



News Release

Puget Sound Energy reports higher first-quarter 2000 results

Bellevue, Wash. (Apr. 20, 2000) Puget Sound Energy (NYSE: PSD) today reported 2000 first-quarter income for common stock of \$75.9 million compared to \$66.9 million in the first quarter of 1999. Earnings per share increased 13 percent, to 89 cents from 79 cents in the first quarter one year ago.

Income for common stock for the twelve months ended March 31, 2000 was \$184 million (\$2.17 per share), up from income of \$161 million (\$1.90 per share) for the same period one year ago.

"The improved first quarter results reflect strong performance in all aspects of the business, continuing to move us towards our goal—to be the best energy distribution business," said President and Chief Executive Officer William S. Weaver. "The successes we had in restructuring certain energy supply contracts in the fourth quarter of last year, coupled with continued growth in the number of electric and natural gas customers served and favorable hydroelectric conditions, contributed positively to energy margins during the period.

"While our lower first-quarter utility operations and maintenance (O&M) expenses are partially the result of reduced storm restoration expenses compared to the first quarter one year ago, they also reflect our continued success in improving quality of service and producing operating efficiencies. As an example, our TreeWatch program, which identifies and removes trees in danger of falling into power lines, has resulted in 56 percent fewer tree-related power outages this past winter."

"In a major success this month, the company went live with ConsumerLinX,[™] the advanced customer information system developed by our ConneXt subsidiary," noted Weaver. "Within the first week of operation, we saw our customer service levels improve by 12 percent, compared with first quarter's results under the legacy system. We've linked ConsumerLinX's faster billing and customer care services with our extensive wireless automated meter reading network providing the opportunity to match real time energy use with real time market pricing."

Factors in First-Quarter Results

Operating revenues for the quarter were \$647 million, up \$72 million from the same period in 1999, reflecting continued growth in the number of customers served and favorable electric wholesale prices. These same factors contributed to improved energy margins in the quarter compared to the comparable period one year ago.

First quarter utility O&M expenses were \$54.9 million compared to \$60.8 million in the same period a year ago, a reduction of nearly 10 percent. A series of fierce wind storms in first quarter 1999 resulted in service restoration costs that were \$7.4 million higher than the first quarter of 2000.

Factors in 12-Month Results

Twelve-month results were affected by the same factors as quarterly results. Operating revenues for the 12-month period were \$2.1 billion, up 8 percent compared to the same period in 1999. Results for the twelve months ended March 31, 1999 were adversely affected by warmer than normal temperatures.

Increases in the number of electric and natural gas customers served, 1.9 percent and 4.6 percent, respectively, together with the company's success in restructuring certain energy supply contracts and near normal Pacific Northwest temperatures improved energy margins for the period ended March 31, 2000.

Per-share earnings for the twelve months ended March 31, 2000 also reflect the following results from non-utility operations: a second-quarter 1999 net gain of 10 cents per share 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; a third-quarter 1999 net gain of 4 cents per share related to the sale and assignment of certain non-core assets and gas supply transportation contracts; and a fourth-quarter 1999 charge of 5 cents per share to expense license and development costs related to two proposed non-regulated, small hydroelectric projects.

Financial Analyst Contact: (425) 462-3808

Media Contact: 1-888-831-7250