567,671
21	Premium on Common Stock Issued During 1984		3,569,179	5,253,174
22	Premium on Common Stock Issued During 1985		2,344,132	11,106,933
23	Premium on Common Stock Issued During 1986		1,455,370	16,119,886
24	Premium on Common Stock Issued During 1987		1,866,732	19,129,717
25	Premium on Preferred Stock Transfer During 1987 to A/C 210			
26	$2.59		(800,000)	(2,000,000)
27	$2.34		(1,000,000)	(2,500,000)
28	$4.375		(2,000,000)	(5,000,000)
29	Premium on Common Stock Issued During 1988		1,795,188	16,129,075
30	Premium on Common Stock Issued During 1989		447,550	3,823,223
31	Premium on Common Stock Issued During 1992		3,012,986	49,837,127
32	Premium on Common Stock Issued During 1993		5,054,785	88,486,880
33	Premium on Common Stock Issued During 1994		11,443	124,437
34	Premium on Common Stock Issued During 1999		361,944	4,198,328
35	Premium on Common Stock Issued During 2000		981,549	13,294,693
36	Adjustment for Premium on Capital Stock previously issued by WA Energy Co.		9,581,729	122,817,919
37	Stock Purchase Plan 1997-2001			(591,200)
38				
39				
40	Total		72,220,232	478,145,250

Schedule Page: 252 Line No.: 36 Column: a

Adjustment for Premium on Capital Stock previously issued by Washington Energy Co. with shares adjusted for conversion ratio of .86; 9,583,670 shares for $122,847,945.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Other Paid-In Capital (Accounts 208-211)

1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) Donations Received from Stockholders (Account 208) - State amount and briefly explain the origin and purpose of each donation.

(b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) Gain or Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 211 - Miscellaneous Paid in Capital	2,775,196,691
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40	Total	2,775,196,691

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

DISCOUNT ON CAPITAL STOCK (ACCOUNT 213)

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off during the year and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
	TOTAL	

CAPITAL STOCK EXPENSE (ACCOUNT 214)

1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. Use as many rows as necessary to report all data. Number the rows in sequence starting from the last row number used for Discount on Capital Stock above.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
16	Account 214 - Common Stock Expense	7,133,879
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
	TOTAL	7,133,879

Securities Issued or Assumed and Securities Refunded or Retired During the Year

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.
2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.
3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.
4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.
5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

Securities Issued or Assumed:
NONE

Securities Refunded or Retired:
Common Stock $.01, Stated Value: NONE

THIS PAGE INTENTIONALLY LEFT BLANK

[Next Page is 256]

Long-Term Debt (Accounts 221, 222, 223, and 224)

1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (Total amount outstanding without reduction for amts held by respondent) (d)
1	ACCOUNT 221			
2				
3	First Mortgage Bonds Senior MTN 7.02% Series A	12/22/1997	12/01/2027	300,000,000
4	First Mortgage Bonds Senior MTN 6.74% Series A	06/15/1998	06/15/2018	200,000,000
5	Medium Term Notes - 7.00%	03/09/1999	03/09/2029	100,000,000
6	Forsyth Pollution Control Bonds 5.0% 2003A	03/01/2003	03/01/2031	
7	Forsyth Pollution Control Bonds 5.1% 2003B	03/01/2003	03/01/2031	
8	First Mortgage Bonds Senior Notes 5.483%	05/27/2005	06/01/2035	250,000,000
9	First Mortgage Bonds Senior Notes 5.197%	10/12/2005	10/01/2015	150,000,000
10	First Mortgage Bonds Senior Notes 6.724%	06/30/2006	06/15/2036	250,000,000
11	First Mortgage Bonds Senior Notes 6.274%	09/18/2006	03/15/2037	300,000,000
12	Junior Subordinated Notes (Hybrid) 6.974%	06/01/2007	06/01/2067	250,000,000
13	First Mortgage Bonds Senior Notes 6.75%	01/23/2009	01/15/2016	250,000,000
14	First Mortgage Bonds Senior Notes 5.757%	09/11/2009	10/01/2039	350,000,000
15	First Mortgage Bonds Senior Notes 5.795%	03/08/2010	03/15/2040	325,000,000
16	First Mortgage Bonds Senior Notes 5.764%	06/29/2010	07/15/2040	250,000,000
17	First Mortgage Bonds Senior Notes 4.434%	11/16/2011	11/15/2041	250,000,000
18	First Mortgage Bonds Senior Notes 4.700%	11/22/2011	11/15/2051	45,000,000
19	First Mortgage Bonds Senior Notes 5.638%	03/25/2011	04/15/2041	300,000,000
20	Pollution Control Bonds 3.9%	05/23/2013	03/01/2031	138,460,000
21	Pollution Control Bonds 4.0%	05/23/2013	03/01/2031	23,400,000
22	SUBTOTAL			3,731,860,000
23				
24	Bonds assumed which were originally issued by Washington Natural Gas Company			
25				
26	Medium Term Notes - 6.83% Series C	08/18/1993	08/19/2013	
27	Medium Term Notes - 6.90% Series C	10/01/1993	10/01/2013	
28	Medium Term Notes - 7.35% Series C	09/11/1995	09/11/2015	10,000,000
29	Medium Term Notes - 7.36% Series C	09/15/1995	09/15/2015	2,000,000
30	Medium Term Notes - 7.15% Series C	12/20/1995	12/19/2025	15,000,000
31	Medium Term Notes - 7.20% Series C	12/22/1995	12/22/2025	2,000,000
32	SUBTOTAL			29,000,000
33				
34				
35				
36				
37				
38				
39				
40	TOTAL			3,760,860,000

Long-Term Debt (Accounts 221, 222, 223, and 224)

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.
7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

Line No.	Interest for Year Rate (in %) (e)	Interest for Year Amount (f)	Held by Respondent Reacquired Bonds (Acct 222) (g)	Held by Respondent Sinking and Other Funds (h)	Redemption Price per $100 at End of Year (i)
1					
2					
3	7.020	21,060,000			
4	6.740	13,480,000			
5	7.000	7,000,000			
6	5.000	3,447,573			
7	5.100	594,436			
8	5.483	13,707,500			
9	5.197	7,795,500			
10	6.724	16,810,000			
11	6.274	18,822,000			
12	6.974	17,435,000			
13	6.750	16,875,000			
14	5.757	20,149,500			
15	5.795	18,833,750			
16	5.764	14,410,000			
17	4.434	11,085,000			
18	4.700	2,115,000			
19	5.638	16,914,000			
20	3.900	3,284,964			
21	4.000	569,400			
22		224,388,623			
23					
24					
25					
26	6.830	130,339			
27	6.900	519,417			
28	7.350	735,000			
29	7.360	147,200			
30	7.150	1,072,500			
31	7.200	144,000			
32		2,748,456			
33					
34					
35					
36					
37					
38					
39					
40		227,137,079			

Schedule Page: 256   Line No.: 32   Column: a

The total of Account 427 includes an additional $487,644 of treasury lock and forward swap interest expenses not reported in Interest for Year Amount (f).

Schedule Page: 256   Line No.: 6   Column: a

In accordance with WAC 480-90-242 (6) and WAC 480-100-242 (6), Puget Sound Energy sent an original and two copies of the final terms and conditions of the Pollution Control Bond Refinance, Docket No. UE-130733 on May 30, 2013 to the Washington Utilities and Transportation Commission.

Schedule Page: 256   Line No.: 7   Column: a

In accordance with WAC 480-90-242 (6) and WAC 480-100-242 (6), Puget Sound Energy sent an original and two copies of the final terms and conditions of the Pollution Control Bond Refinance, Docket No. UE-130733 on May 30, 2013 to the Washington Utilities and Transportation Commission.

Schedule Page: 256   Line No.: 20   Column: a

In accordance with WAC 480-90-242 (6) and WAC 480-100-242 (6), Puget Sound Energy sent an original and two copies of the final terms and conditions of the Pollution Control Bond Refinance, Docket No. UE-130733 on May 30, 2013 to the Washington Utilities and Transportation Commission.

Schedule Page: 256   Line No.: 21   Column: a

In accordance with WAC 480-90-242 (6) and WAC 480-100-242 (6), Puget Sound Energy sent an original and two copies of the final terms and conditions of the Pollution Control Bond Refinance, Docket No. UE-130733 on May 30, 2013 to the Washington Utilities and Transportation Commission.

THIS PAGE INTENTIONALLY LEFT BLANK

[Next Page is 258]

Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period Date From (d)	Amortization Period Date To (e)
1	Account 181 - Unamortized Debt Expense				
2					
3					
4	First Mortgage Bonds Senior MTN 7.02% Series A	300,000,000	3,010,746	12/22/1997	12/01/2027
5	First Mortgage Bonds Senior MTN 6.74% Series A	200,000,000	2,018,425	06/15/1998	06/15/2018
6	First Mortgage Bonds Senior MTN 7.00% Series B	100,000,000	954,608	03/09/1999	03/09/2029
7	Pollution Control Bonds 5.0% 2003A	138,460,000	6,162,931	03/01/2003	03/01/2031
8	Pollution Control Bonds 5.10% 2003B	23,400,000	1,041,547	03/11/2003	03/01/2031
9	First Mortgage Bonds Senior Notes 5.483%	250,000,000	2,460,125	05/27/2005	06/01/2035
10	First Mortgage Bonds Senior Notes 5.197%	150,000,000	1,206,051	10/12/2005	10/01/2015
11	First Mortgage Bonds Senior Notes 6.724%	250,000,000	2,527,628	06/30/2006	06/15/2036
12	First Mortgage Bonds Senior Notes 6.274%	300,000,000	2,921,148	09/18/2006	03/15/2037
13	Junior Subordinate Notes 6.974%	250,000,000	4,400,860	06/01/2007	06/01/2017
14	6.75% Senior Notes Due 01/2016	250,000,000	1,900,142	01/23/2009	01/15/2016
15	PSE Capital Credit Agreement		8,190,317	02/06/2009	02/04/2013
16	PSE Operating Credit Agreement		8,190,270	02/06/2009	02/06/2014
17	PSE Hedging Credit Agreement		7,017,705	02/06/2009	02/06/2014
18	5.757% Senior Notes Due 10/39	350,000,000	3,557,361	09/11/2009	10/01/2039
19	5.795% Senior Notes Due 3/40	325,000,000	3,384,066	03/08/2010	03/15/2040
20	5.764% Senior Notes Due 7/40	250,000,000	2,587,276	06/29/2010	07/15/2040
21	5.638% Senior Notes Due 4/41	300,000,000	3,071,895	03/25/2011	04/15/2041
22	4.434% Senior Notes Due 11/41	250,000,000	2,592,616	11/16/2011	11/15/2041
23	4.70% Senior Notes Due 11/51	45,000,000	511,229	11/22/2011	11/15/2051
24	3.9% Pollution Control Rev Series 2013A Due 3/2031	138,460,000	1,473,301	05/23/2013	03/01/2031
25	4% Pollution Control Rev Series 2013B Due 3/2031	23,400,000	248,243	05/23/2013	03/01/2031
26	$350M Hedging Credit Facility PSE 2018		1,333,855	02/04/2013	02/04/2018
27	$650M Liquidity Credit Facility PSE 2018		2,438,676	02/04/2013	02/04/2018
28					
29					
30	Subtotal	3,893,720,000	73,201,021		
31					
32					
33	ACCOUNT 226 - UNAMORTIZED DISCOUNT ON LONG-TERM DEBT				
34	5.638% Senior Notes Due 4/41	300,000,000	15,000	03/25/2011	04/15/2041
35					
36	Subtotal	300,000,000	15,000		
37					
38					
39					
40					

Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)

5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.
6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.
7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt-Credit.

Line No.	Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)
1				
2				
3				
4	1,509,205		101,176	1,408,029
5	550,904		100,929	449,975
6	515,453		31,834	483,619
7	4,011,958		4,011,958	
8	678,028		678,028	
9	1,838,546		82,017	1,756,529
10	332,899		121,054	211,845
11	1,986,132		84,611	1,901,521
12	2,318,574		95,941	2,222,633
13	1,949,383		448,999	1,500,384
14	822,746		274,182	548,564
15	1,805,213		1,805,213	
16	1,805,198	1,251,236	1,961,603	1,094,831
17	1,578,047	963,995	1,698,546	843,496
18	3,165,922		118,723	3,047,199
19	3,065,477		112,839	2,952,638
20	2,371,125		85,962	2,285,163
21	2,891,743		102,062	2,789,681
22	2,495,805		86,098	2,409,707
23	497,153		12,802	484,351
24		1,473,301	53,466	1,419,835
25		248,243	8,288	239,955
26		1,333,856	244,497	1,089,359
27		2,438,676	446,947	1,991,729
28				
29				
30	36,189,511	7,709,307	12,767,775	31,131,043
31				
32				
33				
34	14,144		502	13,642
35				
36	14,144		502	13,642
37				
38				
39				
40				
1				
2				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226) (continued)

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period Date From (d)	Amortization Period Date To (e)
1	ACCOUNT 181 - UNAMORTIZED DEBT EXPENSE				
2	Bonds assumed which were originally issued by Washington Gas Company				
3	Secured MTN, Series B 2013 6.83%	3,000,000	34,853	08/18/1993	08/19/2013
4	Secured MTN, Series B 2013 6.90%	10,000,000	116,177	09/30/1993	10/01/2013
5	Secured MTN, Series C 2015 7.35%	10,000,000	113,301	09/11/1995	09/11/2015
6	Secured MTN, Series C 2015 7.36%	2,000,000	22,660	09/11/1995	09/15/2015
7	Secured MTN, Series C 2025 7.15%	15,000,000	112,500	12/20/1995	12/19/2025
8	Secured MTN, Series C 2025 7.20%	2,000,000	15,000	12/21/1995	12/22/2025
9					
10					
11					
12					
13					
14					
15					
16					
17					
18	Subtotal	42,000,000	414,491		
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226) (continued)

Line No.	Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)
3	1,167		1,167	
4	4,207		4,207	
5	15,415		5,781	9,634
6	3,083		1,156	1,927
7	50,899		3,940	46,959
8	6,788		526	6,262
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	81,559		16,777	64,782
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

Schedule Page: 258   Line No.: 34   Column: b

This bond has both unamortized expenses (account 181) and unamortized discounts (account 226) and is therefore reported twice on this page. See line 21.

Schedule Page: 258   Line No.: 21   Column: b

This bond has both unamortized expenses (account 181) and unamortized discounts (account 226) and is therefore reported twice on this page. See line 34.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Unamortized Loss and Gain on Reacquired Debt (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.
4. Show loss amounts by enclosing the figures in parentheses.
5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	First Mortgage Bonds, 9-5/8% Series, due 9/15/94	02/07/1994	50,000,000		1,871,755	1,702,875
2	First Mortgage Bonds, 9.14% Series, due 6/15/18	06/22/1998	30,000,000	(70,146)	19,243	15,744
3	PCB 1991A Series due 8/1/21	03/24/2003	27,500,000	(1,270,958)	826,228	780,748
4	PCB 1991B Series due 8/1/21	03/24/2003	23,400,000	(965,944)	627,865	593,304
5	PCB 1992 Series due 3/1/22	03/24/2003	87,500,000	(2,957,968)	1,922,495	1,816,669
6	PCB 1993 Series due 4/1/20	03/24/2003	23,460,000	(902,771)	586,744	554,446
7	Variable Rate Senior Notes, due 7/14/06	05/27/2005	200,000,000	(512,599)	383,023	365,937
8	8.231% Trust Preferred Notes, due 6/30/41	06/02/2005	42,500,000	(5,144,214)	3,313,010	3,083,206
9	8.40% Capital Trust II due 6/30/41	06/30/2006	200,000,000	(5,899,813)	4,630,002	4,432,981
10	First Mortgage Bonds, 10-1/4% Series, due 12/15/97	12/15/1995	30,000,000	(383,554)	71,078	52,742
11	First Mortgage Bonds, 8.4% Series, due 1/13/22	03/27/2003	3,000,000	(21,491)	10,270	9,128
12	First Mortgage Bonds, 8.39% Series, due 1/13/22	03/27/2003	7,000,000	(50,146)	23,962	21,299
13	First Mortgage Bonds, 8.25% Series, due 8/12/22	05/29/2003	25,000,000	(1,208,364)	604,029	541,543
14	First Mortgage Bonds, 7.19% Series, due 8/18/23	08/18/2003	3,000,000	(213,220)	112,777	102,121
15	Capital Trust 8.231% due 5/31/2017	06/01/2007	37,750,000	(1,909,548)	843,384	652,429
16	First Mortgage Bonds, 9.57% Series, due 9/1/20	12/23/2011	25,000,000	(15,978,911)	15,553,482	15,152,964
17	2009 PSE Operating Facility Unamortized Costs					258,483
18	2009 PSE Hedging Facility Unamortized Costs					339,528
19	2009 PSE CapEx Facility Unamortized Costs					1,353,342
20	5.0% PCB Series 2003A Unamort Debt Issue Costs	06/24/2013	138,460,000			5,135,044
21	5.10% PCB Series 2003B Unamort Debt Issue Costs	06/24/2013	23,400,000			867,832
22						
23						
24						
25	Subtotal Unamortized Losses (189)		976,970,000	(37,489,647)	31,399,347	37,832,365
26	Total Unamortized Loss/Gains (189 & 257)		976,970,000	(37,489,647)	31,399,347	37,832,365
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Reconciliation of Reported Net Income with Taxable Income for Feder Income Taxes

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group that files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	Details (a)	Amount (b)
1	Net Income for the Year (Page 116)	356,129,006
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5		
6		
7		
8	TOTAL	
9	Deductions Recorded on Books Not Deducted for Return	
10	Provision for Federal Income Taxes	161,482,992
11	Others	216,989,921
12		
13	TOTAL	378,472,913
14	Income Recorded on Books Not Included in Return	
15		
16		
17		
18	TOTAL	
19	Deductions on Return Not Charged Against Book Income	
20	Others	734,601,919
21		
22		
23		
24		
25		
26	TOTAL	734,601,919
27	Federal Tax Net Income	
28	Show Computation of Tax:	
29	Tax at 35% for Electric, Gas and Non-Utility	
30		
31		
32	TOTAL TAX	
33		
34		
35	FEDERAL INCOME TAX ACCRUAL (Lines 15,53, and 76 of Pages 114-116)	

FOOTNOTE DATA

Schedule Page: 261 Line No.: 20 Column: b

Depreciation Related Activity	$	526,551,505
Derivative Instruments		98,879,652
Allowance for Funds Used During Construction		26,789,158
Property Tax Tracker		22,134,188
Treasury Grant Amortization		21,790,852
Pensions and Other Compensation		11,088,810
Regulatory Assets		10,953,272
Renewable Energy Credits		5,520,486
Conservation Activity		4,652,614
Other Items		3,255,250
Contributions in Aid of Construction		2,986,132
Total Line	$	734,601,919

Schedule Page: 261 Line No.: 11 Column: b

Involuntary Conversion	$	59,962,315
Net Operating Loss Carryforward		51,334,000
Regulatory Asset for Production Tax Credit		31,888,233
Decoupling Revenue		20,241,152
Capitalized Interest		19,841,583
Storm Related Activity		15,575,922
Green Attributes		9,936,731
Non-Deductible Items		4,559,321
Electric and Gas Purchase Contracts		2,542,364
Income from Subsidiary		1,108,300
Total Line	$	216,989,921

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this
page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5) (a)	Balance at Beg. of Year Taxes Accrued (b)	Balance at Beg. of Year Prepaid Taxes (c)
1	FEDERAL		
2	Income	(4,499,847)	
3	Employment	2,890	
4	Other	(994)	1,503
5			
6	STATE		
7	Property	57,885,132	
8	State Excise	20,622,873	
9	Municipal Excise	16,368,508	
10	Other	446,653	
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
	TOTAL	90,825,215	1,503

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged) (continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under $250,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate.

Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2	4,499,847				
3	15,455,944	(15,456,201)		2,633	
4	7,462	(5,778)	1,504	2,194	1,503
5					
6					
7	73,248,443	(63,742,975)	3,340	67,393,939	
8	121,146,524	(119,058,048)		22,711,348	
9	121,813,721	(119,624,022)		18,558,206	
10	3,905,158	(3,758,031)		593,780	
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
TOTAL	340,077,099	(321,645,055)	4,844	109,262,100	1,503

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Electric (Account 408.1, 409.1) (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Dept. (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1				
2				
3	8,557,727	4,153,659		
4				
5				
6				
7	30,241,525	14,202,969		
8	82,017,968	39,261,164	117,996	
9	78,220,935	44,417,051		
10	1,692,688			
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
TOTAL	200,730,843	102,034,843	117,996	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged) (continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under $250,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	State/Local Income Tax Rate (q)
1					
2				4,499,847	
3				2,744,558	
4				7,462	
5					
6					
7				28,803,949	
8				(250,604)	
9				(824,265)	
10				2,212,470	
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
TOTAL				37,193,417	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Miscellaneous Current and Accrued Liabilities (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.
2. Minor items (less than $250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Licensing & Land Use Fees	430,246
2	Wash St Annual Filing Fee - Electric	4,250,286
3	Accrued WUTC Fee - Gas	2,049,746
4	Accrual - 401 (k) 1% Contribution	1,868,204
5	FERC Fees Payable - Power Supply Trans	165,798
6	Accrual - 401 (k) Match on Incentive Plan	1,038,942
7	NERC Standards Compliance Loss Reserve	318,530
8	Baker License Agreement	509,989
9	Baker Articles	5,248,743
10	Wind Farm Maintenance Accrual	1,026,121
11	LSR U.S Treasury Grants	(112,098)
12	Accrued Real Estate Brokerage Fee	5,448
13	Miscellaneous	190,952
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Total	16,990,907

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report End of 2013/Q4

Other Deferred Credits (Account 253)

1. Report below the details called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than $250,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	Debit Contra Account (c)	Debit Amount (d)	Credits (e)	Balance at End of Year (f)
1	Deferred Comp - Salary	15,924,748	Various	4,970,323	3,478,665	14,433,090
2	SFAS 106 Unfunded Liability	4,368,664	417	2,270,602	2,890,245	4,988,307
3	Deferred Interchange		555	1,858,435	1,858,435	
4	Misc Items	324,920	Various	263,612	38,693	100,001
5	Colstrip 3 & 4	75,070	501	884,868	862,417	52,619
6	Unclaimed Property	313	232	440,701	451,732	11,344
7	Unearned Revenue	359,544	454	40,707		318,837
8	Limited Use Permit		184		1,000	1,000
9	Unearned Revenue - Pole	2,582,818	454	5,873,412	5,955,153	2,664,559
10	Low Income Program	923,257	253, 182.3	20,226,127	22,876,849	3,573,979
11	Sch 85 Extension Cost	8,097,397	456	429,118	854,452	8,522,731
12	Green Power Tariff	1,220,791	456	301,000	1,339,543	2,259,334
13	Deferred Elec Conservtn	70,275	131			70,275
14	Snoqualmie License O & M	7,815,511	186	223,925	3,289,816	10,881,402
15	Unearned Deferred Pole Contract Comp Fee	381,288	454, 186	1,070,626	689,338	
16	Landlord Incentives	6,432,344	931	2,240,307	3,250,335	7,442,372
17	Baker License O & M Liab	57,643,859	186	2,321,533	1,947,821	57,270,147
18	Mint Farm Def Credit	10,855,054	419	884,724		9,970,330
19	Eq Res Snoq Def Ret		419	57,810	4,162,300	4,104,490
20	LSR BPA Transmission	12,576,320	565, 419	9,986,116	8,980,244	11,570,448
21	PTC Deferred Post June '10	77,269,709	407		34,483,749	111,753,458
22	Equity Comp Rsv PTC Int	2,595,516	419	2,595,516		
23	Staples Loyalty Incentive	159,131	920	59,220	19,954	119,865
24	Int'l Paper WCST Cap	206,911	804	35,984		170,927
25	Landis Gyr AMR	5,592,215	902	3,041,675	961,462	3,512,002
26	Carbon Offset Program	(107,155)	495	268,098	375,253	
27	Equity Reserve Baker		419	14,536	1,046,580	1,032,044
28	Ferndale Equity Def Credit	578,850	419	200,286	2,824,148	3,202,712
29	Cedar Hills Green Gas Attribute	969,872	456, 454	13,690,726	12,719,487	(1,367)
30	Lower Snake River Def Credit	4,888,669	456	1,451,384		3,437,285
31	Junior Achievement	175,000	131	25,000		150,000
32	BofA Signing Bonus	100,000	131			100,000
33	Workers Comp - IBNR		186	285,677	3,971,360	3,685,683
34	Collateral Dep w/PSE		253		100,000	100,000
35	Residential Exchange		555	90,532,445	150,561,326	60,028,881
36	Def Cr-Jefferson Co Gain		102	3,440,128	63,402,443	59,962,315
37	Unclaimed Vendor Pay		200		574	574
38	Def Cr-Jefferson CIAC		252		882,057	882,057
39						
40						
41						
42						
43						
44						
45	Total	222,080,891		169,984,621	334,275,431	386,371,701

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Accumulated Deferred Income Taxes-Other Property (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	1,006,447,681	171,277,501	1,806,760
3	Gas	409,141,280	48,293,056	885,477
4	Other (Define) (footnote details)			
5	Total (Enter Total of lines 2 thru 4)	1,415,588,961	219,570,557	2,692,237
6	Other (Specify) (footnote details)			
7	TOTAL Account 282 (Enter Total of lines 5 thr	1,415,588,961	219,570,557	2,692,237
8	Classification of TOTAL			
9	Federal Income Tax	1,415,588,961	219,570,557	2,692,237
10	State Income Tax			
11	Local Income Tax			

Accumulated Deferred Income Taxes-Other Property (Account 282) (continued)

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2					Various	(302,223)	1,176,220,645
3			Various	(302,223)			456,246,636
4							
5				(302,223)		(302,223)	1,632,467,281
6							
7				(302,223)		(302,223)	1,632,467,281
8							
9				(302,223)		(302,223)	1,632,467,281
10							
11							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Accumulated Deferred Income Taxes-Other (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric	277,527,731	42,603,047	35,169,995
3	Gas	78,629,762	45,304,135	76,210,573
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	356,157,493	87,907,182	111,380,568
6	Other (Specify) (footnote details)			
7	TOTAL Account 283 (Total of lines 5 thru	356,157,493	87,907,182	111,380,568
8	Classification of TOTAL			
9	Federal Income Tax	356,157,493	87,907,182	111,380,568
10	State Income Tax			
11	Local Income Tax			

Accumulated Deferred Income Taxes-Other (Account 283) (continued)

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2			182.3/VAR	49,930,969	182.3/VAR	4,581,204	330,310,548
3					Various	15,341,497	32,381,827
4							
5				49,930,969		19,922,701	362,692,375
6							
7				49,930,969		19,922,701	362,692,375
8							
9				49,930,969		19,922,701	362,692,375
10							
11							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Other Regulatory Liabilities (Account 254)

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than $250,000, whichever is less) may be grouped by classes.
4. Provide in a footnote, for each line item, the regulatory citation where the respondent was directed to refund the regulatory liability (e.g. Commission Order, state commission order, court decision).

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	Written off during Quarter/Period Account Credited (c)	Written off During Period Amount Refunded (d)	Written off During Period Amount Deemed Non-Refundable (e)	Credits (f)	Balance at End of Current Quarter/Year (g)
1	Colstrip Disposition Allowances	176,965	411.8	51,498		42	125,509
2	DETM Westcoast Pipeline Capacity 10% Agreement	788,867	804	774,501			14,366
3	Summit Purchase Buyout	12,337,500	456, 495	1,575,000			10,762,500
4	BNP - Westcoast Cap Agrmnt-Non Core Gas	3,136,153	547	537,626			2,598,527
5	FBE- Westcoast Cap Agrmnt-Non-Core Gas	2,287,657	547	392,170			1,895,487
6	Renewable Energy Credit Tracking	105,528,418		47,967,019		52,527,584	110,088,983
7	Decoupling Mechanism			7,691,271		28,225,888	20,534,617
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45	Total	124,255,560	[redacted]	58,989,085	0	80,753,514	146,019,989

Name of Respondent Puget Sound Energy, Inc.	This Report is: (1) X An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report 2013/Q4

FOOTNOTE DATA

Schedule Page: 278 Line No.: 1 Column: a

Included in Washington Commission Docket UE-001157. Effective in June 2000, each sale amortizes over ten years from the date of sale.

Schedule Page: 278 Line No.: 2 Column: a

Included in Washington Commission Docket UG-060019. Amortization expires October 2017.

Schedule Page: 278 Line No.: 3 Column: a

Included in Washington Commission Docket UE-071876. Amortization expires October 2020.

Schedule Page: 278 Line No.: 4 Column: a

Included in Washington Commission Docket UE-100503. Amortizationexpires October 2018.

Schedule Page: 278 Line No.: 5 Column: a

Included in Washington Commission Docket UE-082013. Amortization expries October 2018.

Schedule Page: 278 Line No.: 6 Column: a

Included in Washington Commission Docket UE-111048. The REC liability balance is used to offset PTC receivables.

Schedule Page: 278 Line No.: 7 Column: a

Included in Washington Commission Docket UG-121697 and UG121705, effective July 2013.

Schedule Page: 278 Line No.: 6 Column: c

Includes balances from accounts 431, 456, and 407.

Schedule Page: 278 Line No.: 7 Column: c

Includes balances from accounts 431, 456, and 495.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Operating Revenues

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

Line No.	Title of Account (a)	Revenues for Transition Costs and Take-or-Pay Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay Amount for Previous Year (c)	Revenues for GRI and ACA Amount for Current Year (d)	Revenues for GRI and ACA Amount for Previous Year (e)
1	480 Residential Sales				
2	481 Commercial and Industrial Sales				
3	482 Other Sales to Public Authorities				
4	483 Sales for Resale				
5	484 Interdepartmental Sales				
6	485 Intracompany Transfers				
7	487 Forfeited Discounts				
8	488 Miscellaneous Service Revenues				
9	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
10	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities				
11	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
12	489.4 Revenues from Storing Gas of Others				
13	490 Sales of Prod. Ext. from Natural Gas				
14	491 Revenues from Natural Gas Proc. by Others				
15	492 Incidental Gasoline and Oil Sales				
16	493 Rent from Gas Property				
17	494 Interdepartmental Rents				
18	495 Other Gas Revenues				
19	Subtotal:				
20	496 (Less) Provision for Rate Refunds				
21	TOTAL:				

Gas Operating Revenues

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.
6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

Line No.	Other Revenues Amount for Current Year (f)	Other Revenues Amount for Previous Year (g)	Total Operating Revenues Amount for Current Year (h)	Total Operating Revenues Amount for Previous Year (i)	Dekatherm of Natural Gas Amount for Current Year (j)	Dekatherm of Natural Gas Amount for Previous Year (k)
1	682,636,480	712,805,039	682,636,480	712,805,039	57,266,764	56,930,826
2	320,689,436	344,395,202	320,689,436	344,395,202	33,586,565	33,422,592
3						
4						
5						
6						
7	1,527,035	1,708,615	1,527,035	1,708,615		
8	2,300,616	2,541,637	2,300,616	2,541,637		
9						
10						
11	16,530,664	15,434,363	16,530,664	15,434,363	21,969,638	22,580,989
12	1,667,017	1,041,884	1,667,017	1,041,884		
13						
14						
15						
16	7,536,313	7,535,992	7,536,313	7,535,992		
17						
18	(4,531,027)	632,310	(4,531,027)	632,310		
19	1,028,356,534	1,086,095,042	1,028,356,534	1,086,095,042		
20						
21	1,028,356,534	1,086,095,042	1,028,356,534	1,086,095,042		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Other Gas Revenues (Account 495)

Report below transactions of $250,000 or more included in Account 495, Other Gas Revenues. Group all transactions below $250,000 in one amount and provide the number of items.

Line No.	Description of Transaction (a)	Amount (in dollars) (b)
1	Commissions on Sale or Distribution of Gas of Others	
2	Compensation for Minor or Incidental Services Provided for Others	
3	Profit or Loss on Sale of Material and Supplies not Ordinarily Purchased for Resale	
4	Sales of Stream, Water, or Electricity, including Sales or Transfers to Other Departments	
5	Miscellaneous Royalties	
6	Revenues from Dehydration and Other Processing of Gas of Others except as provided for in the Instructions to Account 495	
7	Revenues for Right and/or Benefits Received from Others which are Realized Through Research, Development, and Demonstration Ventures	
8	Gains on Settlements of Imbalance Receivables and Payables	
9	Revenues from Penalties earned Pursuant to Tariff Provisions, including Penalties Associated with Cash-out Settlements	
10	Revenues from Shipper Supplied Gas	
11	Other revenues (Specify):	
12	Transactions $250,000 or more	
13	Summit Buyout	548,892
14	Transaction Bellow $250,000	
15	Miscellaneous Other Gas Revenue	85,355
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
	Total	634,247

Schedule Page: 308 Line No.: 13 Column: a

The Washington Utilities and Transportation Commission Docket No.UE-071876 authorized PSE to defer a gain of approximately $18.9 million that resulted from the termination of a purchase option to buy PSE's corporation headquarter facilities (Summit Building) in Bellevue, Washington. The gain will be amortized over the remaining life of the lease beginning November 2008.

Schedule Page: 308 Line No.: 15 Column: a

Miscellaneous Other Gas Revenue consists of $7K net billing for damage claims to PSE gas facilities and $91K due to PSE's Carbon Offset Program aimed at helping natural gas customers shrink their carbon footprint.

Gas Operation and Maintenance Expenses

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplemental Statement)	283,418	219,456
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering	0	0
8	751 Production Maps and Records	0	0
9	752 Gas Well Expenses	0	0
10	753 Field Lines Expenses	0	0
11	754 Field Compressor Station Expenses	0	0
12	755 Field Compressor Station Fuel and Power	0	0
13	756 Field Measuring and Regulating Station Expenses	0	0
14	757 Purification Expenses	0	0
15	758 Gas Well Royalties	0	0
16	759 Other Expenses	0	0
17	760 Rents	0	0
18	TOTAL Operation (Total of lines 7 thru 17)	0	0
19	Maintenance		
20	761 Maintenance Supervision and Engineering	0	0
21	762 Maintenance of Structures and Improvements	0	0
22	763 Maintenance of Producing Gas Wells	0	0
23	764 Maintenance of Field Lines	0	0
24	765 Maintenance of Field Compressor Station Equipment	0	0
25	766 Maintenance of Field Measuring and Regulating Station Equipment	0	0
26	767 Maintenance of Purification Equipment	0	0
27	768 Maintenance of Drilling and Cleaning Equipment	0	0
28	769 Maintenance of Other Equipment	0	0
29	TOTAL Maintenance (Total of lines 20 thru 28)	0	0
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	0	0

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering	0	0
34	771 Operation Labor	0	0
35	772 Gas Shrinkage	0	0
36	773 Fuel	0	0
37	774 Power	0	0
38	775 Materials	0	0
39	776 Operation Supplies and Expenses	0	0
40	777 Gas Processed by Others	0	0
41	778 Royalties on Products Extracted	0	0
42	779 Marketing Expenses	0	0
43	780 Products Purchased for Resale	0	0
44	781 Variation in Products Inventory	0	0
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0
46	783 Rents	0	0
47	TOTAL Operation (Total of lines 33 thru 46)	0	0
48	Maintenance		
49	784 Maintenance Supervision and Engineering	0	0
50	785 Maintenance of Structures and Improvements	0	0
51	786 Maintenance of Extraction and Refining Equipment	0	0
52	787 Maintenance of Pipe Lines	0	0
53	788 Maintenance of Extracted Products Storage Equipment	0	0
54	789 Maintenance of Compressor Equipment	0	0
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0
56	791 Maintenance of Other Equipment	0	0
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals	0	0
62	796 Nonproductive Well Drilling	0	0
63	797 Abandoned Leases	0	0
64	798 Other Exploration	0	0
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0	0
66	D. Other Gas Supply Expenses		
67	Operation		
68	800 Natural Gas Well Head Purchases	0	0
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0
70	801 Natural Gas Field Line Purchases	0	0
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0
72	803 Natural Gas Transmission Line Purchases	0	0
73	804 Natural Gas City Gate Purchases	486,571,042	511,002,316
74	804.1 Liquefied Natural Gas Purchases	0	0
75	805 Other Gas Purchases	81,941	53,130
76	(Less) 805.1 Purchases Gas Cost Adjustments	22,785,298	(15,055,344)
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	463,867,685	526,110,790
78	806 Exchange Gas	0	0
79	Purchased Gas Expenses		
80	807.1 Well Expense-Purchased Gas	381,343	480,017
81	807.2 Operation of Purchased Gas Measuring Stations	0	0
82	807.3 Maintenance of Purchased Gas Measuring Stations	0	0
83	807.4 Purchased Gas Calculations Expenses	47,777	43,153
84	807.5 Other Purchased Gas Expenses	0	0
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	429,120	523,170

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
86	808.1 Gas Withdrawn from Storage-Debit	66,879,812	53,112,317
87	(Less) 808.2 Gas Delivered to Storage-Credit	42,546,555	40,611,382
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0
90	Gas used in Utility Operation-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit	0	0
92	811 Gas Used for Products Extraction-Credit	0	0
93	812 Gas Used for Other Utility Operations-Credit	88,037	131,065
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	88,037	131,065
95	813 Other Gas Supply Expenses	0	0
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	488,542,025	539,003,830
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	488,825,443	539,223,286
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	199,106	161,885
102	815 Maps and Records	0	0
103	816 Wells Expenses	28,794	9,175
104	817 Lines Expense	6,415	3,180
105	818 Compressor Station Expenses	159,639	163,750
106	819 Compressor Station Fuel and Power	34,874	36,574
107	820 Measuring and Regulating Station Expenses	12,989	81,362
108	821 Purification Expenses	21,372	0
109	822 Exploration and Development	0	0
110	823 Gas Losses	0	0
111	824 Other Expenses	48,063	52,846
112	825 Storage Well Royalties	38,084	45,436
113	826 Rents	(4,689)	(5,739)
114	TOTAL Operation (Total of lines of 101 thru 113)	544,647	548,469

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
115	Maintenance		
116	830 Maintenance Supervision and Engineering	184,723	141,230
117	831 Maintenance of Structures and Improvements	11,709	3,584
118	832 Maintenance of Reservoirs and Wells	12,417	9,583
119	833 Maintenance of Lines	169	1,332
120	834 Maintenance of Compressor Station Equipment	266,856	237,082
121	835 Maintenance of Measuring and Regulating Station Equipment	0	0
122	836 Maintenance of Purification Equipment	1,767	5,554
123	837 Maintenance of Other Equipment	7,168	9,640
124	TOTAL Maintenance (Total of lines 116 thru 123)	484,809	408,005
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	1,029,456	956,474
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering	0	0
129	841 Operation Labor and Expenses	246,203	312,117
130	842 Rents	0	0
131	842.1 Fuel	0	0
132	842.2 Power	0	0
133	842.3 Gas Losses	0	0
134	TOTAL Operation (Total of lines 128 thru 133)	246,203	312,117
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	0	0
137	843.2 Maintenance of Structures	418	394
138	843.3 Maintenance of Gas Holders	0	0
139	843.4 Maintenance of Purification Equipment	0	0
140	843.5 Maintenance of Liquefaction Equipment	0	0
141	843.6 Maintenance of Vaporizing Equipment	0	0
142	843.7 Maintenance of Compressor Equipment	0	0
143	843.8 Maintenance of Measuring and Regulating Equipment	0	0
144	843.9 Maintenance of Other Equipment	0	0
145	TOTAL Maintenance (Total of lines 136 thru 144)	418	394
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	246,621	312,511

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report End of 2013/Q4

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering	76,637	0
150	844.2 LNG Processing Terminal Labor and Expenses	0	0
151	844.3 Liquefaction Processing Labor and Expenses	0	0
152	844.4 Liquefaction Transportation Labor and Expenses	0	0
153	844.5 Measuring and Regulating Labor and Expenses	0	0
154	844.6 Compressor Station Labor and Expenses	0	0
155	844.7 Communication System Expenses	0	0
156	844.8 System Control and Load Dispatching	0	0
157	845.1 Fuel	0	0
158	845.2 Power	0	0
159	845.3 Rents	0	0
160	845.4 Demurrage Charges	0	0
161	(less) 845.5 Wharfage Receipts-Credit	0	0
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0
163	846.1 Gas Losses	0	0
164	846.2 Other Expenses	0	0
165	TOTAL Operation (Total of lines 149 thru 164)	76,637	0
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering	0	0
168	847.2 Maintenance of Structures and Improvements	0	0
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0
170	847.4 Maintenance of LNG Transportation Equipment	0	0
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0
172	847.6 Maintenance of Compressor Station Equipment	0	0
173	847.7 Maintenance of Communication Equipment	0	0
174	847.8 Maintenance of Other Equipment	0	0
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	76,637	0
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	1,352,714	1,268,985

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering	0	0
181	851 System Control and Load Dispatching	0	0
182	852 Communication System Expenses	0	0
183	853 Compressor Station Labor and Expenses	0	0
184	854 Gas for Compressor Station Fuel	0	0
185	855 Other Fuel and Power for Compressor Stations	0	0
186	856 Mains Expenses	27,893	0
187	857 Measuring and Regulating Station Expenses	0	0
188	858 Transmission and Compression of Gas by Others	0	0
189	859 Other Expenses	0	0
190	860 Rents	0	0
191	TOTAL Operation (Total of lines 180 thru 190)	27,893	0
192	Maintenance		
193	861 Maintenance Supervision and Engineering	0	0
194	862 Maintenance of Structures and Improvements	0	15,005
195	863 Maintenance of Mains	0	0
196	864 Maintenance of Compressor Station Equipment	0	0
197	865 Maintenance of Measuring and Regulating Station Equipment	0	0
198	866 Maintenance of Communication Equipment	0	0
199	867 Maintenance of Other Equipment	0	0
200	TOTAL Maintenance (Total of lines 193 thru 199)	0	15,005
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	27,893	15,005
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	1,728,347	1,891,480
205	871 Distribution Load Dispatching	1,170,119	1,056,446
206	872 Compressor Station Labor and Expenses	0	0
207	873 Compressor Station Fuel and Power	0	0

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
208	874 Mains and Services Expenses	14,899,543	15,049,544
209	875 Measuring and Regulating Station Expenses-General	2,519,351	2,402,022
210	876 Measuring and Regulating Station Expenses-Industrial	136,939	232,446
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	0	0
212	878 Meter and House Regulator Expenses	5,404,146	6,416,085
213	879 Customer Installations Expenses	5,068,991	4,334,016
214	880 Other Expenses	3,687,901	3,374,404
215	881 Rents	332,495	459,204
216	TOTAL Operation (Total of lines 204 thru 215)	34,947,832	35,215,647
217	Maintenance		
218	885 Maintenance Supervision and Engineering	0	0
219	886 Maintenance of Structures and Improvements	181,664	183,189
220	887 Maintenance of Mains	7,378,607	8,022,670
221	888 Maintenance of Compressor Station Equipment	0	0
222	889 Maintenance of Measuring and Regulating Station Equipment-General	465,000	488,608
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial	674,330	634,002
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	0	0
225	892 Maintenance of Services	4,120,231	4,356,737
226	893 Maintenance of Meters and House Regulators	1,205,210	1,541,415
227	894 Maintenance of Other Equipment	1,269,050	1,136,401
228	TOTAL Maintenance (Total of lines 218 thru 227)	15,294,092	16,363,022
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	50,241,924	51,578,669
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	133,199	114,993
233	902 Meter Reading Expenses	12,774,048	12,385,858
234	903 Customer Records and Collection Expenses	14,071,133	13,909,234

Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
235	904 Uncollectible Accounts	4,058,026	5,260,615
236	905 Miscellaneous Customer Accounts Expenses	(21,338)	(41,219)
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	31,015,068	31,629,481
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	0	0
241	908 Customer Assistance Expenses	24,031,788	33,505,095
242	909 Informational and Instructional Expenses	622,061	508,785
243	910 Miscellaneous Customer Service and Informational Expenses	62,276	109,088
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	24,716,125	34,122,968
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	0	0
248	912 Demonstrating and Selling Expenses	69,216	110,391
249	913 Advertising Expenses	0	0
250	916 Miscellaneous Sales Expenses	0	0
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	69,216	110,391
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	12,900,489	12,399,437
255	921 Office Supplies and Expenses	1,948,899	1,867,105
256	(Less) 922 Administrative Expenses Transferred-Credit	91,813	84,697
257	923 Outside Services Employed	5,134,026	6,496,401
258	924 Property Insurance	444,899	741,428
259	925 Injuries and Damages	2,091,958	1,937,032
260	926 Employee Pensions and Benefits	15,318,559	12,932,131
261	927 Franchise Requirements	0	0
262	928 Regulatory Commission Expenses	2,049,696	2,416,272
263	(Less) 929 Duplicate Charges-Credit	0	0
264	930.1General Advertising Expenses	4,103	31,224
265	930.2Miscellaneous General Expenses	1,055,582	1,004,665
266	931 Rents	2,995,278	3,270,012
267	TOTAL Operation (Total of lines 254 thru 266)	43,851,676	43,011,010
268	Maintenance		
269	932 Maintenance of General Plant	5,869,597	4,161,642
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	49,721,273	47,172,652
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	645,969,656	705,121,437

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Used in Utility Operations

1. Report below details of credits during the year to Accounts 810, 811, and 812.
2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Natural Gas Gas Used Dth (c)	Natural Gas Amount of Credit (in dollars) (d)	Natural Gas Amount of Credit (in dollars) (d)	Natural Gas Amount of Credit (in dollars) (d)
1	810 Gas Used for Compressor Station Fuel - Credit					
2	811 Gas Used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)		20,115	88,037		
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	**Total**		20,115	88,037		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Miscellaneous General Expenses (Account 930.2)

1. Provide the information requested below on miscellaneous general expenses.
2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of $250,000 or more however, amounts less than $250,000 may be grouped if the number of items of so grouped is shown.

Line No.	Description (a)	Amount (in dollars) (b)
1	Industry association dues.	470,453
2	Experimental and general research expenses.	
	a. Gas Research Institute (GRI)	
	b. Other	
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer	
	agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	31
4	Other expenses	
5	Board of Director Fees and Expenses	285,800
6	Other Memobership Dues	27,711
7	Communication Services	25,139
8	Treasury Fees and Expenses	92,493
9	Misc General Expenses - Gas	147,945
10	State Govt Related Industry Expense	6,010
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	**Total**	1,055,582

THIS PAGE INTENTIONALLY LEFT BLANK

[Next Page is 336]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (d)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (e)
1	Intangible plant				
2	Production plant, manufactured gas	60,214			
3	Production and gathering plant, natural gas				
4	Products extraction plant				
5	Underground gas storage plant	829,704			
6	Other storage plant	377,461			
7	Base load LNG terminaling and processing plant	31,156			
8	Transmission plant				
9	Distribution plant	97,765,926	755,329		
10	General plant	2,260,908			
11	Common plant-gas	9,210,677	21,436		
12	TOTAL	110,536,046	776,765		

Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Amortization of Other Limited-term Gas Plant (Account 404.3) (f)	Amortization of Other Gas Plant (Account 405) (g)	Total (b to g) (h)	Functional Classification (a)
1	2,393,301		2,393,301	Intangible plant
2			60,214	Production plant, manufactured gas
3				Production and gathering plant, natural gas
4				Products extraction plant
5			829,704	Underground gas storage plant
6			377,461	Other storage plant
7			31,156	Base load LNG terminaling and processing plant
8				Transmission plant
9			98,521,255	Distribution plant
10			2,260,908	General plant
11	9,877,135		19,109,248	Common plant-gas
12	12,270,436		123,583,247	TOTAL

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.

Section B. Factors Used in Estimating Depreciation Charges

Line No.	Functional Classification (a)	Plant Bases (in thousands) (b)	Applied Depreciation or Amortization Rates (percent) (c)
1	Production and Gathering Plant		
2	Offshore (footnote details)		
3	Onshore (footnote details)	6,584	
4	Underground Gas Storage Plant (footnote details)	41,037	
5	Transmission Plant		
6	Offshore (footnote details)		
7	Onshore (footnote details)		
8	General Plant (footnote details)	36,239	
9	Intangible Plant	18,274	
10	LNG Terminaling and Processing	12,787	
11	Distribution Plant	2,948,753	
12			
13			
14			
15			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Particulars Concerning Certain Income Deductions and Interest Charges Accounts

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

(a) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than $250,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Account 425 - Miscellaneous Amortization:	
2	Whitehorn Acquisition Adjustment	795
3	Total	795
4		
5	Account 426.1 - Donations:	
6	Human Services	200
7	Education	5,450
8	Civic	5,600
9	Arts and Culture	9,750
10	American Red Cross & United Way	5,500
11	Environment	100
12	Health	3,000
13	Micellaneous	41,082
14	Total	70,682
15		
16	Account 426.2 - Life Insurance:	
17	Gain on Corporate Life Insurance	(3,845,049)
18	Total	(3,845,049)
19		
20	Account 426.3 - Penalties:	
21	NERC Standards Compliance Penalty	307,250
22	WUTC Penalty for Pinehurst	275,000
23	USDA-AFIDA Penalty	744
24	IRS Payroll Penalty	11
25	Total	583,005
26		
27	Account 426.4 - Civic, Political & Related Activity:	
28	Federal	1,159,192
29	State	970,739
30	Local and Community	2,743,752
31	Total	4,873,683
32		
33	Account 426.50 - Other Deductions:	
34	Employee Retirement Benefits	5,879,075
35	Customer Service Guaranteed	27,597

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Particulars Concerning Certain Income Deductions and Interest Charges Accounts (continued)

Line No.	Item (a)	Amount (b)
1	Low Income Weatherization	266,655
2	Dues and Memberships	39,112
3	Advertising and Trademarks	37,193
4	SFAS 106 Post - Retirement Benefits	(285,000)
5	Miscellaneous Over $100K	1,087,020
6	Miscellaneous Under $100K	123,976
7	Total	7,175,628
8		
9	Account 430 - Interest on Debt to Associated Companies:	
10	Interrest on Puget Energy Note @ 0.4% Weighted Average Rate	112,275
11	Total	112,275
12		
13	Account 431 - Other Interest Expense:	
14	Bond Interest	2,675,781
15	Interest on Federal Incentives	22,329,317
16	Interest on Deferred Compensation	1,067,574
17	Interest on PCA/PGA	697,042
18	Interest on Renewable Energy Credits	568,726
19	Interest on Biogas	332,992
20	Interest on Customer Deposits @3.25%	216,823
21	Total	27,888,255
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		

Schedule Page: 340 Line No.: 18 Column: a

$90,377,254 of Gain on Fair Value of Derivatives (Fas 133) has been reclassified to other income.

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report End of 2013/Q4

Regulatory Commission Expenses (Account 928)

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	WUTC Filing Fee	2,049,696		2,049,696	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	Total	2,049,696		2,049,696	

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report End of 2013/Q4

Regulatory Commission Expenses (Account 928)

3. Show in column (k) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.
4. Identify separately all annual charge adjustments (ACA).
5. List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts.
6. Minor items (less than $250,000) may be grouped.

Line No.	Expenses Incurred During Year Charged Currently To Department (f)	Expenses Incurred During Year Charged Currently To Account No. (g)	Expenses Incurred During Year Charged Currently To Amount (h)	Expenses Incurred During Year Deferred to Account 182.3 (i)	Amortized During Year Contra Account (j)	Amortized During Year Amount (k)	Deferred in Account 182.3 End of Year (l)
1	Gas	928	2,049,696				
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25			2,049,696				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Employee Pensions and Benefits (Account 926)

1. Report below the items contained in Account 926, Employee Pensions and Benefits.

Line No.	Expense (a)	Amount (b)
1	Pensions -- defined benefit plans	13,652,194
2	Pensions -- other	
3	Post-retirement benefits other than pensions (PBOP)	8,864,344
4	Post- employment benefit plans	
5	Other (Specify)	
6	Flex Benefits	21,304,378
7	Other Benefits	2,725,698
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
	Total	**46,546,614**

Distribution of Salaries and Wages

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals and Other Accounts, and enter such amounts in the appropriate lines and columns provided. Salaries and wages billed to the Respondent by an affiliated company must be assigned to the particular operating function(s) relating to the expenses.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
1	Electric				
2	Operation				
3	Production	18,449,649		225,429	18,675,078
4	Transmission	5,998,651		73,295	6,071,946
5	Distribution	12,911,157		157,756	13,068,913
6	Customer Accounts	11,584,061		141,541	11,725,602
7	Customer Service and Informational	1,409,046		17,217	1,426,263
8	Sales	240,861		2,943	243,804
9	Administrative and General	24,846,026		303,584	25,149,610
10	TOTAL Operation (Total of lines 3 thru 9)	75,439,451		921,765	76,361,216
11	Maintenance				
12	Production	5,108,735		62,422	5,171,157
13	Transmission	1,677,138		20,492	1,697,630
14	Distribution	11,217,343		137,060	11,354,403
15	Administrative and General	322,392		3,939	326,331
16	TOTAL Maintenance (Total of lines 12 thru 15)	18,325,608		223,913	18,549,521
17	Total Operation and Maintenance				
18	Production (Total of lines 3 and 12)	23,558,384		287,851	23,846,235
19	Transmission (Total of lines 4 and 13)	7,675,789		93,787	7,769,576
20	Distribution (Total of lines 5 and 14)	24,128,500		294,816	24,423,316
21	Customer Accounts (line 6)	11,584,061		141,541	11,725,602
22	Customer Service and Informational (line 7)	1,409,046		17,217	1,426,263
23	Sales (line 8)	240,861		2,943	243,804
24	Administrative and General (Total of lines 9 and 15)	25,168,418		307,523	25,475,941
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	93,765,059		1,145,678	94,910,737
26	Gas				
27	Operation				
28	Production - Manufactured Gas	164,089		2,005	166,094
29	Production - Natural Gas(Including Exploration and Development)				
30	Other Gas Supply	212,119		2,592	214,711
31	Storage, LNG Terminaling and Processing	485,436		5,931	491,367
32	Transmission				
33	Distribution	18,601,100		227,280	18,828,380
34	Customer Accounts	7,637,906		93,325	7,731,231
35	Customer Service and Informational	1,297,114		15,849	1,312,963
36	Sales	19,497		238	19,735
37	Administrative and General	12,040,222		147,117	12,187,339
38	TOTAL Operation (Total of lines 28 thru 37)	40,457,483		494,337	40,951,820
39	Maintenance				
40	Production - Manufactured Gas				
41	Production - Natural Gas(Including Exploration and Development)				
42	Other Gas Supply				
43	Storage, LNG Terminaling and Processing	280,789		3,431	284,220
44	Transmission				
45	Distribution	5,456,264		66,668	5,522,932

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Distribution of Salaries and Wages (continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
46	Administrative and General	415,510		5,077	420,587
47	TOTAL Maintenance (Total of lines 40 thru 46)	6,152,563		75,176	6,227,739
48	Gas (Continued)				
49	Total Operation and Maintenance				
50	Production - Manufactured Gas (Total of lines 28 and 40)	164,089		2,005	166,094
51	Production - Natural Gas (Including Expl. and Dev.)(ll. 29 and 41)				
52	Other Gas Supply (Total of lines 30 and 42)	212,119		2,592	214,711
53	Storage, LNG Terminaling and Processing (Total of ll. 31 and 43)	766,225		9,362	775,587
54	Transmission (Total of lines 32 and 44)				
55	Distribution (Total of lines 33 and 45)	24,057,364		293,948	24,351,312
56	Customer Accounts (Total of line 34)	7,637,906		93,325	7,731,231
57	Customer Service and Informational (Total of line 35)	1,297,114		15,849	1,312,963
58	Sales (Total of line 36)	19,497		238	19,735
59	Administrative and General (Total of lines 37 and 46)	12,455,732		152,194	12,607,926
60	Total Operation and Maintenance (Total of lines 50 thru 59)	46,610,046		569,513	47,179,559
61	Other Utility Departments				
62	Operation and Maintenance				
63	TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62)	140,375,105		1,715,191	142,090,296
64	Utility Plant				
65	Construction (By Utility Departments)				
66	Electric Plant	40,013,899		488,913	40,502,812
67	Gas Plant	16,795,765		205,221	17,000,986
68	Other	12,545,001		153,283	12,698,284
69	TOTAL Construction (Total of lines 66 thru 68)	69,354,665		847,417	70,202,082
70	Plant Removal (By Utility Departments)				
71	Electric Plant	2,127,833		25,999	2,153,832
72	Gas Plant	1,617,449		19,763	1,637,212
73	Other	804,400		9,827	814,227
74	TOTAL Plant Removal (Total of lines 71 thru 73)	4,549,682		55,589	4,605,271
75	Other Accounts (Specify) (footnote details)	17,098,655		208,922	17,307,577
76	TOTAL Other Accounts	17,098,655		208,922	17,307,577
77	TOTAL SALARIES AND WAGES	231,378,107		2,827,119	234,205,226

Schedule Page: 354 Line No.: 75 Column: b

Other Accounts	Direct Payroll Distribution	Allocation of Payroll Charged for Clearing Accounts	Total
121 Non Utility Property	222,773	2,722	225,495
163 Store Expense	3,468,921	42,385	3,511,306
182 Regulatory Asset	9,212,515	112,564	9,325,079
185 Temporary Facilities	1,898	23	1,921
186 Misc. Deferred Debits	2,672,034	32,649	2,704,683
Misc. 400 Accounts	1,473,710	18,007	1,491,717
143 Accts Receivable Misc.	16,968	207	17,175
Prelim Survey OG 183	4,695	57	4,752
Misc. 200 Accounts	16,657	204	16,861
Jackson Prairie Joint Venture - Capital - PSE Share	8,484	104	8,588
Jackson Prairie Joint Venture - Expense - PSE Share	0	0	0
TOTAL	17,098,655	208,922	17,307,577

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Charges for Outside Professional and Other Consultative Services

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising,labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than $250,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain Civic, Political and Related Activities.
(a) Name of person or organization rendering services.
(b) Total charges for the year.
2. Sum under a description "Other", all of the aforementioned services amounting to $250,000 or less.
3. Total under a description "Total", the total of all of the aforementioned services.
4. Charges for outside professional and other consultative services provided by associated (affiliated) companies should be excluded from this schedule and be reported on Page 358, according to the instructions for that schedule.

Line No.	Description (a)	Amount (in dollars) (b)
1	QUANTA SERVICES INC	109,271,384
2	INFRASOURCE SERVICES LLC	72,008,463
3	BARNARD CONSTRUCTION COMPANY INC	49,593,715
4	CELLNET TECHNOLOGY MIDWEST INC	29,858,640
5	AA ASPHALTING INC	22,022,999
6	DELOITTE CONSULTING LLP	18,580,959
7	ASPLUNDH TREE EXPERTS	17,026,684
8	PCL CONSTRUCTION SERVICES INC	15,985,460
9	INFRASOURCE CONSTRUCTION LLC	15,689,314
10	VESTAS	14,003,596
11	VERTEX BUSINESS SERVICES	12,720,208
12	GE INTERNATIONAL INC	9,207,029
13	SIEMENS ENERGY INC	6,913,855
14	POTELCO INC	6,732,779
15	INFOTECH ENTERPRISES AMERICA INC	5,471,064
16	PA CONSULTING GROUP INC	5,281,065
17	TAIT NORTH AMERICA INC	5,214,875
18	PERKINS COIE LLP	4,901,160
19	USIC LOCATING SERVICES INC	4,434,666
20	GEOENGINEERS INC	4,172,051
21	ACTIVE TELESOURCE INC	4,048,409
22	AEROTEK INC	3,486,631
23	VECA ELECTRIC & TECHNOLOGIES	3,290,739
24	MICHELS CORPORATION	2,922,115
25	NW UTILITY SERVICES LLC	2,683,603
26	SKANSKA CIVIL NW	2,646,318
27	L&S ELECTRIC INC	2,354,036
28	ACCENTURE LLP	2,347,113
29	PRICEWATERHOUSECOOPERS LLP	2,341,964
30	FISERV ELECTRONIC PAYMENT SERVICES	1,650,599
31	SURVEYS & ANALYSIS INC	1,633,350
32	KLOHN CRIPPEN BERGER LTD	1,548,691
33	LOCATING INC	1,479,983
34	MCMILLEN LLC	1,451,190
35	CONVERGENT OUTSOURCING INC	1,425,941

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report End of 2013/Q4

Charges for Outside Professional and Other Consultative Services (continued)

Line No.	Description (a)	Amount (in dollars) (b)
1	PORTLAND ENERGY CONSERVATION INC	1,403,282
2	OPEN TEXT INC	1,401,510
3	RIDDELL WILLIAMS PS	1,384,685
4	HDR ENGINEERING INC	1,308,978
5	KLEINFELDER INC	1,238,482
6	OPOWER INC	1,179,452
7	AIM CONSULTING GROUP LLC	1,173,459
8	SAP INDUSTRIES INC	1,147,918
9	CBI SERVICES INC	1,134,000
10	PHOENIX INDUSTRIAL INC	1,103,174
11	LOCAL 32 GAS OPERATIONS TRAINING	1,066,952
12	PROTECTION TECHNOLOGIES INC	1,025,133
13	EASI LLC	1,011,925
14	LITOSTROJ HYDRO INC	1,002,122
15	SEATTLE INDUSTRIAL MOTOR & MACHINE	992,197
16	COLEHOUR & COHEN INC	988,053
17	LIMITED ENERGY SERVICES INC	969,952
18	ASCEND PROJECT MANAGEMENT INC	965,658
19	HODGE CONSTRUCTION INC	930,038
20	POINT B INC	916,486
21	CEMEX	912,128
22	DAVID EVANS & ASSOCIATES INC	859,994
23	MCKINSTRY ESSENTION INC	836,939
24	WASHINGTON ENERGY SERVICES CO	834,106
25	USDA FOREST SERVICE	822,180
26	BANK OF AMERICA	801,151
27	KENWORTH NORTHWEST INC	800,164
28	AMERICAN HYDRO CORPORATION	794,640
29	VAN NESS FELDMAN LLP	781,642
30	TAMAZARI INC	751,726
31	SBW CONSULTING INC	747,792
32	SOGETI USA LLC	742,406
33	HEATH CONSULTANTS INC	735,911
34	206 INC	722,409
35	PUGET SOUND SECURITY SERVICES INC	695,997

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Charges for Outside Professional and Other Consultative Services (continued)

Line No.	Description (a)	Amount (in dollars) (b)
1	KUBRA DATA TRANSFER LTD	693,473
2	SNELSON COMPANIES INC	684,627
3	CASCADE ENERGY ENGINEERING INC	664,335
4	CLEARESULT CONSULTING	662,307
5	GORDON TILDEN THOMAS & CORDELL	650,134
6	ACLARA TECHNOLOGIES LLC	647,509
7	TURNER CONSTRUCTION COMPANY	645,894
8	ALLTECK LINE CONTRACTORS INC	645,755
9	HYDROMAX USA LLC	637,771
10	OPENLINK FINANCIAL LLC	619,239
11	OSMOSE UTILITIES SERVICES INC	616,896
12	UCONS LLC	613,493
13	UBISENSE INC	600,349
14	NAVIGANT CONSULTING INC	570,378
15	STRATEGIC ASSET MANAGEMENT INC	558,189
16	NESS & CAMPBELL CRANE INC	557,053
17	TEREX UTILITIES WEST	539,976
18	CONSERVATION SERVICES GROUP INC	533,167
19	JOHANSEN EXCAVATING INC	528,026
20	BRADSON TECHNOLOGY PROFESSIONALS	526,589
21	WESTERN REFINERY SERVICES INC	525,049
22	URS CORPORATION	514,626
23	PROTIVITI INC	512,249
24	BELSAAS & SMITH CONSTRUCTION INC	501,099
25	COLUMBIAGRID INC	494,044
26	ORACLE AMERICA INC	469,962
27	WESTERN INC	475,364
28	STOEL RIVES LLP	464,416
29	SYBIS LLC	462,347
30	TENSING HOLDINGS USA LLC	461,273
31	BRUCE BLAKE CONSULTING	459,640
32	ECOVA INC	458,898
33	RESEARCH INTO ACTION INC	455,432
34	SAFWAY SERVICES LLC	448,639
35	ENVIROISSUES INC	434,764

Charges for Outside Professional and Other Consultative Services (continued)

Line No.	Description (a)	Amount (in dollars) (b)
1	WYSER CONSTRUCTION CO INC	432,017
2	SNC-LAVALIN CONSTRUCTORS INC	429,608
3	E M KAELIN TRUCKING	415,147
4	COMMONWEALTH ASSOCIATES INC	414,896
5	VAROLII CORPORATION	411,876
6	LEVEL FOUR SOLUTIONS GROUP INC	405,783
7	MCKINSTRY CO LLC	392,658
8	CITY OF RENTON	387,586
9	SIGNATURE LANDSCAPE SERVICES INC	373,558
10	KEMA INC	371,558
11	WA STATE DEPT OF TRANSPORTATION	364,452
12	NORTH SKY ENGINEERING INC	362,691
13	ALSTOM GRID INC	353,960
14	SYSTEM TRANSFER & STORAGE CO	340,976
15	GE ENERGY MANAGEMENT SERVICES INC	339,436
16	ARCTIC ARROW POWERLINE GROUP LTD	338,703
17	CH2M HILL ENGINEERS INC	332,865
18	SOLAR TURBINES INC	327,594
19	UTILITIES UNDERGROUND LOCATION CTR	327,369
20	HONEYWELL INTERNATIONAL INC	325,307
21	WASTE MANAGEMENT INC	324,973
22	FISCHER BOUMA LLC	321,243
23	MICHELS POWER	320,621
24	ADAPT INC	319,442
25	CNC CONTRACTING LLC	318,318
26	MORGAN & SON EARTHMOVING INC	316,512
27	HASKELL CORPORATION	316,442
28	APS SURVEY AND MAPPING LLC	314,725
29	MOODYS INVESTORS SERVICE INC	311,430
30	APPLIED PROACTIVE TECHNOLOGIES INC	309,883
31	DMI DRILLING CONSTRUCTION	308,790
32	FORD QUALITY FLEET CARE	302,891
33	AQUA CLEAN JET-N-VAC INC	301,831
34	APPLIED PROFESSIONAL SERVICES INC	299,551
35	WALKER HEAVY CONSTRUCTION INC	296,426

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Charges for Outside Professional and Other Consultative Services (continued)

Line No.	Description (a)	Amount (in dollars) (b)
1	AI ENGINEERING LLC	292,895
2	STANDARD & POORS FINANCIAL	290,045
3	EASTSIDE CORRIDOR CONSTRUCTORS	288,519
4	POWER ENGINEERS INC	288,486
5	TECHNOLOGY FOR ENERGY CORP	285,930
6	SULZER TURBO SERVICES	285,101
7	ARROW INSULATION INC	281,552
8	NAVISTAR INC	276,523
9	STENSTROM GROUP INC	274,500
10	CASCADE WATER ALLIANCE	274,076
11	ROKSTAD POWER CORPORATION	268,787
12	DAVEY RESOURCE GROUP	268,292
13	CASNE ENGINEERING INC	267,985
14	KPMG LLP	267,691
15	MILLIMAN INC	266,611
16	BAY VALVE SERVICE INC	259,670
17	PUTNAM ROBY WILLIAMSON	258,786
18	LONG PAINTING COMPANY	258,519
19	R2 RESOURCE CONSULTANTS INC	253,120
20	AECOM TECHNICAL SERVICES INC	252,946
21	Others <$250,000	34,188,160
22		
23	Total	569,695,563
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Compressor Stations

1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.
2. For column (a), indicate the production areas where such stations are used. Group relatively small field compressor stations by production areas. Show the number of stations grouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership if jointly owned.

Line No.	Name of Station and Location (a)	Number of Units at Station (b)	Certificated Horsepower for Each Station (c)	Plant Cost (d)
1	JACKSON PRAIRIE STORAGE PROJECT	9	34,200	49,663,878
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/28/2014	Year/Period of Report End of 2013/Q4

Compressor Stations

Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote each unit's size and the date the unit was placed in operation.

3. For column (e), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Line No.	Expenses (except depreciation and taxes) Fuel (e)	Expenses (except depreciation and taxes) Power (f)	Expenses (except depreciation and taxes) Other (g)	Gas for Compressor Fuel in Dth (h)	Electricity for Compressor Station in kWh (i)	Operational Data Total Compressor Hours of Operation During Year (j)	Operational Data Number of Compressors Operated at Time of Station Peak (k)	Date of Station Peak (l)
1	0			238,637		8,768	4	12/05/2013
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

FOOTNOTE DATA

Schedule Page: 508 Line No.: 1 Column: a

Note 1: Jointly owned by:
33.34% Puget Sound Energy
33.33% Avista
33.33% Williams Gas Pipeline

Schedule Page: 508 Line No.: 1 Column: e

Fuel provided in kind by each of the owners.

Schedule Page: 508 Line No.: 1 Column: h

238,637 = Dth = 100%

Schedule Page: 508 Line No.: 1 Column: d

Balance represents 100% of Plant Costs. PSE's 33.34% interest = $16,557,937, which includes AFUDC and OH.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Transmission Lines

1. Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year.
2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk, in column (b) and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.
3. Report separately any line that was not operated during the past year. Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book costs are contemplated.
4. Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Line or Group of Lines (a)	* (b)	Total Miles of Pipe (c)
1	Page 514 Transmission Lines		
2			
3	Note: Although reported in the past, the Jackson Prairie station lines do not meet		
4	FERC's definition of transmission lines and therefore are no longer reported on		
5	Page 514.		
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

Name of Respondent	This Report Is:	Date of Report	Year of Report
Puget Sound Energy, Inc.	(1) * An Original (2) A Resubmission	(Mo, Da, Yr) 2/26/2014	Dec. 31, 2013

TRANSMISSION MAINS

(Supplement to Page 514)

Type Of Material (A)	Lengths of Pipe in Feet				
	Diameter Pipe Inches (B)	Beginning Of Year (C)	Laid During Year (D)	Abandoned During Year (E)	End Of Year (F)
ST	2	0	0	0	0
ST	4	0	0	0	0
ST	6	0	0	0	0
ST	8	0	0	0	0
ST	12	0	0	0	0
ST	16	0	0	0	0
ST	20	0	0	0	0
STW	12	0	0	0	0
STW	16	0	0	0	0
STW	20	0	0	0	0
	Totals	0	0	0	0

NOTE - After review of the company's gas plant and applying definitions 29 (B) & (C) of the Uniform System of Accounts, it was determined that the company's gas mains are more appropriately classified as distribution property for accounting purposes.

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) February 21, 2013	Year of Report December 31, 2013

DISTRIBUTION MAINS

(Supplement to Page 514)

Kind Of Material (A)	Diameter Pipe Inches (B)	Beginning Of Year (C)	Laid During Year (D)	Abandoned During Year (E)	End Of Year (F)	Ending balance per PP Report 1115
	Lengths of Pipe in Feet					
CI	03.000	0	0	0	0	0
CI	04.000	0	0	0	0	0
CI	06.000	0	0	0	0	0
CI	08.000	0	0	0	0	0
CI	10.000	0	0	0	0	0
CI	12.000	0	0	0	0	0
CI	16.000	0	0	0	0	0
CI	20-24	0	0	0	0	0
Total Cast Iron		0	0	0	0	0
PE	01.125	79,004	74	652	78,426	78,426
PE	01.250	2,447,299	1,667	2,996	2,445,970	2,445,970
PE	02.000	16,591,127	301,731	11,527	16,881,331	16,881,331
PE	03.000	62,964	0	43	62,921	62,921
PE	04.000	5,542,872	80,303	22,792	5,600,383	5,600,383
PE	06.000	2,418,035	53,661	662	2,471,034	2,471,034
PE	08.000	680,648	48,145	525	728,268	728,268
PE	1.250-2	17,530,636	0	31,837	17,498,799	17,498,799
Total Plastic		45,352,585	485,581	71,034	45,767,132	45,767,132
ST (Bare Steel)	0.750-2.50	166,802	0	66,883	99,919	99,919
ST	03.000	0	0	0	0	0
ST	4.000-5	76,528	0	22,395	54,133	54,133
ST	06.000	20,033	0	7,063	12,970	12,970
ST	8.000-10	9,588	0	317	9,271	9,271
ST	12.000	0	0	0	0	0
ST	14.000-16	0	0	0	0	0
ST	16.000	0	0	0	0	0
ST	20.000	0	0	0	0	0
Total Bare Steel		272,951	0	96,658	176,293	176,293
STW (Steel Wrap)	0.750-01.750	13,001,061	0	4,178	12,996,883	12,996,883
STW	01.250	5,468	0	0	5,468	5,468
STW	02.000	3,805,361	2,377	30,586	3,777,152	3,776,356
STW	03.000	12,383	0	0	12,383	12,383
STW	04.000	1,282,233	1,307	82	1,283,458	1,283,458
STW	4.000-5	1,550,253	0	12,282	1,537,971	1,537,971
STW	06.000	1,899,690	876	3,721	1,896,845	1,896,923
STW	08.000	607,323	850	5,313	602,860	603,455
STW	8.000-10	185,421	0	3,408	182,013	182,013
STW	12.000	718,438	1,040	140	719,338	719,461
STW	14.000-16	6,696	0	0	6,696	6,696
STW	16.000	771,312	0	0	771,312	771,312
STW	20.000	39,242	0	0	39,242	39,242
Total Steel Wrap		23,884,881	6,450	59,710	23,831,621	23,831,621
Total Steel		24,157,832	6,450	156,368	24,007,914	24,007,914
Combined Total		69,510,417	492,031	227,402	69,775,046	69,775,046

Name of Respondent	This Report Is;	Date of Report	Year of Report
Puget Sound Energy, Inc.	(1) * An Original (2) A Resubmission	(Mo, Da, Yr) March 8, 2014	Dec. 31, 2013

SERVICE PIPES FERC 380- GAS

(Supplement to Page 514)

Type of Service		Number of services				Additions
Type of Material (A)	Pipe Inches (C)	Beginning Of Year (D)	Added (E)	Retired (F)	End Of Year (G)	Average Length Feet (I)
KR	1.125	49		1	48	
KR	1.625	0			0	
PE	0.625	1,078,232	1,674	1,824	1,078,082	16
PE	1.125	108,330	18,038	190	126,178	35
PE	1.25	42,809	1,243	199	43,853	37
PE	2	20,521	236	41	20,716	34
PE	4	3,590	22	3	3,609	1
PE	6	60	4		64	0
ST	.500-1	107,940		15,756	92,184	
ST	1.250-2	84,074	2	67,333	16,743	
ST	3-4	1,349		809	540	
ST	6	15			15	
ST	8	0			0	
ST	12	8			8	
STW	0.5	0			0	
STW	0.75	57,821	1	1,136	56,686	1
STW	1	94,151		29	94,122	0
STW	1.25	4,365	6	124	4,247	278
STW	2	12,907	12	49	12,870	146
STW	3	101			101	0
STW	4	63		9	54	0
STW	6	56			56	0
STW	8	22			22	0
	Total	1,616,463	21,238	87,503	1,550,198	

Type of Material	Pipe Inches
PE = Plastic	.500 = 1/2
ST = Steel Bare	.625 = 5/8
STW = Steel Wrap	1.125 = 1 1/8
KR = Copper	1.250 = 1 1/4

NOTE 1

MPE beginning balances, additions and retirements combined with PE balances for each size.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Puget Sound Energy, Inc.	(1) * An Original (2) A Resubmission	March 8, 2014	December 31, 2013

CUSTOMER METERS FERC 381 & 385

(Supplement to Page 514)

Size of Meter (Class) (A)	(1) Type of Meter (B)	(2) Make of Meter (C)	Capacity of Meter (D)	Number of Meters: Beginning Of Year (E)	Added (F)	Retired (G)	End Of Year (H)
100	A	R,Am,Sp	100-199	139,045		3,616	135,429
200	A	R,Am,Sp,Sch,Eq	200-299	694,165	17,136	12,270	699,031
300	A	Am	300-399	24			24
400	A	Sp,Am	400-599	34,632	2,502	619	36,515
600	A	Sp	600-699	234	1,056	1	1,289
700	A	R	700-749	2,345		2	2,343
800	A,R	Am,R,Dr	800-999	1,404		58	1,346
1000	A	Am	1000-1199	28,038		120	27,918
1200	A	Am	1200-1399	12			12
1400	A	Am	1400-1499	741			741
1500	R,RTC	Dr	1500-2299	60			60
2300	A	Am	2300-2999	884		6	878
3000	IC,R,RTC,A	Am,R,Dr	3000-4999	1,510			1,510
5000	A,R,RTC	Am,R,Dr	5000-6999	1,851		8	1,843
7000	R,RTC	Dr,Rm	7000-9999	495	12		507
10000	R,RTC	Am,R,Dr	10000-10999	43			43
11000	R,RTC	Dr	11000-15999	461			461
16000	R,T,RTC	Am,R	16000-17999	279			279
18000	T	Am,R	18000-22999	12			12
23000	R	Am,Dr	23000-24999	64	5		69
25000	R,T	Am,R,Dr	25000-29999	1			1
30000/6"	T	Am,R,Dr	30000-34999	90			90
35000	R,T	Am,R,Dr	35000-37999	1			1
38000	R	Dr	38000-59999	21			21
60000	T	Am,R	60000-139999	53			53
140000	T	Am,R,Dr	140000-149999	1			1
150000	T	Am	150000	18			18
				906,484	**20,711**	**16,700**	**910,495**

(1)--Meter Type Codes	(2)--Make of Meter	
A--Aluminum	Am--American	Sch--Schlumberger
IC--Iron Case	Eq--Equimeter	Sp--Sprague
R--Rotary	Dr--Dresser	
RTC--Rty.Temp.Comp	R--Rockwell	
T--Turbine	Rm--Romet	

Name of Respondent Puget Sound Energy, Inc.	This Report Is: (1) * An Original (2) A Resubmission	Date of Report March 8, 2014	Year of Report December 31, 2013

REGULATORS
(Supplement to Page 514)

				Number of Regulators			
Size (A)	Type (B)	Make (C)	Capacity (D)	In Service Beginning of Year (E)	Added During Year (F)	Retired During Year (G)	In Service End of Year (H)
3/4 X 1	S102	Fisher	430CFH	4,313		388	3,925
2 X 2 1-1/2 X 1-1/2	S202	Fisher	3750-3780CFH	1,011		61	950
3/4 X 1	S252	Fisher	425CFH	711,464	10,786	2,686	719,564
1-1/4 X 1-1/4	S302	Fisher	1250CFH	16,397		122	16,275
3/4 X 1	S402	Fisher	900-1500PSI	1,878			1,878
1-1/4 X 1	S800	Fisher	630CCF	180	511		691
3/4 X 1 1X1-1/4 1-1/4 X 1-1/4	1813C	American	425-1000CFH	2,141	360	810	1,691
3/4X1	1883B2	American	1200CFH	4			4
				737,388	11,657	4,067	744,978

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Auxiliary Peaking Facilities

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Dth (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?
1	SWARR STATION - RENTON	PROPANE AIR	30,000	5,999,767	No
2	DIERINGER/NORTH TACOMA STATION	PROPANE AIR		763,153	No
3	LNG SATELLITE - GIG HARBOR	LNG	16,082	14,491,993	Yes
4	JACKSON PRAIRIE - CHEHALIS	UNDERGROUND STORAGE	1,196,000	41,492,636	Yes
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

FOOTNOTE DATA

Schedule Page: 519 Line No.: 4 Column: a

Cost is shown for PSE's 1/3 share of entire plant this is jointly owned by:

33.34% Puget Sound Energy Inc. (acting as operator)
33.33% Avista
33.33% Williams Gas Pipeline

PSE's non-recoverable cushion gas in valued at $4,185,430.83 and is included with the amount listed in 4d.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Puget Sound Energy, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/28/2014	End of 2013/Q4

Gas Account - Natural Gas

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Enter in column (c) the year to date Dth as reported in the schedules indicated for the items of receipts and deliveries.
4. Enter in column (d) the respective quarter's Dth as reported in the schedules indicated for the items of receipts and deliveries.
5. Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
6. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose.
7. Indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
8. Indicate in a footnote the specific gas purchase expense account(s) and related to which the aggregate volumes reported on line No. 3 relate.
9. Indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales,transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
10. Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional information as necessary to the footnotes.

Line No.	Item (a)	Ref. Page No. of (FERC Form Nos. 2/2-A) (b)	Total Amount of Dth Year to Date (c)	Current Three Months Ended Amount of Dth Quarterly Only
01	Name of System:			
2	GAS RECEIVED			
3	Gas Purchases (Accounts 800-805)		86,554,325	28,108,151
4	Gas of Others Received for Gathering (Account 489.1)	303		
5	Gas of Others Received for Transmission (Account 489.2)	305		
6	Gas of Others Received for Distribution (Account 489.3)	301	21,969,638	5,831,916
7	Gas of Others Received for Contract Storage (Account 489.4)	307		
8	Gas of Others Received for Production/Extraction/Processing (Account 490 and 491)			
9	Exchanged Gas Received from Others (Account 806)	328		
10	Gas Received as Imbalances (Account 806)	328		
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332		
12	Other Gas Withdrawn from Storage (Explain)		16,723,860	7,182,471
13	Gas Received from Shippers as Compressor Station Fuel			
14	Gas Received from Shippers as Lost and Unaccounted for			
15	Other Receipts (Specify) (footnote details)			
16	Total Receipts (Total of lines 3 thru 15)		125,247,823	41,122,538
17	GAS DELIVERED			
18	Gas Sales (Accounts 480-484)		91,123,329	32,181,824
19	Deliveries of Gas Gathered for Others (Account 489.1)	303		
20	Deliveries of Gas Transported for Others (Account 489.2)	305		
21	Deliveries of Gas Distributed for Others (Account 489.3)	301	21,969,638	5,831,916
22	Deliveries of Contract Storage Gas (Account 489.4)	307		
23	Gas of Others Delivered for Production/Extraction/Processing (Account 490 and 491)			
24	Exchange Gas Delivered to Others (Account 806)	328		
25	Gas Delivered as Imbalances (Account 806)	328		
26	Deliveries of Gas to Others for Transportation (Account 858)	332		
27	Other Gas Delivered to Storage (Explain)		11,228,143	2,266,912
28	Gas Used for Compressor Station Fuel	509	238,642	59,468
29	Other Deliveries and Gas Used for Other Operations		20,409	4,976
30	Total Deliveries (Total of lines 18 thru 29)		124,580,161	40,345,096
31	GAS LOSSES AND GAS UNACCOUNTED FOR			
32	Gas Losses and Gas Unaccounted For		667,662	777,442
33	TOTALS			
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		125,247,823	41,122,538

Schedule Page: 520 Line No.: 32 Column: c

PSE notes that distribution losses result from immaterial losses of inventory during delivery and withdrawals of gas. Reasonable.

Schedule Page: 520 Line No.: 32 Column: d

PSE notes that distribution losses result from immaterial losses of inventory during delivery and withdrawals of gas. Reasonable.

Schedule Page: 520 Line No.: 3 Column: c

The specific gas expense account for gas purchases is FERC account 804 – Natural Gas City Gate Purchases.

System Maps

1. Furnish five copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.
2. Indicate the following information on the maps:
   (a) Transmission lines.
   (b) Incremental facilities.
   (c) Location of gathering areas.
   (d) Location of zones and rate areas.
   (e) Location of storage fields.
   (f) Location of natural gas fields.
   (g) Location of compressor stations.
   (h) Normal direction of gas flow (indicated by arrows).
   (i) Size of pipe.
   (j) Location of products extraction plants, stabilization plants, purification plants, recycling areas, etc.
   (k) Principal communities receiving service through the respondent's pipeline.
3. In addition, show on each map: graphic scale of the map; date of the facts the map purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.
4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger then this report. Bind the maps to the report.

2013
WUTC
Supplemental Pages
For Gas

PUGET SOUND ENERGY
Data Request for Statistics Report

		2013	2012	2013	2012
		Total Company Operations		Washington Operations	
Line No.		Current Year	Prior Year	Current Year	Prior Year
1	GAS SERVICE REVENUES				
2					
3	RESIDENTIAL SALES	$ 682,636,480	$ 712,805,039	$ 682,636,480	$ 712,805,039
4	COMMERCIAL SALES	293,102,452	313,051,494	293,102,452	313,051,494
5	INDUSTRIAL SALES	27,586,984	31,343,708	27,586,984	31,343,708
6	OTHER SALES			-	-
7	SALES FOR RESALE			-	-
8	TRANSPORTATION OF GAS OF OTHERS	16,530,664	15,434,363	16,530,664	15,434,363
9	DECOUPLING REVENUE	(5,165,274)		(5,165,274)	
10	OTHER OPERATING REVENUES (1)	13,665,229	13,460,439	13,665,229	13,460,439
11					
12	TOTAL GAS SERVICE REVENUES	$ 1,028,356,534	$ 1,086,095,042	$ 1,028,356,534	$ 1,086,095,042
13					
14	THERMS OF GAS SOLD-TRANSPORTED				
15					
16	RESIDENTIAL SALES	572,667,637	569,308,259	572,667,637	569,308,259
17	COMMERCIAL SALES	307,523,684	302,191,336	307,523,684	302,191,336
18	INDUSTRIAL SALES	31,041,968	32,034,588	31,041,968	32,034,588
19	OTHER SALES	-	-	-	-
20	SALES FOR RESALE	-	-	-	-
21	TRANSPORTATION OF GAS OF OTHERS	219,696,384	225,809,886	219,696,384	225,809,886
22					
23	TOTAL THERMS OF GAS SOLD-TRANSPORTED	1,130,929,673	1,129,344,069	1,130,929,673	1,129,344,069
24					
25	AVERAGE NUMBER OF GAS CUSTOMERS PER MONTH				
26					
27	RESIDENTIAL SALES	716,518	706,965	716,518	706,965
28	COMMERCIAL SALES	54,255	54,051	54,255	54,051
29	INDUSTRIAL SALES	2,408	2,445	2,408	2,445
30	OTHER SALES	-	-	-	-
31	SALES FOR RESALE	-	-	-	-
32	TRANSPORTATION OF GAS OF OTHERS	204	194	204	194
33					
34					
35	TRANS. & DISTRN. MAINS - FEET (END OF YEAR)	69,775,046	69,510,417	69,775,046	69,510,417
36	NO. OF METERS IN SERV. & HELD IN RESERVE (AVG.)	744,978	737,388	744,978	737,388
37	AVERAGE B.T.U. CONTENT PER CU. FT.	1.051	1.051	1.051	1.051