



News Release

Puget Sound Energy Reports Third-Quarter Results

BELLEVUE, Wash.--(BUSINESS WIRE)--Oct. 19, 2000--Puget Sound Energy (NYSE:PSD) today reported income for common stock for the third quarter of 2000 of \$16.8 million, or 20 cents per diluted share.

Earnings for the third quarter of 2000 were in line with, or slightly ahead of, analysts' expectations, in spite of an extended outage at the company's Colstrip Unit 4 generating plant. Income for common stock for the third quarter of 1999 was \$22.1 million, or 26 cents per diluted share. Earnings per share for the 1999 third quarter included a net gain of 4 cents per share related to sale and assignment of certain non-core assets and gas supply transportation contracts.

Income for common stock for the twelve months ended Sept. 30, 2000 was \$175.3 million, or \$2.05 per diluted share, down slightly from income of \$175.9 million, or \$2.08 per diluted share for the same period a year ago.

"We had a strong third quarter, even with the negative impact of the unscheduled outage of one of our major generating units, Colstrip Unit 4," (see discussion below) said President and CEO William S. Weaver. "The quarter's earnings benefited from good energy margins resulting primarily from increased prices and volumes in the wholesale electric markets. Being relatively long on resources in a time of volatile energy markets again served us well.

"The third quarter also saw the completion of a second acquisition by our unregulated subsidiary, InfrastruX Group, which we founded in June of this year to provide construction and maintenance services to the utility industry. With that acquisition, InfrastruX now has annualized revenue of over \$125 million and employs more than 1,000 people," Weaver said. InfrastruX is continuing with further acquisitions of companies in that industry.

FACTORS IN THIRD-QUARTER RESULTS

Operating revenues for the third quarter were \$979.0 million, up \$567.6 million from the same period a year ago. Energy margins for the quarter were up, reflecting continued growth in the number of customers served and increased wholesale sales to utilities and others.

Third-quarter utility operations and maintenance expenses of \$55.9 million were \$4.5 million less than in 1999. (The higher 1999 expenses primarily reflect costs associated with Y2K readiness and electric service restoration.)

The Colstrip Unit 4 generating plant, located in eastern Montana, went out of service on Sept. 3, 2000, because of cracks discovered in the generator shaft. The unit, which provides 225 megawatts of power to the company, is expected to be back in service later today (Oct. 19, 2000). Loss of power from this unit increased the company's cost of power and reduced energy margins.

FACTORS IN 12-MONTH RESULTS

Operating revenues for the 12-month period were \$2.8 billion, up from \$2.0 billion for the same period in 1999. Twelve-month results were affected by the same factors as quarterly results.

As in the quarter, utility operations and maintenance expenses for the 12 months were lower compared to 1999. Utility operations and maintenance expenses for the 12 months ended Sept. 30, 1999 include costs associated with Y2K readiness and restoring electric service following a number of fierce storms which occurred early in 1999.

In addition, the results for the 12 months ended Sept. 30, 1999 were positively impacted by favorable hydroelectric conditions and a second-quarter 10-cent per share benefit, the result of a gain from the sale of the Company's investment in common stock of Cabot Oil & Gas Corp, offset in part by costs associated with a wholly-owned subsidiary's exiting certain product lines.

The number of electric and natural gas customers served by the company increased 1.7 percent and 4.0 percent, respectively, over the 12-month period ended September 30, 2000.

THIRD-QUARTER EARNINGS ANALYST TELECONFERENCE

Puget Sound Energy will hold an analyst conference call on third quarter earnings results on Thursday, Oct. 19, 7 a.m. PDT (10 a.m. EDT). The call will be broadcast live through a webcast at: www.pugetsoundenergy.com. To access the teleconference, go to Investor Relations and click on the Webcast icon. A replay of the conference call also will be available on the web site for later access.

PUGET SOUND ENERGY -- SUMMARY INCOME STATEMENT (In thousands, except per-share amounts)

	3 months ended 9/30(1)		12 months ended 9/30	
	2000	1999	2000	1999
Operating revenues				
Electric	\$886,696	\$345,257	\$2,237,589	\$1,527,268
Gas	72,798	57,705	539,051	464,744

Other	19,487	8,429	33,468	31,563
Total operating revenues	978,981	411,391	2,810,108	2,023,575
Operating expenses				
Purchased electricity	660,249	178,815	1,334,631	774,354
Purchased gas	35,885	22,185	271,019	197,369
Electric generation fuel	55,381	11,531	132,887	52,741
Residential exchange	(7,983)	(7,554)	(40,385)	(44,099)
Utility operations & maintenance	55,947	60,407	230,281	244,989
Other operations & maintenance	19,393	5,218	31,803	33,787
Depreciation & amortization	49,677	43,191	191,876	171,281
Conservation Amortization	1,188	1,814	7,559	7,380
Other taxes	42,556	36,434	196,048	173,794
Federal income taxes	9,090	7,906	113,749	110,859
Total operating expenses	921,383	359,947	2,469,468	1,722,455
Operating income	57,598	51,444	340,640	301,120
Other income	5,273	9,805	13,528	32,502
Income before interest charges	62,871	61,249	354,168	333,622
Interest charges	43,876	36,337	169,778	145,797
Net Income	18,995	24,912	184,390	187,825
Less pref. stock dividend accruals	2,229	2,800	9,137	11,907
Income for common stock	\$16,766	\$22,112	\$175,253	\$175,918
Common shares outstanding	85,502	84,561	85,145	84,561
Basic earnings per common share	\$0.20	\$0.26	\$2.06	\$2.08
Diluted earnings per common share(2)	\$0.20	\$0.26	\$2.05	\$2.08

(1) Partial-year results may not accurately predict full-year performance, as earnings are significantly affected by weather.

(2) Diluted earnings per common share include the dilutive effect of securities related to employee compensation plans.

PUGET SOUND ENERGY -- UTILITY OPERATING DATA

	3 months ended 9/30		12 months ended 9/30	
	2000	1999	2000	1999
Energy sales revenues (\$ in thousands)				
Electricity				
Residential	\$112,095	\$110,373	\$608,838	\$601,622
Commercial	119,644	109,803	487,753	468,133
Industrial	100,643	37,601	244,997	175,916
Other(1)	13,298	846	36,497	(15,146)
Subtotal, retail sales	345,680	258,623	1,378,085	1,230,525
Sales to other utilities	541,016	86,634	859,504	296,743
Total electricity sales	886,696	345,257	2,237,589	1,527,268

Gas				
Residential	35,582	29,515	321,451	285,606
Commercial	24,897	17,466	160,873	128,454
Industrial	6,567	4,799	33,367	25,824
Transportation	2,997	3,192	12,086	13,612
Other	2,755	2,733	11,274	11,248

Total gas sales	72,798	57,705	539,051	464,744

Total energy sales revenues	\$959,494	\$402,962	\$2,776,640	\$1,992,012

Energy sales volumes				
Electricity (in mWh)				
Residential	1,829,843	1,822,254	9,722,088	9,800,734
Commercial	1,927,699	1,842,764	7,606,809	7,448,670
Industrial	1,037,047	1,018,430	3,979,399	4,031,362
Other(1)	5,303	41,804	286,944	90,409

Subtotal, retail sales	4,799,892	4,725,252	21,595,240	21,371,175
Sales to other utilities	5,538,824	2,889,922	14,198,041	11,567,839

Total mWh	10,338,716	7,615,174	35,793,281	32,939,014
Gas (in 000's of therms)				
Residential	39,641	44,603	491,822	508,094
Commercial	38,420	40,439	306,781	289,180
Industrial	11,497	13,436	69,101	62,008
Transportation	46,655	50,774	214,118	239,343

Total gas volumes	136,213	149,252	1,081,822	1,098,625

Customers served(2)				
Electricity				
Total electricity customers	918,412	903,062	911,848	895,682
Gas				
Total gas customers	582,446	559,860	575,488	550,342

Weather				
Actual heating degree days	269	284	4,781	5,043
Normal heating degree days	279	279	4,928	4,909

(1) Includes change in unbilled revenues, Conservation Trust collection and Encogen non-energy sales.

(2) Quarterly data represents average served during September; 12-month data represents average for the year.

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