



News Release

Puget Sound Energy Reports Second-Quarter Results

BELLEVUE, Wash.--(BUSINESS WIRE)--July 21, 2000--Puget Sound Energy (NYSE: PSD - news) today reported income for common stock for the second quarter of 2000 of \$25.1 million, or 29 cents per share.

Earnings for the 1999 second quarter were 23 cents per share, excluding the 10 cents per share positive impact of the unusual items described in Factors in Second Quarter Results, below (total reported earnings for the second quarter of 1999 were 33 cents per share).

Income for common stock for the twelve months ended June 30, 2000 was \$180.6 million, or \$2.13 per share, up from income of \$172.6 million, or \$2.04 per share for the same period a year ago.

"The strong second-quarter results reflect improved energy margins, coupled with our continued emphasis on controlling costs while serving additional utility customers at high levels of service," said President and Chief Executive Officer William S. Weaver. "In a period of extremely volatile energy markets, we benefited from our emphasis on keeping energy resources and loads in relative balance."

FACTORS IN SECOND-QUARTER RESULTS

Operating revenues for the quarter were \$539 million, up \$103 million from the same period in 1999. Energy margins for the quarter were up, reflecting continued growth in the number of customers served and increased wholesale sales to other utilities and others, offset in part by weather that was warmer than a year ago.

Second-quarter utility operations and maintenance expenses of \$58.4 million held essentially flat compared to a year ago.

Per-share earnings for the quarter and 12-month periods ended June 30, 1999 were positively impacted by approximately 10 cents per share, 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.

FACTORS IN 12-MONTH RESULTS

Operating revenues for the 12-month period were \$2.2 billion, up 10 percent compared to 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 held essentially flat compared to 1999.

OTHER MATTERS

Puget Sound Energy yesterday (July 20) signed an agreement with PPL Global, LLC (formerly PP&L Global, Inc.) terminating the Asset Purchase Agreement dated as of November 1, 1998 under which PPL Global, LLC had proposed purchasing Puget Sound Energy's 735-megawatt interest in the four-unit Colstrip power plants and associated transmission capacity across Montana.

As a result, Puget Sound Energy retains its 50 percent interest in Colstrip Units 1 & 2 and 25 percent of Units 3 & 4.

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

	3 months ended 6/30(1)		12 months ended 6/30(1)	
	2000	1999	2000	1999
Operating revenues				
Electric	\$437,491	\$336,895	\$1,696,150	\$1,557,409
Gas	98,017	94,173	523,958	456,994
Other	3,293	4,996	22,411	26,131
Total operating revenues	538,801	436,064	2,242,519	2,040,534
Operating expenses				
Purchased electricity	238,105	176,116	853,198	806,765
Purchased gas	46,184	38,822	257,319	192,358
Electric generation fuel	29,904	11,178	89,037	56,871
Residential exchange	(9,073)	(8,631)	(39,957)	(48,307)
Utility operations & maintenance	58,395	58,363	234,718	234,048
Other operations & maintenance	4,045	9,624	17,628	35,855

Depreciation & amortization	49,316	42,899	185,390	169,924
Conservation amortization	1,380	1,934	8,185	6,854
Other taxes	43,914	41,982	189,950	170,523
Federal income taxes	13,512	11,157	112,565	114,043
Total operating expenses	475,682	383,444	1,908,033	1,738,934
Operating income	63,119	52,620	334,486	301,600
Other income	6,878	15,379	18,061	26,647
Income before interest charges	69,997	67,999	352,547	328,247
Interest charges	42,628	36,934	162,239	143,359
Net Income	27,369	31,065	190,308	184,888
Less pref. stock dividend accruals	2,229	3,013	9,708	12,333
Income for common stock	\$25,140	\$28,052	\$180,600	\$172,555
Common shares outstanding	85,295	84,561	84,918	84,561
Earnings per common share	\$0.29	\$0.33	\$2.13	\$2.04

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

PUGET SOUND ENERGY -- UTILITY OPERATING DATA

	3 months ended 6/30		12 months ended 6/30	
	2000	1999	2000	1999
Energy sales revenues (\$ in thousands)				
Electricity				
Residential	\$138,225	\$141,579	\$607,116	\$593,873
Commercial	106,645	109,571	477,913	462,138
Industrial	45,710	42,065	181,955	185,925
Other(1)	11,275	(18,579)	24,045	(13,364)
Subtotal, retail sales	301,855	274,636	1,291,029	1,228,572
Sales to other utilities	135,636	62,259	405,121	328,837
Total electricity sales	437,491	336,895	1,696,150	1,557,409
Gas				
Residential	54,833	55,500	315,383	280,222
Commercial	30,592	27,004	153,444	125,497
Industrial	6,885	5,609	31,599	25,013
Transportation	2,838	3,258	12,280	13,884
Other	2,869	2,802	11,252	12,378
Total gas sales	98,017	94,173	523,958	456,994
Total energy sales revenues	\$535,508	\$431,068	\$2,220,108	\$2,014,403
Energy sales volumes				
Electricity (in mWh)				
Residential	2,217,910	2,332,258	9,714,499	9,702,093
Commercial	1,744,088	1,790,489	7,521,874	7,363,707
Industrial	942,744	993,013	3,960,782	4,103,190
Other(1)	(35,278)	(190,180)	320,824	112,408
Subtotal, retail sales	4,869,464	4,925,580	21,517,979	21,281,398
Sales to other utilities	2,820,296	2,691,380	11,549,139	11,965,647
Total mWh	7,689,760	7,616,960	33,067,118	33,247,045
Gas (in 000's of				

therms)				
Residential	80,125	95,393	496,785	497,635
Commercial	59,680	61,306	308,799	278,340
Industrial	14,782	14,015	71,040	59,009
Transportation	49,475	57,446	218,237	242,040
Total gas volumes	204,062	228,160	1,094,861	1,077,024

Customers served(2)

Electricity				
Total electricity customers	915,084	898,992	907,873	891,280
Gas				
Total gas customers	580,259	555,371	569,626	544,344
Weather				
Actual heating degree days	910	1,105	4,796	4,880
Normal heating degree days	925	925	4,909	4,909

(1) Includes change in unbilled revenues and Conservation Trust collection.

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

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