



PSE 2024 GREEN BOND ALLOCATION REPORT

MAY 2025



PUGET ENERGY AND PUGET SOUND ENERGY

Puget Energy, Inc. (“PE”) is owned through a holding company structure by Puget Holdings LLC under the ownership of a consortium of long-term infrastructure investors. Puget Sound Energy, Inc. (“PSE”) is a wholly-owned subsidiary and primary operating company of PE and is the oldest and largest investor-owned electric and natural gas utility Washington State.

Headquartered in Bellevue, Washington with a 6,000-square-mile service area stretching across 10 counties, PSE serves approximately 1.2 million electric and 900,000 natural gas customers. PSE’s core operations include electricity generation, electric power transmission and distribution and natural gas distribution and storage.

PSE is undergoing the most significant transformation in its 150-year history as it strives to meet Washington state’s clean energy laws—some of the most ambitious in the nation—while delivering on customer expectations for energy that is cleaner, as well as safe and reliable.

As such, PSE is aggressively pursuing renewable energy resources, from large generation projects to energy produced locally in the neighborhoods and communities that PSE serves. PSE has issued seven RFPs seeking compliant resources since the Washington Clean Energy Transformation Act (CETA) was enacted and has signed 31 contracts for a total of 3,880 MW of CETA-compliant capacity. Of that amount, we added 700 megawatts (MW) of non-emitting solar and wind nameplate generating capacity to PSE’s portfolio through owned assets and long-term power purchase agreements (“PPAs”)¹. An additional 248 MW of owned wind capacity is currently under construction and 142 MW of solar facility construction will begin in 2025 with expected commercial operation in late 2026². An additional 405 MW in signed PPAs will come online between 2025 and 2028³. A recently signed 20-year PPA provides PSE with 25% of the output from two Columbia River dams beginning in 2031⁴. In July 2024, PSE filed a voluntary all-source request for proposal (RFP) for additional clean⁵ energy and capacity sources.

Customers are key to PSE’s clean energy transition. PSE is partnering with them through programs like energy efficiency, carbon balance, customer connected solar, community solar and demand response⁶, reducing the need to acquire more generation and transmission resources and expanding access to cleaner energy, especially to those who may not otherwise be able to afford it.

¹ Golden Hills Wind (200 MW), Clearwater Wind (350 MW) and Lund Hill Solar (150 MW) were added in 2022.

² Beaver Creek Wind Facility (248 MW) and Appaloosa Solar (142 MW).

³ Vantage Wind Energy Center (90 MW) in 2025 and Haymaker Wind Farm (315 MW) in 2028.

⁴ Chelan PUD and Puget Sound Energy Announce Long Term Clean Energy Contract.

⁵ “Clean” energy generation includes renewable resource[s] and non-emitting electric generation as defined under the CETA regulations at Washington Administrative Code (WAC) 173-444-020.

⁶ See PSE’s Products and Services webpage.

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PSE PUGET SOUND ENERGY

SUSTAINABLE FINANCING FRAMEWORK

In support of these commitments, PE established its Sustainable Financing Framework (“Framework”) in 2023, to enable PE or any of its subsidiaries to issue Green, Sustainable or Social Bonds or other financial instruments for investment in new or existing projects or assets including those aligned with the company’s cleaner energy strategy and that meet the eligibility requirements outlined in the Framework. Sustainable financing proceeds will be allocated to eligible project categories including renewable energy, energy efficiency, clean transportation, climate change adaptation, biodiversity conservation, water and wastewater management, pollution prevention and control, green innovation and socio-economic advancement. Investment in renewable energy and associated infrastructure is in alignment with and driven by the requirements of Washington State laws, such as CETA, the Climate Commitment Act and the Clean Fuel Standard.

PE received a second-party opinion from Sustainalytics, an independent global provider of ESG ratings and research, expressing its opinion that the Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2023 and the Social Loan Principles 2023.

PSE GREEN BONDS

On June 4, 2024, PSE issued \$400 million principal amount of 5.685% Senior Notes due 2054 pursuant to the Framework (the “Green Bonds”). As part of the commitment under the Framework, this Green Bond Allocation Report aims to address the allocation of funds and its impact, to ensure transparency for investors and other interested parties.

The net proceeds from the Green Bonds was approximately \$396.5 million. As of February 28, 2025, the amount is fully allocated to Eligible Projects within the Renewable Energy category as defined in the Framework.

| Issuing Entity | PSE |
|----------------------------------|--|
| Sustainable Financing Instrument | Green Bonds |
| Ratings | A2 (stable) by Moody’s Investors Service, Inc. A- (stable) by S&P Global Ratings A (stable) by Fitch Ratings |
| Trade date | June 4, 2024 |
| Settlement date | June 11, 2024 |
| Maturity date | June 15, 2054 |
| Principal amount | \$400 million |
| Net proceeds | \$396.5 million |
| Coupon | 5.685% |
| CUSIP | 745332 CN4 |

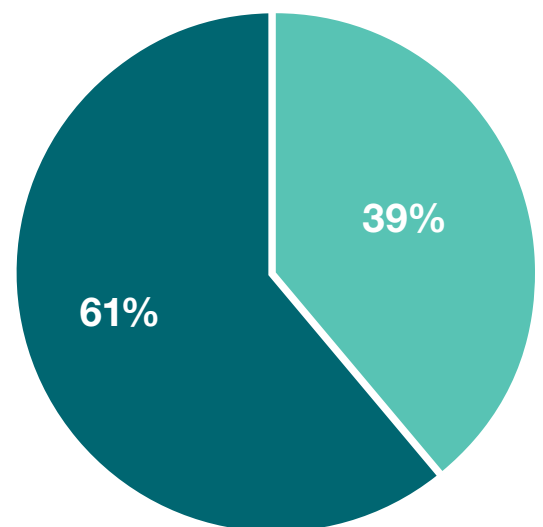




ALLOCATION OF NET PROCEEDS TO REFINANCE OR FINANCE ELIGIBLE PROJECTS

PSE allocated **39%** of the net proceeds from the sale of the Green Bonds to renewable energy projects funded during the refinance period January 2024–May 2024. PSE allocated the remaining **61%** of the proceeds to renewable energy projects in the current period June 2024–February 2025.

The following is a brief overview of the renewable energy projects to which the net proceeds were allocated and the impact it has on helping PSE deliver clean energy to our customers.



● REFINANCE PERIOD
● CURRENT PERIOD

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LOWER BAKER DAM SAFETY AND MODERNIZATION PROJECT

Amount allocated: \$86.5 million

Location: near Concrete, Washington

Capacity: 105 MW

The safety and modernization project is designed to reduce water seepage through the dam foundation and abutments. This important maintenance work will ensure the continued reliability and structural integrity of the dam for decades to come. While seepage is a typical occurrence with dams, it needs to be controlled to prevent foundation erosion or damage to the concrete structures over time. PSE has regularly managed seepage at Lower Baker Dam since its construction in 1925, using the best technology available at the time.

In 2024, Lower Baker Dam hydroelectric facility generated approximately 327,000 megawatt hours⁷ (MWh) of clean electricity. This generation is equivalent to approximately 143,000 metric tons equivalent carbon dioxide (CO₂e) of avoided emissions⁸.

⁷ PSE 2024 FERC Form 1

⁸ Avoided emissions were calculated assuming the electricity would need to be replaced with “unspecified” market purchases using Equation 4 at WAC 173-444-040(4).





WIND FARM POWER PURCHASE AGREEMENTS

Amount allocated: \$68.9 million

Location:

Sherman County, Oregon (Golden Hills Wind Farm) and Rosebud, Custer and Garfield Counties, Montana (Clearwater Wind Project, LLC)

Capacity:

- Golden Hills: 200 MW
- Clearwater: 350 MW

In 2024, the two facilities generated a total of approximately 1,990,000 MWh. The combined 2024 generation is equivalent to approximately 869,000 metric tons CO₂e of avoided emissions⁸.

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BEAVER CREEK WIND FARM

Amount allocated: \$241.1 million

Location: Stillwater County, Montana

Capacity: 248 MW

Beaver Creek Wind Farm is under development and is expected to be operational in 2025. Assuming a capacity factor of 35%, the annual generation will be equivalent to approximately 330,000 metric tons CO₂e of avoided emissions⁸.

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MANAGEMENT'S ASSERTION

PSE management asserts that as of the date of this report, an amount equal to or in excess of the net proceeds from the sale of the Green Bonds has been allocated/dispursed to finance and/or refinance, in whole or in part, investments in or expenditures on one or more new and/or existing Eligible Projects incurred during the period from January 1, 2024 through February 28, 2025. As a result, there are no net proceeds from the issuance of the Green Bonds remaining to be allocated/dispursed.

EXTERNAL REVIEW

Sustainalytics has examined management's assertion that allocations reported herein were dispursed for Eligible Projects within the Framework criteria. Sustainalytics' independent report is available on our website.

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 **PUGET SOUND ENERGY**

This report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. This act provides a “safe harbor” for forward-looking statements to encourage companies to provide prospective information about themselves so long as they identify these as forward-looking and provide meaningful cautionary language identifying important factors that could cause actual results to differ from the projected results. This report includes forward-looking statements, which are statements of expectations, beliefs, plans, objectives and assumptions of future events or performance. Words or phrases such as “anticipates,” “believes,” “continues,” “could,” “estimates,” “expects,” “future,” “intends,” “may,” “might,” “plans,” “potential,” “predicts,” “projects,” “should,” “will likely result,” “will continue” or similar expressions are intended to identify certain of these forward-looking statements and may be included in discussion of, among other things, our anticipated operating or financial performance, business plans and prospects, planned capital expenditures and other future expectations. In particular, these include statements relating to future actions, business plans and prospects, future performance expenses, the outcome of contingencies, such as legal proceedings, government regulation and financial results.

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 PE’s and PSE’s expectations, beliefs or projections will be achieved or accomplished.

Any forward-looking statement speaks only as of the date on which such statement is made and, except as required by law, PE and PSE undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. For further information, see the reports on Form 10-K, 10-Q and current reports on Form 8-K.



