



News Release

Puget Energy CEO Tells Shareholders of Focus on Utility Fundamentals

TACOMA, Wash.--(BUSINESS WIRE)--May 13, 2003--Puget Energy's growth strategy, which delivered a total shareholder return of nearly 7 percent in 2002, is designed to deliver solid returns in the future, the company's chief executive told shareholders today at its annual meeting in Tacoma.

Stephen P. Reynolds, president and CEO of Puget Energy (NYSE:PSD), said the company's strategic plan is expected to deliver a total return of between 10 and 12 percent annually.

Reynolds told stockholders the company is focusing on the fundamentals of its regulated natural gas and electric utility, Puget Sound Energy (PSE).

"This strategy represents a significant change in direction for our utility subsidiary...a strategy that holds the greatest promise for customers and shareholders alike," he said

Reynolds told stockholders the utility is getting closer to a decision on whether to acquire new power plants -- a move spurred in part by the region's sharp turn away from utility deregulation. PSE needs to secure additional long-term electricity supplies for its customers to avoid power deficits and over-reliance on the volatile wholesale energy market.

"Starting next year and continuing on over the next decade, Puget Sound Energy will lose a significant amount of its electricity supply to expiring power-purchase contracts," said Eric Markell, Puget Sound Energy senior vice president of energy resources.

A prudent and cost-effective way for PSE to obtain new power supply is by helping its customers save energy, shareholders were told. Additionally, PSE will have to develop new power-generation resources needed by the Pacific Northwest.

"We believe a strategic acquisition of new power-generation resources -- if the terms are right -- will be a key element of efforts to help erase our fast-approaching supply deficit," said Markell.

PSE now is reviewing a short list of potential power-generation projects. The options include building power plants from the ground up, buying partially completed or fully operational plants, signing new long-term contracts to buy power -- or some mix of those options. PSE should reach a decision sometime this fall on how it will proceed.

During the meeting Puget Energy shareholders re-elected three board members: Douglas P. Beighle, Craig W. Cole and Tomio Moriguchi to new three-year terms.

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