



## News Release

### Puget Energy Reports First-Quarter 2002 Results

BELLEVUE, Wash., Apr 17, 2002 (BUSINESS WIRE) -- Puget Energy (NYSE:PSD) today reported 2002 first-quarter income for common stock of \$24.5 million, or 28 cents per diluted share, slightly better than Wall Street's expectations of 25 cents per share.

The first quarter's results are compared to \$70.1 million, or 81 cents per diluted share for the first quarter in 2001. Twelve-month income for common stock for the period ended March 31, 2002 was \$52.8 million, or 61 cents per diluted share, compared to income of \$179 million, or \$2.08 per diluted share, in the year-ago period.

"As was expected, the first-quarter results reflect the continued under-recovery of net power costs for our Puget Sound Energy (PSE) utility subsidiary," said Puget Energy President and CEO Stephen P. Reynolds. "Fortunately, we've worked out a plan with state regulators that will enable the company to restore its financial strength and improve results going forward."

PSE last month reached a settlement with the Washington Utilities and Transportation Commission authorizing a \$25 million increase in PSE's general electric rates during the second quarter of 2002.

Reynolds cited four additional factors that help "set the course for strong performance in the future": fast-track completion of PSE's general rate case, expected by July 1, 2002; a planned three-year improvement in the equity component of PSE's capital structure and pay-down of corporate debt; ongoing, steady growth within PSE's service territory; and growth of Puget Energy's non-regulated business, InfrastruX Group, which provides construction and maintenance services primarily to gas and electric utilities.

#### FACTORS IN FIRST-QUARTER RESULTS

Lower operating revenues of \$757 million, compared to \$1.1 billion for the same period in 2001, were primarily due to the lower market prices and volumes related to PSE's electricity sales to industrial customers and surplus electricity sales. Also, electric margins were down substantially, mainly due to the under-recovery of increased power-supply costs for PSE. Cooler temperatures in the first quarter of 2002 compared to the comparable period for 2001 resulted in increased gas margins.

Revenues for the non-regulated InfrastruX Group subsidiary were \$60.8 million, up \$32.2 million from the same period in 2001.

While utility operations and maintenance expenses are up compared to the comparable period one year ago, the results are substantially below budget, reflecting continued cost-containment efforts.

Utility operations and maintenance expenses of \$65.9 million, compared to \$61.2 million in 2001, increased primarily due to one-time costs related the transition of employees responsible for the construction and maintenance of PSE's power-distribution system to a service provider under contract with PSE.

Other operations and maintenance expenses increased reflecting growth of InfrastruX Group.

#### FACTORS IN 12-MONTH RESULTS

Twelve-month revenues and costs for 2001 were affected by the same factors for the quarter.

Operating revenues for the 12-month period were \$3 billion, compared to \$3.9 billion for the same period in 2001.

Utility operations and maintenance expenses for the 12-month period reflect a full twelve months of the Personal Energy Management(TM) energy-efficiency program, increases in generation-related operating and maintenance costs as well as one-time expenses related to the transition of employees responsible for the construction and maintenance of PSE's power-distribution system to a third-party service provider.

#### FIRST-QUARTER EARNINGS ANALYST TELECONFERENCE

A conference call for analysts to discuss with management the first-quarter results and the outlook for future performance is scheduled at 10 a.m. EDT (7 a.m. PDT) Wednesday, April 17, 2002. The call will be broadcast live through a Web cast at [www.pse.com](http://www.pse.com) by accessing the Investors section of the Web site. The Web cast will be archived and available for replay following the live call. A recorded replay of the conference call also will be available two hours after completion of the conference on April 17 through midnight (EDT) Fri., April 19, 2002. To access the recording, dial 800/428-6051, and enter the conference identification number at 238134.

Certain statements contained in this news release are "forward-looking statements" within the meaning of the federal securities laws. Although Puget Energy and Puget Sound Energy believe that the expectations reflected in such statements are reasonable, there can be no assurance that the expected results will be achieved. For additional information concerning certain assumptions, risks, and uncertainties involved in the forward-looking statements contained herein, please refer to Puget Energy's reports on file with the SEC.

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

	Three months ended	Twelve months ended
	03/31(1)	03/31

	2002	2001 (2)	2002	2001 (2)
Operating revenues				
Electric	\$381,534	\$765,007	\$1,969,185	\$3,098,346
Gas	314,491	304,270	825,292	711,111
Other	61,320	50,587	216,995	104,856
Total operating revenues	757,345	1,119,864	3,011,472	3,914,313
Operating expenses				
Purchased electricity	200,272	390,216	1,216,163	1,960,638
Purchased gas	204,798	216,609	525,619	441,332
Electric generation fuel	65,180	102,384	244,201	264,613
Residential exchange FAS-133 unrealized (gain)/loss	(42,747)	(16,741)	(101,870)	(45,542)
Utility operations & maintenance	(11,497)	26,466	(49,145)	26,466
Other operations & maintenance	65,941	61,179	270,550	246,424
Depreciation & amortization	54,103	30,140	180,694	86,978
Conservation amortization	55,949	53,128	220,361	203,756
Other taxes	2,165	1,601	7,057	5,812
Federal income taxes	66,120	70,081	210,453	214,796
Total operating expenses	20,490	54,260	44,236	130,513
Total operating expenses	680,774	989,323	2,768,319	3,535,786
Operating income	76,571	130,541	243,153	378,527
Other income (net of tax)	384	1,941	12,968	2,612
Income before interest charges & minority interest	76,955	132,482	256,121	381,139
Interest charges	50,398	45,435	195,023	178,453
Minority interest	79	---	79	---
Net income before cumulative effect of accounting change	26,478	87,047	61,019	202,686
FAS-133 transition adjustment loss (net of tax)	---	14,749	---	14,749
Net Income	26,478	72,298	61,019	187,937
Less preferred stock dividend accruals	2,012	2,157	8,267	8,849
Income for common stock	\$24,466	\$70,141	\$52,752	\$179,088
Common shares outstanding	87,175	86,036	86,729	85,654
Basic earnings per common share before cumulative effect of accounting change	\$0.28	\$0.99	\$0.61	\$2.26
Cumulative effect of accounting change	---	(0.17)	---	(0.17)
Basic earnings per common share	\$0.28	\$0.82	\$0.61	\$2.09

Diluted earnings per common share before cumulative effect of accounting change	\$0.28	\$0.98	\$0.61	\$2.25
Cumulative effect of accounting change	---	(0.17)	---	(0.17)

Diluted earnings per common share(3)	\$0.28	\$0.81	\$0.61	\$2.08
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(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

Three months ended  
03/31

Twelve months ended  
03/31

2002 2001 2002 2001

Energy sales revenues

(\$ in thousands, Unaudited)

Electricity

Residential	\$203,706	\$202,527	\$600,785	\$600,992
Commercial	143,400	151,326	512,775	502,918
Industrial	23,632	147,541	195,460	398,670
Other retail sales(2)	(15,849)	(79,559)	(9,685)	23,630

Subtotal, retail sales 354,889 421,835 1,299,335 1,526,210

Transportation 3,563 --- 6,100 ---

Sales to other utilities 36,198 337,166 720,408 1,524,277

Other(3) (13,116) 6,006 (56,658) 47,861

Total electricity sales 381,534 765,007 1,969,185 3,098,348

Gas

Residential 200,288 188,420 498,629 432,021

Commercial 95,100 95,717 256,243 216,810

Industrial 13,368 14,630 48,190 39,859

Subtotal, retail sales 308,756 298,767 803,062 688,690

Transportation 2,931 2,824 11,887 11,663

Other 2,804 2,679 10,343 10,758

Total gas sales 314,491 304,270 825,292 711,111

Total energy sales revenues \$696,025 \$1,069,277 \$2,794,477 \$3,809,459

Energy sales volumes

Electricity (in mWh)

Residential	3,234,835	3,149,155	9,640,944	9,728,097
Commercial	2,110,029	2,146,684	7,916,510	7,760,749
Industrial	346,042	739,208	2,147,556	3,782,213
Other(2)	(198,840)	(376,502)	54,020	91,673

Subtotal, retail sales 5,492,066 5,658,545 19,759,030 21,362,732

Transportation 553,874 --- 861,937 ---

Sales to other utilities 1,352,813 1,829,605 7,018,028 14,557,178

Total mWh 7,398,753 7,488,150 27,638,995 35,919,910

Gas (in 000's of

therms)				
Residential	217,621	194,463	517,807	505,705
Commercial	113,630	109,000	302,386	299,689
Industrial	15,684	16,956	56,704	61,629
Transportation	54,743	48,969	193,970	194,415

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Total gas volumes	401,678	369,388	1,070,867	1,061,438
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Customers served(4)

Electricity				
Residential	837,663	821,533	830,169	814,981
Commercial	101,992	99,981	100,353	99,207
Industrial	3,949	4,037	3,989	4,079
Other	1,866	1,685	1,808	1,583
Transportation	15	---	11	---

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Total electricity customers	945,485	927,236	936,330	919,850
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Gas				
Residential	561,065	545,051	552,360	536,783
Commercial	46,514	47,002	46,756	45,819
Industrial	2,793	2,862	2,819	2,948
Transportation	110	112	111	103

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Total gas customers	610,482	595,027	602,046	585,653
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Weather

Actual heating degree days	2,095	1,979	5,109	4,950
Normal heating degree days	1,975	1,975	5,958	4,908

(1) Puget Sound Energy is the electric and natural gas utility subsidiary of Puget Energy.

(2) Includes change in unbilled revenues.

(3) Includes Conservation Trust collection and sales of non-core gas supply to generators.

(4) Quarterly data represents average served during March;

12-month data represents average for the 12 months ended.

PUGET ENERGY -- SEGMENT RESULTS

(In thousands, Unaudited)

	Puget Sound Energy	InfrastruX	Other(1)	Puget Energy Total
Three months ended 3/31/02				
Revenues	\$696,025	\$60,761	\$559	\$757,345
Depreciation and amortization	53,674	2,271	4	55,949
Federal income tax	19,753	526	211	20,490
Operating income	74,474	1,986	111	76,571
Interest charges, net of AFUDC	49,343	1,055	-	50,398
Net income	25,619	1,005	(146)	26,478
Total assets	5,132,987	279,030	119,053	5,531,070

Three months ended  
3/31/01

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Revenues	\$1,069,276	\$28,541	\$22,047	\$1,119,864
Depreciation and amortization	51,482	1,643	3	53,128
Federal income tax	48,232	(543)	6,571	54,260
Operating income	117,828	444	12,269	130,541
Interest charges, net of AFUDC	45,220	109	106	45,435
Net income	60,419	(567)	12,446	72,298
Total assets	5,655,740	154,569	137,246	5,947,555

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Twelve months ended  
03/31/02

Revenues	\$2,794,477	\$206,007	\$10,988	\$3,011,472
Depreciation and amortization	210,897	9,449	15	220,361
Federal income tax	38,294	3,425	2,517	44,236
Operating income	230,400	10,243	2,510	243,153
Interest charges, net of AFUDC	190,253	4,602	168	195,023
Net income	45,337	4,090	11,592	61,019
Total assets	5,132,987	279,030	119,053	5,531,070

Twelve months ended  
03/31/01

Revenues	\$3,809,457	\$73,539	\$31,317	\$3,914,313
Depreciation and amortization	199,829	3,910	17	203,756
Federal income tax	125,988	(128)	4,653	130,513
Operating income	364,983	1,309	12,235	378,527
Interest charges, net of AFUDC	176,830	297	1,326	178,453
Net income	116,906	(1,110)	72,141	187,937
Total assets	5,655,740	154,569	137,246	5,947,555

(1) Includes the non-regulated subsidiaries of Puget Sound Energy, principally Puget Western, Inc., a real estate company and miscellaneous holding company expenses.

CONTACT: Puget Energy Media Grant Ringel/Dorothy Bracken, 888/831-7250 or Analysts Julie Williams, 425/462-3808