



News Release

Puget Energy Reports First-Quarter 2001 Results

BELLEVUE, Wash.--(BUSINESS WIRE)--April 17, 2001--Puget Energy (NYSE:PSD) today reported 2001 first-quarter income for common stock of \$70.1 million, or 81 cents per diluted share compared to income for common stock for the first quarter of 2000 of \$75.9 million, or 89 cents per diluted share.

First-quarter and twelve-month results for 2001 are net of a charge to earnings of 17 cents per diluted share associated with the adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133").

Income for common stock for the twelve months ended March 31, 2001 was \$179 million, or \$2.08 per diluted share, compared to income of \$184 million, or \$2.17 per diluted share for the same period one year ago.

"Results for the quarter put us on target to meet our operational and financial objectives for 2001," said William S. Weaver, President and CEO of Puget Energy and Puget Sound Energy. "The constructive settlement with our major industrial customers allowing them access to the markets while preserving the benefit of our energy resources for our core customers was a positive development in the first quarter.

"Our additional initiatives to manage the demand side of our business and augment our energy supplies -- undertaken to deal with the challenging Northwest energy situation -- coupled with continued efficient operations of our electric and gas distribution systems are bringing us closer to our objective of being the best distribution company in the country.

"On the non-regulated front, the acquisition by our utility construction and maintenance subsidiary, InfrastruX, of its third company, InterCon Construction Inc., a Midwest firm with annual revenues of \$47 million that provides construction and maintenance services to electric and gas utilities, pipelines and telecommunications companies, continues our progress in building meaningful growth opportunities into Puget Energy," added Weaver.

FACTORS IN FIRST-QUARTER RESULTS

Operating revenues for the three-month period were \$1.1 billion, up from \$647 million for the same period in 2000. Increased revenues reflect increased wholesale and other market-priced electric sales prices and increased natural gas revenues. Increased costs of purchased electricity, fuel for electric generation and purchased natural gas contributed to higher total operating expenses of \$989 million, up from \$531 million a year ago.

Utility operations and maintenance expenses of \$61.2 million, compared to \$54.9 million in 2000, increased primarily due to costs related to the Personal Energy Management energy-efficiency program, charges to restore electric service following a February snow storm and costs to repair the Fredonia combustion turbine generating plant, net of estimated insurance recoveries. PSE's Fredonia turbine went out of service on February 21, 2001 due to mechanical failure. The turbine, which provides 104 megawatts of power to the company, is expected to be back in service on April 21, 2001.

During the first quarter of 2001, the company received partial payments for sales made in the fourth quarter 2000 into the California market, principally to the California Independent System Operator (ISO). At March 31, 2001, the net amount reflected in the financial statements as a receivable from those sales was approximately \$26.6 million, down from \$41.8 million reported at the end of 2000.

FACTORS IN 12-MONTH RESULTS

Operating revenues for the 12-month period were \$3.9 billion, up from \$2.1 billion for the same period in 2000.

Twelve-month revenues and costs for 2001 were affected by the same factors as the quarter, as well as increased volumes of wholesale electric sales.

Utility operations and maintenance expenses for the 12-month period increased over the prior year principally because of increased maintenance costs associated with the utility's generating resources and the quarterly factors discussed above.

OTHER

Under SFAS No. 133, which became effective January 1, 2001, Puget Energy is required to mark to market certain of its electric and natural gas sales and purchase contracts (those contracts which have been determined to be derivative financial instruments because of their terms). Derivative contracts that have been classified as cash-flow hedges are marked to market through other comprehensive income (in terms of value, a substantial portion of the company's contracts affected by SFAS No. 133 meets those criteria). Derivative contracts that do not qualify as cash-flow hedges are required to be marked to market through the income statement.

The first quarter of 2001 financial statements reflect the charge (and related reserve) for adoption of SFAS No. 133 as of January 1, 2001, and for changes since January 1, 2001 in the market value of derivatives outstanding at March 31, 2001. The underlying contracts giving rise to the income statement charges will be fulfilled in 2001 and the reserves established under SFAS No. 133 reversed.

FIRST-QUARTER EARNINGS ANALYST TELECONFERENCE

A conference call for analysts to discuss the first quarter results with management is scheduled at 7:00 a.m. PDT, (10 a.m. EDT) Tuesday, April 17, 2001. The call will be broadcast live through a webcast at: www.pse.com.

PUGET ENERGY -- SUMMARY INCOME STATEMENT

(In thousands, except per-share amounts)

	3 months ended 3/31(1)		12 months ended 3/31	
	2001	2000(2)	2001	2000(2)
Operating revenues				
Electric	\$765,007	\$438,356	\$3,098,346	\$1,595,555
Gas	304,270	205,469	711,111	520,114
Other	50,587	3,398	104,856	21,582
Total operating revenues	1,119,864	647,223	3,914,313	2,137,251
Operating expenses				
Purchased electricity	390,216	196,203	1,960,638	791,209
Purchased gas	216,609	108,205	441,332	249,958
Electric generation fuel	102,384	20,749	264,613	70,311
Residential exchange	(16,741)	(12,199)	(45,542)	(39,515)
Utility operations & maintenance	61,179	54,878	246,424	234,694
Other operations & maintenance	30,140	3,775	86,978	18,474
Depreciation & amortization	53,128	45,885	203,756	178,974
Conservation amortization	1,601	2,619	5,812	8,739
FAS-133 unrealized (gain)/loss	26,466	--	26,466	--
Other taxes	70,081	58,485	214,796	188,009
Federal income taxes	54,260	52,738	130,513	111,066
Total operating expenses	989,323	531,338	3,535,786	1,811,919
Operating income	130,541	115,885	378,527	325,332
Other income	1,941	4,390	2,612	25,217
Income before interest charges	132,482	120,275	381,139	350,549
Interest charges	45,435	42,083	178,453	156,545
Net income before cumulative effect of accounting change	87,047	78,192	202,686	194,004
FAS-133 transition adjustment loss (net of tax)	14,749	--	14,749	--
Net Income	72,298	78,192	187,937	194,004
Less preferred stock dividend accruals	2,157	2,303	8,849	10,492
Income for common stock	\$70,141	\$75,889	\$179,088	\$183,512
Common shares outstanding	86,036	85,074	85,654	84,743
Basic earnings per common share before cumulative effect of accounting change	\$0.99	\$0.89	\$2.26	\$2.17

Cumulative effect of accounting change	(0.17)	--	(0.17)	--

Basic earnings per common share	\$0.82	\$0.89	\$2.09	\$2.17
Diluted earnings per common share before cumulative effect of accounting change	\$0.98	\$0.89	\$2.25	\$2.17
Cumulative effect of accounting change	(0.17)	--	(0.17)	--

Diluted earnings per common share(3)	\$0.81	\$0.89	\$2.08	\$2.17

(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 3/31		12 months ended 3/31	
	2001	2000	2001	2000

Energy sales revenues (\$ in thousands)				
Electricity				
Residential	\$202,527	\$206,417	\$600,992	\$610,470
Commercial	151,326	138,004	502,918	480,839
Industrial	147,541	46,532	398,670	177,138
	(73,553)	(14,781)	71,491	(4,636)

Subtotal, retail sales	427,841	376,172	1,574,071	1,263,811
Sales to other utilities	337,166	62,184	1,524,277	331,744

Total electricity sales	765,007	438,356	3,098,348	1,595,555
Gas				
Residential	188,420	129,299	432,021	316,050
Commercial	95,717	59,110	216,810	149,855
Industrial	14,630	10,931	39,859	30,323
Transportation	2,824	3,298	11,663	12,700
Other	2,679	2,831	10,758	11,186

Total gas sales	304,270	205,469	711,111	520,114

Total energy sales revenues	\$1,069,277	\$643,825	\$3,809,459	\$2,115,669

Energy sales volumes

Electricity (in mWh)				
Residential	3,149,155	3,231,451	9,728,097	9,828,847
Commercial	2,146,684	2,062,967	7,760,749	7,568,275
Industrial	739,208	983,339	3,782,213	3,976,033

Other(2)	(376,502)	(129,833)	91,673	200,939

Subtotal, retail sales	5,658,545	6,147,924	21,362,732	21,574,094
Sales to other utilities	1,829,605	2,366,158	14,557,178	11,420,223

Total mWh	7,488,150	8,514,082	35,919,910	32,994,317
Gas (in 000's of therms)				
Residential	194,463	206,318	505,705	512,052
Commercial	109,000	114,752	299,689	310,426
Industrial	16,956	22,852	61,629	70,273
Transportation	48,969	58,589	194,415	226,208

Total gas volumes	369,388	402,511	1,061,438	1,118,959

Customers served(3)

Electricity				
Residential	820,564	806,413	814,981	800,795
Commercial	99,776	97,981	99,207	97,354
Industrial	4,039	4,167	4,079	4,202
Other	1,657	1,515	1,583	1,507

Total electricity customers	926,036	910,076	919,850	903,858
Gas				
Residential	544,128	526,328	536,783	515,583
Commercial	46,485	45,304	45,819	44,633
Industrial	2,865	3,034	2,948	3,018
Transportation	112	94	103	99

Total gas customers	593,590	574,760	585,653	563,333

Weather

Actual heating				
degree days	1,979	1,999	4,950	4,991
Normal heating				
degree days	1,975	1,995	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 customer's refunded portion of Centralia gain.

(3) Quarterly data represents average served January through March; 12-month data represents average for the year.

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