

## Code of Conduct for Voluntarily Submitting Energy Data to Index Developers

Oct. 15, 2013

Puget Sound Energy, Inc. ("PSE") adopts herein a code of conduct that its employees will follow in buying or selling natural gas or electricity, and in reporting such transactions to index developers. This code of conduct is adopted in conformance with the Federal Energy Regulatory Commission's July 24, 2003, policy statement on natural gas and electric price indices, Price Discovery in Natural Gas and Electric Markets, 104 FERC 61,121 (2003), as updated in the Dec. 12, 2003 order on clarification of policy statement on natural gas and electricity price indices, Price Discovery in Natural Gas and Electric Markets, 105 FERC 61,282 (2003) ("policy statement").

1. Responsibility for reporting
2. Verification of accuracy
3. Requirement to report all trades
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### 1. Responsibility for reporting

PSE will report transaction data through its Energy Risk Control department, which is independent from, and not responsible for, trading.

### 2. Verification of accuracy

PSE's Energy Risk Control department will verify the accuracy and completeness of the data before submitting it by ensuring that prices reported are the same as those recorded on the books and records of the company in accordance with generally accepted accounting principles.

### 3. Requirement to report all trades

(a) Subject to an appropriate confidentiality agreement, with the relevant index developer, PSE will report all transactions in the physical (cash) markets at those trading locations that have an index. PSE will endeavor to report all of those transactions consistent with applicable instructions and within applicable parameters, as established or instructed by the relevant index developer.

(b) In addition, PSE will report all of its other gas and electric transactions to Platts.

(c) Accordingly, PSE currently reports the following categories of transactions to the following indices:

#### Electricity transactions:

1. To Platts:
  - (1) day-ahead, peak transactions at Mid-Columbia,
  - (2) day-ahead, off-peak transactions at Mid-Columbia,
  - (3) day-ahead, peak transactions at COB,
  - (4) day-ahead, off-peak transactions at COB,
  - (5) peak forward transactions at Mid-Columbia,
  - (6) off-peak forward transactions at Mid-Columbia,

- (7) peak forward transactions at COB,
  - (8) off-peak forward transactions at COB, and
  - (9) all other electricity transactions
2. To Powerdex: all real-time, hour-ahead transactions

#### **Natural gas transactions:**

1. To Platts Inside FERC's Gas Market Report: all "bid week" transactions for the following month
2. To Platts Gas Daily:
  - (1) day-ahead transactions and
  - (2) all other transactions not reported to Platts Inside FERC's Gas Market Report

#### **4. Complete set of data elements**

PSE will submit to the index developers identified above a complete set of data elements or fields for each particular index, in accordance with the index developer's published templates. PSE will not report counterparties for its electricity transactions at this time.

#### **5. No aggregation of transactions**

PSE will provide data to the identified index developers for each transaction separately.

#### **6. Treatment of nonstandard transactions**

To the extent that PSE reports a transaction to an index developer that might be deemed a nonstandard transaction for any of the existing indices prepared by that index developer, PSE will undertake to identify to the index developer the nature of the deviation from the parameters of the indices.

#### **7. Nonreported transactions**

PSE will not report:

1. financial hedges, financial transactions, or swaps or exchanges of gas or electricity; or
2. intracompany transactions or transactions executed with affiliate companies.

#### **8. Error resolution process**

PSE will make efforts to adhere to the guidelines established by the index developer to address the error resolution process, including adhering to the process and timeline for submitting corrections and for responding to inquiries from the index developer. Like the original data submission, this function will be carried out by PSE's Energy Risk Control department.

#### **9. Document retention**

PSE will retain all relevant data relating to reported trades for a minimum of three years.

#### **10. Independent audit**

PSE's Internal Audit group will review PSE's implementation of, and adherence to, data gathering and submission process adopted by the company at least once annually. PSE will make the results of the review available to any index developer to which PSE submits transaction data, and PSE will permit the index developer to recommend changes to improve the accuracy and timeliness of data reporting.

#### **11. Dissemination of Code of Conduct**

PSE will make this code of conduct available to its employees and to the public on its Web site.