

Puget Energy

Fixed Income Investor Presentation

Spring 2025

PugetEnergy



Cautionary Statement

Information Current as of February 20, 2025 (except as expressly noted)

Except as expressly noted, the information in this presentation is current as of February 20, 2025 – the date on which Puget Energy, Inc. (“PE”) and Puget Sound Energy, Inc. (“PSE” and, together with PE, “Puget”) filed their Annual Report on Form 10-K for the year ended December 31, 2024 – and should not be relied upon as being current as of any subsequent date. Puget undertakes no duty to update the presentation, except as may be required by law.

Forward-Looking Statements

Statements in this presentation that relate to future plans, objectives, expectations, performance, events and the like may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding future load, hydro conditions and operating and maintenance costs; statements concerning implementation of PE’s 5-year Plan and related future capital expenditures; statements regarding the outcome of any legal or regulatory proceeding; as well as other statements containing words such as “anticipates,” “believes,” “continues,” “estimates,” “expects,” “intends,” “projects,” “should,” and similar expressions. Investors are cautioned that any such forward-looking statements are subject to risks and uncertainties, including – but not limited to – the costs of compliance with regulatory and environmental laws, changes in capital market conditions, reduction in demand, low wholesale prices, operational risks, hydro and wind conditions, wildfire risk, disruption in fuel supply, and unscheduled power outages, which may result in unanticipated operating, maintenance, and repair costs. As a result, actual results may differ materially from those projected in the forward-looking statements. All forward-looking statements included in this presentation are based on information available to Puget on the date hereof and such statements speak only as of the date hereof. Puget assumes no obligation to update any such forward-looking statement. Reference is also made to the risks and uncertainties listed in Puget’s most recent Annual Report on Form 10-K and Puget’s reports on Forms 8-K and 10-Q filed with the United States Securities and Exchange Commission (the “SEC”).

Disclaimer

This presentation is confidential and for your information only and is not intended to be distributed to or reviewed by anyone other than you. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy any securities.

Non-GAAP Financial Measures

In addition to U.S. GAAP financial measures, this presentation includes certain non-GAAP financial measures, including Adjusted Net Income and Adjusted ROE. See the reconciliation of GAAP to non-GAAP measures for Adjusted Net Income that is provided in the appendix to this presentation.

Puget Team Members



Jamie Martin
Senior Vice President &
Chief Financial Officer



Jon Piliaris
Vice President
Regulatory Affairs



Cara Peterman
Chief Risk Officer &
Corporate Treasurer



Key Credit Highlights

◆ Pure Play Vertically Integrated Utility

- ◇ Puget Energy (“PE”) owns Puget Sound Energy (“PSE”), Washington’s oldest and largest investor-owned utility, providing 99% of PE’s revenue and serving 1.25 million electric customers and 881 thousand natural gas customers¹

◆ Increasingly Constructive Regulatory Environment

- ◇ PSE operates in an increasingly constructive regulatory environment, as evidenced by the recent 2024 GRC decision which authorized more than 80% of PSE’s requested increase and included many credit-supportive mechanisms

◆ Clean Energy Leader

- ◇ PSE is a clean energy leader with 46% owned and contracted renewables¹, with continued focus on the clean energy transition supported by Washington’s Clean Energy Transition Act

◆ Diverse Customer Base and A Strong Economic Environment

- ◇ PSE’s service territory boasts a strong economy driven by well-known technology, aerospace, retail, and biotech companies, military operations and educational institutions with 4.0% CAGR in electric load growth from 2021 – 2024¹

◆ Wildfire Risk Mitigation Progress Continues

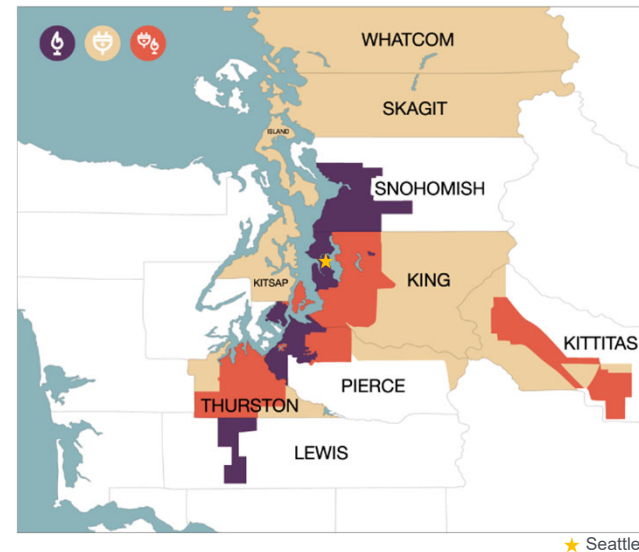
- ◇ PSE’s focus on wildfire risk mitigation includes expanded situational awareness, operational mitigations and a growing system hardening program

◆ Committed To Investment Grade Ratings

- ◇ Management is committed to maintaining a strong balance sheet with investment grade ratings, as evidenced by a \$293 million equity injection from owners in 2024

Puget Energy Overview

- ◆ Owns Washington state's oldest and largest utility, PSE
- ◆ PSE is a regulated investor-owned utility ("IOU") serving 1.25M electric customers and 881K gas customers in 10 counties, covering approximately 6,000 square miles, located primarily in Western Washington
- ◆ Undergoing a significant transformation focused on meeting some of the most ambitious clean energy laws in the nation, while continuing to provide safe, reliable and affordable service



★ Seattle

6.5 GW

Generating capacity
(owned & contracted)

46% renewable, 43% natural gas, 11% coal

~26,000

Miles of electric
transmission and
distribution lines

~27,000

Miles of natural
gas pipeline and
service lines

~3,300

Full-time equivalent
employees



Business Updates

2024 PSE GRC Results

The Commission acknowledged the importance of the Company's financial health and approved more than 80% of the requested revenue increase

- ◇ ROE: 9.8% in 2025 and 9.9% in 2026, an increase from 9.4%
- ◇ Equity Ratio: Remains 49% in 2025 and increases to 50% in 2026
- ◇ Rate Base: Incremental \$1.2B in 2025 and \$1.1B in 2026
- ◇ Power Cost Updates: Allowed to update annually for each rate year
- ◇ Wildfire Tracker: Approved all O&M, capital and insurance premiums associated with wildfire, allowing costs to be trued up annually
- ◇ Advanced Metering Infrastructure Project: Full recovery of return, including amortization of deferred return over 3-years
- ◇ Rates were effective on January 29th, 2025; representing a 13% increase for electric customers and an 11% increase for gas customers¹

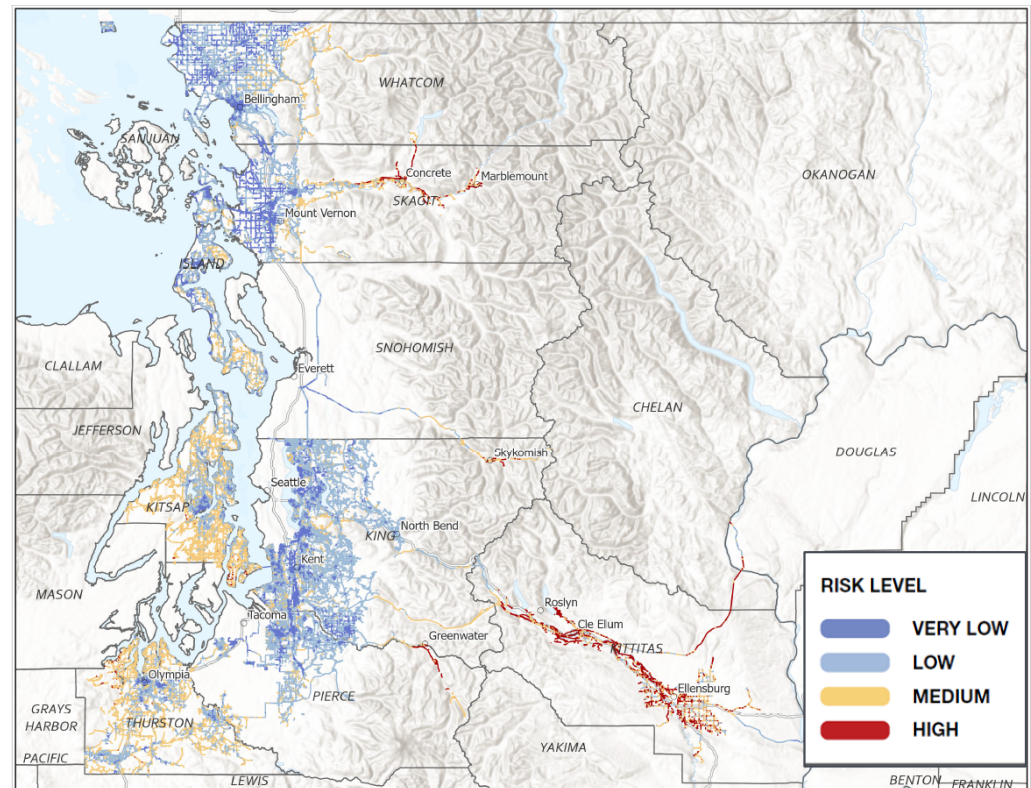
\$'s in millions	2025 Total	2026 Total	Grand Total
PSE Request (Rebuttal)	\$591.2	\$221.6	\$812.8
Approved	\$436.4	\$224.4	\$660.8
% Approved	74%	101%	81%
Total Authorized Rate base	\$9,666	\$10,769	N/A









Wildfire Risk Overview

PSE specific considerations

- ◆ Approximately **2.5%** of customers located in high fire threat areas (~30,000 customers)
- ◆ Approximately **8%** of overall PSE overhead system in high fire threat areas
 - ◇ **745 miles of overhead distribution** in high fire threat area
 - ◇ **166 miles of overhead transmission** in high fire threat area
 - ◇ **139 miles of underground distribution** in high fire threat areas (approximately 1% of PSE underground distribution system)



Wildfire Mitigation Initiatives and Progress

		ACCOMPLISHED IN 2024	2025-2026 TARGET
	Overhead hardening Increasing the resilience of our overhead infrastructure through conductor upgrades and the installation of covered conductor.	12.6 MILES	23.4 MILES
	Pole replacements Distribution and transmission pole assessment/replacement based on asset condition inspections.	613 POLES	619 POLES
	Undergrounding Overhead to underground conversions and new underground installations to reduce the risk of overhead ignitions.	1.9 MILES	16.6 MILES
	Pre-season inspections, repairs, and vegetation management Annual, prioritized inspections of HFT circuits/lines for enhanced vegetation management and asset inspection/repair actions.	976 MILES	1432 MILES
	High-definition A.I. smoke detection camera installation	6 CAMERAS	16 CAMERAS
	Weather station installation	22 STATIONS	40 STATIONS

OPERATIONAL MITIGATIONS

Enhanced Powerline Settings	PSPS	GridScope Pilot (High Impedance Fault & Down-Wire Detection)	Seasonal disablement of transmission reclosing
Technosylva real-time and historical fuel & weather risk modeling	Integration of a PSE meteorologist	Targeted expansion of field protective devices	Coordination with local first response agencies

Progress Towards CETA Goals



2025
Coal-free
electricity



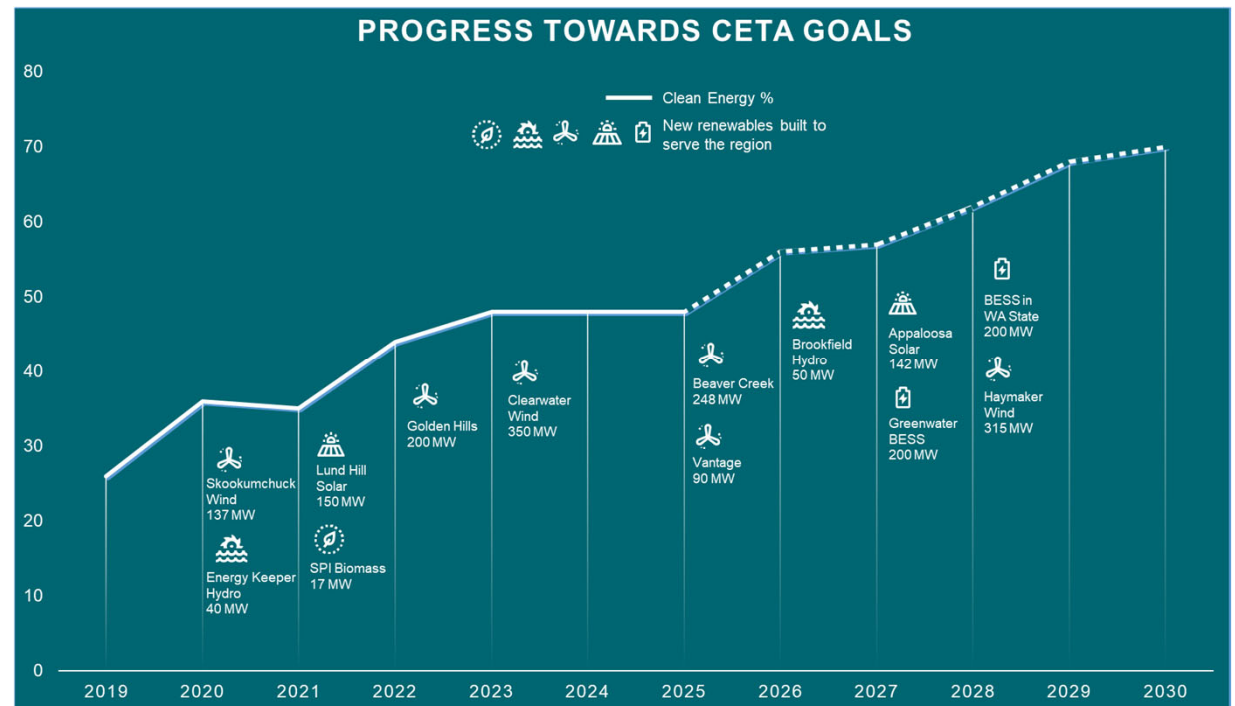
2030
80% clean electricity /
100% carbon neutral



2045
100%
clean electricity

Notable Updates in 2024

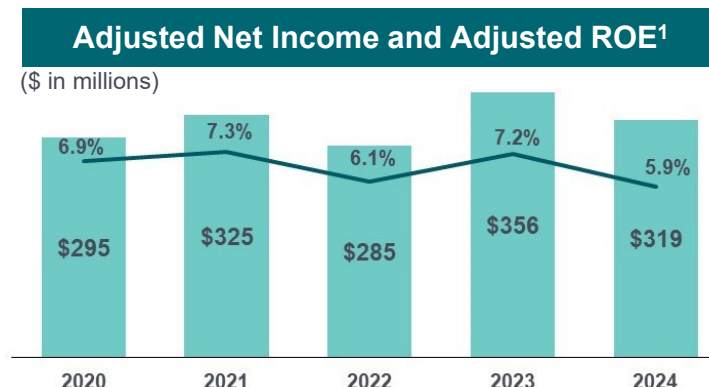
- ◆ Scheduled to transfer Colstrip to NorthWestern Energy on December 31, 2025
- ◆ Contracted and acquired 1,000+ MW of long-term CETA-qualifying resources
- ◆ Signed 3-year tolling agreement with Grays Harbor Energy Center for 648 MW of capacity 2025-2027
- ◆ On track to meet CETA requirements starting 2030



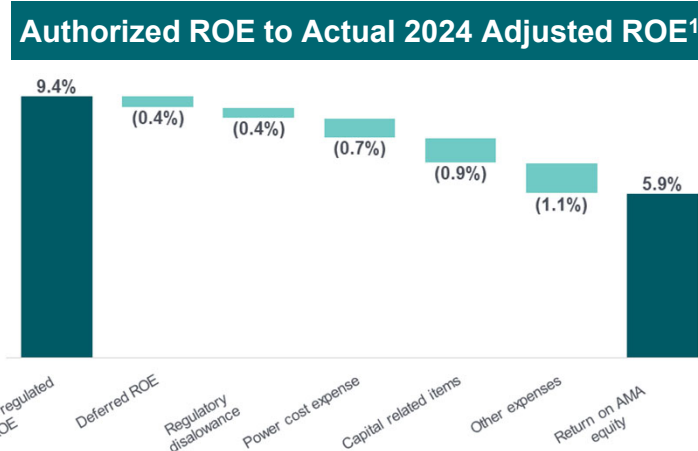


Financial Updates

PSE Revenue and Adjusted Net Income¹



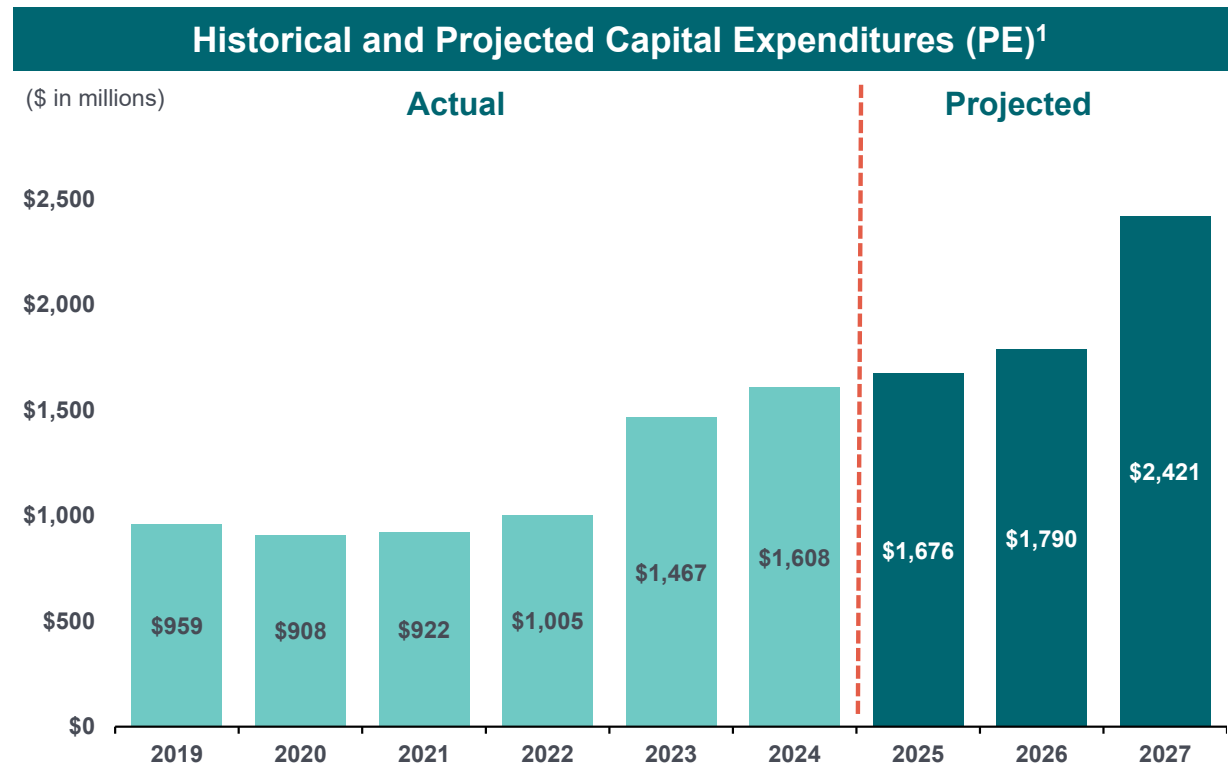
- Adjusted Net income¹ and Adjusted ROE¹ results in 2024 were primarily driven by regulatory lag from investments not yet in rates, higher power costs, capital related items such as higher interest expense and below-the-line and utility O&M expenses



Growing Capex to Support Clean Energy, System Safety and Reliability

2025-2027 capital expenditures are focused on:

- ◆ Clean generation resources
- ◆ Grid modernization
- ◆ Reliability
- ◆ Capacity
- ◆ Wildfire mitigation
- ◆ System safety



Manageable Debt Profile, Ample Liquidity and Stable Credit Ratings

Debt Maturity Profile (12/31/2024)



Liquidity Profile (12/31/2024)



PE Credit Ratings¹

	Corporate	Sr. Secured	Outlook
S&P Global Ratings	BBB-	BBB-	Stable
Moody's	Baa3	Baa3	Stable
Fitch Ratings	BBB-	BBB	Stable

Capitalization (12/31/2024)

\$'s in millions	PSE	PE
Long-term Debt	\$5,961	\$7,424
Equity	\$5,564	\$5,368
Total Capitalization	\$11,525	\$12,792




Concluding Takeaways

- ◆ Pure Play Vertically Integrated Utility
- ◆ Increasingly Constructive Regulatory Environment
- ◆ Clean Energy Leader
- ◆ Diverse Customer Base and a Strong Economic Environment
- ◆ Wildfire Risk Mitigation Progress Continues
- ◆ Committed To Investment Grade Ratings

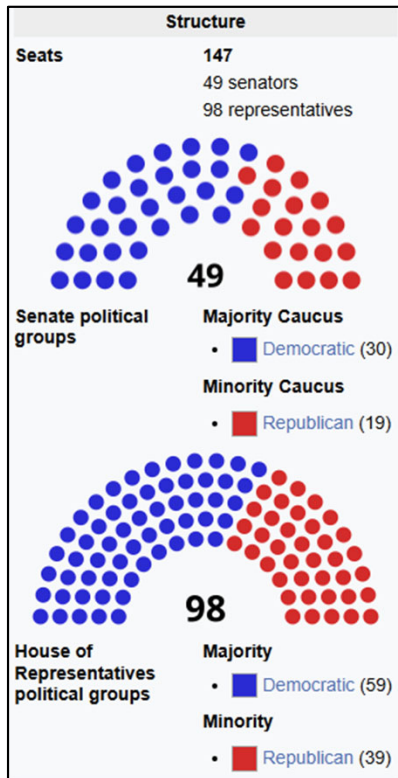
Appendix

Oversight of Retail Electric and Natural Gas

- ◆ The Washington Utilities and Transportation Commission (WUTC) is a three-member commission appointed by Washington's governor and confirmed by the state senate for 6-year terms
- ◆ WUTC has broad oversight over three electric IOUs and four natural gas IOUs to ensure the public interest, including oversight over rates, service, certain planning functions, safety, etc.
- ◆ Staffed by approximately 150 professionals with experience in law, economics, accounting, engineering, public policy and related areas

Name, party, role, and tenure	Photo	Biography
Brian Rybarik (D) Chair 2025-2031		<ul style="list-style-type: none"> • Appointed by Gov. Bob Ferguson in Jan. 2025 • Most recently held leadership roles in supply chain integrity, energy, and sustainability at Microsoft • Previously held various legal and leadership roles at the MidAmerican Energy Company, Midcontinent Independent System Operator and Public Service Commission of Wisconsin
Ann Rendahl (D) Commissioner 2015-2027		<ul style="list-style-type: none"> • Previously served as the Director of Policy and Legislation for the WUTC (beginning 2010) • Extensive experience with the WUTC including stints as an administrative law judge, administrative law director and assistant attorney general
Milt Doumit (R) Commissioner 2022-2028		<ul style="list-style-type: none"> • Previously vice president of Pacific Northwest State Government Affairs for Verizon Communications • Served as chief of staff in the Washington Attorney General's Office and in roles supporting and representing the Washington State Senate







State Government



State government

- ◆ Newly elected Executive Branch officials
 - ◇ Governor: Bob Ferguson (D)
 - ◇ Attorney General: Nick Brown (D)
 - ◇ Commissioner of Insurance: Patricia Kuderer (D)
 - ◇ Public Lands Commissioner: Dave Upthegrove (D)
- ◆ New Legislature
 - ◇ Democrat Senate Majority: 30 – 19
 - ◇ Democrat House Majority: 59 – 39
 - ◇ New Senate Energy Chair: Sharon Shewmake (D)
- ◆ Pending legislation
 - ◇ Wildfire
 - ◇ Permitting and siting reform
 - ◇ Various customer policy issues

PSE Ownership

		Ownership %
	Ontario Municipal Employees Retirement System	23.9%
	British Columbia Investment Management	20.9%
 MACQUARIE	Macquarie Asset Management	15.8%
 TEACHERS' PENSION PLAN	Teachers Ontario Pension Plan	15.8%
	Alberta Investment Management Corporation	13.6%
	PGGM	10.0%
		100.0%



Non-GAAP Financials Reconciliation of PSE Net Income Numbers is Provided Below

	(\$ in millions)	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
1	Net Income	\$274	\$336	\$491	\$131	\$346
2	Unrealized (gain) loss on derivative instruments, net	27	(14)	(261)	284	(34)
3	After tax impact (2)*(1-21%)	21	(11)	(206)	225	(27)
4	Adjusted net income	\$295	\$325	\$285	\$356	\$319

- ◆ PSE believes that Net Income excluding after-tax unrealized gains and losses on derivative instruments is a metric that more appropriately reflects the true financial performance of the company across the years at it neutralizes the volatility of energy derivatives