



News Release

Puget Energy Reports Third-Quarter 2001 Results

BELLEVUE, Wash.--(BUSINESS WIRE)--Oct. 23, 2001--Puget Energy (NYSE:PSD) today reported 2001 third-quarter income for common stock of \$4.7 million, or 5 cents per diluted share compared to income for common stock for the third quarter of 2000 of \$16.8 million, or 20 cents per diluted share.

Income for common stock for the twelve months ended September 30, 2001 was \$159.3 million, or \$1.84 per diluted share, compared to income of \$175.3 million, or \$2.05 per diluted share for the same period one year ago.

"Operationally, we are succeeding in our goal of becoming the best distribution company in terms of delivering high-quality service at the lowest possible cost," said William S. Weaver, chairman, president and CEO of Puget Energy. "Financially, results reflect the adverse effects of under-recovery of the costs of power required to serve our customers," added Weaver. "Efforts with the state to allow recovery of those costs are ongoing and critical to providing reliable service to customers in the most innovative and cost-effective manner."

FACTORS IN THIRD-QUARTER RESULTS

Operating revenues for the third quarter were \$619.7 million, down from \$979.0 million for the same period in 2000. The decrease in revenue resulted primarily from declining levels of sales of electricity at market-based prices to utilities and others. At the residential level, revenue increases resulting from an increase in the number of customers served were offset by reductions in load resulting from implementation of the company's Personal Energy Management(TM) program, conservation incentives and other factors.

Utility operations and maintenance expenses of \$64.2 million, compared to \$55.9 million in 2000, increased primarily due to costs related to the Personal Energy Management(TM) energy-efficiency program and budgeted increases in non-production operations and maintenance costs.

Results for the third quarter of 2001 include approximately 8 cents of earnings related to ConneXt(R), the company's software subsidiary: a 9-cent per-share gain from the previously-announced sale of the assets ConneXt to Alliance Data Systems Corp., net of ConneXt's operating loss of approximately 1 cent per share through the date of the sale.

Also, in the third quarter, the company's utilities-services subsidiary, InfrastruX Group, completed its seventh acquisition, expanding its electric overhead distribution service capabilities in the South Central region of the country. With this acquisition, InfrastruX's annualized revenues increased to approximately \$225 million.

FACTORS IN 12-MONTH RESULTS

Operating revenues for the 12-month period were \$4.0 billion, up from \$2.8 billion for the same period in 2000. Twelve-month revenues increased primarily as a result of increased wholesale and market-based electric sales, compared to the same period one year ago.

Twelve-month utility operations and maintenance expenses for 2001 were affected by the same factors as the quarter.

THIRD-QUARTER EARNINGS ANALYST TELECONFERENCE

A conference call for analysts to discuss with management the third-quarter results and the outlook for future performance is scheduled at 7:00 a.m. PDT, (10 a.m. EDT) Tuesday, October 23, 2001. The call will be broadcast live through a Web cast at www.pse.com in the Investors Web page. The Web cast will be archived and available for replay following the live call.

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

	3 months ended 9/30(1)		12 months ended 9/30	
	2001	2002(2)	2001	2000(2)
Operating revenues				
Electric	\$474,319	\$886,696	\$2,968,172	\$2,237,589
Gas	91,778	72,798	795,087	539,051
Other	53,573	19,487	188,361	33,468
Total operating revenues	619,670	978,981	3,951,620	2,810,108
Operating expenses				
Purchased electricity	261,148	660,249	1,858,708	1,334,631
Purchased gas	50,976	35,885	514,423	271,019

Electric generation fuel	67,949	55,381	310,411	132,887
Residential exchange	(19,270)	(7,983)	(58,060)	(40,385)
Utility operations & maintenance	64,213	55,947	261,709	230,281
Other operations & maintenance	47,881	19,393	152,901	31,803
Depreciation & amortization	54,195	49,677	211,893	191,876
Conservation amortization	1,440	1,188	6,288	7,559
FAS 133 unrealized (gain)/loss	567	--	(14,494)	--
Other taxes	38,671	42,556	212,302	196,048
Federal income taxes	6,144	9,090	125,911	113,749
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Total operating expenses	573,914	921,383	3,581,992	2,469,468
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Operating income	45,756	57,598	369,628	340,640
Other income	7,892	5,273	(69)	13,528
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Income before interest charges	53,648	62,871	369,559	354,168
Interest charges	46,839	43,876	186,963	169,778
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Net income before cumulative effect of accounting change	6,809	18,995	182,596	184,390
FAS 133 transition adjustment loss (net of tax)	--	--	14,749	--
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Net Income	6,809	18,995	167,847	184,390
Less preferred stock dividend accruals	2,085	2,229	8,558	9,137
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Income for common stock	\$4,724	\$16,766	\$159,289	\$175,253
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Common shares outstanding	86,571	85,502	86,170	85,145
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Basic earnings per common share before cumulative effect of accounting change	\$ 0.06	\$ 0.20	\$ 2.02	\$ 2.06
Cumulative effect of accounting change	--	--	(0.17)	--
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Basic earnings per common share	\$ 0.06	\$ 0.20	\$ 1.85	\$ 2.06
Diluted earnings per common share before cumulative effect of accounting change	\$ 0.05	\$ 0.20	\$ 2.01	\$ 2.05
Cumulative effect of accounting change	--	--	(0.17)	--
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Diluted earnings per common share(3)	\$ 0.05	\$ 0.20	\$ 1.84	\$ 2.05

(1) Partial year results may not accurately predict full year

performance, as earnings are significantly affected by weather. (2) Certain amounts previously reported have been reclassified to conform with current year presentations with no effect on net income. (3) Diluted earnings per common share include the dilutive effect of securities related to employee compensation plans.

PUGET SOUND ENERGY(1) -- UTILITY OPERATING DATA

	3 months ended 9/30		12 months ended 9/30	
	2001	2000	2001	2000
Energy sales revenues (\$ in thousands)				
Electricity				
Residential	\$105,058	\$112,095	\$594,051	\$608,838
Commercial	113,372	119,644	518,374	487,753
Industrial	39,663	100,643	362,654	244,587
Transportation	351	--	336	410
Other(2)	(21,805)	13,298	29,778	36,497
Subtotal, retail sales	236,639	345,680	1,505,193	1,378,085
Sales to other utilities	237,680	541,016	1,462,979	859,504
Total electricity sales	474,319	886,696	2,968,172	2,237,589
Gas				
Residential	41,672	35,582	476,087	321,451
Commercial	35,366	24,897	249,157	160,873
Industrial	9,340	6,567	48,348	33,367
Transportation	3,133	2,997	11,557	12,086
Other	2,267	2,755	9,938	11,274
Total gas sales	91,778	72,798	795,087	539,051
Total energy sales revenues	\$566,097	\$959,494	\$3,763,259	\$2,776,640

Energy sales volumes				
Electricity (in mWh)				
Residential	1,748,140	1,829,843	9,653,129	9,722,088
Commercial	1,890,011	1,927,699	7,942,594	7,606,809
Industrial	597,730	1,037,047	3,114,140	3,967,909
Transportation	60,272	--	60,272	11,491
Other(2)	78,501	5,303	(28,496)	286,943
Subtotal, retail sales	4,374,654	4,799,892	20,741,639	21,595,240
Sales to other utilities	2,156,417	5,538,824	10,378,520	14,198,041
Total mWh	6,531,071	10,338,716	31,120,159	35,793,281
Gas(in 000's of therms)				
Residential	35,160	39,641	509,012	491,822
Commercial	40,971	38,420	301,416	306,781
Industrial	11,143	11,497	60,377	69,101
Transportation	45,093	46,655	187,560	214,118
Total gas volumes	132,367	136,213	1,058,365	1,081,822

Customers served(3)				
Electricity				
Residential	829,331	813,714	822,261	807,848
Commercial	100,334	99,067	99,734	98,335

Industrial	3,998	4,076	4,036	4,142
Other	1,818	1,555	1,698	1,523
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Total electricity customers	935,481	918,412	927,729	911,848
Gas				
Residential	549,890	534,042	544,877	527,156
Commercial	46,789	45,347	46,505	45,225
Industrial	2,842	2,957	2,871	3,012
Transportation	112	100	110	95
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Total gas customers	599,633	582,446	594,363	575,488

Weather				
Actual heating degree days	280	269	5,085	4,781
Normal heating degree days	279	279	4,908	4,928

(1) Puget Sound Energy is the electric and natural gas utility subsidiary of Puget Energy. (2) Includes change in unbilled revenues, Conservation Trust collection, Encogen non-energy sales, sales of non-core gas supply to generators and the customers' refunded portion of Centralia gain. (3) Quarterly data represents average served during September; 12-month data represents average for the 12 months ended.

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