

SUSTAINABILITY REPORT

REPORTING YEAR 2025

PugetEnergy

PSE PUGET SOUND ENERGY

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MESSAGE FROM THE PRESIDENT AND CEO

I am pleased to present Puget Sound Energy Inc.'s (PSE's) Sustainability Report for the 2025 reporting year.

For over 150 years, PSE has served as the local energy provider to communities located across Western Washington. Over that time, our role has evolved alongside the needs of the region we serve. Now, we are undergoing one of the most significant transformations in our history as we strive to meet the objectives of Washington state's clean energy laws, while continuing to provide customers with the safe and reliable energy they expect.

As this work continues, our sustainability principles will remain central to how we run our business and serve our customers.

PSE SUSTAINABILITY PRINCIPLES

- Advancing Washington state's clean energy transformation
- Identifying and implementing innovative solutions for all customers
- Building a smarter and more resilient power grid
- Supporting our employees and communities

During 2025 and early 2026, we made meaningful progress toward these principles, including important milestones in advancing Washington state's clean energy transition. We completed the phase-out of coal-generated electricity to Washington customers by the end of 2025, meeting the first milestone required by Washington state's Clean Energy Transformation Act. At the same time, we continue advancing development of our non-emitting energy portfolio, with plans to add 1,549 megawatts of non-emitting resources by 2030.

This progress reflects years of planning, community engagement and collaboration. Looking ahead, particularly toward the state's 2030 and 2045 decarbonization requirements, meeting long-term objectives will require continued innovation, disciplined execution and thoughtful risk management. As part of that work, PSE continues to evaluate emerging technologies, including advanced nuclear technologies, enhanced geothermal resources, long-duration energy storage and other options that may inform future resource planning if and when they become viable.

Throughout this transition, we recognize our responsibility to manage costs carefully while ensuring reliable service for our customers. Our focus remains on strengthening system resilience, modernizing infrastructure and expanding customer programs that improve efficiency and help customers manage energy use and costs.

Based on our history of service, what we have achieved so far and the direction provided by our sustainability goals and other commitments, I am confident in our path forward and future success. We will continue working in partnership with our customers, communities, employees and stakeholders to responsibly navigate this next phase of transformation, while remaining grounded in our core commitment to serve.

Sincerely,



Mary Kipp
President and CEO

ABOUT THIS REPORT

As an electric and gas utility, PSE has a unique opportunity to contribute to a net zero carbon energy future. This report provides an overview of how we drive our long-term strategy towards our goals and aspirations. It is intended to cover our progress and performance from Jan. 1, 2025 to Dec. 31, 2025 with select updates from calendar year 2026.

PSE is the primary operating entity of Puget Energy, and the content of sustainability-related documents, including this report, apply equally to Puget Energy and PSE. For more information on our corporate structure, please visit the Company Profile and Business Operations section and our annual 10-K filing with the U.S. Securities and Exchange Commission (SEC).

Our Sustainability Report references disclosures from the Global Reporting Initiative (GRI) Standards and aligns with the Sustainability Accounting Standards Board (SASB) Framework. For more information, please visit our GRI Index and SASB Index.[1] We also prepare a standalone Task Force on Climate-Related Financial Disclosures (TCFD) analysis to enhance PSE's understanding of climate-related risks and opportunities and inform and prioritize future investments. We continue to independently report sustainability disclosures in line with the Edison Electric Institute (EEI) and American Gas Association (AGA) Environmental, Social, Governance and Sustainability Metrics templates. Additionally, we publish relevant sustainability metrics in our Data Appendix and our annual greenhouse gas (GHG) inventory.

This report highlights information relevant to the United Nations Sustainable Development Goals (UN SDGs). The World Business Council for Sustainable Development provides a SDG Roadmap for Electric Utilities, which identifies nine of the 17 SDGs as priorities for the electric utility industry.[2] The table to the right provides an outline of information relevant to the SDGs in this report.[3]

1 The SASB Index aligns with the SASB Infrastructure Sector, Electric Utilities and Power Generators and Gas Utilities and Distributors Standards.

2 The same SDGs generally apply to PSE's service as a natural gas utility.

3 We also included SDG 14, "Life Below Water" to highlight our relevant conservation measures.

This report includes forward-looking statements, which are statements of expectations, beliefs, plans, objectives and assumptions of future events or performance. Forward-looking statements reflect current expectations and involve risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed. There can be no assurance that Puget Energy's — PSE's parent corporation — and PSE's aspirations, expectations, beliefs or projections will be achieved or accomplished.

Metrics calculated using the GHG Reporting Protocol's Corporate Standard within this report are subject to change if changes in methodology occur, either as a result of a different interpretation or application of the protocol or formal changes made to its guidance.

SDGS AND RELEVANT REPORT SECTIONS

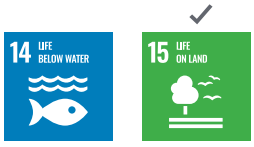
✓ Identified as priority SDGs for the electric utility sector by the World Business Council for Sustainable Development[2]



- Our communities
- Our commitment to inclusion
- Our employees



- Leadership
- PSE's role in Washington's clean energy transformation
- Resource planning
- Core business operations
- Environmental compliance
- Our customers
- Our communities
- Our ethics: Doing the right thing



- Greenhouse gas management
- Environmental compliance
- Biodiversity and habitat protection

COMPANY PROFILE AND BUSINESS OPERATIONS

PSE is the oldest and largest investor-owned electric and natural gas utility based in Washington state, with a predecessor company, Seattle Gas Light Company, dating back to 1873. PSE is a subsidiary of Puget Energy, Inc., owned through a holding company structure by Puget Holdings, LLC (Puget Holdings). Puget Holdings is owned by a consortium of long-term infrastructure investors.

Headquartered in Bellevue, Washington, PSE serves approximately 1.3 million electric and nearly 900,000 natural gas customers. Our 6,000-square-mile service area covers 10 counties throughout the western and southern parts of the state. Our success is driven by our skilled workforce of 3,412 full-time equivalent employees.[4] For additional operational specifics, please visit our SASB Index and the Data Appendix.

For more information on PSE's operations and history, please visit our website.

4 As of Dec. 31, 2025.



CORE BUSINESS OPERATIONS

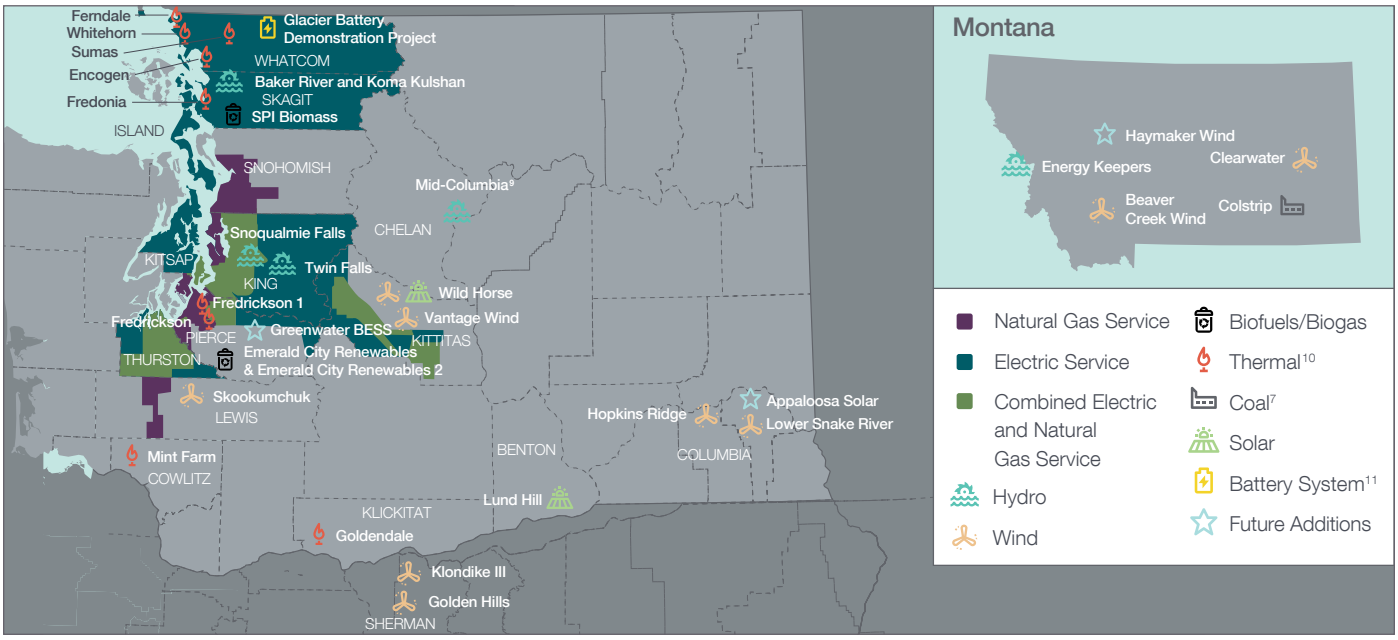
PSE's core business operations include electricity generation, electric power transmission and distribution, natural gas distribution and natural gas storage.[5] Our operations and rates are primarily regulated by the Washington Utilities and Transportation Commission (WUTC).

DIVERSIFIED ELECTRICITY GENERATION PORTFOLIO

To ensure system reliability, we maintain a diverse portfolio of generation resources to serve our customers. As of Dec. 31, 2025, our electric power resources (company-owned, controlled or under long-term contracts) had a total nameplate capacity of approximately 7,968 megawatts (MW). In 2025, these resources generated almost 29 million megawatt hours (MWh), with about 21 million MWh[6] delivered to customers. The locations of PSE's generation facilities are shown in the map below.

PSE's coal resources in 2025 included partial ownership of the Colstrip Steam Electric Station (Colstrip power plant) in Colstrip, Montana[7] and a power purchase agreement (PPA) with TransAlta's Centralia, Washington coal plant. As described in the PSE's Clean Energy Generation Portfolio section, as of Dec. 31, 2025, PSE completed its phase-out of coal and no longer serves customers with coal-generated electricity.

OWNED AND CONTRACTED GENERATION MAP[8]



5 PSE's parent company, Puget Energy, also has a wholly owned, non-regulated subsidiary, Puget LNG, which has the sole purpose of owning, developing and financing the non-regulated activity of a liquefied natural gas facility at the Port of Tacoma, Washington.

6 The MWh delivered to customers may include 2 million MWh of non-firm energy purchased. The difference between generation and customer deliveries reflects company use and transmission losses and energy sold to wholesale markets and/or other utilities.

7 In 2025, PSE co-owned Colstrip power plant, along with Avista Corporation, Portland General Electric, PacifiCorp, NorthWestern Energy and the operator, Talen Energy. As Jan. 1, 2026, PSE is no longer a co-owner of the Colstrip power plant.

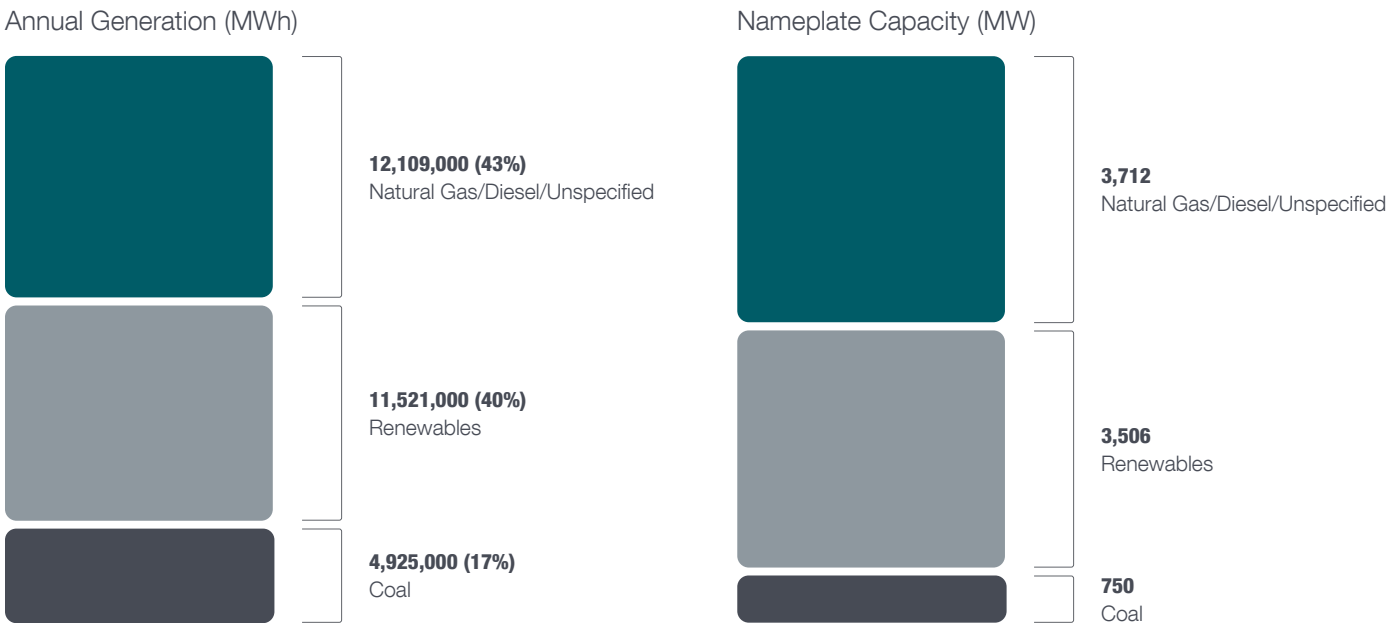
8 Map shows primary generating resources owned by PSE or where PSE has purchased power under long-term contracts.

9 Mid-Columbia includes long-term contracts with the hydro resources Priest Rapids, Rock Island I & II, Rocky Reach, Wanapum and Wells.

10 Four of PSE's natural gas plants are dual fuel with diesel backup. PSE also owns a diesel-fired generator that provides emergency and peaking power to Crystal Mountain Ski Resort and surrounding communities in Pierce County (not shown).

11 Currently, the Glacier Battery Demonstration Project is not in operation. After evaluating several options, PSE determined that removing the system in phases is the safest and most effective solution for the community and the site. PSE plans to complete the removal in 2026.

2025 PSE OWNED AND CONTRACTED ELECTRIC GENERATING RESOURCES[12]



12 Source is based on a combination of public filings (e.g., PSE 2025 10-K) and internal records. Rounded to nearest 1,000 MWh. The "Renewables" category consists of hydropower, wind, solar and biomass. The "Natural Gas/Diesel/Unspecified" category includes supply under company-control related to two tolling agreements with a combined capacity of 783 MW. Additionally, 15 MW of capacity from the Columbia River PUD contracts is excluded from the "Renewables" category, as this capacity is delivered to Canada pursuant to the provisions of a treaty between Canada and the United States, and Canadian Entitlement Allocation agreements as of Dec. 31, 2025.

NATURAL GAS SUPPLY AND STORAGE

PSE purchases fossil natural gas from Canada and the Rocky Mountain states for power generation and customer end-use. PSE also purchases renewable natural gas (RNG) from various sources. Natural gas acquired for customer use is distributed through more than 26,800 miles of PSE-owned gas pipelines and service lines.

We manage a strategically diversified gas supply portfolio, procuring gas under a mix of short-, medium- and long-term contracts, intended to mitigate impacts on customers from volatility in gas prices. Additionally, we co-own and operate the Pacific Northwest's largest natural gas storage depot, the Jackson Prairie Underground Natural Gas Storage Facility in Lewis County, allowing us to buy and store gas when prices are low to help provide a more reliable and more affordable supply of gas when it is needed most. Jackson Prairie's natural gas reserves can meet up to 40% of our customers' peak demand for an extended period on our coldest winter days. We also store natural gas in Questar's Clay Basin underground facility in northeast Utah to provide operational flexibility and price protection.

PSE and our sister company, Puget LNG, co-own a liquefied natural gas (LNG) facility at the Port of Tacoma, which can produce approximately 250,000 gallons of LNG per day with a storage capacity of approximately eight million gallons. This resource serves as a peak shaving facility for PSE's natural gas customers by helping meet demand on our coldest days. Through Puget LNG, this facility also provides lower-carbon fuel for maritime vessels and trucks. For more information on LNG fuel, please visit the Liquefied Natural Gas and Compressed Natural Gas section.

PSE operates another peak shaving LNG storage facility in Gig Harbor, Washington that serves PSE's natural gas customers in the Gig Harbor area when temperatures drop and demand peaks. We also hold a contract for LNG storage services at Northwest Pipeline, LLC's Plymouth LNG facility, providing approximately 2.8 million gallons of storage capacity for PSE-owned natural gas. This facility serves as an alternate supply source for both our natural gas customers and generation fleet during peak demand periods. For more information on PSE's natural gas storage and LNG initiatives, please visit the Natural Gas Storage webpage.

PSE'S ROLE IN WASHINGTON'S CLEAN ENERGY TRANSFORMATION

PSE has long been a leader in working towards a cleaner energy future, investing billions in energy efficiency and wind, solar and other renewable generation resources to power for homes and businesses. In 2021, we outlined new emission reduction strategies in our white paper, *Pathway to Beyond Net Zero Carbon by 2045.* Much has changed since then. The energy sector has transformed significantly, creating a heightened demand for cleaner resources. This shift is especially evident in Washington state where comprehensive climate legislation and related regulations influence our business strategies and power demand forecasts have risen beyond earlier expectations. As a result, we have updated our emission reduction ambitions in our *2025 Climate Action Update*.

The transition to a net zero carbon energy future requires a focused and coordinated effort in every aspect of our business and collaboration with and support from elected officials, regulators, customers and communities.
To decarbonize our energy portfolio while also expanding to meet greater energy demands, we will also need evolving technologies, such as carbon capture, small modular nuclear reactors, next generation geothermal systems and long duration batteries to meet dispatchable energy needs. We continue to look for opportunities to pilot new lower- and zero-carbon technologies and alternative fuels.

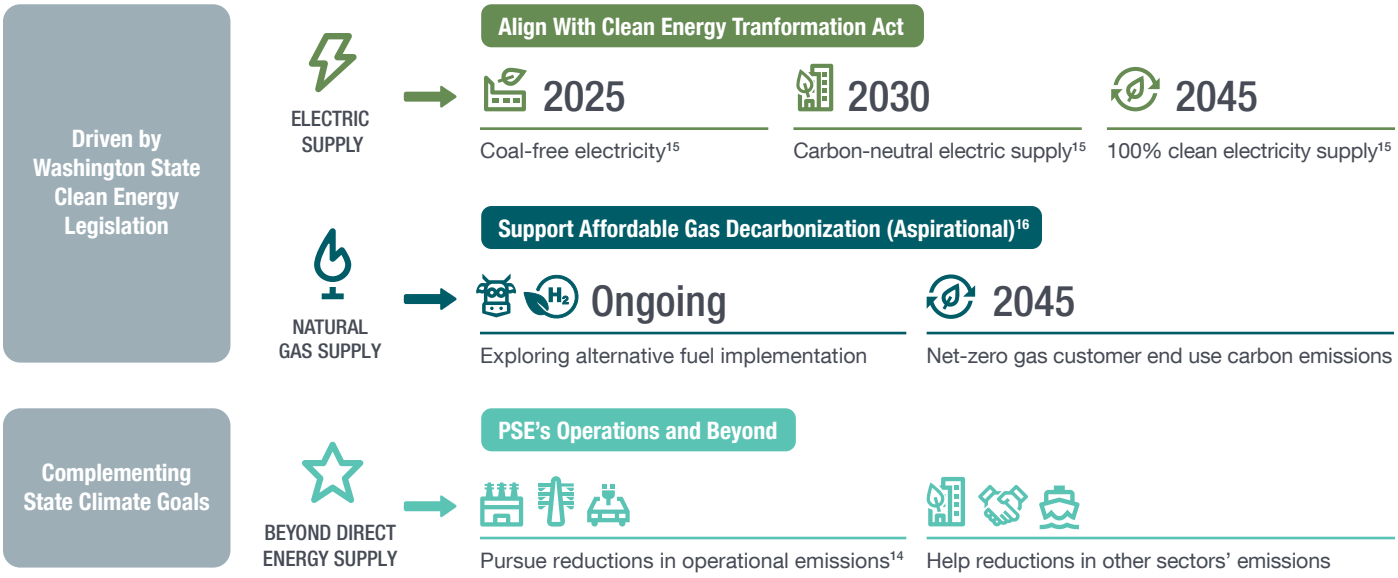
For more information on our cleaner energy plans and on-going efforts, please visit our *2021 Pathway to Beyond Net Zero Carbon by 2045* and our *2025 Climate Action Update*.





PSE is committed to carbon neutral emissions electric supply for our Washington customers by 2030 and a 100% carbon-free[13] electric supply by 2045, consistent with Washington state's Clean Energy Transformation Act (CETA). We also aim to reduce our operational emissions[14] and support broader decarbonization efforts, such as transportation electrification and providing lower-carbon, cleaner fuels to fleet and marine vessels. The following illustrates how we align our cleaner energy strategy with Washington state's climate goals.

PSE'S CLEAN ENERGY STRATEGY



13 For this report, carbon-free and carbon neutral refer to non-emitting electric generation and renewable energy resources as defined in RCW 19.405.020.

14 PSE's operational emissions include methane leaks, our vehicle fleet, SF_6 and energy used by our facilities, among other operational activities.

15 PSE completed its phase-out of coal-generated electricity to our Washington customers as of the end of 2025, and is committed to a net zero carbon emissions electric supply for our Washington customers by 2030 and a 100% non-emitting electric supply by 2045, consistent with Washington state's CETA.

16 The Climate Commitment Act creates market incentives for natural gas decarbonization through carbon pricing. PSE aspires to net-zero gas customer emissions by 2045, subject to customer preferences, regulatory requirements, commercial availability of alternative technologies and cost-effectiveness.

RESOURCE PLANNING

For decades, PSE has employed comprehensive resource planning processes to ensure safe and reliable energy delivery to our customers. This planning historically focused on forecasting and preparing for future needs through an integrated resource planning process, which looks ahead 20 years to independently evaluate electric and gas supply requirements and necessary delivery infrastructure. Through this process, PSE historically developed separate electric and gas Integrated Resource Plans (IRPs). This long-standing approach is now shifting as PSE moves toward a unified Integrated System Plan (ISP).

A FUNDAMENTAL SHIFT IN RESOURCE PLANNING

Traditionally, our IRP was focused on the WUTC mandate to identify lowest reasonable resources to meet demand; however, in 2019, Washington passed CETA, which commits the state to an electricity supply free of GHG emissions by 2045. It also requires an equitable distribution of benefits from the clean energy transition[17] for all utility customers and expands energy assistance programs for low-income customers.

CETA requires us to prepare additional electric planning documents which we incorporate into our resource planning process, including:

1. A 10-year Clean Energy Action Plan (CEAP) that identifies specific actions we anticipate taking over the next decade toward meeting the goals of CETA, provided in Chapter 2 of our 2023 Electric Progress Report, and
2. A four-year Clean Energy Implementation Plan (CEIP), a near-term roadmap that includes specific actions we will take to meet CETA's milestones and outlines our expected new resource investments and procurements.

PSE integrated CETA goals into our electric resource planning process, as reflected in our most recent Electric IRP published in 2021 and our 2023 Electric Progress Report,[18] which is an update to the 2021 Electric IRP.[19]

Building on CETA's foundation, Washington passed the Climate Commitment Act (CCA) in 2021, which puts a price on carbon emissions for energy generated in Washington state or imported to serve Washington's energy demand. The CCA gives Washington electric and gas utilities a certain amount of no-cost carbon allowances to ease the cost burden on customers with a priority focus on low-income customers. PSE incorporated the requirements of this carbon pricing regime into our 2023 Gas IRP and 2023 Electric Progress Report.

In 2024, the Washington State Legislature passed the Washington Decarbonization Act for Large Combined Utilities (the Large Combination Utilities Decarbonization Act (UDA))[20] allowing PSE to consolidate all the planning processes for gas and electric operations into a single ISP. This new approach will include elements of the past planning processes such as forecasted energy demand, resource supply scenarios, clean energy targets and equity goals. It will also address major delivery infrastructure necessary to meet demand goals and targets.

This new ISP process represents the next evolution in our resource planning approach. The ISP will streamline our planning by consolidating the electric and gas IRP and CETA driven clean energy planning into a more holistic process with more transparency for our customers on decarbonization pathway potential and associated costs. PSE's first ISP will be completed and filed with the WUTC in April 2027.

17 Use of the term "clean energy transition" within the context of PSE's objectives that are driven by CETA compliance relates to electric supply to serve retail electric load as defined at RCW 19.405.020(35).

18 The 2023 Electric Progress Report is our first resource plan to incorporate climate change temperature predictions in its analysis.

19 Under WAC 480-100-625, PSE was required to file an electric IRP by Jan. 1, 2021 and every four years thereafter, and a progress report (IRP update) two years after each IRP. The Washington State Decarbonization Act for Large Combined Utilities transitions this requirement to an Integrated (gas and electric) System Plan filing, with PSE's first ISP due April 1, 2027.

20 Washington Decarbonization Act for Large Combination Utilities, Engrossed Substitute House Bill 1589, § 3(1) (2024).

PUBLIC ENGAGEMENT IN RESOURCE PLANNING

Through our clean energy planning process, we aim to find affordable, clean energy solutions[21] that benefit all customers while addressing burdens on highly impacted communities and vulnerable populations.[22] The 2023 Biennial CEIP Update (Biennial Update), filed with the WUTC in November 2023 and approved with conditions in March 2024, includes updated goals and outlines our specific actions, such as our efforts supporting equity and public engagement.

We collaborated with customers, community-based organizations and advisory groups to develop our CEIP. These parties provided input on clean energy values, customer benefits and barriers. PSE engaged with our Equity Advisory Group (EAG) to identify potentially affected interested parties, seek diverse perspectives and enhance engagement with the communities we serve.

EAG members provide their expertise and share their lived experiences related to environmental justice, tribal interests, highly impacted communities, vulnerable populations, social services, affordable housing and other community needs. The group developed an equity lens focused on accessibility, affordability and accountability to frame their input on clean energy planning. In collaboration with the EAG, Conservation Resource Advisory Group and Low Income Advisory Committee (LIAC), PSE also developed a process for identifying customers in the deepest need. This work is intended to help PSE focus efforts on customers who are experiencing severe energy burden along with other compounding vulnerability factors.

PSE also engages the Resource Planning Advisory Group (RPAG), a formal technical advisory group of 14 representatives from government agencies, environmental and social advocacy organizations, customer advocates and educational institutions. The RPAG meets monthly or bi-monthly, depending on the planning phase, in public sessions to provide technical input on analytical issues, with public comment opportunities at each meeting.

Additionally, PSE hosts periodic public resource planning meetings designed for broader audiences to gather input from customers and the general public on our resource planning efforts.

Going forward, the ISP process will continue to incorporate similar comprehensive public engagement approaches for both electric and gas planning, ensuring continued collaboration with customers and communities in our consolidated CETA clean energy planning efforts. For more information on public engagement in the CEIP process and the EAG membership and activities, please visit the Clean Energy Planning page on our website.

CUSTOMER BENEFIT INDICATORS

As part of the implementation of our CEIP, we track customer benefit indicators (CBIs) to help ensure all customers benefit from the transition to clean energy. We consider CBIs across a variety of areas, such as affordability, energy resiliency, environment and public health. PSE is continuing to collect and refine CBI data, as discussed in the Biennial Update.

As we move forward with the CEIP and develop our 2027 ISP, we plan to review the baseline data collected for each CBI, identify any trends or underlying narratives and evaluate any disparities or challenges our customers may face. After we've further developed the baseline data set, we'll begin establishing interim goals for at least some of our CBIs in the 2027 ISP.

For more information on how we support access to energy, please visit the Energy Affordability section of our SASB Index. For more detail on PSE's approach to energy equity, please visit the Energy Equity page on our website.

21 Use of the term "clean energy solutions" within the context of PSE's objectives that are driven by CETA compliance relates to electric supply to serve retail electric load as defined at RCW 19.405.020(35).

22 Definitions for "highly impacted communities" and "vulnerable populations" may be found at RCW 19.405.020.



PSE'S CLEAN ENERGY GENERATION PORTFOLIO

As part of our CEIP,[23] we identified interim targets that align with our plans to acquire additional renewable and non-emitting resources, which will help us meet the overarching goal of CETA — 100% clean electricity delivery by 2045. Progress towards CETA's objectives depends on both the transition away from coal-fired generation and the continued acquisition of non-emitting energy resources.

Over the past five years, we have focused on the phase-out of coal-fired electricity from our portfolio, beginning with the shutdown of Units 1 and 2 of the Colstrip power plant in Montana in January 2020. We continued by eliminating half of the coal-fired generation from our PPA at TransAlta's Centralia, Washington coal plant with the shutdown of its Unit 1 at the end of 2020. PSE ended its ownership Colstrip Units 3 and 4 and its PPA with TransAlta's Centralia, Washington coal plant at the end of 2025, thereby fully removing coal-fired electricity from our energy supply portfolio.

23 Going forward, the CEIP process will be integrated into the ISP process.

CLEAN ENERGY DEVELOPMENT: A CONSTANTLY MOVING TARGET

As discussed in the Resource Planning section, PSE prepares plans that identify generation resources needed to meet projected customer load. This planning process integrates PSE's load forecast and our clean energy[24] targets (expressed as percentages of load) to forecast the MWh of energy generation required by PSE. These forecasts are based on expected conditions and serve as a critical tool for long-term energy planning. However, actual system conditions can differ meaningfully from these assumptions. For example, as detailed in the 2023 Biennial CEIP Update, PSE's actual load growth has exceeded forecasted growth in the 2021 Electric IRP due to additional policies (e.g., Washington state's Clean Fuel Standard) adding additional electric vehicle (EV) load onto the electric system above forecast. Additionally, demand can fluctuate based on weather conditions, such as colder-than-average winters, which increase energy use.

To add further complexity, the availability of non-emitting energy resources is also influenced by weather and resource conditions. Renewable resources such as hydropower, wind and solar are inherently variable, and actual generation can differ from expected output under normal conditions. Together, these dynamics increase the amount of clean energy required to meet interim targets expressed as a percent of load and contribute to ongoing challenges in achieving those targets. For additional details on PSE's performance relative to CETA requirements over the 2022–2025 period, please refer to the CETA Compliance Report.

The graph below illustrates how actual total load has evolved relative to projections, reflecting the impact of changing demand drivers and real-world conditions. This comparison illustrates the following:

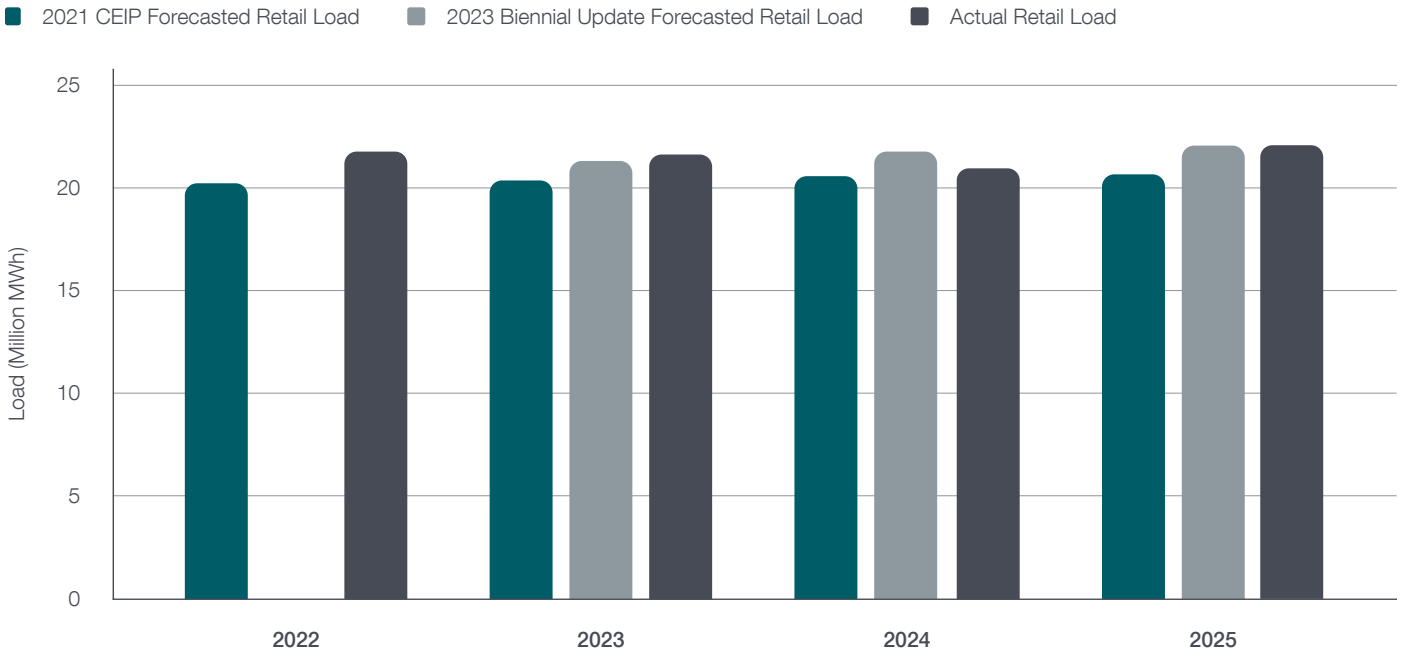
- The 2023 load forecast is greater in each year (2023 to 2025) than the 2021 load forecast
- The actual load observed in 2023 exceeded both the 2021 and 2023 load forecasts[25,26]
- Our 2024 and 2025 actual load tracked more closely with the forecasts

24 Throughout this section, the use of the term "clean energy" within the context of PSE's objectives that are driven by CETA compliance relates to electric supply to serve retail electric load as defined at RCW 19.405.020(35).

25 The 2023 Biennial Update was completed before the end of 2023 and underestimated the total load for that year.

26 The increasing load forecast (and higher actual load for 2023) is attributed to multiple factors such as adjusted post-pandemic energy demand and increased electric vehicle adoption.

FORECASTED AND ACTUAL TOTAL LOAD

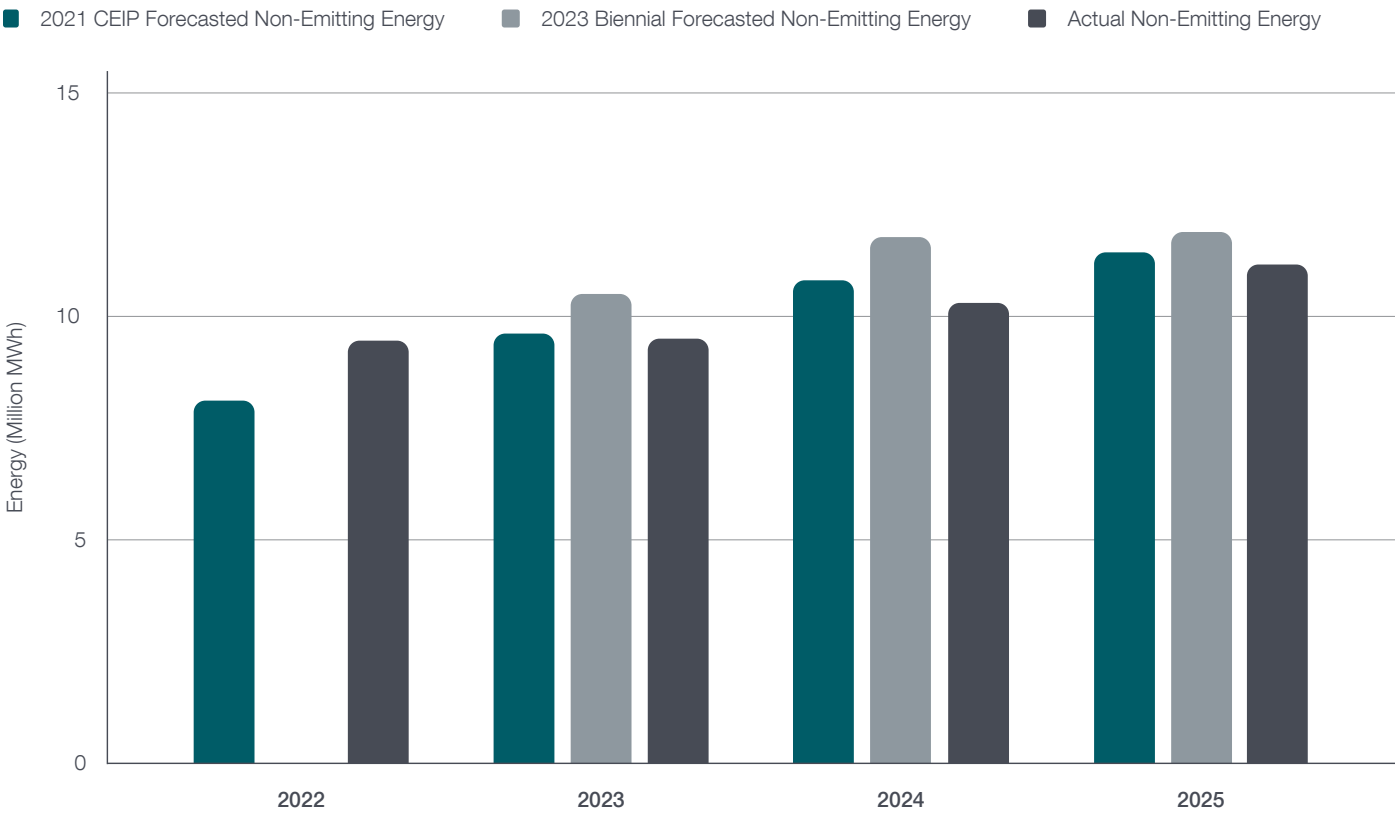




The figure below compares forecasted and actual non-emitting[27] energy, illustrating how demand growth and renewable variability affect the amount of non-emitting energy required to achieve the established interim targets. Although we supplied more megawatt-hours of non-emitting energy in 2022 than predicted in the 2021 CEIP, the percentage of non-emitting energy was lower because overall demand increased, along with the impacts of renewable generation variability, including differences from assumed hydropower conditions. While our non-emitting energy delivery showed improvement from 2023 to 2025, both remained below forecasted needs, highlighting the combined impacts of load growth and year-to-year renewable generation variability (PSE's non-emitting energy portfolio primarily relies on intermittent renewable resources, such as hydropower, wind and solar, actual annual output fluctuates with weather and resource conditions). Effectively, the required renewable energy capacity to achieve our CETA percentage target has been a constantly moving target.

27 Non-emitting in this context includes renewable generation.

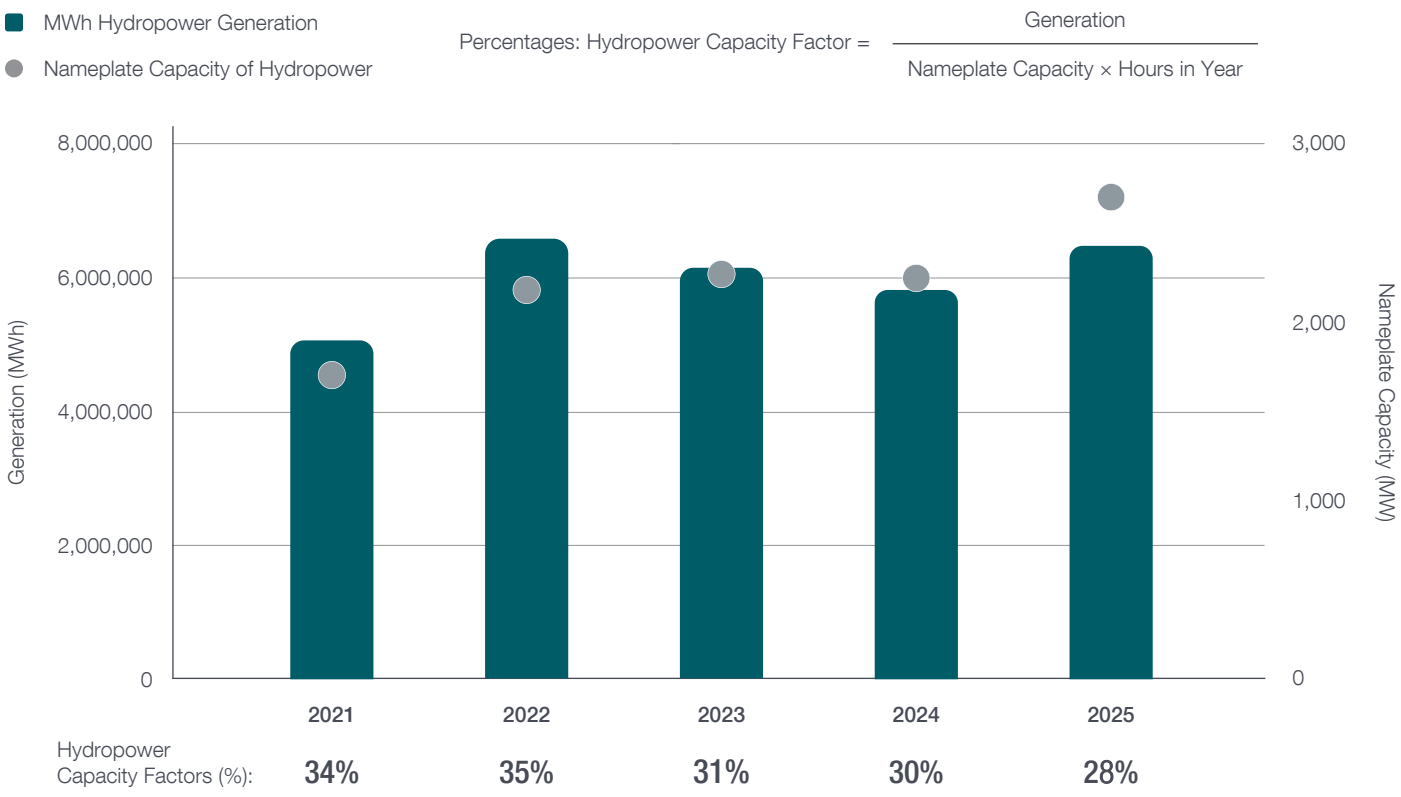
FORECASTED AND ACTUAL NON-EMITTING ENERGY



Since the 2021 CEIP, PSE has procured or signed long- and short-term deals totaling over five million MWh per year, and PSE continues to pursue new procurement opportunities to secure additional resources. However, acquisition of these resources faces several obstacles including permitting, availability of transmission and construction. PSE's 2021 All Source Request for Proposal (RFP) sought bids for clean energy projects that would come online by 2026. Due to permitting, transmission and construction (including procurement) constraints, however, many of these projects delayed commercial operation until late 2027 and beyond.

As a result, PSE-owned and contracted resources were not sufficient to reach our interim target to source 63% of our forecasted retail electric supply requirement from CETA-eligible energy by 2025. This shortfall is due to the permitting, transmission and construction issues as well as higher-than-expected load growth. PSE continues to diligently pursue additional acquisition of clean electricity resources while also exploring its own development and repowering options. In addition, development and commercialization of new emerging technologies is crucial to PSE being able to acquire the diverse non-emitting, dispatchable resources that are needed, as renewable resources like wind and hydropower are intermittent and depend heavily on weather conditions (e.g., a low snowpack year impacts hydropower availability) unlike conventional fossil fuel resources. This weather dependency is illustrated in the graph below, which shows that despite PSE increasing its contracted hydropower capacity through additional PPAs, the capacity factor declined by six percent from 2021 to 2025, reflecting lower generation (MWhs) than expected. Additionally, 2022 hydropower generation is comparable to that in 2025, even though hydropower nameplate capacity was higher in 2025. This demonstrates that higher nameplate capacity does not always result in higher generation output.

HYDROPOWER: GENERATION AND NAMEPLATE CAPACITY (2021–2025)[28]



28 Increasing capacity did not lead to proportionate increases in generation.

Short-term market purchases could serve an interim role until these renewable development projects come online, but these purchases are highly variable in availability and cost. PSE is part of the Western Interconnection that spans across 14 states and includes portions of Canada and Mexico; many of these states also have ambitious clean energy goals similar to Washington state. Regional demand for existing clean energy resources has tightened the market and driven up prices, especially considering the intermittent nature of these renewable resources. Moreover, short-term market purchases of existing clean energy generation resources optimize their use but do not increase the amount of clean energy resources currently serving the grid, so these purchases do not help make long-term progress towards PSE's clean energy goals. That is why PSE is prioritizing long-term acquisitions that add new clean energy resources to the region to meet resource needs in this evolving and dynamic energy landscape.

To meet customer demand with clean energy resources, PSE is taking a multi-faceted approach towards our clean energy goals. Forecasting provides guidance on what the potential future load may be for clean energy planning purposes; however, forecasting, like any prediction, has its challenges. Actual energy demand can vary significantly depending on evolving factors like increased industrial demand, EV adoption and variable and changing weather patterns, as well as differences between assumed normal conditions and actual system conditions. Considering such highly variable factors in future load demand forecasts makes planning our clean energy roadmap[29] increasingly challenging. As a result, our planning methodology and clean energy targets must continue to evolve and adapt to the changing landscape towards a cleaner energy future. For more information about our cleaner energy strategy and challenges, please visit the Resource Planning section and our *2025 Climate Action Update*.

29 Use of the term "clean energy roadmap" within the context of PSE's objectives that are driven by CETA compliance relates to electric supply to serve retail electric load as defined at RCW 19.405.020(35).

PSE SIGNS AGREEMENT TO ADVANCE WASHINGTON STATE'S CLEAN ENERGY GOALS WITH NEW SOLAR PROJECT

Building on its commitment to Washington's clean energy future, PSE has taken another significant step forward with the Schnebly Coulee solar project in Kittitas County. Once operational, the 90 MW solar facility is expected to generate approximately 213 gigawatt-hours of electricity annually, supporting PSE's efforts to meet projected resource needs under Washington's CETA requirements.

Construction on the facility began in August 2025, and is expected to be commercially operational by June 2029, connecting to PSE's system through existing infrastructure to ensure reliable energy delivery to PSE's service territory. For PSE, the project reflects the continued momentum in securing new renewable resources to fulfill some of our capacity needs and support progress toward Washington's clean energy requirements.





GROWING OUR RENEWABLE ENERGY FLEET

PSE has a long history of investing in renewable energy such as wind, solar and biomass generation. Since 2019 (when CETA was first enacted), PSE has signed 18 agreements representing more than 2,800 MW of CETA-compliant nameplate generating capacity across active and upcoming projects. This total includes approximately 2,387 MW of solar and wind nameplate generating capacity between 2021 and 2026 through a combination of PSE-owned assets and PPAs. In addition, PSE has secured supplemental short-term resources to support near-term energy needs.

PSE plans to continue expanding our non-emitting energy supply. In the 2022–2025 compliance period, we delivered more MWh of clean energy to our electric customers than originally projected in the 2021 CEIP. Since 2021, our additional cleaner energy expansion includes:

- 248 MW of PSE-owned wind capacity (Beaver Creek Wind Facility) that became operational in 2025.
- 142 MW of PSE-owned solar project (Appaloosa Solar Project) that began construction in late 2025, with commercial operations anticipated in late 2027.
- Approximately 1,055 MW is projected to come online by 2030 from signed PPAs and owned projects.
- A long-term PPA will provide PSE with 25% of the output from two Columbia River dams starting in 2031.[30]

For more information on our programs that increase customer access to cleaner energy resources, please visit the Our Customers section.

PSE OWNED AND CONTRACTED RENEWABLE ENERGY RESOURCES[31,32]

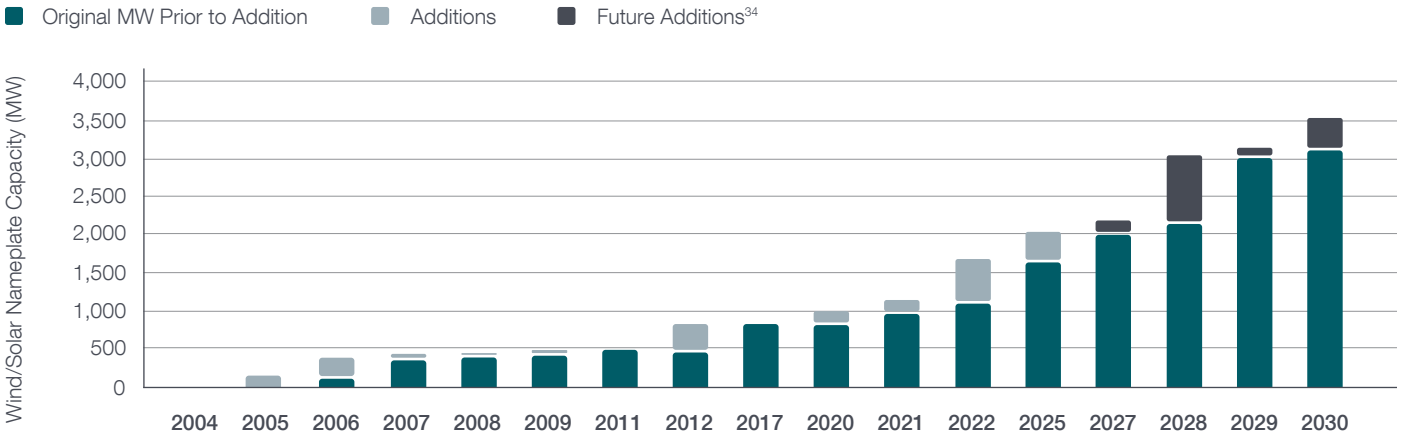


30 PSE, *Chelan PUD and Puget Sound Energy Announce Long-Term Clean Energy Contract* (Feb. 7, 2023), available at PSE.com (last accessed May 19, 2026).

31 Reflects PSE's current portfolio of owned and contracted resources based on a combination of public filings (e.g., 2025 10-K) and internal records. This figure includes both long- and short-term renewable contracts.

32 For Snoqualmie Falls, the FERC license authorizes the full 54.4 MW; however, the project's water right issued by the Washington State Department of Ecology limits flow to 2,500 cubic feet and therefore output to 47.7 MW. Additionally, 15 MW of capacity from the Columbia River PUD contracts is excluded from the "Renewables" category, as this capacity is delivered to Canada pursuant to the provisions of a treaty between Canada and the United States, and Canadian Entitlement Allocation agreements as of Dec 31, 2025.

PSE PORTFOLIO WIND AND SOLAR GENERATION PROGRESS UP TO 2030[33]



33 Portfolio includes CETA-eligible, owned wind/solar resources and/or long-term firm contract.

34 Future additions reflect expected commercial operation dates based on current project schedules and planning assumptions and are subject to change.

CONSTRUCTION IS UNDERWAY AT OUR APPALOOSA SOLAR PROJECT

In September 2025, we broke ground on the Appaloosa Solar Project, marking an important milestone in the continued expansion of our renewable energy portfolio. Located in southeastern Washington, the utility-scale solar facility will be partially co-located within the footprint of our existing Lower Snake River Wind Facility in Garfield County. By leveraging existing transmission rights and infrastructure, this project reflects our commitment to thoughtful, efficient development that maximizes value for our customers while minimizing additional land and system impacts.

When fully operational, the Appaloosa Solar Project is expected to generate up to 142 MW of renewable energy. The project will contribute to our strategy to align with Washington's 2030 CETA requirement and play a critical role in supporting system reliability by helping meet peak electricity demand during the summer months, when cooling needs are highest. Together with our existing wind resources in the region, Appaloosa strengthens a diversified renewable energy mix designed to deliver cleaner, reliable power when and where customers need it most.



PSE CELEBRATES BEAVER CREEK WIND FARM COMPLETION WITH LOCAL COMMUNITY

We recently marked the completion of the 248 MW Beaver Creek Wind Facility with a community celebration recognizing the partnerships that brought the project to life. Hosted at the Stillwater County Civic Center in Montana, the event brought together 170 attendees, including PSE employees and their families, local landowners, elected officials and community members. Guests enjoyed a barbecue dinner, fresh flowers sourced from local fields and family-friendly activities, underscoring the strong connection between the project and the surrounding community.

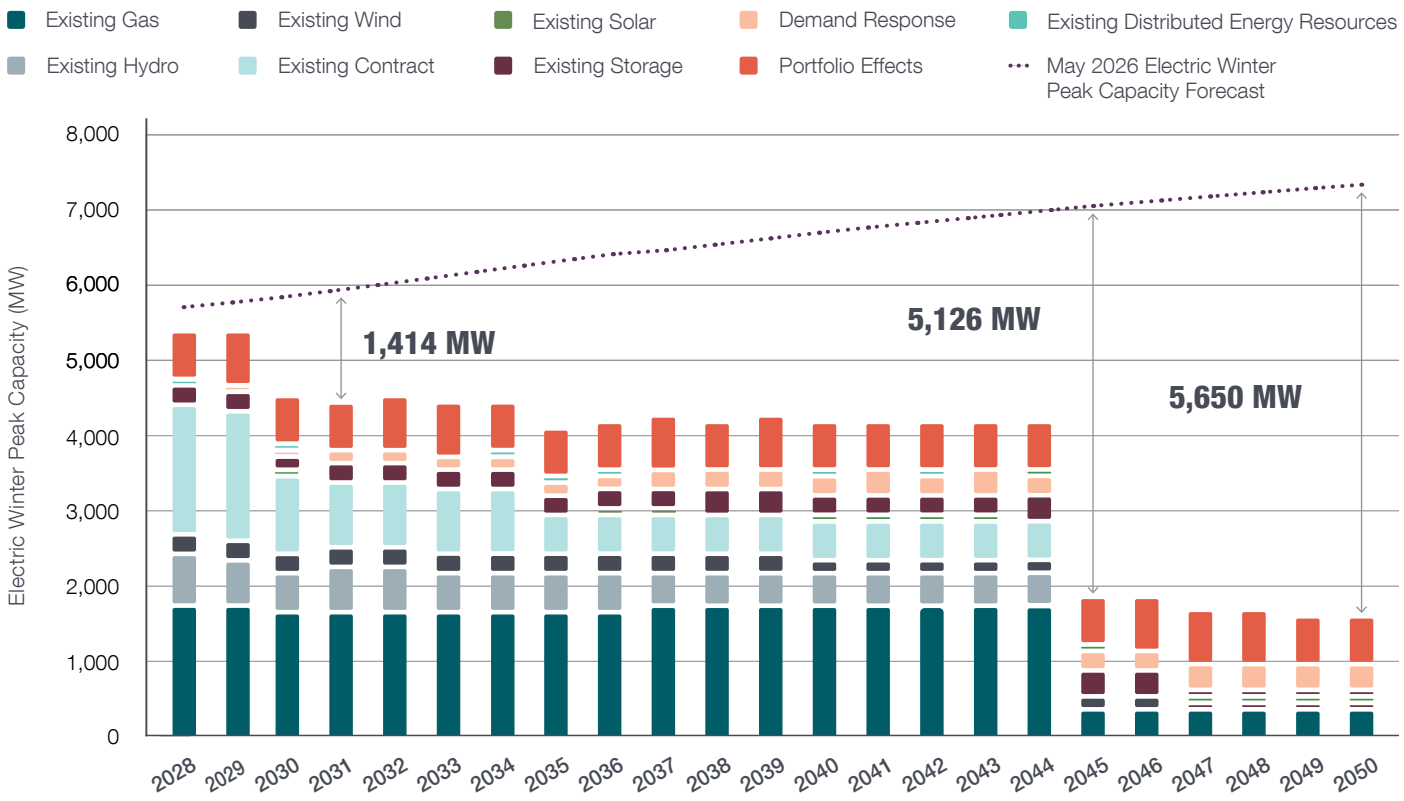
The Beaver Creek wind project reached full operation just 15 months after construction began in April 2024 — an accelerated timeline made possible through close collaboration with local landowners, businesses and state and local officials. Located approximately 30 miles north of Columbus, Montana, the facility will provide valuable winter wind generation that helps balance seasonal energy needs across PSE's system, particularly during severe winter cold snaps when high-pressure weather patterns in the Pacific Northwest can reduce wind production in Washington.

"The Beaver Creek project moved from construction to full operation in just over a year, demonstrating what's possible when we combine innovative planning with strong partnerships." said President and CEO Mary Kipp.



ADDRESSING OUR GROWING CAPACITY NEEDS

ELECTRIC WINTER PEAK CAPACITY NEEDS FOR 2028–2050[35]



In the coming decades, PSE expects our need for capacity to grow significantly given the sharp rise in the demand forecast for electricity, occurring at the same time regional fossil fuel resources are being either retired, phased out of our portfolio to comply with CETA by 2045, as reflected in the figure above. The figure shows the anticipated deficit between existing resources and our winter peak capacity needs (represented by the purple line), illustrating the growing gap that must be filled to maintain system reliability for our customers during the highest demand periods in winter months. PSE is actively pursuing renewable and non-emitting resources to fill this growing need while meeting our clean energy goals and requirements. In the near term, this includes acquiring intermediate and longer-term wind, solar and hydroelectric generation and storage, as well as growing and developing new customer-side programs, such as demand response and vehicle to grid technologies.

While these resources will help fill the near-term need, availability of renewable or non-emitting resources at the scale needed to fully replace the dispatchable generation provided by traditional fossil fuels remains nascent. Commercialization of such non-emitting, commercially available technologies, such as advanced nuclear or geothermal, may not occur for another decade or longer. Until such new generation options emerge at a commercially viable scale, PSE anticipates new natural gas generation will be required when intermittent wind and solar generation are not available, when hydroelectric generation is seasonally below normal and when storage alone cannot fill the remaining need.

35 Updated resource need presented to Resource Planning Advisory Group on May 28, 2026, available at CleanEnergyPlan.PSE.com (last accessed May 28, 2026). The "Existing Gas" bars reflect the phase-out of natural gas generation resources to comply with CETA, declining to zero starting in 2045. The "Portfolio Effects" bars represent adjustments to total capacity to reflect how resources perform together as a system, rather than as a simple sum of individual resources. These adjustments account for differences in timing and overlap in resource output (e.g., resources that produce electricity at different times can complement each other, increasing their combined contribution to meeting demand). The decreasing trend in "existing" resources is due to expiration of current PPAs.

NATURAL GAS SYSTEM TRANSITIONS AND IMPROVEMENTS

As we work toward a net zero carbon energy future, PSE is taking a comprehensive approach to evaluate how to reduce emissions from our natural gas system while maintaining safe and reliable service. We are pursuing focused system transitions through targeted electrification and alternative fuels, and we continue to make progress in reducing emissions through systematic infrastructure improvements and initiatives to reduce methane leaks.

TARGETED ELECTRIFICATION

For PSE, "targeted electrification" describes the process of using financial and technical data to support certain PSE natural gas customers in converting from gas appliances with electric alternatives in key geographic areas. Low-income customers, as well as customers in gas-constrained geographic areas, are encouraged through incentives to electrify their energy usage. Such targeted electrification prioritizes switching to electric appliances to reduce gas demand. This approach works to both relieve gas delivery constraints (i.e., where gas demand exceeds system capacity) and protect low-income customers from the anticipated rising cost of natural gas.

To inform the development of our targeted electrification strategy, PSE completed a targeted electrification pilot project in 2024. This pilot was aimed at encouraging customers to adopt phased electrification through a combination of programs, incentives and promotional activities, while informing PSE's targeted electrification strategy on how to balance carbon emissions reduction and equity with cost effectiveness and customer impact. The results of this pilot are available on PSE's Clean Energy Plan website and will help inform PSE's 2027 ISP. In 2025, PSE implemented a portfolio of grants, direct install offerings and utility partnership programs that enabled electrification in customers' homes and businesses. Where relevant, these offers were co-deployed with existing energy efficiency and demand response customer engagement plans. PSE will continue evaluating the outcomes of these approaches through the 2027 ISP to better understand system-level and customer impacts and inform any broader program development.



METHANE EMISSION REDUCTION EFFORTS

Methane is the primary component of natural gas. It is a potent greenhouse gas with a global warming potential approximately 28 times greater than carbon dioxide (CO_2).[36] Methane has a relatively short half-life in the atmosphere of approximately 10–12 years,[37] which means reductions today have near-term benefit for society. Reducing methane emissions from our system operations is an important part of our fight against climate change. As a long-time member of the U.S. Environmental Protection Agency's (EPA) voluntary Methane Challenge Program,[38] we report our progress on our comprehensive efforts to reduce methane emissions. We aim to eliminate distribution system methane leaks to the extent practical (e.g., through expedited repair following leak identification) and to reduce or offset all other methane emissions from our gas infrastructure operations and maintenance.

36 Global warming potential AR5 standard 100-year lifecycle relative to CO_2.

37 Source of methane's lifespan is from EPA's "Methane and Nitrous Oxide Emissions from Natural Sources" document (last accessed May 19, 2026).

38 EPA sunset the Methane Challenge Partnership at the end of 2024.



Our past and current efforts to reduce methane emissions include the following:

- **Piping replacement:** We completed the elimination of all cast iron piping in 2007 and all unprotected steel piping in 2014 from our distribution system.
- **Non-hazardous leak backlog elimination:** We completed the elimination of non-hazardous leak[39] backlog in 2023. All leaks are now repaired as they are identified (i.e., a "find and fix" approach).
- **Methane emissions reporting:** We began reporting methane emissions from leaks by source category to the WUTC in 2021. These emission reports provide a basis for identification of emission reduction priorities. Currently, the largest emissions contribution is from third-party damage to the natural gas system.
- **Targeted operating procedures:** To minimize releases associated with third-party excavation damage, we adopted targeted operating procedures consistent with emission reduction opportunities identified above. PSE identifies the highest risk activities based on a review of utility locate requests and provides additional observation and education resources to minimize damage at those locations. Our efforts have resulted in a 50% reduction in third-party damage since 2015, and we expanded our contractor outreach group to focus additional resources on this work.
- **Leak detection surveys:** We aim to complete leak detection surveys covering 100% of business district pipe annually and surveys covering 100% of piping outside business districts at least every three years. We also plan to invest in advanced vehicle-mounted sensing technology, which enables us to complete leak surveys faster and more frequently. PSE purchased equipment in 2023 with plans to implement the new technology in 2026.
- **Continuous improvement:** We continuously monitor, evaluate and implement new technologies and practices to minimize methane releases during system maintenance on our distribution system. When release prevention is not feasible, PSE works to flare natural gas during maintenance to reduce GHG emissions intensity by converting it to CO_2 instead of releasing methane.

PSE also recognizes lifecycle emission impacts associated with natural gas production, processing and transportation and advocates for a reduction in upstream methane emissions. PSE is a participating member of AGA and EEI's Natural Gas Sustainability Initiative (NGSI) protocol, launched in February 2021, to calculate methane emissions intensity for operations across the natural gas supply chain.

39 Non-hazardous (Grade C) leaks do not pose a current safety risk to persons or property. Federal law requires only monitoring of Grade C leaks.

ALTERNATIVE LOWER-CARBON AND CARBON-FREE FUELS

PSE is actively engaged with the development and integration of RNG, biofuels and hydrogen technologies. These alternative fuels are essential for helping lower emissions in the hard-to-electrify gas applications, while some options may also support electricity generation needs. Throughout this transition, we remain focused on maintaining the reliability and affordability our customers expect.

Below, we describe our evaluation of these alternative fuels and their potential applications. For more information on PSE's plan for alternative fuels, please visit the Lower-Carbon Fuels page on our website.

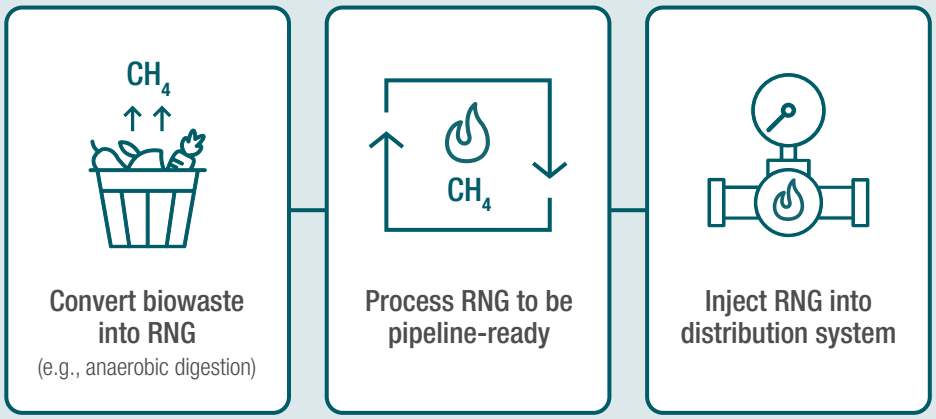
RENEWABLE NATURAL GAS

PSE began integrating RNG into our system over 30 years ago, and in 2009 we became the first utility in the region to partner with a pipeline-quality landfill RNG project. For more information on our efforts to support voluntary customer choice RNG programs please visit the Our Customers section.

Since 2022, PSE tripled our RNG supply from the Roosevelt Landfill and secured new RNG agreements with landfills, wastewater treatment plants and food processors. These additions have enabled RNG to comprise 3% to 4% of our total gas delivered to customers in 2025.

EXPANDING OUR RNG PROGRAM

PSE continues to advance its commitment to emissions reductions with the expansion of its RNG program, offering customers a lower emissions energy alternative derived from organic waste. In January 2025, PSE launched a new RNG program tailored to large volume usage customers with ambitious sustainability goals. This enhanced offering allows businesses to match RNG purchases directly to their actual gas consumption (at 25% increments from 25–100%), simplifies billing with a single-line surcharge and provides price stability for long-term planning. The update builds on the success of PSE's original block-based RNG program and reflects growing demand for scalable, transparent emissions reduction options.



In 2025, customers purchased more than 110,000 dekatherms of renewable natural gas through PSE's voluntary RNG program.

HYDROGEN

Hydrogen as an energy carrier enables numerous decarbonization solutions, including long duration energy storage, end-point industrial decarbonization and lowering the carbon footprint of maritime and aviation fuels. When public interest and funding for hydrogen emerged in 2022, PSE actively engaged in numerous opportunities, including foundational funding for the Renewable Hydrogen Alliance, participation in the Pacific Northwest Hydrogen Association (PNWH2) and a strategic Memorandum of Understanding with Modern Hydrogen, a start-up focusing on methane pyrolysis.

Since 2022, the emergence of numerous headwinds have slowed the development and commercial deployment of hydrogen solutions. Some of the most prominent factors stalling the progress of hydrogen solutions stem from changing government priorities, a lack of affordable non-emitting energy for electrolysis and market reluctance to pay initial high prices for a new energy solution. Funding for the PNWH2 was cancelled in 2025 due to a change in priorities at the Department of Energy.[40] Additionally, Modern Hydrogen was unable to achieve commercial viability and subsequently went out of business.[41]



Moving forward, PSE continues to remain engaged in the hydrogen space and routinely monitors new technology solutions. Geologic hydrogen production may have potential, both in stimulated underground reservoirs, as well as naturally occurring formations. In addition, scaling of methane-based hydrogen production in conjunction with carbon capture solutions is gaining acceptance as a lower-carbon or carbon-neutral solution. As technology continues to evolve, PSE will remain engaged and work with developers and regional entities to bring new and innovative solutions to market.

BIOFUELS

PSE continues to support the use of lower-carbon fuels in backup generation and has conducted test runs on renewable diesel (R99)[42] at our Crystal Mountain emergency generator and Frederickson Generating Station. Renewable diesel is a hydrocarbon fuel designed to be chemically identical to petroleum diesel, typically developed from vegetable oil or animal fat residues.

The first test run was conducted on our Crystal Mountain emergency generator in 2022. The test run confirmed that renewable diesel could be a replacement fuel source for diesel with minimal effects on the engine's internal components. A larger scale test run was conducted on Frederickson Generating Station's simple cycle combustion turbine in 2023. Results indicate a reduction in nitrogen oxide (NO_x) emissions during R99 combustion compared to ultra-low sulfur diesel combustion, which the facility currently uses. Also, R99 has less sulfur than ultra-low sulfur diesel fuel, so combustion of R99 results in lower sulfur dioxide (SO_2) emissions.

As of June 2025, Crystal Mountain emergency generator is primarily operating on R99 renewable diesel as we continue to test the viability of this fuel as a replacement fuel for diesel combustion.[43]

40 PNWH2, *PNWH2 Statement on DOE Funding Cuts* (October 2025), available at PNWH2.com (last accessed March 16, 2026).

41 H2 View, *Bill Gates-backed methane pyrolysis firm Modern Hydrogen has "shut down"* (Dec. 2025), available at GasWorld.com (last accessed March 16, 2026).

42 R99 is a blend of 99% renewable diesel and 1% petroleum diesel.

43 Some PSE combustion turbines have the capability of burning distillate (diesel) as a secondary fuel, but this is currently only utilized in emergency situations if the natural gas supply becomes unavailable.



LIQUEFIED NATURAL GAS AND COMPRESSED NATURAL GAS

PSE has been a supplier of lower-carbon and cleaner fuel for transportation for over 30 years. PSE supplies natural gas to public and private compressed natural gas (CNG) fueling stations around the Puget Sound region and to our own CNG truck fleet, which would otherwise run on diesel fuels with higher emissions of CO_2 and other pollutants.

Our Tacoma LNG facility provides a cleaner fuel alternative for maritime vessels and trucks. LNG used for maritime transportation in place of traditional bunker fuel and diesel reduces GHG emissions on a lifecycle basis and significantly reduces criteria pollutants NO_X, SO_2 and particulate matter (PM). Accordingly, Tacoma LNG plays a key role in helping create a greener shipping fleet for our partner TOTE Maritime and others to help the land and maritime transportation industries decarbonize.

Based on recent federal and Washington state laws, including CCA and the Clean Fuel Standard[44] (CFS), we expect demand for lower-carbon alternative fuels for transportation to grow in the coming years, especially in hard-to-electrify sectors such as long-haul trucking and marine vessels.

PSE supplies LNG to marine vessels operating between Tacoma, Washington and the state of Alaska, and compared to marine diesel, this reduces emissions by up to:[45]

↓ 28%
lower CO_2

↓ 83%
lower NO_X

↓ 79%
lower SO_2

↓ 66%
lower particulates

44 See Clean Fuel Standard - Washington State Department of Ecology (last accessed May 19, 2026).

45 Puget Sound Clean Air Agency, *Proposed Tacoma Liquefied Natural Gas Project — Final Environmental Impact Statement* (March 29, 2019), available at PSEcleanair.gov (last accessed April 2, 2026).

ELECTRIFYING TRANSPORTATION

Accelerating widespread transportation electrification is vital for Washington state to achieve its carbon reductionand clean air goals. Partnering with others to build the necessary electrification infrastructure (e.g., EV charging stations) helps advance the state's clean energy transformation. To create a system capable of supporting an electrified transportation future, we must work to remove equity barriers and increase access to EV charging options so more customers can benefit.

PSE's Up & Go Electric program provides access to incentives for customer-owned infrastructure and the option for PSE to install, own and maintain charging stations for the customer. We match every public station charge with 100% renewable energy. Through our pilot programs, we installed charging stations in residential homes, multifamily properties, workplaces and public areas. All of PSE's Up & Go Electric programs include enhanced Empower Mobility incentives for projects benefiting historically underrepresented communities.

We have expanded the Up & Go Electric for Multifamily and Workplace pilots into full programs that cover up to 100% of the cost to install multifamily and workplace charging stations. PSE also added assistance in fleet electrification for businesses, transit authorities, government agencies, community-based service providers and other commercial organizations. The Fleet Program includes fleet advisory services, turnkey infrastructure incentives and charger rebates. Since March 2024, program offerings have included residential rebates, and in 2025 PSE expanded its public charging solutions to include pole-mounted EV charging. Together, these efforts support transportation electrification by expanding access to EV charging options.

For more information, please visit our Transportation Electrification Plan, available on the Transportation Electrification page on our website.

PSE LAUNCHES INNOVATIVE POLE-MOUNTED EV CHARGING PROGRAM

In July 2025, we marked a key milestone in our Up & Go Electric program with the launch of our first pole-mounted EV charger in partnership with the City of Issaquah. The Level 2 charger operates 24/7 and typically adds meaningful driving range during everyday stops, with charging speeds that equate to roughly 10 to 25 miles of range per hour, depending on the vehicle. Mounted directly to an existing streetlight with retractable cords that deploy only during charging, the unit helps keep sidewalks clear while expanding access to charging for visitors and residents without home charging. Customers can access and manage charging through the EV Connect app, reinforcing our commitment to convenient, accessible and innovative cleaner transportation solutions.

PSE and the City of Issaquah are continuing to work together to expand pole-mounted charging sites throughout the city, helping make cleaner transportation options more accessible for community members without home charging. To learn more, please visit our Up & Go for Public — Pole Charging page on our website.



ENSURING RELIABILITY IN THE CLEAN ENERGY TRANSITION

As PSE advances toward a cleaner energy future, ensuring reliability remains a core priority. To maintain reliable service into the future, we are implementing critical strategies, from leveraging natural gas to meet demand when the wind isn't blowing or sun isn't shining to investing in energy storage, demand-side management and climate resiliency. Our efforts to build a flexible, resilient grid will enable us to support customers today while preparing for the next generation of cleaner energy technologies.

NATURAL GAS AS A TRANSITION FUEL

Natural gas plays a vital dual role in PSE's energy system by providing reliable electric generation and meeting essential gas supply needs for our customers. While we work toward complying with the clean energy transition reflected in Washington statutes, natural gas remains critical for maintaining reliable service across both systems.

PSE must maintain reliable and economic electric supply through commercially available solutions as we work to reduce emissions. Currently, natural gas helps provide two crucial functions in our electric system while also contributing to emissions reductions:

1. **Firm Power for Baseload[46] Needs with Natural Gas Combined Cycle:** To preserve reliability following the elimination of 750 MW of coal-based generation capacity from PSE's resource portfolio at the end of 2025, we secured a short-term contract for lower-emitting combined-cycle natural gas generation to maintain essential dispatchable generation capacity. This substitution of coal generation with gas generation is expected to reduce carbon emissions by approximately 50% per MWh.[47] In addition to lower emissions compared to coal generation, combined cycle facilities achieve higher efficiency using a two-stage process — first generating electricity from natural gas turbines, then capturing the waste heat to produce additional power through steam turbines. This design allows them to provide reliable baseload (firm) power while maintaining flexibility to adjust output based on system needs. As we work toward meeting CETA requirements, combined cycle generation helps ensure system reliability while significantly reducing our carbon footprint compared to coal-based generation.



2. **Grid Stability and On-demand Response with Natural Gas Simple Cycle:** Simple-cycle natural gas plants (also known as peakers) serve as critical reliability resources in our evolving grid system. Unlike baseload power plants, these facilities can start up quickly and adjust their output rapidly to meet sudden (hourly) changes in electricity demand, or fill gaps when renewable resources like wind and solar suddenly go offline or are otherwise not available. This flexibility becomes increasingly important as we integrate more variable renewable energy into our system. While these units operate less frequently than baseload plants, their ability to provide on-demand power helps prevent outages during extreme weather events, unexpected equipment failures or periods of peak demand. As we work toward meeting CETA requirements, these agile resources help ensure reliable service by serving as backup power when intermittent renewables are not available while CETA-compliant dispatchable resources, such as nuclear, geothermal and newer long-duration energy storage technologies, continue to develop.

46 Baseload means the ability to run constantly and efficiently to meet the bulk of average power demand. See U.S. Energy Information Administration for additional details, EIA.gov (last visited April 2, 2026).

47 See U.S. Energy Information Administration, *Electric power sector CO_2 emissions drop as generation mix shifts from coal to natural gas* (June 9, 2021), available at EIA.gov (last accessed on April 2, 2026). Note that this estimate only assesses direct emissions from the energy generation facility.



In addition to power generation, direct use of natural gas continues to be an energy source for space heating, water heating and other essential needs for a substantial portion of our customers. The reliability and capacity of our gas system is particularly crucial during peak winter heating demand, when transitioning to alternatives would require significant infrastructure investments and may not provide comparable service levels without substantial grid upgrades and significant increase in peaking electric capacity resources. Furthermore, our robust gas infrastructure not only provides critical energy security during extreme weather events but also offers significant energy storage capacity and delivery flexibility that help ensure reliable service year-round.

While we advance toward meeting Washington state's clean energy goals, natural gas continues to play a critical role in both our electric and gas systems. In electricity generation, natural gas generation (potentially with carbon capture) maintains system reliability until new dispatchable technologies are commercially available at scale. Similarly, in our gas system, natural gas remains essential until viable alternatives can match its reliability, capacity and flexibility in meeting our customers' energy needs in a region with winter peaking energy demands. For more information on our efforts in evaluating emerging technologies, please visit the Exploring Emerging Technologies section.

DISTRIBUTED ENERGY RESOURCES AND GRID FLEXIBILITY

Distributed energy resources[48] (DERs), including energy storage systems, microgrids[49] and other flexible technologies play an increasingly important role in enhancing grid resiliency and flexibility as the electric system evolves. These resources can help balance supply and demand and respond to localized disruptions and maintain reliable service during outages or extreme conditions.

Energy storage systems, such as battery storage (whether deployed independently or as part of a microgrid), can store excess electricity when supply exceeds demand and then release it when demand spikes or generation drops. Virtual power plants (VPPs) can further enhance this capability by aggregating and coordinating multiple DERs to function as unified grid assets. Together, these technologies have potential to prevent electricity blackouts, reduce reliance on peaker plants[50] and maintain grid frequency and voltage stability with the increased integration of renewable, intermittent energy sources.

48 Distributed energy resources are small energy generation and storage technologies that provide energy and are located close to where the energy is needed, such as rooftop solar panels located below substation level. See National Laboratory of the Rockies for additional details, (last visited Sept. 28, 2026).

49 Microgrids are localized energy grids that operate independently from the broader grid during power outages.

50 Peaker plants are power plants that predominately operate during times of high electricity demand.

PSE historically focused on developing battery storage projects to provide backup power during short duration outages adjacent to substations or in microgrids. In 2023, we installed a battery-plus-solar system to serve as a microgrid on Samish Island. The microgrid is comprised of a 50-kilowatt (kW)/332-kilowatt-hour (kWh) battery and an 8-kW ground-mount solar array. Throughout the next decade, we are evaluating this microgrid's ability to self-sufficiently provide back-up power during outages and feed the excess solar electricity back into the grid and test the system's peak shaving[51] effectiveness.

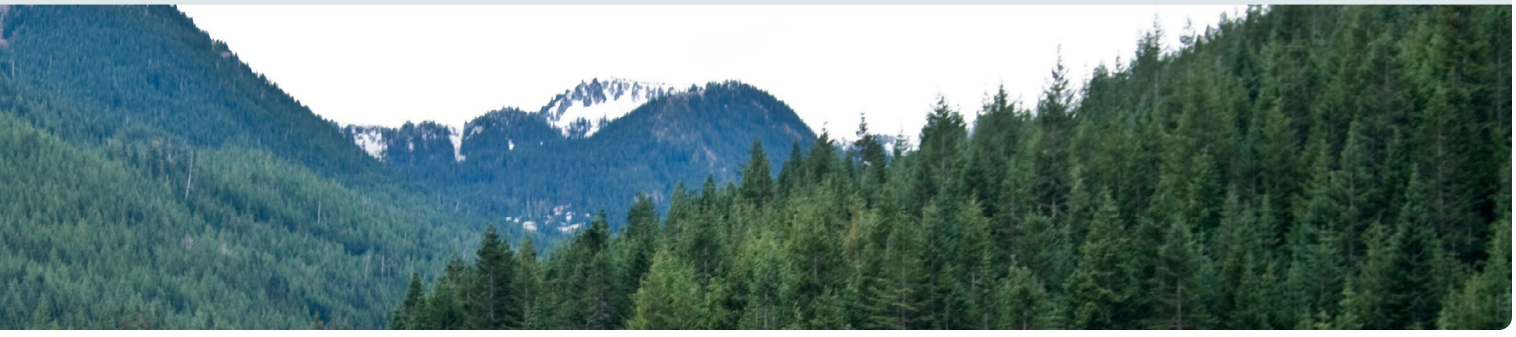
As the energy landscape shifts from primarily utility-scale resources to include a growing network of DERs, PSE is positioning itself as a key coordinator within this complex energy ecosystem. PSE continues to adapt how we manage the electric grid and orchestrate both traditional utility-scale resources and customer-owned DERs (including energy storage systems and microgrids). Through our efforts, we aim to develop a more flexible, sophisticated and responsive energy system that meets rising demand while maintaining reliability for all customers. For more information on our efforts in evaluating emerging technologies, please visit the Exploring Emerging Technologies section.

51 Peak shaving refers to lessening strain on the grid during periods of high demand.

DEDICATED TEAM SCALES MOUNTAIN OF MICROGRID PROJECT

High in the Cascade Mountains, near the entrance to Mount Rainier National Park, the Crystal Mountain microgrid stands as a testament to perseverance, ingenuity and the importance of resilient energy infrastructure. Originally constructed in 1969 as a diesel generating plant to serve Crystal Mountain Resort, the remote, high-elevation site has long posed significant engineering and geographic challenges, including limited access and reliance on a lengthy radial transmission line. While the generator had historically functioned as a limited microgrid for the resort, growing demands from the nearby town of Greenwater increasingly stretched the system beyond its original design, exposing vulnerabilities in reliability and operations.

Those challenges came into sharp focus in 2020, when the plant was required to support Greenwater for 10 days, revealing limitations tied to aging equipment, manual controls and communication constraints. In response, in 2025 a cross-functional project team upgraded key components — such as relays and engine control systems — and transformed the facility into PSE's largest and most capable microgrid to date. The enhanced system can now seamlessly power both the resort and the entire town of Greenwater. The Crystal Mountain microgrid reflects what's possible when teams collaborate across disciplines to solve complex challenges and strengthen the resilience of the communities PSE serves.



PSE WINS GRID INNOVATOR OF THE YEAR

PSE received the 2025 Grid Innovator Award from Grid Forward in recognition of our leadership in modernizing the electric grid to support a more resilient, flexible and cleaner energy future. Presented in the utility category at Grid Forward's Annual Member Meeting, the award reflects PSE's holistic approach to grid modernization, with differentiated progress across resilience, cleaner energy integration and advanced technology. Grid Forward cited key initiatives including PSE's Advanced Distribution Management System, which enables real-time grid optimization, and its Virtual Power Plant platform, which supports efficient management of DERs across the system.

The recognition also highlights the contributions of the Grid Modernization Strategy and Enablement team, whose work spans advanced grid applications, microgrids, data and analytics, virtual power plants and emerging technology pilots. Together, these efforts reinforce PSE's long-term investment in modern infrastructure, advanced systems and customer-focused tools that enable a smarter, more resilient electric grid for the communities we serve.



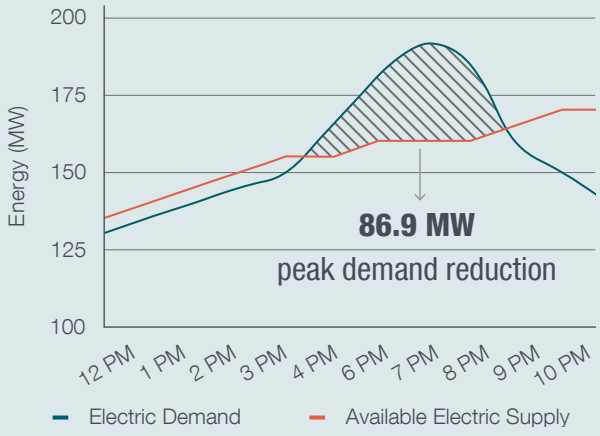
PSE'S DEMAND RESPONSE IN ACTION

During a significant cold snap on Feb. 12, 2025, PSE's demand response efforts culminated in about 86.9 MW peak demand reduction, with our Flex programs playing pivotal roles through coordinated load management across EVs, smart thermostats, batteries, business demand response program (BDRP) and voluntary customer conservation efforts. This not only alleviated stress on the grid during extreme conditions but also highlighted the potential of flexible demand as a virtual storage resource.

Also, during the winter 2024–2025 season, PSE debuted its Flex Batteries program by partnering with Uplight to include Tesla and SolarEdge home battery systems. This DR program transforms individual home battery storage systems into a coordinated network of DERs. With over 315 customers enrolled by March 2025, this program demonstrates how compatible battery storage can be leveraged as both a physical asset and a virtual resource when aggregated across our service territory.

Together, these efforts underscore how expanding energy storage capacity — both physical and virtual storage — fortifies the electric grid against disruptions, supports renewable integration and enables a more adaptive, resilient energy system.

VISUAL ILLUSTRATION OF DEMAND RESPONSE IN ACTION ON FEB.12, 2025



DEMAND-SIDE MANAGEMENT

While PSE continues to explore and implement various non-emitting energy technologies, engaging customers in energy management provides another vital tool for grid reliability. Through our PSE Flex program, enrolled customers receive notifications during high-demand periods — called "Flex events," when electricity demand is highest — to reduce or shift their energy use. These demand response (DR) programs leverage smart technologies, such as connected thermostats and managed EV charging, to automate energy savings with minimal customer effort. This helps us continue providing energy while meeting increased load requirements during prolonged periods of extreme heat or cold. DR not only enhances grid resilience, but also reduces the need for costly infrastructure upgrades.

We also pilot targeted DR programs in communities where these programs are more cost-effective than building new infrastructure. These pilots allow customers to save on energy by reducing their energy use during times of peak demand periods. These initiatives work in tandem with our weatherization, energy efficiency and cleaner energy programs to help reduce load requirements and play a significant role in meeting future energy demand. For more information on our grid modernization plans, please visit our Grid Modernization Strategy.

We have several other peak demand reduction efforts underway, including time-of-use (TOU) rates. PSE's TOU pilot program encourages residential customers to shift their electricity usage away from peak demand periods by offering lower rates during off-peak hours. This helps reduce strain on the grid, conserve energy and potentially lower customer bills. The pilot ended in September 2025, and in preparation for a larger rollout in 2027, the program added new customer-friendly features. These new features include online tools to compare estimated bills across different rates, faster billing updates when customers switch rates and the ability to change TOU plans once per billing cycle.

PSE is also exploring advanced demand-side management technologies like vehicle-to-everything (V2X), which would allow EVs to not only receive power from the grid but also send power back to homes, buildings or the electric grid when needed.[52] This bi-directional charging capability could provide additional grid flexibility and reliability benefits while helping customers maximize the value of their EV investment.

As these technologies mature, they represent another promising tool in our growing portfolio of demand-side management solutions. For more information about our current customer energy management programs, including demand response and energy efficiency initiatives, please visit the Renewable Energy and Customer Energy Management Programs section.

52 See V2X: vehicle-to-everything on PSE.com (last accessed May 19, 2026).

PSE PARTNERS WITH CHARGESCAPE ON VEHICLE-TO-HOME POWER DEMO

In March 2026, we launched a vehicle-to-home (V2H) demonstration in partnership with ChargeScape, marking an important step in testing how EVs can support customers and the electric grid during critical moments. The pilot demonstrates bidirectional charging capabilities that allow EV batteries to provide backup power during outages. By enabling homes to draw electricity directly from EVs, the demonstration explores innovative ways to improve resiliency during peak demand periods while maximizing the value of customers' transportation investments.

Beyond backup power, the pilot evaluates how bidirectional EVs can function as flexible grid resources. Participants can store lower-cost electricity during off-peak hours and discharge it during higher-cost periods, helping reduce energy bills while easing grid stress during peak demand events. Data from the demonstration will inform future vehicle-to-everything program expansion across our service area, supporting grid reliability, renewable integration and our broader cleaner energy transformation goals.



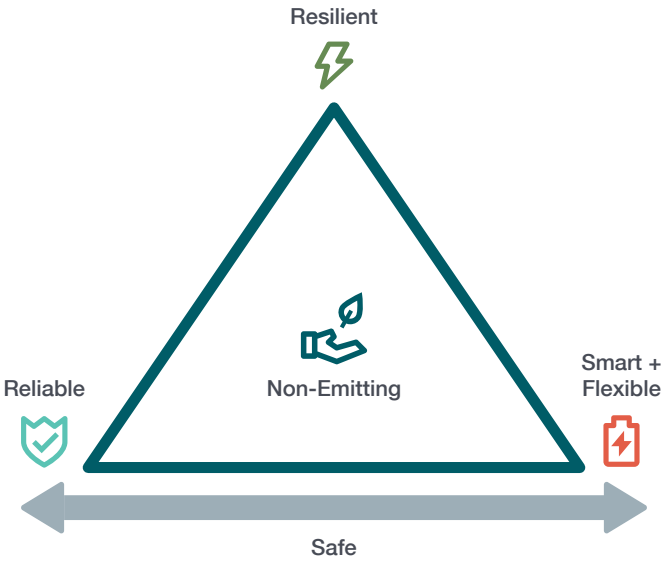
CLIMATE RESILIENCE

Climate change not only increases temperatures but also exacerbates and increases the frequency of extreme weather events such as wind and ice storms, longer duration extreme weather events, flooding and drought (which can contribute to increased wildfires) — all of which threaten our ability to provide a reliable energy supply.

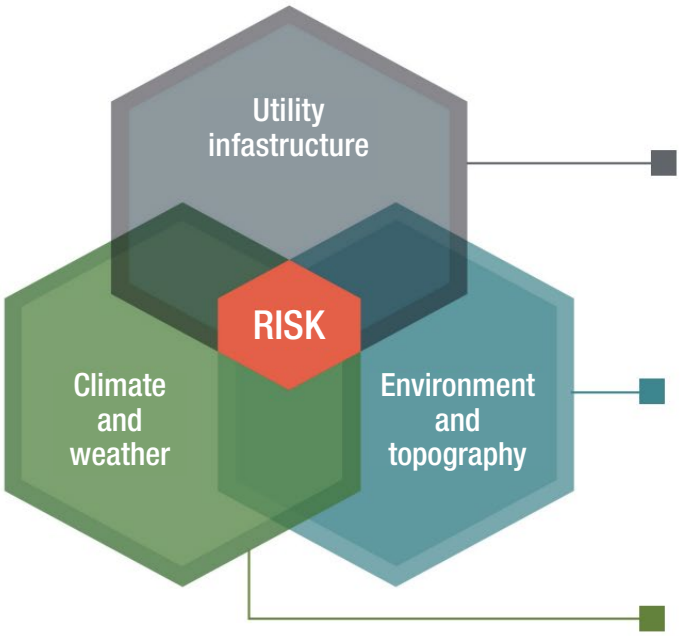
We are transforming and modernizing our grid by updating and improving our infrastructure to create a more reliable and resilient grid and reduce the physical risks posed by climate change. Creating a modernized grid requires investing in new equipment, software and communication platforms, testing and deploying new technology and empowering customers with tools to make their own energy choices. For PSE, this means taking a holistic approach to updating and improving our infrastructure to create a grid that is safe, reliable, resilient, smart and flexible in the face of climate change.

With wildfires emerging as a significant threat to the utility industry overall and an increasing concern in Washington state, PSE is taking a comprehensive approach to mitigate its wildfire risk. On PSE's dedicated Wildfire Prevention webpage, PSE shares its Wildfire Mitigation and Response Plan. The plan establishes safety as the first priority and outlines PSE's wildfire safe operational procedures and mitigation-related system investments. The plan summarizes PSE's preventative measures, such as enhanced situational awareness and its public notification strategies. The Wildfire Mitigation and Response Plan is reviewed and approved by the WUTC every three years.

FIVE ATTRIBUTES FOR A CLIMATE-RESILIENT GRID



PSE'S WILDFIRE RISK ASSESSMENT MODEL



Utility infastructure
Location and type of infrastructure and how our electric system might interact with the environment under specific conditions

Environment and topography
Features of the built and natural enviornment, such as mountain ranges, type of vegetation, and wildland-urban interface

Climate and weather
Historic climate and wildfire data and average weather conditions



PSE'S YEAR-ROUND WILDFIRE PREVENTION AND PREPARATION MEASURES

Below we have provided an overview of PSE's year-round wildfire prevention and preparation measures.

Vegetation management

PSE's Vegetation Management program regularly inspects power lines throughout our service area and trims or removes hazardous trees and other vegetation.

Strengthening the grid

System hardening projects: *Hardening projects replace and upgrade equipment to improve the safety and reliability of the electric system.*

Strategic undergrounding: *PSE may move some power lines underground to reduce wildfire risk and improve resiliency.*

Wildfire safe operations

Enhanced power line settings (EPS): *EPS make the electric system more sensitive to potential hazards and automatically turn power off when they are present to reduce the risk of wildfire. When elevated fire weather is forecasted, PSE may use these safety settings on targeted power lines.*

Public Safety Power Shutoff (PSPS): *During high-risk weather conditions, PSE may proactively turn off power to prevent wildfires and keep customers and communities safe. PSE aims to provide 48-hour advance notice when possible and will inspect all lines before restoring power, which may take several hours to several days.*

For more information on our emergency preparedness efforts, please visit the Corporate Risk Management section.

PSE'S TECHNOLOGY INVESTMENTS AID IN WILDFIRE RESPONSE

In June 2025, during a period of extreme fire weather and Red Flag[53] conditions, a human-caused wildfire ignited near Cle Elum, quickly becoming the Red Bridge Fire. PSE's Pano AI-powered smoke detection cameras — which monitor 24/7/365 for indications of smoke — were the first to identify the fire, providing immediate alerts, precise location data and real-time visual confirmation to emergency responders. This early detection delivered a critical time advantage, enabling fire agencies to assess the situation quickly and begin deploying resources while the fire was still in its early stages.

The wildfire intelligence generated by PSE's Pano cameras supported swift, coordinated action among Kittitas County Fire District 7, Washington Department of Natural Resources, the U.S. Forest Service and the Southeast Washington Interagency Incident Management Team. As responders scaled their efforts, visual insight from the cameras helped decision-makers gauge fire behavior and response needs. With support from more than 150 firefighters and multiple agencies, the fire was contained at 53 acres despite the challenging conditions. The Red Bridge Fire underscores how PSE's investment in advanced technology strengthens situational awareness, enhances interagency coordination and supports safer, more effective wildfire response.

As of March 2026, we've deployed 15 cameras to monitor Central Washington and the western slopes of the North Cascades, with expansion plans underway. We also share real-time camera feed access and smoke detection alerts with over 270 emergency response partners.

53 Red Flag is a forecast warning issued by the National Weather Service (NWS) to notify that the conditions are ideal for extreme fire behavior. See Weather.gov (last accessed April 3, 2026) for additional details.



EXPLORING EMERGING TECHNOLOGIES

Evaluating and investing in emerging power generation, efficiency and storage technologies is essential to PSE's goal of providing a lower-carbon, cleaner electricity supply to our customers. While we have made substantial strides in advancing our sustainability goals through our currently available resources and infrastructure, we recognize that future progress is contingent on our identification and investment in newer, more efficient technologies that develop as the broader energy industry advances.

Rapidly increasing regional electric demand and recent regulatory changes in Washington state, which include CETA, CCA, CFS and the Large Combination UDA, have significantly increased the need for advanced technologies that enable clean, reliable energy generation and storage. Rising regional power demand along with these ambitious laws require innovation beyond our current commercially available solutions for energy delivery, and we are seeking a variety of tools, partnerships and solutions to enable clean energy transformations.

PSE continuously monitors and evaluates emerging technologies to assess their potential for enhancing grid reliability, reducing emissions and supporting more sustainable customer choices. As we pursue these advancements, we face some significant challenges, including physical constraints with the Pacific Northwest energy grid infrastructure, permitting delays and supply chain and transmission issues. Despite these hurdles, PSE continues to explore, invest in and pilot, when feasible, promising technologies that will shape the future of energy in the Pacific Northwest.



FUTURE ELECTRIC GENERATION RESOURCES

PSE continues to pursue advanced lower-carbon electricity generation to meet anticipated growth in electricity demand and provide the same reliable, dispatchable baseload generation currently provided by fossil fuel-based generation. These efforts include:

- **Enhanced Geothermal Systems:** In partnership with Pacific Northwest National Laboratory (PNNL), PSE is exploring enhanced geothermal systems through a U.S. Department of Energy (DOE) grant application, aiming to better understand the viability of this firm, renewable resource within the Pacific Northwest region. PNNL was selected as one of eight projects awarded this DOE grant. The outcomes of this work will support future portfolio modeling and potential resource acquisition to incorporate geothermal assets into PSE's energy generation.
- **Small Modular Reactors (SMRs):** PSE continues to monitor advanced nuclear fission technology solutions, and we have invested $10 million in Energy Northwest's feasibility study for construction of a next-generation SMR at the Hanford Site. This project could provide reliable, non-emitting baseload power in the future.
- **Nuclear Fusion:** As part of our long-term planning, PSE is following advancements and engaging with developers of nuclear fusion technology, including some located in Washington state. While still in development, fusion could offer a game changing non-emitting reliable baseload energy source.

By engaging at the forefront of emerging cleaner energy technologies with an eye towards grid integration, PSE is preparing for a future where these solutions could play a crucial role in our energy portfolio. We will continue to evaluate these and other emerging technologies as they mature.



POTENTIAL FOR LONG DURATION ENERGY STORAGE

As we transition to renewable energy resources like wind and solar, the need for extended energy storage is becoming increasingly critical. While today's battery systems typically provide four hours or less of storage capacity, long-duration storage technologies aim to deliver power for 10 or more hours.[54] This significant increase in duration is crucial for maintaining reliable service during extended periods of low renewable generation or extreme weather events.

The importance of long-duration storage lies in its ability to provide seasonal energy shifting — storing excess renewable energy generated during peak production periods for use during times of scarcity.[55] For example, excess solar generation in summer could be stored for use during winter months when solar production is lower but energy demand is higher. Various promising technologies are under development; however, cost-effective long-duration storage solutions are not yet commercially available at the scale needed for utility operations.

54 We are using U.S. DOE's definition of long duration storage that is capable of delivering electricity for 10 or more hours in duration. Please see the definition noted on their website — Energy.gov (last accessed April 3, 2026).

55 Pacific Northwest National Laboratory, "Long-Duration Energy Storage: The Time is Now" (May 25, 2023) available at PNNL.gov (last visited April 3, 2026).

PSE ADVANCES RELIABLE, NON-EMITTING POWER WITH SMALL MODULAR REACTOR INVESTMENT

We are actively supporting the advancement of next-generation nuclear technology through our participation in an innovative SMR project that has the potential to reshape the region's clean energy landscape. The project brings together Energy Northwest and X-Energy to develop the first four SMRs at Energy Northwest's Richland, Washington site, delivering up to 320 MW of carbon-free, dispatchable power. This initiative reflects meaningful progress in deploying advanced nuclear technology designed to enhance safety, operational efficiency and scalability compared to traditional nuclear facilities.

Our $10 million investment in the project's early development phase provides insight into this emerging technology's performance, costs and deployment considerations for potential consideration through long-term resource planning. The project has since gained momentum through additional public and private investment. If successful, this initial deployment could position the Pacific Northwest as a hub for SMR technology and open the door to broader regional deployment.

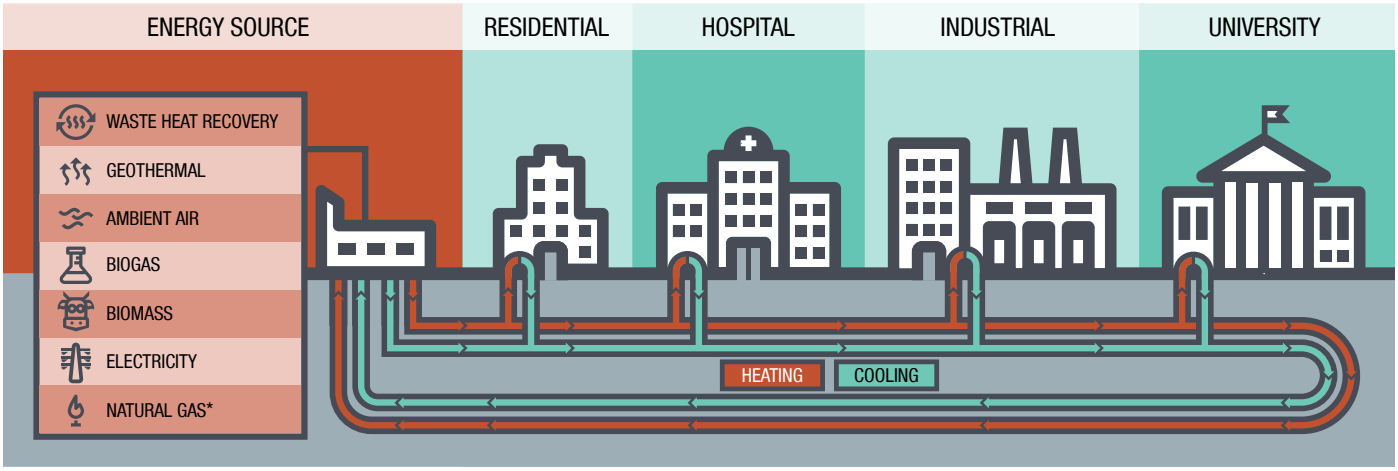
POTENTIAL TO REDUCE NATURAL GAS COMBUSTION EMISSIONS

Reducing emissions from natural gas use presents unique challenges, especially in sectors where electrification may not be feasible or economic. PSE is taking proactive steps to address these challenges by investigating innovative technologies that can help lower natural gas-related emissions while preserving the essential role natural gas plays in our energy system. Some of these initiatives include:

- **Point-of-Use Carbon Removal:** PSE conducted evaluations of emerging point-of-use technologies that aim to reduce emissions from natural gas use in certain applications. Methane pyrolysis, for example, removes carbon from natural gas at the point of use, offering a potential way to reduce emissions for hard-to-decarbonize sectors like industrial manufacturing and heavy-duty transportation. While these technologies are still in early stages of development and face commercialization challenges, PSE continues to monitor their progress as part of its ongoing assessment of potential pathways to reduce natural gas-related emissions.
- **Carbon Capture for Generation Facilities:** PSE is exploring carbon capture solutions that can be retrofitted to natural gas facilities and industrial customers, potentially offering faster implementation and use of existing infrastructure. As part of this effort, PSE participated in a preliminary evaluation of the potential for carbon capture at our Goldendale combined-cycle gas generation facility. Through exploring partnerships and conducting facility-specific evaluations, we continue to advance our understanding of this technology within the context of CETA requirements.
- **Thermal Energy Network:** In December 2025, PSE received approval from the WUTC to pursue a thermal energy network (TEN). PSE is currently advancing a pilot TEN project at Seattle University. TEN aims to significantly reduce natural gas use, lower greenhouse gas emissions and improve energy efficiency by centrally producing heating and cooling and distributing it to multiple buildings through a shared, underground water piping network and electric heat pumps. Existing gas systems are retained as backup during the pilot phase. We expect the Seattle University pilot to reduce emissions by reducing the use of natural gas to provide building heat, inform future TEN deployments, support workforce transition and generate insights on costs, rates and customer benefits.

Reducing natural gas combustion emissions presents a complex challenge that requires both near-term actions and long-term planning. Through strategic partnerships and evaluation of various upcoming technologies, PSE will continue to actively evaluate new technologies that can help reduce the carbon impact of natural gas while maintaining its reliability and versatility.

THERMAL ENERGY NETWORK VISUAL[56]



56 In Washington state, a TEN may not rely on combustion to create thermal energy, except for emergency backup purposes.

WE PARTNERED WITH CORIX TO GIVE WASTE HEAT NEW LIFE AT BELLINGHAM WATERFRONT

PSE and Corix launched a new district energy system serving Bellingham's Waterfront District. The system captures excess steam from our Encogen Generating Station and repurposes it to provide heating and cooling for the redeveloped waterfront area. By using thermal energy that would otherwise be released through cooling towers, the system reflects a practical approach to improving overall energy efficiency while meeting the evolving needs of the waterfront district.

Through heat exchangers, Corix harnesses this recovered thermal energy to serve building heating and cooling demands, offering a lower-carbon alternative when it displaces conventional gas-fired heating systems. This approach also improves Encogen's efficiency by returning cooler water to the plant's condensers. This new use of waste heat extends the value of an existing asset, aligns with the Port of Bellingham's climate initiatives and underscores how thoughtful partnerships can deliver tangible community benefits while supporting our broader commitment to innovation and sustainability.



Photo credit belongs to Corix

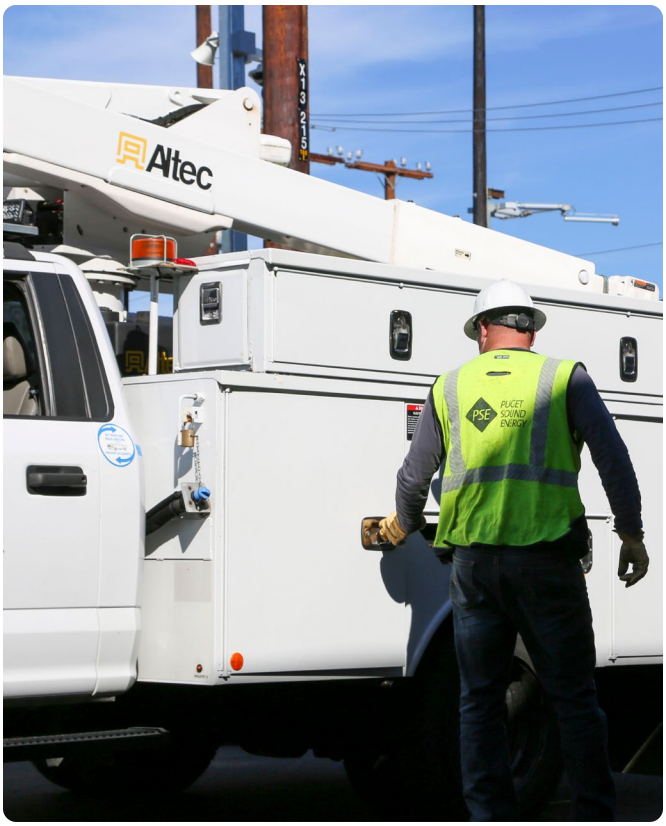


PARTNERSHIPS AND CLIMATE POLICY ADVOCACY

PSE recognizes the importance of collaboration and partnerships with external entities such as research institutions, private companies and government agencies that will aid the broader Pacific Northwest region in its clean energy transition. These partnerships and investments in lower-carbon technologies are critical to scaling newer, more advanced solutions. Some of our recent partnerships and collaborative initiatives include:

- **Pacific Northwest National Labs:** We are pursuing partnerships on DOE grants to explore geothermal potential.
- **Energy Northwest:** We invested $10 million in Energy Northwest's feasibility study for an SMR at the Hanford site.
- **Grid United:** We entered a memorandum of agreement with Grid United to own 750 MW of the North Plains Connector, a 3,000 MW high-voltage direct-current transmission line that will link multiple regional power markets.
- **Carbon Capture Partnerships:** We are exploring partnerships and feasibility of carbon capture and sequestration at our generating facilities and for commercial and industrial applications.
- **Snoqualmie Valley and Olympia School Districts:** We are piloting an innovative Vehicle-to-Grid (V2G) program that transforms electric school buses into mobile energy resources. When not in daily service, the buses will connect to bidirectional fast chargers, allowing stored electricity to flow back to the grid during peak demand periods or provide backup power during emergencies.

PSE has been a strong proponent of Washington state's climate legislation, including CETA, CCA, CFS and the Large Combination UDA. PSE has also actively supported legislative efforts to modernize and streamline the regulatory processes that govern the development of clean energy infrastructure. These policy reforms are designed to reduce delays and simplify the approval pathways for renewable energy projects and transmission lines, helping to overcome longstanding regulatory challenges.



PSE participates in the CCA's cap-and-invest framework, under which Washington state electric and gas utilities receive a certain amount of no-cost carbon allowances that declines annually. Additional allowances must be purchased under a declining cap, and natural gas utilities are required to consign an increasing amount of allowances to auction. Our company uses revenue from consigned allowances to assist low-income customers, provide bill credits and fund decarbonization projects. While current carbon prices have not yet significantly influenced customer behavior, PSE recognizes the potential for these market mechanisms to increase price signals over time, making lower-carbon alternatives more attractive and thereby driving future emissions reductions.

Overall, PSE's policy stance reflects a pragmatic, proactive approach in aligning with the goals of the CCA and CETA, advocating for mechanisms that protect customers from volatility and investing in technologies and programs that align with the state's long-term climate objectives. Through external partnerships and policy engagements, PSE is working to build a more resilient, lower-carbon energy system while striving to keep energy affordable for its customers.

PSE PLANS TO PARTICIPATE IN MARKETS + ENERGY MARKET AS PART OF BROADER REGIONAL COORDINATION EFFORTS

In May 2025, PSE announced its intent to participate in Southwest Power Pool's (SPP) Markets+ day-ahead market. This direction reflects our commitment to thoughtful regional collaboration as the Western power system becomes increasingly interconnected.

As electricity markets continue to evolve across the West, PSE views Markets+ as an opportunity to engage constructively in regional market development while maintaining a strong focus on reliability, affordability and customer value.

PSE believes Markets+ has the potential to unlock efficiencies through enhanced resource sharing and broader renewable integration across a wider geographic footprint. Participation in emerging market structures can help support more efficient system operations and create additional opportunities to optimize resources on behalf of customers.

"This collaborative approach allows us to actively participate in the market's development while preserving our ability to serve our customers' specific needs," said Josh Jacobs, vice president of Clean Energy Strategy and Planning.



ENVIRONMENTAL

WORKING TO REDUCE AND MITIGATE OUR ENVIRONMENTAL IMPACTS AND UPHOLD RESPONSIBLE STEWARDSHIP

GREENHOUSE GAS MANAGEMENT

Understanding our footprint from natural gas distribution and electricity operations enables us to better implement targeted efforts to reduce and mitigate our GHG emissions, transparently monitor progress against our goals and make more informed strategic decisions.

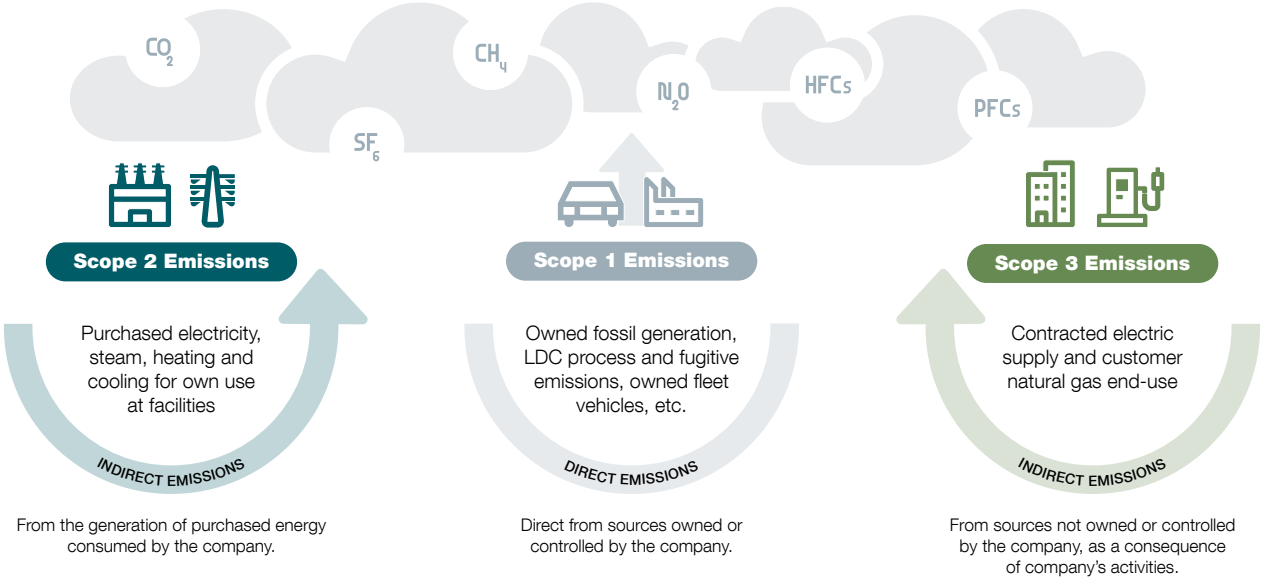
GHG POLICY STATEMENT

Our GHG policy statement describes our commitment to decarbonization and GHG emissions reduction. It also captures our commitment to GHG emission reductions and our support in achieving the objectives of CETA and CCA.

TRACKING OUR PROGRESS

PSE has been measuring and disclosing our GHG emissions since 2002. As illustrated in the figure below, our Scope 1 and 2 emissions are primarily comprised of CO_2 produced during electricity generation and electricity used by PSE (e.g., facility use and line losses), while our Scope 3 emissions are dominated by our natural gas sales to customers and electricity purchased from other generators to serve our customer load. For more information on our GHG accounting, please visit our GHG inventory.[57]

PSE GHG EMISSIONS BY SCOPE[58]



57 PSE continues to work toward identification and quantification of minor contributions to its overall GHG emissions, such as refrigerants.

58 Definitions follow the Greenhouse Gas Protocol.



Our GHG emissions for 2021 through 2025 are illustrated below.[59] Our emissions vary year-to-year due to increasing regional demand[60] and factors such as extreme weather and increasing industrial or EV loads. Our GHG emissions are also impacted by the intermittent nature of renewable energy resources as variable snowpack can affect hydroelectric power capacity and seasonal wind patterns can affect wind generation. We expect to further reduce our GHG emissions in coming years as we successfully transitioned off coal at the end of 2025 and continue adding non-emitting energy resources.

59 2021 to 2025 GHG emissions from our Washington-based thermal power plants were third-party verified based on Washington's GHG regulatory requirements. Beginning in 2025, 40 CFR 98 Subpart W incorporates revised emission factors based on new empirical data finalized by EPA in May 2024. As a result, year-over-year changes between 2024 and 2025 reflect methodological updates rather than operational changes. Prior-year emissions have not been restated, consistent with EPA GHG reporting program reporting requirements.

60 PSE is a balancing authority in the Pacific Northwest with an obligation to maintain regional grid reliability in addition to serving our customer load reliably.

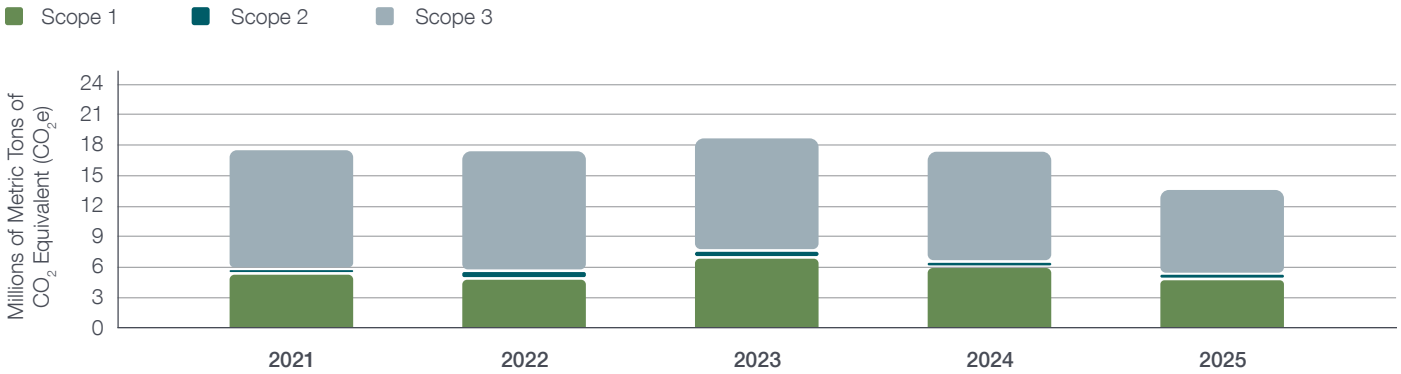
CELEBRATING 100 YEARS OF LOWER BAKER DAM

This year marked a historic moment for PSE as we celebrated the 100th anniversary of the Lower Baker Dam — a remarkable engineering achievement that has helped power the Puget Sound region for a century. When completed in 1925, the Lower Baker Dam ranked among the tallest dams in the American West.

Over the last century, the dam has continued to evolve, remaining a cornerstone of the Baker River Hydroelectric Development Historic District and delivering 111 MW of reliable, renewable energy. Its significance extends beyond power generation, with national recognition for both its engineering and its pioneering fish passage research.

As Lower Baker Dam enters its second century of service, PSE continues to invest in its long-term safety and performance. In 2026, we completed a five year structural dam improvement project, during which time we successfully maintained normal operations as well as the dam's fish passage program. These continued investments exemplify PSE's commitment to operational excellence, environmental stewardship and delivering cleaner energy solutions that stand the test of time.

PSE GHG EMISSIONS[61]



61 Calculated by applying the global warming potential AR5 standard under a 100-year timeframe.

ENVIRONMENTAL COMPLIANCE

PSE is subject to comprehensive federal, state and local environmental regulations. We work diligently to mitigate our operations' impact on the natural environment, strive to meet or exceed regulatory requirements and aim for zero violations of applicable regulations. We manage environmental compliance risk through our Corporate Environmental Policy and Environmental Management System (EMS).

CORPORATE ENVIRONMENTAL POLICY

PSE encourages environmentally responsible behavior and holds employees accountable for environmental performance. All PSE employees must abide by our Corporate Environmental Policy, which outlines how each employee contributes towards PSE's compliance with environmental laws, regulations and company policies. This policy is endorsed by senior decision-makers, and we proactively work to strengthen our operations to stay ahead of evolving environmental requirements.

PSE periodically reviews and enhances our EMS to reflect regulatory, facility and personnel changes. We provide initial and ongoing training on certain topics to increase awareness of regulatory requirements and proper procedures for maintaining environmental compliance. Training programs for individual departments are based on specific operations, business activities and the applicable EMS program areas.



ENVIRONMENTAL AUDITS

Through our internal environmental audit program, we regularly evaluate environmental regulatory compliance at most PSE facilities (excluding office-only locations and locations with little to no environmental requirements) and verify that our Corporate Environmental Policy and EMS are being properly implemented. Facility audits are conducted on a rotating basis, with each facility generally audited every three to five years, depending on environmental requirements. These audits are conducted by a combination of our environmental program staff, facility staff and third-party contractors. We also periodically review the regulatory compliance performance of PSE waste management service providers to verify that our waste is handled appropriately. Audit elements are tailored for each facility based on the regulatory requirements of each facility's activities. Audit results are used to develop corrective actions, allocate additional resources where appropriate and identify and share best practices.

CULTURAL RESOURCES

We work with Tribal Nations, government agencies, other interested parties and the general public as needed to collect, develop and share cultural resource information about our facilities. This program provides a foundation for outreach, education and feedback, so we can make sound decisions regarding cultural resources managed by PSE (e.g., our historically significant hydroelectric facilities) or resources potentially affected by PSE actions. We also endeavor to work with relevant government agencies and Tribal Nations to verify that appropriate engagement and cultural resource surveys are conducted as needed to prevent impacts on tribal resources. For more information on how we work with Tribal Nations, please visit the Tribal Engagement section.



AIR

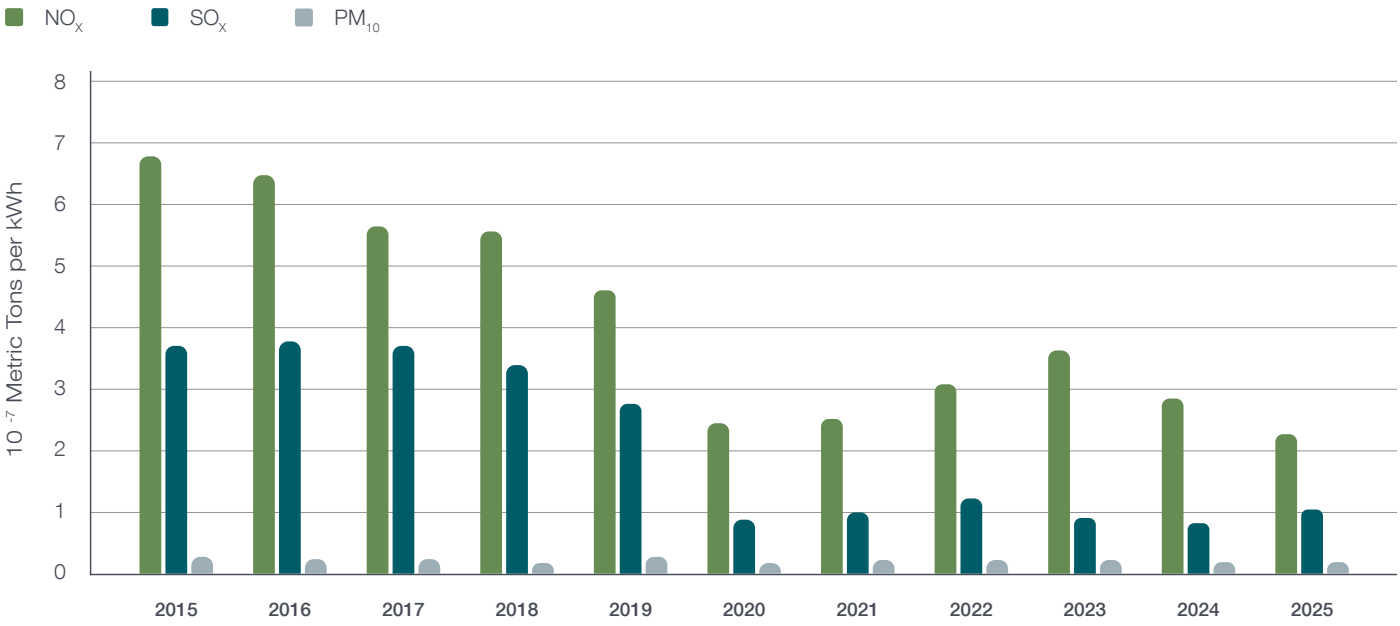
We recognize air pollution can negatively impact the environment and public health and that, historically, some communities have experienced a disproportionate share of cumulative air pollution burdens. Our thermal electric generation fleet consists primarily of natural gas-fired plants — some of which have distillate (diesel) as backup fuel — that have significantly lower criteria pollutant emissions than coal-fired or distillate-only-fired plants. We also invest in control technology for all our plants to reduce the impact of criteria pollutant emissions.[62] PSE works closely with local air agencies and PSE plant and operations groups to manage compliance, monitor emissions and improve operational efficiencies.

The emissions intensity (i.e., metric tons/kWh) of NO_X, sulfur oxides (SO_X) and particulate matter (PM_{10}) from our air-permitted generation sources have generally decreased over time, as shown in the graph below.[63] Our overall emissions intensity dropped substantially between 2019 and 2020, concurrent with the reduction in coal-generated electricity in early 2020. We anticipate future reductions after eliminating the remaining coal power from our portfolio in 2025 and increasing our renewable generation resources.

62 Criteria pollutants are six air pollutants regulated by the U.S. EPA under the National Ambient Air Quality Standards (NAAQS). For additional information, see Criteria Air Pollutants on EPA.gov (last accessed April 27, 2026).

63 Total air emissions for NO_X, SO_X, PM_{10}, mercury and lead are reported in our SASB Index. Volatile organic compounds (VOCs) and $PM_{2.5}$ emissions are reported in our Data Appendix.

AIR EMISSIONS INTENSITY



WASTE MANAGEMENT

We work to contribute to a circular economy by first reducing the overall amount of waste generated and seizing opportunities to reuse and recycle materials. Used oil, mostly sent offsite for recycling, is generally the largest quantity of waste generated at our operating facilities. Our waste reduction efforts also focus on conventional materials like paper and plastic as well as non-conventional materials such as scrap metals, spray paint and batteries.

HAZARDOUS WASTE MANAGEMENT

Our hazardous waste management program focuses on maintaining regulatory compliance, improving employee awareness and safely managing hazardous waste handling, storage and disposal. The Environmental Services department oversees our hazardous waste management policies and procedures, employee training, compliance tracking and vendor management.

As part of this oversight, we track our hazardous waste generation, and volumes can fluctuate significantly year-over-year due to maintenance activities that occur on a periodic basis.

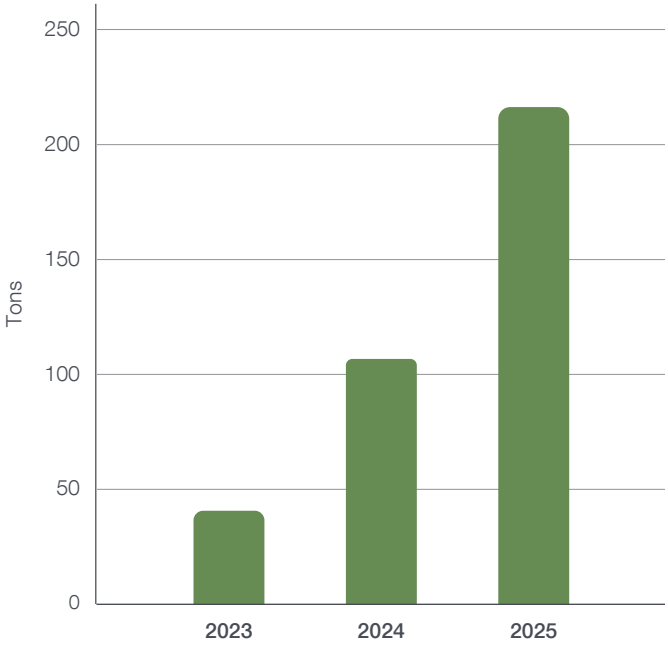
We maintain our South King County Waste Management Facility (SKC-WMF) as a permitted Moderate-Risk Waste Facility. At this site, we consolidate our waste containing polychlorinated biphenyl (PCB) at one part per million or greater for proper management and disposal, pursuant to applicable regulations. SKC-WMF is also permitted by Washington State Department of Ecology as an indefinite storage facility for the storage-for-reuse of equipment suspected of containing PCBs. This equipment is kept in storage for possible reuse in emergency situations due to the scarcity of available replacement equipment.[64]

We also use SKC-WMF to consolidate hazardous waste from our small quantity generator facilities before sending out for disposal. This process acts as a check and balance to ensure proper waste categorization and disposal.

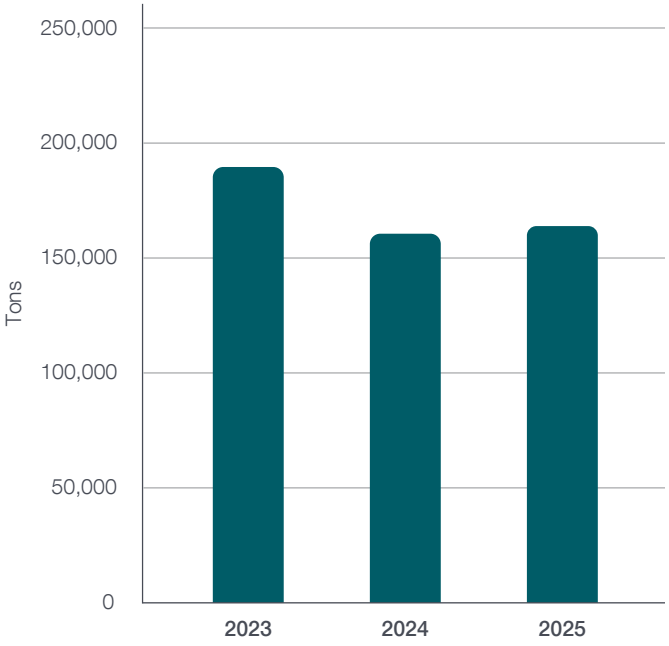
64 The equipment stored for emergency reuse cannot be tested without jeopardizing the integrity of the device; therefore, the Toxic Substances Control Act regulations require that PSE assume the equipment is PCB-containing.

WASTE GENERATED[65]

TSCA/Hazardous Waste[66]



Non-Hazardous Waste



65 Excludes waste generation at PSE's legacy remediation sites.

66 TSCA is an abbreviation for Toxic Substance Control Act. PCBs are identified as TSCA waste.

WATER SUPPLY AND DISCHARGE

Water is a critical resource for hydroelectric and thermal generation facilities that use water for cooling and steam generation. We have facility-specific best management practices in place to promote responsible water use. In the future, we expect our water withdrawal, consumption and discharge to decrease proportionally as we phased out coal assets in 2025 and continue to increase the percentage of wind and solar assets in our energy generation mix. For quantitative information on our water use, please visit the SASB Index and Data Appendix.



WATER SUPPLY

All PSE owned and/or operated thermal generating facilities are in "Low" baseline water stress risk areas as identified in Aqueduct, the World Resources Institute's (WRI) Water Risk Atlas Tool. This "Low" identification includes our Goldendale Generating Station and Colstrip power plant, which are located in relatively arid regions of Washington and Montana, respectively, and water conservation measures have been implemented at both facilities.[67] Our wind and solar assets have minimal consumptive water use, while the water used to generate energy at our hydropower facilities returns to the rivers.

We are committed to protecting watersheds and wildlife in aquatic ecosystems where our operations are located. For more information, please visit the Biodiversity and Habitat Protection section.

INDUSTRIAL AND STORMWATER DISCHARGE

Our water discharge program provides oversight and management for industrial wastewater and stormwater discharges from our facilities. Our Environmental Services department assists in the acquisition, compliance, renewal and updating of facility wastewater and stormwater discharge permits. PSE major projects and construction project staff and land use planners work with applicable regulators and local jurisdictions to align our management practices with construction stormwater permitting requirements. In 2025, PSE had zero wastewater and stormwater discharges violations resulting in monetary penalties.

REMEDIATION

PSE is subject to federal and state laws that require certain environmental investigative and remedial efforts to address environmental contamination. PSE's environmental remediation program primarily focuses on the cleanup of legacy contamination from PSE and its predecessors' 100-plus years of historical energy-related operations. For example, PSE inherited many of our remediation sites from predecessor-owned manufactured gas plants (MGP), which ceased operations decades ago and have since been replaced by cleaner energy sources, including natural gas distribution. We value our reputation as a responsible corporate citizen, supported by our track record of addressing legacy environmental impacts from historic operations.

SPILL PREVENTION AND RESPONSE

PSE has oil-filled devices, such as transformers, in service throughout our territory. Oil spills can occur from these oil-filled devices for a variety of reasons including corrosion, third-party damage (e.g., vehicle accidents or construction activities) and storm-related events such as lightning strikes, high winds or snow. To minimize impacts from spills, PSE began a robust 24-hour Spill Response Program in 1992. Our Spill Response Program focuses on training and quick spill containment and minimization efforts to reduce spill impacts. Through this program, PSE has responded to over 5,000 spills with minimal follow-up remediation required after our immediate and thorough spill cleanup and mitigation efforts.

67 As Jan. 1, 2026, PSE is no longer a co-owner of the Colstrip power plant.

BIODIVERSITY AND HABITAT PROTECTION

As we build and maintain our infrastructure to provide reliable service for our customers, we also seek to preserve biodiversity and limit impacts to the natural environment. We seek to first avoid, and then to minimize and mitigate the impact of our operations. We monitor certain assets, including our hydroelectric and wind facilities, for potential effects on biodiversity. PSE's biologists and other subject matter experts provide technical support to PSE planning and operation staff to avoid or reduce negative impacts to protected and sensitive species in compliance with federal, state and local environmental regulations.

FISH PROTECTION

As a long-standing hydroelectric generator in the Pacific Northwest, we work closely with Tribal Nations, government agencies, environmental groups and other interested parties to mitigate the impact of our operations on fish populations and provide safe and efficient fish passage. We operate two hydroelectric facilities (Snoqualmie Falls Project and Baker Project) and implement various measures to mitigate our impacts on these critical ecosystems. For example, our Snoqualmie Falls Project — a diversion dam which is located just upstream of a waterfall that naturally precludes the upstream migration of salmon — uses modern flow-control equipment designed to prevent rapid changes in downstream river levels that could potentially strand fish.

On the Baker River, we installed enhanced trap-and-haul facilities to move fish up and downstream, enabling migration. Part of our success is due to our innovative $50 million Floating Surface Collector — one of the most sophisticated fish passage systems in the country — which attracts and safely holds juvenile salmon for downstream transport by "fish taxi." We also operate a state-of-the-art hatchery and support programs to protect certain spawning areas for species, such as the sockeye salmon.

For more information on our efforts to limit impacts on fish populations, please visit the Fish Protection page on our website.



OUR AVIAN PROTECTION TEAM SUCCESSFULLY RELOCATES OSPREY NEST

PSE's Avian Protection Program team successfully completed a complex osprey nest relocation project in Bellevue, bringing a year-long planning effort to a successful close in 2025. The project required close coordination across multiple internal teams to balance environmental protection, crew safety and system reliability. Working during a carefully planned after-hours outage, crews safely relocated the nest and installed a specialized nesting platform designed to provide the ospreys with a more secure home away from power infrastructure.

Timing and execution were critical, as the work needed to be completed quickly to avoid an outage and risks to the birds or the electrical system. Follow-up visits confirmed that the ospreys have since taken up residence in their new nest, underscoring the project's success.

"This project reflects the kind of careful planning and environmental stewardship that we're committed to," said Senior Resource Scientist Haley Olson. ***"It took a full year to coordinate all the moving pieces, but seeing the successful outcome makes it all worthwhile."***



WILDLIFE AND HABITAT PROTECTION

We are committed to sustaining the valuable, diverse ecosystems present throughout our operating areas to the best extent possible. Through our conservation efforts, we have undertaken mitigation on 26,285 acres of land[68] to conserve habitats for native species. To reduce our impact on wetlands and waterways, we design our projects to, first and foremost, avoid work in and around water bodies and water body buffers where possible. Where avoidance is not practicable, we strive to select construction methods that minimize the duration and extent of disturbance and partner with specialized consultants, interested parties and resource agencies to identify and implement mitigation opportunities. For more information on our wildlife protection initiatives, please visit the Wildlife and Habitat Protection page on our website.

AVIAN PROTECTION

PSE strives to reduce our electrical delivery system's potential to harm birds, maintain service reliability for our customers and comply with state and federal regulations protecting birds. Since 2005, PSE has maintained an Avian Protection Plan (APP), which provides guidance and procedures for minimizing risk to avian species company-wide. PSE's wind farms have bird and bat conservation strategy plans — including eagle conservation plans — which detail facility-specific best management practices to protect these animals and their habitats from wind turbine operations.

In 2025, we completed 29 projects, modifying 98 avian-safe units (i.e., poles and line spans) in response to bird-related incidents on our electrical system. We relocated several nests to safer locations and identified high-priority sites for proactive efforts. We also revised our APP, implemented best management practices and updated our avian-safe distribution construction standards. Through these initiatives, we help minimize our impacts on avian species during vegetation management and construction activities.

For more information on our bird protection efforts, please visit the Bird Protection page on our website.

68 This includes 7,500 acres of conservation easement to safeguard shrub-steppe habitat, approximately 18,000 acres of preserved undeveloped open space at Wild Horse Wind and Solar facility and nearly 785 acres of wildlife habitat in the Cascade Range in northwest Washington associated with the Baker River Hydroelectric Project.



VEGETATION MANAGEMENT

PSE is responsible for trimming or removing incompatible trees near our power lines to comply with local, regional, state and federal laws to keep the public safe and maintain service reliability. PSE works hard to maintain reliable electrical service for our customers by striving to reduce power outages, the majority of which are caused by incidents with trees. These outages occur when unhealthy trees fall into the electrical lines, windblown branches cross lines as they fall to the ground and tree limbs grow into power lines. Vegetation management is also a significant element of wildfire mitigation, as discussed in the Climate Resilience section.

When tree removal is necessary, we mitigate for impacts and partner with local, state and federal agencies to identify the best mitigation strategies, including potentially offsite mitigation which can have opportunities for higher ecological lift (e.g., providing shade for salmon habitat).

We implement best practices[69] during vegetation management activities to avoid and minimize potential impacts to protected bird nests. We are committed to providing safe and reliable service to our customers while taking a responsible approach to limiting impacts on the natural environment.

Since 2001, PSE has been recognized by the National Arbor Day Foundation as a utility that demonstrates practices that protect and enhance America's urban forests. This award demonstrates our commitment to best practices in utility arboriculture and represents how trees and utilities can co-exist for the benefit of communities and citizens.

For more information on our tree maintenance program, please visit the Tree Trimming page on our website.

69 Our vegetation management program meets the five program standards from the TreeLine USA's program (last accessed May 19, 2026).

SOCIAL

ENGAGING OUR CUSTOMERS, OUR COMMUNITIES AND OUR EMPLOYEES

OUR CUSTOMERS

As we work to build a cleaner energy future, PSE understands that some communities have been disproportionately impacted by the climate crisis. While decarbonizing our operations and the broader economy is critical, it must be done with social and energy equity in mind. By focusing on increasing the benefits and reducing the burdens of named communities (which are composed of highly impacted communities and vulnerable populations), we are pursuing climate action to support an inclusive future for our customers.

ENERGY AFFORDABILITY

As an electric and natural gas utility that prioritizes specific customer-centric actions, like co-designing program delivery and promotional campaigns, PSE strives to keep energy affordable as we accelerate a cleaner energy transition. Families and businesses with high energy burdens may limit their energy use to save on costs, potentially resulting in unhealthy living conditions or, in the case of commercial customers, reduced operations and productivity. Consistent with CETA, we focus on the equitable distribution of benefits and energy burden reduction for named communities.[70]

Our Low-Income Advisory Committee (LIAC) advises us on how we can reduce customer energy burden. We offer a variety of assistance programs and resources to help low-income customers pay their energy bills. For instance, the PSE Home Energy Lifeline Program (HELP) provides income-qualified customers with bill-payment assistance beyond what is offered by the federal Low-Income Home Energy Assistance Program (LIHEAP). The Bill Discount Rate Program provides savings of 5% to 45% a month on utilities bills depending on household income and size. We also partner with federal and state funding sources through the Home Weatherization Assistance program to connect income-qualified customers with local agencies that can provide free whole-home upgrades to lower monthly energy bills. For more information on PSE's programs to improve energy affordability, please visit the Assistance Programs page on our website.

70 Named communities is a term used in PSE's resource planning documents to collectively refer to "highly impacted communities" and "vulnerable populations" as defined in RCW 19.405.020. For information on how PSE specifically defines and identifies named communities, please refer to PSE's resource planning documents available at CleanEnergyPlan.PSE.com.

SOLAR GRANTS IN ACTION

In 2025, PSE awarded $94,000 to support construction of a 100-kW solar array atop the Snoqualmie Valley Foodbank in Snoqualmie, Washington. This contribution was made possible through the Solar Grants program. Solar Grants is one of three solar funding programs offered by PSE. Altogether, PSE has awarded more than $9 million in grants and incentives to install solar at local nonprofits, affordable housing providers and tribal entities serving their communities.



SUPPORTING ACCESS TO SOLAR ENERGY FOR LOW-INCOME CUSTOMERS

Over the past nine years, PSE has provided more than $6.2 million in Solar Grants to install solar at community-based organizations, government agencies and tribal entities serving historically marginalized communities. In 2025 alone, PSE awarded over $900,000 to 12 projects, including $81,608 for a 50-kW installation on top of FISH Food Bank in Ellensburg, Washington. Savings from this project will contribute to increased food security for lower-income households in Kittitas County.

Additionally, PSE offers Income-Eligible Community Solar at no cost for income qualified customers. Participating customers receive monthly bill credits for the energy produced from their share(s) of a community solar project and can save up to $240[71] per year on their PSE electric bill. Eligible customers can enroll in up to two free shares.

71 Based on Western Washington site production when subscribed to two shares.



RENEWABLE ENERGY AND CUSTOMER ENERGY MANAGEMENT PROGRAMS

PSE believes that when customers are informed and supported with offerings that support their affordability goals, it enables them to make smart energy decisions. We offer a variety of programs to help increase consumer awareness and access to renewable energy, reduce peak energy use and improve energy efficiency affordably while reducing customer bills.

Our customer management teams strive for the equitable distribution of energy benefits and reduced burdens — or promoting distributional justice — across all community segments within PSE's service territory. Notable customer-centric efforts include connecting with customers directly and increasing partnerships with contractors and trade allies from the Trade Ally Network. Other partnerships include connecting with the Low-Income Weatherization program; designing and implementing direct-install programs to serve the unique needs of residential and business customer renters; and increased incentives for income-qualifying customers via many residential programs. PSE strives to be a trusted energy partner in all the communities we serve, seeking customer collaboration with a focus on named communities.[72]

72 Named communities is a term used in PSE's resource planning documents to collectively refer to "highly impacted communities" and "vulnerable populations" as defined in RCW 19.405.020. For information on how PSE specifically defines and identifies named communities, please refer to PSE's resource planning documents.

CUSTOMER RENEWABLE ENERGY PROGRAMS

Renewable energy is essential to the cleaner energy transition. Through our customer renewable energy programs, we aim to help our customers access renewable energy, reduce their carbon footprints and encourage renewable electricity growth across the state to further progress toward our decarbonization goals. For a complete list of PSE's products and services, please visit our Products and Services webpage.

PSE CLEANER ENERGY PRODUCTS AND SERVICES[73]

PSE MATCH

GREEN POWER
Residential or Commercial
- Washington and Western U.S. REC purchases
- ~66.5k residential, corporate, municipal customers

SOLAR CHOICE[74]
Residential or Commercial
- Washington and Western U.S. Solar RECs
- ~9.9k residential, small commercial customers

CARBON BALANCE[75]
Residential or Commercial
- Pacific Northwest third-party verified carbon offsets
- ~22.5k customers

PSE REPLACE

COMMUNITY SOLAR
Residential or Commercial
- Expands access to 100% local solar
- Eight projects completed
- ~5.5k customers (Approximately 50% of which were income-eligible customers who paid $0 to participate.)

RENEWABLE NATURAL GAS
Residential or Commercial
- Replaces a portion of gas usage with local RNG supply
- ~12.4k customers

GREEN DIRECT
Commercial
- Long-term partnership for dedicated resources
- 39 corporate/ government customers

PSE GENERATE

CUSTOMER CONNECTED SOLAR
Residential or Commercial
- 236 MW
- ~29k customers
- All customer types

DISTRIBUTED RENEWABLES
Commercial
- 26.4 MW
- Small renewable developers

SOLAR ENERGY CREDIT
Commercial
- 4.93 MW
- 22 customers

MULTI-OCCUPANT SOLAR[76]
Residential or Commercial
- Enables property owners to install solar systems and share the financial benefits directly with their tenants through utility bill credits

73 REC is short for renewable energy certificate, which certifies that one MWh of electricity was generated from a renewable source. Unless specified, the numbers listed in this graphic are representative of 2025.

74 PSE's Solar Choice program is no longer accepting new customers as of April 2024. Existing customers will continue to receive all the benefits of the program and can manage their participation.

75 PSE's Carbon Balance program is no longer accepting new customers as of March 2025. Existing customers will continue to receive all the benefits of the program and can manage their participation.

76 The Multi-Occupant Solar offering opened to participants in March 2025.

DEMAND RESPONSE PROGRAMS

Residential electric customers can help reduce stress on the grid by voluntarily reducing energy usage on days when demand for electricity is forecast to peak. Known as "Flex events," these are part of PSE Flex, which is a collection of programs designed to ensure reliable energy access for all. PSE maintains the following voluntary electric Demand Response (DR) programs for customers with advanced metering infrastructure (AMI) meters to help ensure reliable energy delivery during high demand periods:

- Flex Business: Business customers can partner with PSE to create a customized energy curtailment plan and receive incentive payments for reducing electrical usage during DR events.
- Flex Smart: Under this program, PSE adjusts enrolled customers' compatible smart thermostats on days when electricity usage is forecast to peak, such as during an extreme weather event, to help reduce energy demand. Enrolled customers receive notifications of upcoming events and collect an award for participating in the program.
- Flex Events: Under this opt-out program, participants will receive email, text or phone call notifications of upcoming DR events with energy efficiency tips to help maximize their savings. Customers also receive a post-event email containing their results compared to similar homes.
- Flex EV: This program allows participating EV owners to earn rewards by allowing PSE to adjust their vehicle's charging schedule to avoid charging during peak energy demand periods. Like the Flex Smart program, PSE will remotely pause charging for a short time to reduce electric load on the grid during DR events.
- Flex Batteries: This program provides residential PSE customers who have eligible home battery systems with the opportunity to earn rewards by taking strain off PSE's electrical grid. During lower energy use periods, PSE sends a command to batteries connected to the grid to begin charging. Then, during peak demand periods, the participating batteries discharge the stored energy back onto the grid. This helps reduce electric energy demand while providing financial incentives to participants.



- Flex Water Heaters: As the second-largest electricity user in homes, modern water heaters provide significant energy savings opportunities for residential customers. This program allows customers to earn rewards by enabling PSE to remotely and securely adjust their water heater's energy use during periods of high electricity demand, balancing community energy needs without sacrificing hot water availability, since modern water heaters are well-insulated and can maintain hot water temperatures for hours. Customers receive notifications prior to the start of DR events, and customers can opt-out of the program at any time.
- Flex Rewards: This opt-in program incentivizes residential customers without a smart device to take simple steps to conserve energy prior to times of forecasted peak demand. Before peak demand events, PSE sends customers a notification to reduce their energy usage, and they are rewarded based on how much energy they save.

PSE continues to work on ways to increase enrollment in existing programs and launch new DR programs. With water heaters, residential batteries and smart thermostats for small and medium businesses now successfully implemented, PSE plans to include new programs for multifamily residents to enroll their line-voltage thermostat and water heaters. Additionally, PSE is transforming its Flex Events program to Peak Time Savings, which will now reward customers for their participation through bill credits.



ENERGY EFFICIENCY PROGRAMS

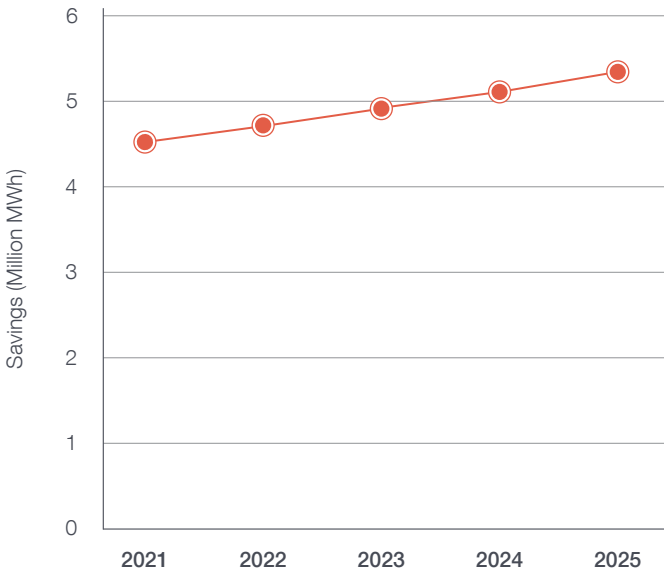
Over 40 years ago, PSE launched our first program to reduce energy usage while meeting customer needs. This effort laid the foundation for our modern energy efficiency program and services. Today, PSE continues to help customers reduce their energy use and save money on their utility bills through dozens of our energy efficiency programs. Investments in energy efficiency savings have reduced the amount of generation required to meet customer energy demand, and PSE remains committed to further refining our energy efficiency efforts to drive overall sustainability. Over the last five years, we have helped customers cut their electricity and natural gas consumption by approximately 1.2 billion kWh and 22 million therms, respectively. The graph on the right illustrates our cumulative electricity energy efficiency savings since 2007. If PSE had not implemented electricity efficiency measures, our annual load in 2025 would be about 5.4 million MWh (or about 18%) higher than our actual 2025 annual load.

PSE offers business energy management (BEM) services to small businesses, school districts, governments, hospitals and other commercial and industrial (C/I) customers. This includes engineering consultation for new construction, major remodels or retrofits and rebates and incentives for energy-efficient appliances, lighting and HVAC systems. We also offer strategic energy management (SEM) programs to help business customers understand how low- and no-cost operations and maintenance (O&M) changes can be made to reduce their energy use. Through these programs, businesses can reduce their energy consumption and carbon footprint and save money.

Residential customers can save energy through our rebate programs that offset the cost of large or small home efficiency upgrades, including home weatherization, major appliance upgrades or heating and cooling system improvements. The Efficiency Boost program offers higher rebates on energy-efficient upgrades to income-qualified customers. We also offer educational tools, such as virtual home energy assessments and energy savings tips, to help customers better understand and reduce their energy use. Customers in multifamily housing benefit from rebates for residents, property managers and builders.

For more information on our energy efficiency programs, please visit the Efficiency & Green Options page on our website.

CUMULATIVE ELECTRICITY EFFICIENCY SINCE 2007





PROPERTY MANAGEMENT SERVICES

We also offer services for property managers to help make utility bill and energy management smarter, easier and more streamlined across properties. In partnership with the energy management software experts at EnergyCAP®, we provide PSE customers and property management professionals with a robust suite of data resources to help manage their energy portfolio. The software enables energy managers to centralize a large volume of data into one system for easy analysis and evaluation of energy-saving actions.

EnergyCAP facilitates our customers' compliance with the City of Seattle Energy Benchmarking Ordinance and the Washington State Clean Buildings Act (HB 1257). This allows customers to view their energy use intensity (EUI) score and use EnergyCAP's Cost Avoidance analysis tools to further analyze their energy usage.

ADVANCED DISTRIBUTION MANAGEMENT SYSTEM: PREPARING THE GRID FOR CHANGE

To keep pace with rapid changes in the electric distribution and support a more flexible, data-driven grid, we are modernizing our distribution system with an Advanced Distribution Management System (ADMS). ADMS is a suite of integrated applications that provides operators with real-time visibility, control and optimization of the grid — laying the groundwork for a more flexible, efficient and resilient electric system capable of adapting to changing grid conditions.

As part of a phased approach to modernization, in 2025 we advanced the implementation of sophisticated grid automation and optimization tools. ADMS enables enhanced situational awareness, safer switching, faster outage restoration and more efficient energy use. This improves safety and reliability for both employees and customers, while supporting a cleaner energy future.



CUSTOMER OUTREACH AND ENGAGEMENT

Our local Customer and Community Outreach teams continuously work on the ground to increase customer awareness of the services and programs that PSE offers. For example, our Energy Advisor (EA) team provides personalized support to customers to help them reduce energy use and costs. EAs also offer guidance on efficiency upgrades, high bills and rebate programs and play a key role in implementing energy efficiency solutions for customers and helping PSE achieve its energy efficiency goals.

The Customer and Community Outreach team identifies customers facing the greatest barriers to joining PSE's cost-saving programs and works to address these challenges. This can include working closely with local community-based organizations (CBOs) to leverage their existing relationships with these customers to raise awareness about available programs as well as training their staff to help sign customers up for these programs directly.

The Customer and Community Outreach team includes five members fluent in Spanish and contracts with interpreters as needed to support in-language support for information sessions and sign-up workshops. We offer these workshops in both group- and one-on-one settings to help customers overcome language or technology barriers. Our team partners with trusted entities, like Mutual Aid Neighbors in Action, to implement call-a-thons to reach customers in their preferred languages and sign them up for programs over the phone. Additionally, our team provides virtual office hours via Zoom where customers can connect to receive support. The team also conducts listening sessions with participating tribal communities to understand their clean energy transition goals firsthand to help inform our future engagement plans.

In addition to the above examples, we have entered an innovative partnership with Evergreen Goodwill's Digital Equity Bus, to visit customers with limited mobility and technology barriers and help them sign up for eligible programs.

PSE offers website content and written materials in multiple languages to expand access to non-English speaking communities and businesses. For more information on our engagement efforts, please visit the Community Engagement section of this report and the Community Engagement page on our website.

HELPING NONPROFITS PROMOTE ENERGY SAVINGS

Our Powerful Partnerships program is committed to working with nonprofit organizations taking steps to address their own sustainability goals while positively impacting their communities. The funds PSE provides to CBOs helps to educate their clients, employees and donors on ways to save energy and reduce their energy bills and emissions. In 2025, we reached a key milestone of $1 million provided to CBOs since the program's inception in 2016. To recognize this accomplishment, PSE brought together more than 80 community champions to the Seattle Sounders FC Atrium to honor nine years of true partnership. The event showcased the incredible impact when utilities work alongside communities as partners.

Since 2016, we have collaborated with over 124 nonprofits across 13 counties, providing not just funding but genuine partnership to achieve clean energy goals together. For more information on the program, visit PSE's Powerful Partnerships webpage.

COMMUNITY SOLAR EXPANSION BENEFITS SOUTH KING COUNTY CUSTOMERS

PSE started 2026 by expanding our Community Solar program with four new arrays in Auburn, Kent and Renton, adding more than 1 MW of local solar capacity. Community Solar allows customers to support clean, locally generated energy without installing panels, with construction and maintenance fully managed by us and no-cost participation available to income-eligible customers at select sites. This expansion builds on new arrays added last year in Bellingham and Puyallup and will make more than 800 Community Solar shares available to customers.

"These four new Community Solar arrays represent our commitment to providing customers with more options to participate in our region's clean energy transition," said John Mannetti, director of Customer Energy Innovation.



WE AWARDED MORE THAN $1 MILLION IN SOLAR INSTALLATION GRANTS

PSE expanded its Solar Grant program, awarding more than $1.1 million to support 16 new solar projects across 14 community and tribal organizations throughout its service area. Building on nearly a decade of partnership and an average of more than $700,000 in annual awards, the increased funding advances PSE's CEIP and supports progress toward carbon neutrality by 2030 and a 100% non-emitting energy future by 2045. The funded projects are expected to generate approximately 758,000 kWh annually, while helping recipients reduce energy costs and invest in community priorities. Delivered in collaboration with local solar installation partners, the grants reflect a hands-on, community-driven approach to expanding access to cleaner energy.



CUSTOMER EXPERIENCE

We are committed to providing our customers with quality service, support and resources for seamless and intuitive customer experiences. Our customer assistance programs strive to deliver clear and transparent communications to help meet customers' needs through multiple communication channels that include our call center, website and social media channels. We also help customers stay up to date on important outage information through our Outage Map, which shows current outage locations and the number of customers impacted.

To monitor our customers' experience and drive continuous improvement, we benchmark our performance against peers, conduct customer surveys and monitor our performance on the residential and business Escalent Electric and Gas utility studies. In 2025, we conducted a reputation survey, in which the results indicated that 81% of customers viewed PSE favorably, and 84% believed PSE has a good or excellent reputation. We report our service quality index metrics annually to the WUTC, and it is a quantitative factor in annual employee incentives.

OUR HEAD START BENEFIT PROVIDES RELIEF FOR CUSTOMERS MOST IN NEED

During the fall of 2025, PSE launched its Head Start Benefit to provide immediate relief to those most in need. Using $31 million in unspent funding, teams across Customer Operations, IT and Regulatory identified more than 66,800 customers with known or estimated low incomes who were carrying past-due balances and could benefit from targeted support. Designed as a one-time, automatic benefit, the program removed traditional barriers by requiring no applications and applying credits directly to eligible customer accounts, with customers able to opt out on demand. This streamlined approach ensured timely assistance while serving as a bridge to PSE's broader bill assistance portfolio.





OUR COMMUNITIES

PSE strives for active engagement within our communities, fostering trusted relationships and building partnerships supported by transparent communication.

COMMUNITY ENGAGEMENT

Participation and feedback from local communities are integral to our work. Trusting partnerships involve curiosity, dialogue, listening, understanding and collaboration. We also understand the value of learning and gathering feedback from every community that we serve. Doing so enhances our ability to serve customers effectively and build trust across our service territory, including those with unique energy needs.

PSE has executive- and director-level oversight of community engagement. We also have dedicated Community Affairs team members who work with nonprofits and CBOs on local issues and partnerships. We convene a Low-Income Advisory Committee and Conservation Resource Advisory Group to promote two-way dialogue with local community leaders. For more information on our efforts, including our tribal resources, please visit the Community Engagement page on our website.

Customers and other interested parties can provide feedback through avenues such as the following:

- General PSE customer feedback form;
- PSE contact information;
- Major projects contact information and
- PSE clean energy planning contact and engagement hub.

We conduct post-project surveys for every energy efficiency project as well.

We also engage with communities throughout our resource planning process to gather input from interested parties. For more information, please visit the Resource Planning section.

PROJECT-SPECIFIC OUTREACH AND EDUCATION

Engaging with interested parties is important to us as we develop large-scale projects. We conduct active outreach to communities, local, state and federal governments and Tribal Nations during early stages of projects to provide information on project context, needs and impacts. For example, PSE on Bainbridge Island has a community sounding board for new and current projects. We also work to ensure those voices are heard through community meetings, public and virtual open houses, community advisory groups, web pages and community mailings.

AUBURN SCHOOL DISTRICT SAVES MORE THAN $600,000 IN ENERGY COSTS THROUGH PARTNERSHIP WITH PSE

In January 2025, Auburn School District (ASD) marked a major milestone in its long-standing collaboration with PSE, as PSE reported more than $600,000 in avoided energy costs and presented a $55,703 incentive award to ASD. Since 2017, the district has reduced energy use by more than 5 million kWh of electricity and 129,000 therms of natural gas through a comprehensive, portfolio-wide approach to improve efficiency.

Improvements including boiler upgrades, LED lighting, occupancy sensors and districtwide integration of HVAC systems into a centralized building management system have delivered measurable reductions in both energy use and operating costs. These efforts, led by ASD Resource Conservation Manager Scott Weide and supported by PSE's Commercial Strategic Energy Management program, span the district's 24 schools serving over 17,000 students. Together, PSE and Auburn School District demonstrate how sustained collaboration and data-driven energy strategies can create lasting value while supporting more efficient, comfortable learning environments.



SUPPORTING COMMUNITIES THROUGH WARMER WINTER CAMPAIGN

PSE's third annual Warm Winter campaign supported communities across Washington state by providing more than $250,000 to 85 nonprofit organizations and 12 tribes spanning across 14 counties. Distributed well ahead of the winter season, the funding helped partners plan for rising demand while addressing critical needs such as warm meals, winter clothing and essential supplies, as well as holiday joy for families and individuals facing hardship. The program continues to respond to growing food and financial insecurity, as community organizations navigate increased need alongside constrained resources.

In addition to community giving, PSE supports customers at home through weatherization programs and rebates that improve comfort and reduce energy costs by preventing heat loss. Eligible customers can also access bill payment assistance, including a bill discount rate offering monthly savings of 5% to 45%, reinforcing PSE's commitment to community well-being during the winter months.



CORPORATE GIVING AND COMMUNITY SERVICE

The PSE Foundation, a separate nonprofit entity established in 2006, is dedicated to empowering community resiliency and keeping communities safe and supported within our service and generation areas. In 2025, PSE Foundation granted nearly $1.3M in charitable grants to local nonprofit organizations throughout the communities we serve and have facilities. These contributions supported food security, emergency preparedness, shelter, literacy in all forms and other community programs that provide essential needs and services. Additionally, PSE Foundation provided grants to support our partners through nonprofit staff training and development and capacity building projects.

We encourage our employees to get involved in their communities by volunteering, donating and participating in service events. Employees and retirees can match their charitable donations and volunteer hours to qualifying local nonprofit organizations through the PSE Foundation matching program for up to $1,000 per year. Additionally, through our Powerful Partnerships program, we engage in a year-long collaboration with a select group of nonprofits.

>$10.9M

PSE Foundation grants since 2018

~$17.6M

Corporate donations, sponsorships and contributions since 2018

OUR EMPLOYEES

Our ability to meet our cleaner energy goals and aspirations depends in large part on our greatest asset — our people. It is only with the engagement and dedication of our entire workforce that we can create positive and enduring change. We are committed to acquiring and developing talent with diverse skills and experience who want to facilitate an equitable energy transition. We place employee needs and safety as our top priority and strive to be the employer of choice by promoting a dynamic workforce environment where employees thrive.

EMPLOYEE TRAINING AND TALENT ACQUISITION/PIPELINE DEVELOPMENT

At PSE, our inclusive workforce is our strength. We believe all qualified individuals should have an equal opportunity for employment. We recognize inclusion, promoting a respectful work environment and leveraging diverse life experiences brings better solutions to the table that help us better serve our customers. PSE partners with industry organizations, people-related consortiums and educational institutions to develop and current talent and recruit top talent; it enables our company to achieve our corporate goals. We also offer a variety of programs to identify and upskill current and new talent pools.



STRENGTHENING THE UTILITY TALENT PIPELINE THROUGH HANDS-ON ENGAGEMENT

In September 2025, our Pathway to Apprenticeship Program traveled to Marysville to engage students from the Regional Apprenticeship Pathways (RAP) program in a hands-on outreach event focused on careers in the utility industry. PSE staff shared real-world perspectives on skilled trade careers, safety expectations and long-term opportunities within electric operations. The event's highlight took place outdoors, where students handled essential tools of the trade and observed a crane truck demonstration, providing valuable insight into the technical precision and safety discipline required for field work.

As RAP continues to expand statewide, its proven model creates meaningful partnership opportunities that help strengthen the future utility workforce and support economic development across the region.



Programs include:

- **Participation in We Are Washington Employers (WE'RE) program:** Through our participation in this program, we aim to foster a work environment that promotes growth and and provides the resources needed to succeed. This effort includes the Leadership Development Program and the Employee Resource Group (ERG) coalition, which provides dedicated peer spaces for ERGs to foster inclusion networks and connect with the resources needed to support success.
- **Early Learning for Students Related to the Energy Industry:** PSE is committed to exposing students to opportunities in the energy sector at an early stage.
- **Gas Worker Trainee (GWT) Program:** PSE's GWT program offers entry-level opportunities annually that can result in a long-term career at PSE. Selected candidates are taught all facets of the gas industry required for the position. PSE regularly assesses the impact of our efforts to reach all qualified candidates for this program.
- **Pathway to Apprenticeship Program:** PSE's Pathway to Apprenticeship is a state-recognized workforce development program designed to develop a pipeline of qualified, journey-level workers for PSE's electric operations in partnership with International Brotherhood of Electrical Workers Union (IBEW) 77. Apprentices receive one-on-one mentoring from experienced PSE journey-level workers to review skills, desired work habits, safety and performance. This mandatory pathway model from pre-apprentice to apprentice to journey-level worker helps ensure we develop and retain engaged and safe electric utility professionals trained in PSE procedures. For more information on this program, please visit our Pathway to Apprenticeship website.

PSE collaborates with external partners, such as Mitratech, to promote our career opportunities through their nationwide networks of locally-focused and inclusive talent acquisition sites. We continue to assess our recruitment practices and engagements to improve how we attract and recruit qualified candidates. Employee surveys and exit interviews also inform efforts to promote inclusivity and merit-based decision-making, as well as other talent retention strategies.



EMPLOYEE ENGAGEMENT AND CULTURE

Our employees strive to provide reliable, high-quality customer service and advance energy equity in our communities.

OUR VALUES

We all have a voice

We believe in an open and honest dialogue supported by analysis, different perspectives and respectful challenge of ideas, issues and concerns.

We do what's right

We seek the best outcomes for our customers and community — knowing that our shareholders benefit from this commitment.

We have each other's back

We strive to be respectful and supportive of our colleagues and are committed to each employee's professional development.

EMPLOYEE VALUE PROPOSITION

Our Employee Value Proposition (EVP) represents our dedication to our entire workforce. It highlights the unique strengths that help us retain and attract the talent we need, boost engagement and support employee development and success.

PSE's EVP is built around five key principles that define our workforce:

- **I CONTRIBUTE:** I'm proud that our work fulfills our communities' deepest needs — comfort, connection and quality of life — while equitably transforming the energy future.
- **I BELONG:** I am valued for being me and know that I am an important part of the company's overall success.
- **I THRIVE:** I enjoy a balanced, well-lived life with compensation and resources that support my financial, physical and emotional needs.
- **I TRUST:** I share myself freely and connect with my team and leaders — I know we have each other's back as we face challenges and celebrate success together.
- **I GROW:** I own my work and am encouraged to seek opportunities that will enrich my career while inspiring others.

These principles reflect our commitment to creating a workplace where employees feel valued, empowered and connected to our mission. By fostering an environment where our workforce can thrive, we strengthen our ability to deliver reliable energy services while advancing our cleaner energy goals and serving our customers as their cleaner energy partner of choice.

EMPLOYEE PERFORMANCE

All employees participate in a review process to evaluate their performance. Employees represented by a collective bargaining agreement have performance reviews each year with their immediate supervisor, which are generally annual reviews, with some classifications receiving bi-annual reviews based on wage progression. Non-represented employees receive two performance reviews each year: a mid-year review to assess goal progress (with no compensation impact) and end-of-year review to evaluate full-year performance and determine any compensation adjustments. PSE employees also have ongoing career and development conversations with their immediate supervisor and are expected to update their career development plans as needed.

Performance calibration is a fundamental part of awarding merit-based compensation increases each year. Calibration promotes fairness in the application of performance and competency ratings associated with the annual performance review. We also review increases to base pay for fairness across the organization.



PERFORMANCE REVIEW CYCLE



PROFESSIONAL DEVELOPMENT AND SUCCESSION PLANNING

We provide employees with the tools, training and career growth opportunities they need to be successful at their jobs. PSE has multiple training programs and modules designed to educate employees on a wide range of topics including health and safety practices and certifications, corporate ethics and compliance, business management, employee relations, environmental awareness, community engagement, regulatory compliance and emergency preparation and response. PSE also offers a tuition reimbursement program for all full- and part-time employees with at least one year of service to support their enrollment in employment-related college programs. We provide up to $5,250 per year for full-time employees and a pro-rated amount based on number of hours worked for part-time employees.

PSE uses a multi-faceted approach to professional development that includes programs, online courses, in-person and live virtual classes, as well as on the job experiences, mentoring and group leadership opportunities. Programs offered include:

- **New Employee Orientation (NEO):** Connects new employees to PSE's mission, goals and values as well as how their responsibilities support the mission and goals of the company.



- **NEO Jumpstart for New Leaders:** Supports employees entering leadership roles for the first time or those joining PSE as leaders to address common management functions.
- **Development Focus for All Employees:** Comprehensive suite of trainings and development programs to enable all employees to be successful in their jobs and achieve their goals. Non-represented employees, including those in leadership, complete individual development plans through this program.
- **Leadership Development Programs:** Supports manager development through coaching and mentoring, including 360° feedback and skills training in areas such as strategic decision-making, managing performance and business acumen. Offers an annual leadership conference for mid-level and frontline leaders which focuses on topics such as inclusion, leadership skills and employee development.
- **Executive Development:** Targets senior leaders and their successors, driven by development plans and career goals.

We also provide operational training activities to upskill our employees. Certain divisions within PSE implement talent development practices to build technical and problem-solving abilities within their specific functions. For example, the Engineering group offers the PSE Engineering Development Program, a multi-year career advancement program designed to provide entry-level and early-career engineers with a roadmap for professional development. The mission of this program is to support the growth of engineers as they learn core business expertise, respond to future industry needs and position themselves for increasingly challenging roles over the life of their career.

We conduct succession planning for critical roles, and we review development plans for key talent throughout the year. At the team level, we encourage leaders to have regular development conversations with employees to understand their career aspirations and goals and promote development planning.

OUR NEW TRAINING CENTER SETS HIGH STANDARD FOR UTILITY OPERATIONS

We celebrated the grand opening of our new Operations Training Center in Puyallup, marking a significant investment in workforce development and community safety. Completed in July 2025 and now fully operational, the center provides a centralized, controlled environment where electric and gas utility employees and emergency responders can train together using realistic, hands-on scenarios.

The facility includes advanced classrooms, laboratories and a simulated residential neighborhood designed to replicate complex, real-world conditions such as gas line failures and electrical hazards. By strengthening coordination and shared preparedness between utility crews and first responders, the center enhances PSE's ability to deliver safe and reliable service. The Operations Training Center reflects PSE's long-term commitment to safety, operational excellence and equipping its workforce to meet evolving energy system demands.



FAIR LABOR PRACTICES

PSE maintains policies that follow applicable minimum wage, overtime wage, child labor and other wage and hour laws and regulations. Our employment practices are designed to comply with applicable labor and employment laws, including requirements related to equal employment opportunity, non-discrimination, child labor and employee rights.

PSE has a long-standing relationship with labor unions, and many employees have union representation. As of Dec. 31, 2025, approximately 1,053 PSE employees, or about 31% of our workforce, were represented by the IBEW or the United Association of Plumbers and Pipefitters (UA). The current UA contract was ratified effective October 2025 to Sep. 30, 2029. There are two IBEW contracts; one was ratified effective April 1, 2020 to March 31, 2026, and the other was ratified effective May 1, 2023 to April 30, 2027.

EMPLOYEE BENEFITS AND WELLNESS

PSE is dedicated to its workforce and offers a comprehensive benefits package to help employees and their families stay healthy physically, emotionally and financially throughout all stages of life. We understand that supporting life-work harmony is essential to delivering company business objectives. Our benefits package provides the choice and flexibility necessary to attract and retain talented people, address employee needs and create a culture where employees thrive both personally and professionally. Other benefits include PSE-provided smart cards for use in public transit in the Puget Sound region. For a summary of our employee benefits, please visit the Why Work For Us page on our website.

The myWellness at PSE program is our branded company well-being program, which is designed to enhance the health and well-being of PSE employees and families through tools, education and activities that support resiliency and healthier lifestyles. We desire to foster an environment that is confidential and encourages members to improve their whole-person well-being — physical, mental, emotional, financial and occupational — through various programs and tools. We do this by providing the resources employees need, removing barriers to access, building trusting relationships and offering programs to support life's challenges.

OUR COMMITMENT TO INCLUSION

We believe inclusion, a respectful work environment and varied life experiences bring better solutions to the table, create a more enjoyable workplace and help us better support our customers and communities. We foster an inclusive environment where merit and innovation drive success.

PSE is an Equal Employment Opportunity employer. We are committed to ensuring that our practices of non-discrimination and equal employment opportunity are carried out in order to attract, hire, retain and promote a diverse workforce within PSE. We are fully committed to ensuring equal opportunity in employment.

We value individual differences and viewpoints of our workforce and focus on merit-based principles as an organizational strength to give us a competitive advantage in the marketplace. Ensuring the broadest range of experiences and backgrounds allows us to better serve our customers.

LEADERSHIP[77]

Gender Diversity



55% Male

46% Female

Age Group Distribution



64% >50

36% 30–50

Race/Ethnic Diversity



82% White

9% Black/African American

9% Two or More Races

TOTAL WORKFORCE[77]

Gender Diversity



63% Male

37% Female

Age Group Distribution



40% >50

54% 30–50

5% <30

Race/Ethnic Diversity



73% White

12% Asian

5% Hispanic/Latino

5% American Indian/Alaskan Native

4% Black/African American

1% Native Hawaiian/Pacific Islander

1% Two or More Races

77 Percentages that do not add up to 100% are due to rounding or due to some employees who chose not to disclose how they identify to PSE.



EMPLOYEE RESOURCE GROUPS

PSE supports employee resource groups (ERGs) that bring together employees with shared interests, experiences and goals. ERGs help build and strengthen our sense of community throughout the company. ERGs are voluntary employee groups which help to foster a supportive environment and promote networking and mentorship. Participation is voluntary and open to all PSE employees.

AAPI Advocates

Spreading awareness of Asian American and Pacific Islander (AAPI) cultures and history.

AFRICAN AMERICAN LEADERSHIP (AAL)-VOICES

Offers a community of allies engaging in action, support and learning experiences of African Americans.

Green Team

The Green Team's mission is to enhance PSE's dedication to environmental stewardship.

PRISM

PRISM is a group of LGBTQIA+ employees supporting PSE's commitment to diversity and inclusion through employee development, community involvement and celebration.

PSE Employee Association (PSEEA)

PSE offers a wide variety of benefits and perks to all its employees.

PSE Toastmasters

Self-paced speaking program to help members gain confidence/leadership skills.

Troopers, Warriors and Supporters (TWS)

PSE employees who are active or former military personnel, their families and supporters.

Women's Impact Network

Bringing together employees passionate about representing women across all facets of PSE's business.

SUPPLIER DIVERSITY AND SUSTAINABILITY

We are committed to ensuring that all businesses have an equal opportunity to compete for contracts awarded by PSE. PSE is a strong supporter of any and all efforts to remove bias from supplier sourcing.

We strive to conduct business honestly, fairly and ethically as outlined in our Code of Conduct and expect suppliers to do the same. PSE's Supplier Code of Conduct provides expectations of entities from which we obtain products or services to support our business. PSE expects its suppliers to maintain ethical business practices and comply with all applicable laws and regulations, including those pertaining to the safety, environment, employment and child labor laws.

PSE strives to be a good neighbor where we do business. We endeavor, when reasonably feasible, to hire local labor when working in smaller communities.



SAFETY AND HEALTH

The health and safety of our employees, contractors and communities is a core value at the foundation of everything we do, and PSE's culture incorporates safety and health in every aspect of our work. When our work environment is safe, we can achieve our objective of being a great place to work with engaged employees who live our values, embrace an ownership culture and are motivated to drive results for our company and customers. Our leadership team sets the standard for prioritizing safety and well-being and our objective that "Nobody Gets Hurt Today."

PSE HITS THE ROAD WITH SAFE DIGGING MESSAGE

In June 2025, PSE's Damage Prevention and Public Safety teams launched a new mobile awareness campaign featuring 10 PSE delivery trucks wrapped with eye-catching reminders to call 811 before digging. Traveling hundreds of miles each week throughout King, Pierce and Snohomish counties, the trucks serve as highly visible, moving billboards promoting safe excavation practices for contractors and homeowners alike.

The mobile campaign complements PSE's existing damage prevention efforts, including contractor education, community outreach and digital communications by reaching people where they live and work.

"This visibility helps reinforce that safe digging isn't just a legal requirement — it's about protecting our communities," said Jason Sanders, Director of Safety.

PSE SAFETY DAYS

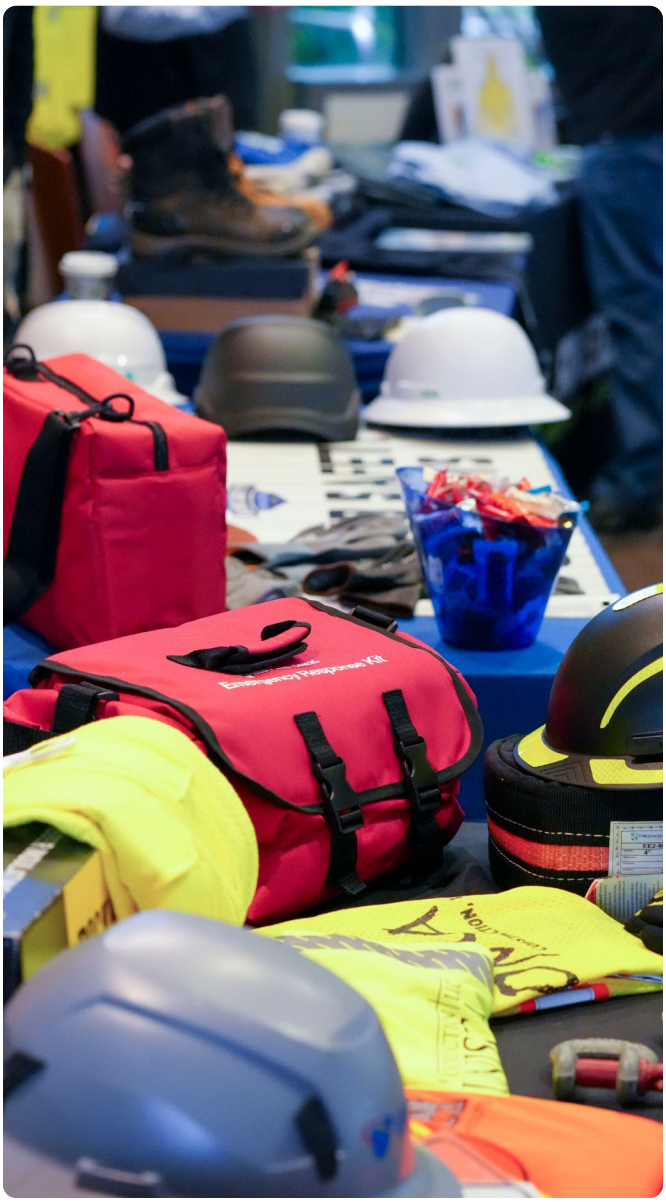
In 2025, PSE successfully brought together its gas and electric organizations for a unified Safety Days event, combining long-standing planning approaches into a single, expanded program that strengthened collaboration and resource efficiency. The integrated event highlighted shared operational priorities across both teams, reinforcing a common commitment to employee safety, system reliability and public protection.

Attendees participated in hands-on demonstrations and simulations, including electric cable fault finding, gas service damage scenarios and commercial vehicle safety inspections led by external partners. The event also featured a broadened vendor presence and expert-led sessions on earthquake preparedness, ethical decision-making and psychological safety. Together, these activities showcased how cross-functional collaboration enhances learning, engagement and organizational resilience.



EMPLOYEE SAFETY

An executive-level safety committee (ESC) oversees employee safety performance and programs and drives continuous improvement in our safety processes and programs. The ESC meets every six weeks and is chaired by the Corporate Safety Manager. The committee provides officer- and director-level review of all safety and health-related matters brought before them, and each committee member has the authority to order a review of any safety-related matter within the company. PSE's President and CEO maintains oversight of the ESC, and matters are reviewed with the President and CEO and the Board periodically through the year.



We outline our safety policies in our Yellow Book, a comprehensive document maintained by PSE's Corporate Safety department, which we continuously update as we enhance our safety and health practices. We actively inform employees of our policies and safety management practices through monthly employee safety committee meetings and collaborations with leadership. Labor and management also meet regularly to discuss, support and implement safety and health measures in our daily practices.

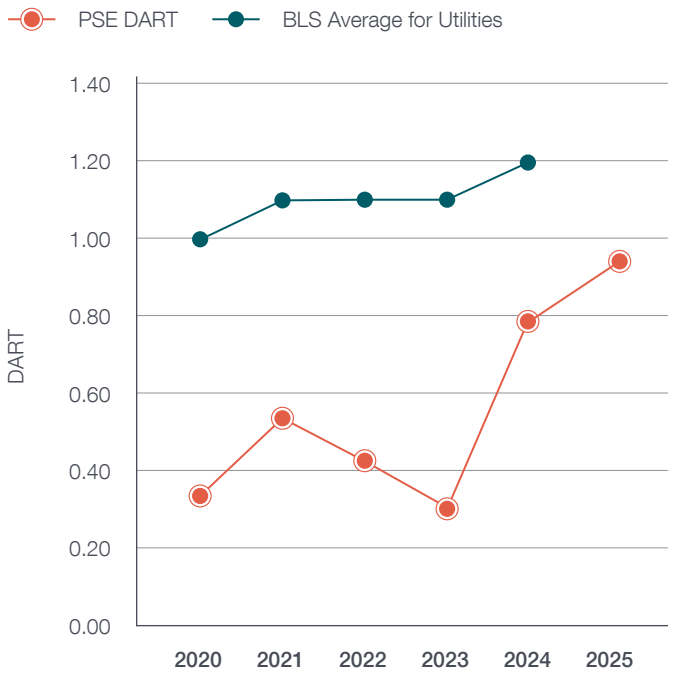
We design our workplace safety program to align with all applicable federal Occupational Safety and Health Administration (OSHA) and Washington state safety regulations. Our workplace safety program works to first identify workplace hazards and then address and mitigate them. We use a Hazard Reporting Program that allows all employees to electronically submit an identified hazard in their work environment. PSE also empowers all employees to stop work if they see any unsafe act or condition onsite. Our regional safety consultants respond to safety reports by identifying hazards and modifying work processes to minimize risks to workers. All serious hazards involving high energy sources are investigated.

Our safety and health program emphasizes employee education and training that not only covers equipment safety and work conditions but also day-to-day issues such as ergonomics and overall wellness. For more information on our wellness programs, please visit the Our Employees section.

Our Safety Management System covers all PSE employees, who receive regular training on safety best practices and common job hazards. PSE employees participate through training events, workshops and videos. In addition to regular training, we hold Safety Days, where experts hold sessions to educate employees about various hazards.

PSE vehicles, equipment and construction practices meet all applicable regulations and codes for worker and public safety. Additionally, we leverage engineering controls and provide necessary personal protective equipment (PPE) to address hazards.

SAFETY METRICS[78]



78 The 2025 BLS average for utilities was not available by the time of publication of this Sustainability Report.



SAFETY PERFORMANCE METRICS

PSE continually tracks and analyzes safety key performance indicators (KPIs) to determine where additional investments are needed and drive progress toward our corporate safety goals. We value transparency, and our metrics are reported monthly to the executive-level steering committee and posted on our Corporate Safety Dashboard, which is visible to all employees. We benchmark our safety performance against other utilities and partner with our internal audit team to evaluate and enhance our safety and health programs. We track our Days Away Restricted or Transferred (DART) rate, which is consistently lower than the national U.S. Bureau of Labor Statistics (BLS) utility average. To recognize the importance of safety, we implement an annual employee incentive tied to performance on safety training, education and performance goals.

CONTRACTOR SAFETY

Due to PSE's large service territory and the breadth of work required in our offices, in the field and while working on our system, there may be over 300 contractors performing services for PSE at any given time. We incorporate our safety policy into master service agreements with contractors and integrate a project-specific safety plan into each construction contract. Labor standards and working conditions are governed as part of PSE's collective bargaining agreements with the IBEW Local 77 and UA Locals 32 and 26.

Like PSE's own employees, contractors are required to meet all safety requirements and comply with our Contractor Safety Policy. For instance, contractors are trained and required to use PPE as appropriate in the field and at PSE sites. In the event of an incident, contractors are required to submit a report to PSE and we evaluate these reports, along with other safety statistics, on a monthly basis. We also continuously evaluate major construction contractors and partners for safety practices, and we consider safety compliance as a factor when awarding capital bids to contractors.

PUBLIC SAFETY

Our commitment to safety extends beyond our employees and contractors into the communities we serve. Our first line of defense is our energy delivery infrastructure, which we build, operate and maintain to help protect system integrity in the event of failures, natural disasters, terrorism or other external incidents. Our employees are integral to our public safety commitment, and we train our workforce to report any public safety issues or interruptions to operations or services.

Our public safety messaging educates communities on potential hazards related to electric and natural gas transmission and distribution. We also offer resources to help our customers prepare for and remain safe during natural disasters and major weather events. Furthermore, we provide support to first responders to protect the public and themselves during electric and natural gas emergencies. For more information on how we keep our customers and communities safe, please visit the Safety & Outages page on our website.

STRENGTHENING EMERGENCY RESPONSE: GAS OPS JOINT TRAINING INCIDENT WITH SEATTLE FIRE

More than 36 emergency responders participated in our 2025 simulated urban natural gas leak training at PSE's Georgetown Operating Base. PSE's Gas First Response Team worked alongside the Seattle Fire Department to practice rapid assessment, area control and clear communication in a dynamic, real-world environment. By training together, we build trust, sharpen capabilities and ensure we're ready to respond swiftly and safely when it matters most.



GOVERNANCE

ENSURING ACCOUNTABILITY, TRANSPARENCY AND SECURITY

LEADERSHIP

Our robust corporate governance practices form a strong foundation that encourages a culture of ethics and integrity, drives strong financial and operational performance and delivers long-term shareholder value. PSE's Board of Directors is comprised of nine owner members, three independent members and our President and CEO as of Dec. 31, 2025. Our independent Chairperson is not employed by PSE and does not hold affiliations with any of our investors. As of Dec. 31, 2025, 31% of our board members and 45% of our executive leadership, consisting of the CEO and vice presidents, were women.



The PSE Board of Directors and its committees provide oversight and guidance to execute our business strategy while adhering to the responsibilities outlined in our Corporate Governance Guidelines. The Board generally has at least four regularly scheduled meetings annually, and each committee holds regularly scheduled meetings as necessary.

Our Audit, Governance and Compensation Committees have specific sustainability-related responsibilities. Annually, we review and assess our governance guidelines to ensure effective oversight and governance. Sustainability expertise on the Board derives from experience in asset management in the U.S. and internationally, as well as corporate responsibility experience in the U.S., including that of the former Senior Vice President (SVP) of Public Affairs and Sustainability for Alaska Airlines and a former two-term Washington state Governor who also served as a three-term State Attorney General and former Department of Ecology Director.

LINKING COMPENSATION TO SUSTAINABILITY PERFORMANCE

PSE's compensation program helps align our compensation with the company's sustainability objectives and commitments by establishing a variable pay component directly linked to the achievement of sustainability-related KPIs (e.g., safety and carbon emissions reduction).

We review the KPIs periodically to promote continued relevance to our sustainability objectives.

SUSTAINABILITY GOVERNANCE

Our Chief Sustainability Officer (CSO) leads PSE's enterprise-wide sustainability strategy and works together with our Senior Vice President (SVP) Chief Customer and Transformation Officer (CCTO), SVP External Affairs, VP Clean Energy Strategy and Planning and others to identify interim targets and strategies needed to strive toward our cleaner energy goals. Our SVP CCTO is responsible for our customer programs, solutions and new product development and their contributions to our overall cleaner energy transformation. Our VP Clean Energy Strategy and Planning brings together PSE's resource planning function with teams implementing CETA. Our SVP Chief Financial Officer, SVP of Energy Operations and SVP Chief Development Officer also have significant roles in the development and implementation of our cleaner energy strategy, which is ultimately approved and driven from the top by our President and CEO.

BOARD OVERSIGHT OF SUSTAINABILITY

As outlined in PSE's Corporate Governance Guidelines, the Board oversees the business affairs and management of the company, including appointing and overseeing senior management. It reviews regulatory affairs and accounting, financial and legal compliance controls and processes and progress toward sustainability objectives.

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RELEVANT BOARD COMMITTEES

Audit Committee

Maintains process and controls to ensure that sustainability disclosures are accurate, comparable and consistent. Reviews any sustainability-related disclosures that are required to be included in the Company's annual Form 10-K.

Governance Committee

Oversees our corporate governance in all matters, including sustainability, as reflected in our Corporate Governance Guidelines.

Compensation Committee

Develops PSE's compensation philosophy that ensures a linkage between executive operational performance and executive compensation that is aligned with operating goals. Supports continued emphasis on low-cost, safe, reliable and equitable service to customers in a manner consistent with the Company's sustainability objectives and commitments.

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CHIEF EXECUTIVE OFFICER

Ultimately responsible for the implementation of PSE's sustainability strategy.

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MANAGEMENT OVERSIGHT: SUSTAINABILITY EXECUTIVE COMMITTEE

Reports routinely to the CEO and Board on sustainability matters, demonstrating oversight and accountability. Facilitates routine communication and collaboration across departments and functions. Promotes integration of sustainability objectives into business planning and project execution/tracking.

Members include:

- Chief Sustainability Officer (chair)
- SVP Chief Customer and Transformation Officer
- SVP of Energy Operations
- VP Clean Energy Strategy and Planning
- SVP External Affairs
- VP Chief Human Resources Officer
- Treasurer

OUR ETHICS: DOING THE RIGHT THING

We remain committed to conducting business with the highest levels of ethics and integrity and acting in the best interests of customers and communities. Our customers trust us to provide safe and reliable energy, and we take this trust seriously. For more information, please visit the Our Ethics page on our website.

CORPORATE ETHICS AND COMPLIANCE

Our Corporate Ethics and Compliance Programs embed a culture of uncompromising integrity and ethical behavior throughout PSE — from our Board of Directors to each employee. Our policies and programs set expectations for employee behavior and promote awareness of job-specific ethics and compliance risks.

Our Chief Ethics & Compliance Officer directly advises the Board and oversees our ethics and compliance programs. Our Compliance & Ethics Committee provides oversight to 1) monitor and assess the effectiveness of the Company's Compliance & Ethics Program; 2) oversee periodic review and amendment of our corporate policies and 3) review recommendations and provide strategic guidance on how to optimize the quality of ethics activities. This committee also oversees and provides recommendations for the operation of key operational areas and systems to support our Compliance Council and ensures consistency across programs under the compliance centralized/decentralized model.

Our Compliance Council is a cross-functional team of compliance program leaders from across the organization, including human resources, generation, gas and electric operations, pipeline safety, privacy and other areas. The Council communicates best practices across PSE business units and develops clear and transparent expectations to maintain a consistent culture of compliance and support the successful implementation of our compliance programs.

Our internal audit team is another resource to evaluate compliance performance. Our audit team reports to the Board Audit Committee Chair, reviews procedures and operations to identify improvement opportunities and determines appropriate action plans to address gaps. The Board Audit Committee reviews any ethical concerns and policy updates every quarter.

We conduct periodic ethics and compliance culture surveys. Designed by a cross-functional team of legal, human resources, organization development and IT security staff, we design the survey to identify gaps and improvement opportunities to strengthen our compliance programs.





CODE OF CONDUCT

Our Code of Conduct (Code) lays the foundation for the honest and ethical behavior we expect from all employees and the Board of Directors at Puget Energy and PSE. Each employee has a duty to uphold the Code and "Do what is right." We provide training for employees on the Code during new hire orientation and orientation for new leaders. In 2025, 100% of our employees completed their Code training.

We promote a culture of accountability and open communication where all employees feel safe speaking up if they suspect a violation of company policy or the law. Employees can report ethics and compliance concerns to their supervisor, the director or manager responsible for ethics or other responsible departments. To report concerns or ask questions, we also offer an anonymous third-party Ethics Help Line and online portal available to all employees, vendors and customers that is accessible 24/7. PSE does not tolerate retaliation against any employee reporting a concern in good faith.

We thoroughly and promptly investigate all reports of potential Code violations. Following the investigations, we report remedial actions and resulting outcomes to leadership and the Audit Committee. Violations of the Code may result in disciplinary action, up to and including dismissal.

RESPONSIBLE SUPPLIER AND CONTRACTOR GUIDELINES

We promote responsible practices when working with suppliers and contractors to uphold our ethical business standards. Our Supplier Code of Conduct outlines our expectations for suppliers to conduct business with integrity. We expect all contractors and subcontractors to comply with applicable laws and regulations, such as those pertaining to the environment, equal opportunity in employment, health and safety and child labor laws. Contractors must operate within our guidelines and failure to comply with these standards may result in the discontinuation of our business relationship.

CORPORATE RISK MANAGEMENT

PSE operates critical infrastructure to deliver reliable energy to our customers, which comes with inherent risks. We work to effectively identify and address potential risks associated with our infrastructure through our established Enterprise Risk Management (ERM) process, allowing us to integrate risk management into our strategy, governance, reporting procedures and culture. To help ensure safe and reliable energy delivery, we have Business Continuity Plans and strategies prepared for disaster recovery.

ENTERPRISE RISK MANAGEMENT

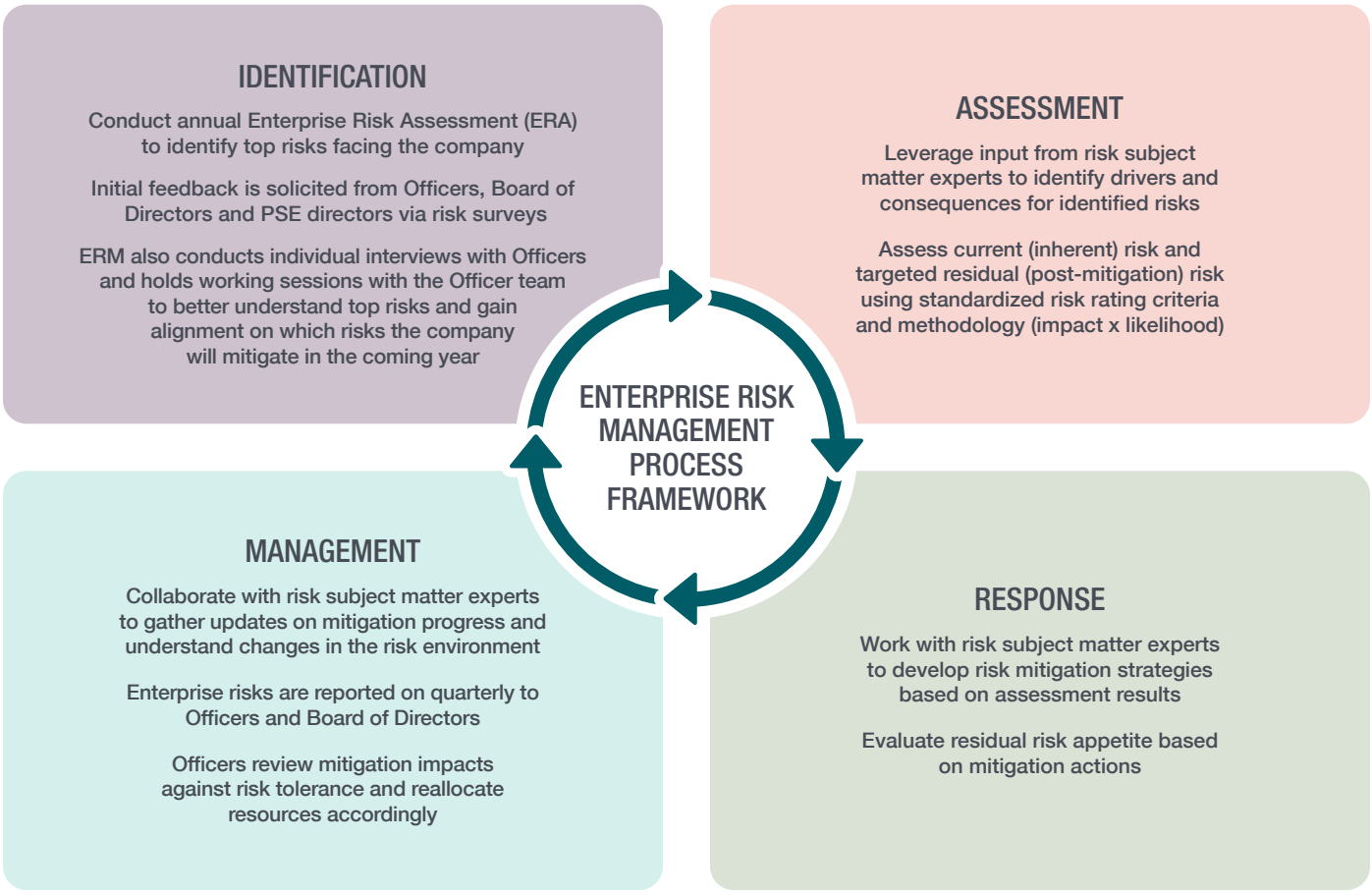
PSE's ERM team communicates risks throughout all levels of the organization, leveraging both top-down and bottom-up perspectives to help identify the top risks facing PSE. Our ERM framework allows us to gather, analyze and communicate risk information to decision-makers who help inform our strategy.

Risk management follows a four-step process of identification, assessment, response and management to achieve our objectives as depicted in the infographic.

CORPORATE RESILIENCE AND DISASTER RECOVERY

We are committed to delivering safe and reliable energy to our customers and rapidly responding to unexpected events that impact our ability to supply energy. Our Business Continuity Plans help ensure we can resume operations safely and efficiently following emergencies. We prepare key personnel and systems to respond to events, including storms, traffic accidents, seismic events, wildfires, damaged power lines and other incidents that may damage equipment or interrupt service.

In addition to our efforts to address business continuity and disaster recovery, we educate our customers on safety, disaster preparedness and what to do during a power outage. For more information, please visit the Safety & Outages page on our website.



CYBERSECURITY AND DATA PRIVACY

Utilities are a prime target for data breaches and attacks that seek to impact the power grid and potentially critical infrastructure. PSE strives to maintain a comprehensive cybersecurity program to achieve our overall cybersecurity and cyber-resiliency goals through strategically deploying our resources, standardizing security practices and policies and reinforcing and promoting security awareness across the enterprise. Part of PSE's goal is to apply a level of diligence across the enterprise to consistently identify, address and mitigate these risks proportionate with the rapidly changing cybersecurity landscape. To achieve this, we align our cybersecurity program to the National Institute of Standards and Technology (NIST) cybersecurity framework and to regulatory requirements including North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) standards and Transportation Security Administration (TSA) Security Directives, consistent with leading energy and defense organizations.

In collaboration with our Chief Information Security Officer and our dedicated information security professionals, we maintain policies and procedures that support our overall assessment, management and mitigation of ongoing cyber risks. We strategically allocate resources and upgrade our infrastructure to proactively identify and monitor emerging challenges. Our risk management framework includes established processes to regularly inform management, senior leadership and Board members about identified risks and our corresponding mitigation strategies.

We perform biennial, external security assessments using the NIST cybersecurity framework to evaluate the safety and security of our infrastructure. We conduct penetration testing and vulnerability scans across our systems and public-facing assets to identify vulnerabilities; findings are prioritized and remediated through patching and a risk management process to help reduce risk and ensure timely mitigation.

Finally, we regularly exercise our cybersecurity incident response plan (e.g., via GridEx) such that anyone asked to play a role in an incident is familiar with the process before a real situation occurs.

Both training and awareness are cornerstones of our cybersecurity program. To that end, we require our employees and vendors that have access to our systems to complete targeted security trainings at regular intervals throughout the year, so they are aware of the critical role they play in keeping our systems and information safe. Likewise, to keep pace with risk, industry trends and standards we participate in numerous state and industry-specific cybersecurity initiatives and coordinate across a growing list of external entities.[79]

Mitigating our own cybersecurity risks includes safeguarding and protecting our customers' personal information. We take our responsibility to maintain the confidentiality and security of customer information seriously. Our Privacy Policy describes how we protect customer information and comply with all laws governing the privacy and security of such information. PSE uses customer information only for delivering and improving utility services to our customers. We protect customer privacy by never selling or sharing personal information with third parties for marketing purposes without consent unless customers provide explicit consent. For more background on the types of information PSE collects, please visit the Privacy page on our website.

79 EEI's Cyber Mutual Assistance, Security & Technologies and Culture of Security committees and Peer Review Program and AGA Security Committee.



PREPAREDNESS IN ACTION: PSE'S DISASTER RECOVERY EXERCISE

PSE continues to strengthen our preparedness for IT-related disasters. In May 2025, 170 PSE IT professionals and application owners came together for one of PSE's most comprehensive disaster recovery exercises to date. Over a carefully planned 24-hour period, teams successfully tested more than 740 applications and 330 disaster recovery plans by deliberately moving systems from the primary data center to a backup facility and back again while maintaining critical operations. The exercise served as a full-scale, real-world test of the technology backbone that supports safe, reliable energy delivery across the region.

"This isn't just an IT exercise. It's about being there for our communities when they need us most." Director of IT Infrastructure, Jeff Neumann, said.

The successful drill reflects months of planning, coordination and close collaboration across teams, and reinforces PSE's commitment to preparedness in the face of everything from cyber threats to a Cascadia Subduction Zone earthquake. The scale and rigor of this exercise demonstrate PSE's proactive, disciplined approach to disaster preparedness and system resilience. Through continued investment in people, systems and rigorous testing, PSE is not only preparing for the unexpected but also reinforcing a strong standard of reliability and readiness.





TRIBAL ENGAGEMENT

There are 29 federally recognized tribes and seven non-federally recognized tribes that have a long history within our region. PSE acknowledges that, in addition to independent government status, tribes are key interested parties with specialized expertise in cultural and natural resources and land stewardship. Tribal members are also customers and thought leaders that deserve recognition and respect.

We work to develop and maintain long-lasting individual relationships with Tribal Nations through ongoing engagement, collaboration and dialogue. We are also working with some tribes to increase equitable access to our energy services and community programs. In these relationships, PSE seeks to work collaboratively with tribal government departments regarding project activities that could affect important tribal interests such as natural or cultural resources.

Through our proactive outreach and employee education, we aim for a culture that recognizes tribal knowledge, interests and needs and advances equity and policy development within our industry. By understanding our impacts on all communities and the environment, we are better equipped to make decisions within our service territory.

TRIBAL STRATEGIC ENERGY PLANNING TOOLKIT SUPPORTS TRIBAL PRIORITIES

In 2025, our Tribal Relations team reached an important milestone by developing the Tribal Strategic Energy Planning (TSEP) Toolkit in close partnership with Tribal Nations. Grounded in direct dialogue with tribal leaders and staff, the toolkit responds to a clearly identified need for practical support as tribes pursue energy sovereignty and clean energy goals. We worked collaboratively to create a resource that reflects tribal priorities and supports self-determined energy planning.

The TSEP Toolkit is designed to guide tribes through the process of creating or updating strategic energy plans while connecting them to funding opportunities, technical assistance and trusted implementation partners. It also identifies pathways for alignment with our energy efficiency, distributed energy resources and microgrid programs, creating opportunities for shared progress. Led by our Tribal Government Relations Manager, this effort strengthens trust, honors tribal sovereignty and lays the foundation for long-term collaboration.

POLITICAL ENGAGEMENT AND ADVOCACY

PSE engages with policymakers at the local, state and federal levels to advocate for public policy issues that impact our company, customers and employees. Additionally, PSE employees can volunteer to participate in the Puget Sound Energy Political Action Committee (PAC) for Good Government, which contributes to federal candidates and committees.

Our External Affairs team advances our government relations, public policy and strategic communications efforts with a key focus on equity. PSE's internal policies adhere to strict federal, state and local lobbying and political contribution laws and requirements, and we publicly report on all contributions to political campaigns and our political action committee. Our lobbyists regularly report political contributions, the public policy issues on which they have engaged with government officials and the lobbying expenses incurred by the company.

Through our engagement activities, we actively support policies that enable a decarbonized energy future and seek to deliver positive change in the communities we serve. For more information on our advocacy and support for climate regulation, please visit the Partnerships and Climate Policy Advocacy section.



CONCLUSION

As PSE undertakes a major transition to align with our state's ambitious clean energy laws, we remain steadfast in our responsibility to deliver safe and reliable energy to our customers. The initiatives and commitments outlined in this report reflect the principles that steer our work and our role in the communities we serve.

We appreciate the opportunity to continue improving and transparently report on our progress.



2025 DATA APPENDIX

Our 2025 Data appendix discloses relevant sustainability metrics for PSE. The data listed in the table below reference disclosures from the Global Reporting Index (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Electric Utilities & Power Generators and Gas Utilities & Distributors Industry Standards. For more information on how our disclosures align with these frameworks, please visit our GRI Index and SASB Index.

ENVIRONMENTAL

Environmental Disclosures	PSE Response			GRI/SASB Alignment
Energy	**2025**	**2024**	**2023**	
Total energy consumed	15,644,682 MWh	19,445,356 MWh	22,638,503 MWh	GRI 302-1: Energy consumption within the organization GRI 302-2: Energy consumption outside of the organization[1]
Non-renewable energy consumed	15,011,501 MWh	18,894,200 MWh	21,958,091 MWh	
Renewable energy consumed	633,181 MWh	551,156 MWh	680,412 MWh	
Energy intensity[2]	0.282 MWh consumed / MWh total output	0.354 MWh consumed / MWh total output	0.403 MWh consumed / MWh total output	GRI 302-3: Energy intensity
Water	**2025**	**2024**	**2023**	
Total water withdrawn[3]	10,315 ML	12,387 ML	13,277 ML	GRI 303-3: Water withdrawal GRI 303-4: Water discharge GRI 303-5: Water consumption SASB IF-EU-140a.1: Water Management
Percentage in regions with high or extremely high baseline water stress	0%	0%	0%	
Total water consumed[3]	9,288 ML	11,175 ML	11,903 ML	
Percentage in regions with high or extremely high baseline water stress	0%	0%	0%	
Total water outflows and discharges[3]	1,027 ML	1,212 ML	1,373 ML	
Surface water outflows and discharges	683 ML	735 ML	864 ML	
Groundwater outflows and discharges	0 ML	0 ML	0 ML	
Seawater / brackish water outflows and discharges	0 ML	0 ML	0 ML	
Third-party water re-use outflows and discharges	0 ML	0 ML	0 ML	
Third-party water treatment outflows and discharges	344 ML	477 ML	509 ML	

1 PSE's total energy consumption metric includes energy consumed within and outside the organization as our calculations cover energy related to natural gas sales to end-users and electricity purchased from other generators to serve our customer load. PSE currently does not track energy related to the other Scope 3 categories.

2 The total energy output is the sum of the total electricity sales (not including transportation) and total retail natural gas volumes (not including transportation) as listed in our annual 10-K filing. The total retail natural gas volume is converted from Therms to MWh.

3 The total water withdrawn, consumed and discharged are for thermoelectric facilities only.

Environmental Disclosures	PSE Response			GRI/SASB Alignment
Scope 1 GHG Emissions[4]	**2025**	**2024**	**2023**	
Total Scope 1 GHG emissions	5,347,832 tCO_2e	6,526,748 tCO_2e	7,436,952 tCO_2e	GRI 305-1: Direct (Scope 1) GHG emissions SASB IF-EU-110a.1: Greenhouse Gas Emissions and Energy Resource Planning
Biogenic CO_2 emissions	523.49 tCO_2e	134.73 tCO_2e	98.12 tCO_2e	
Scope 2 GHG Emissions[4]	**2025**	**2024**	**2023**	
Total Scope 2 GHG emissions (market-based)	155,221 tCO_2e	302,188 tCO_2e	382,681 tCO_2e	GRI 305-2: Energy indirect (Scope 2) GHG emissions
Total Scope 2 GHG emissions (location-based)	142,028 tCO_2e	277,760 tCO_2e	349,074 tCO_2e	
Scope 3 GHG Emissions[4]	**2025**	**2024**	**2023**	
Total Scope 3 GHG emissions	8,186,442 tCO_2e	10,526,656 tCO_2e	10,862,204 tCO_2e	GRI 305-3: Other indirect (Scope 3) GHG emissions
Biogenic CO_2 emissions	202,554 tCO_2e	178,496 tCO_2e	84,796 tCO_2e	
Scope 3 categories:[5]				
Emissions from investments	0 tCO_2e	0 tCO_2e	0 tCO_2e	
Emissions from franchises	0 tCO_2e	0 tCO_2e	0 tCO_2e	
Emissions from downstream leased assets	0 tCO_2e	0 tCO_2e	0 tCO_2e	
Emissions from end-of-life treatment of sold products	0 tCO_2e	0 tCO_2e	0 tCO_2e	
Emissions from use of sold products	5,652,033 tCO_2e	5,856,292 tCO_2e	6,193,555 tCO_2e	
Emissions from processing of sold products	0 tCO_2e	0 tCO_2e	0 tCO_2e	
Emissions from downstream transportation and distribution	0 tCO_2e	0 tCO_2e	0 tCO_2e	
Emissions from upstream leased assets	0 tCO_2e	0 tCO_2e	0 tCO_2e	
Emissions from employee commuting	5,149 tCO_2e	5,198 tCO_2e	0 tCO_2e	
Emissions from business travel	0 tCO_2e	0 tCO_2e	0 tCO_2e	
Emissions from waste generated in operations	93,017 tCO_2e	92,074 tCO_2e	109,537 tCO_2e	
Emissions from upstream transportation and distribution	0 tCO_2e	0 tCO_2e	0 tCO_2e	
Emissions from fuel- and energy-related activities	2,436,243 tCO_2e	4,573,093 tCO_2e	4,559,112 tCO_2e	
Emissions from capital goods	0 tCO_2e	0 tCO_2e	0 tCO_2e	
Emissions from purchased goods and services	0 tCO_2e	0 tCO_2e	0 tCO_2e	
GHG Emissions Intensity[4]	**2025**	**2024**	**2023**	
GHG emissions intensity (Scopes 1, 2 and 3)	0.0025 tCO_2e/$ revenue	0.0036 tCO_2e/$ revenue	0.0039 tCO_2e/$ revenue	GRI 305-4: GHG emissions intensity

4 The GHGs calculated include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and sulfur hexafluoride (SF_6). The remaining gases, hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and nitrogen trifluoride (NF_3), are not currently accounted for in the inventory due to a lack of robust data collection on usage at this time. Specific details on calculation methodologies are summarized in our GHG inventory report that can be reviewed on our Corporate Sustainability webpage. The emissions are representative of PSE's ownership only; PSE is Puget Energy's primary operating entity. Beginning in 2025, 40 CFR 98 Subpart W incorporates revised emission factors based on new empirical data finalized by EPA in May 2024. As a result, year-over-year changes between 2024 and 2025 reflect methodological updates rather than operational changes. Prior-year emissions have not been restated, consistent with EPA GHG reporting program reporting requirements.

5 Emissions from use of sold products and fuel- and energy-related activities represent the vast majority of PSE's Scope 3 emissions. While certain other Scope 3 categories are also calculated and reported, they are not material in comparison.

Environmental Disclosures	PSE Response			GRI/SASB Alignment
Air Emissions[6]	**2025**	**2024**	**2023**	
Air emissions from:				GRI 305-7: Nitrogen oxides (NO_X), sulfur oxides (SO_X), and other significant air emissions SASB IF-EU-120a.1: Air Quality
Nitrogen oxides (NO_X)	2,162,662 kg	3,285,312 kg	4,568,452 kg	
Sulfur oxides (SO_X)	985,754 kg	990,725 kg	1,190,317 kg	
Volatile organic compounds (VOC)	77,092 kg	111,976 kg	124,393 kg	
Particulate matter (PM):				
$PM_{2.5}$	114,290 kg	148,173 kg	217,754 kg	
PM_{10}	163,786 kg	214,277 kg	275,675 kg	
Lead[7]	7.5 kg	1.1 kg	0.2 kg	
Mercury[7]	7.9 kg	8.2 kg	9.7 kg	
Waste[8]	**2025**	**2024**	**2023**	
Non-hazardous waste generated	149,397 tonne	146,319 tonne	172,917 tonne	GRI 306-3: Waste generated GRI 306-4: Waste diverted from disposal GRI 306-5: Waste directed to disposal
Re-use	0 tonne	0 tonne	0 tonne	
Recycling	557 tonne	916 tonne	600 tonne	
Composting	46 tonne	46 tonne	46 tonne	
Waste-to-energy	0 tonne	0 tonne	0 tonne	
Incineration	0.65 tonne	0.09 tonne	0.00 tonne	
Landfill	148,793 tonne	145,350 tonne	172,270 tonne	
Unknown	0.08 tonne	6.47 tonne	0.01 tonne	
Hazardous waste generated	187 tonne	96 tonne	37 tonne	
Re-use	0 tonne	0 tonne	0 tonne	
Recycling	0.00 tonne	0.00 tonne	0.11 tonne	
Composting	0 tonne	0 tonne	0 tonne	
Waste-to-energy	0.00 tonne	0.03 tonne	0.14 tonne	
Incineration	25.7 tonne	8.9 tonne	9.6 tonne	
Landfill	162 tonne	83 tonne	24 tonne	
Unknown	0.0 tonne	4.1 tonne	3.0 tonne	

6 Depending on the facility, NO_X emissions are determined either with Continuous Emissions Monitoring Systems (CEMS) or using fuel input following U.S. Environmental Protection Agency (EPA) methodology. The remaining air emissions are calculated using fuel input following to U.S. EPA methodology.

7 Not all facilities are required to report for lead and/or mercury. Only reported emissions are included.

8 Waste generation values exclude waste generated at PSE's legacy remediation sites.



PUGET SOUND ENERGY