

PUGET ENERGY, INC.
Finance and Budget Committee Charter

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Finance and Budget Committee Charter

Purpose:

The Finance and Budget Committee (the “Committee”) is established to assist the Board in the oversight and review of management’s recommendations relating to annual budgets, the Company’s capital structure, its dividend policies, and the financial aspects of management’s strategic initiatives. The Committee also provides oversight for enterprise risk management and may approve the final terms of financing transactions.

Authority:

The Committee shall have all authority necessary to fulfill the duties and responsibilities assigned to the Committee in this Charter or otherwise assigned to it by the Board.

When the Committee deems appropriate, it may retain independent counsel and other professionals to assist the Committee without further Board approval.

The Committee, when appropriate, may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee, the Board, or Company officers.

Composition:

Independence

The Committee shall be composed of three or more directors, as determined and appointed by the Board. Members need not be “independent” directors as defined by the New York Stock Exchange.

Appointment and Removal of Members

The Board may remove any member from the Committee at any time with or without cause.

Duties and Responsibilities:

The Committee, which shall also function as the Executive Committee for Puget Sound Energy, Inc., shall have the following duties and responsibilities, in addition to any duties and responsibilities assigned to the Committee from time to time by the Board:

- Make recommendations to the Board regarding management's proposed annual operating and capital budgets;

- Review operating results;
- Oversee and approve the final terms of significant debt and equity financing transactions;
- Periodically review the Company's dividend policy and make recommendations to the Board;
- Periodically review the Company's capital structure and shareholder composition and make recommendations to the Board;
- Oversee the development, implementation, and performance of an enterprise risk management function and energy risk management;
- Provide investment oversight of qualified retirement plan and 401(k) investment plan for employees;
- Periodically meet with officers responsible for finance, shareholder and investor relations, planning, legal affairs, insurance, and risk management; and
- Make recommendations to the Board regarding retention of outside legal counsel and investment banking or similar financial advisors.

Meetings:

The Committee shall establish a meeting calendar annually and shall meet at least once each year. The Committee may hold such other meetings as are necessary or appropriate in order for the Committee to fulfill its responsibilities. In the absence of a member designated by the Board to serve as the Chair, the members of the Committee may appoint from among their number a person to preside at their meetings.

Evaluation:

The Committee shall review and reassess this Charter at least annually and, if appropriate, propose changes to the Board.

The Committee shall obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations for improvement.