



News Release

PSE Signs Letter of Intent for Second Wind Power Project; Utility to Add Another 150 Megawatts of Wind Power to Portfolio

BELLEVUE, Wash.--(BUSINESS WIRE)--Dec. 1, 2004--Puget Sound Energy (the utility subsidiary of Puget Energy (NYSE:PSD)) announced today its second wind power project in Washington state, bringing the utility's proposed ownership of wind energy to nearly 400 megawatts (MW). PSE recently signed a letter of intent (LOI) with Blue Sky Wind LLC, an affiliate of RES America Developments Inc. and Renewable Energy Systems, Ltd., to acquire 100-percent ownership of the proposed Hopkins Ridge Wind Project located in Eastern Washington's Columbia County. The estimated cost to complete the project is approximately \$200 million. If permitting and other critical-path activities go as planned, the project could begin providing PSE customers with 150 megawatts (MW) of wind power by sometime between late 2005 to mid-2006.

The LOI, along with PSE's recently announced intention to purchase the proposed 230-MW Wild Horse Wind Power Project in Washington state's Kittitas County, is part of PSE's strategic plan to diversify its supply portfolio by adding secure low-cost resources for its growing customer base.

"This letter of intent brings PSE another step closer to achieving the goal of supplying at least five percent of our customers' total electricity needs with renewable resources by 2013," said Eric Markell, PSE senior vice president of energy resources. "Wind power projects, like Hopkins Ridge and Wild Horse, will help Puget Sound Energy diversify its resource portfolio. Over the long term, our balanced portfolio strategy will provide more local control over the power supply and minimize the risk to our customers from a volatile short-term energy market."

PSE's decision to pursue the Hopkins Ridge proposal followed an extensive review process that started when PSE issued an "all-source" request for proposals in February. PSE reviewed numerous proposals featuring a variety of generation technologies, including more than 40 proposal options from 10 developers of new wind-power projects in the Pacific Northwest that taken together represented approximately 1,800 MW of renewable energy.

"Puget Sound Energy is demonstrating true leadership," said Sara Patton, executive director of NW Energy Coalition, a regional non-profit public-interest coalition that promotes clean and affordable energy. "PSE is not merely examining how wind power can benefit its customers, it is moving forward with projects. PSE is ahead of the pack when it comes to actually acquiring substantial wind resources."

The proposed Hopkins Ridge Project is situated on 11,000 acres of remote, open wheat fields approximately 15 miles northeast of Dayton, Wash. As proposed, it would feature approximately 80 1.8-MW wind turbines providing up to 150 MW of capacity, enough energy to power 50,000 homes. The energy from Hopkins Ridge will be delivered to PSE's service territory by Bonneville Power Administration's transmission system via an interconnection with their 115-kilovolt North Lewiston-Walla Walla transmission line. The project currently is going through the permitting process.

"Blue Sky Wind is working together with the local community to ensure the project moves smoothly through the permitting process," said Markell.

With the non-binding LOI signed, PSE and Blue Sky Wind will commence with due-diligence evaluation and negotiation focusing on details such as development, wind resource and turbine siting, equipment procurement, construction and facility operations. The parties intend to sign binding definitive agreements once such matters are made final. A construction period of approximately nine months is anticipated once a notice-to-proceed is issued to key contractors.

About Puget Sound Energy

Puget Sound Energy is Washington state's largest and oldest energy utility, serving nearly 1 million electric customers and more than 650,000 natural gas customers, primarily in the vibrant Puget Sound region. A subsidiary of Puget Energy (NYSE:PSD), the utility is meeting its customers' future energy needs with an ongoing initiative to secure sufficient energy supplies and build adequate energy-delivery infrastructure -- at the lowest possible cost. PSE is pursuing the development or purchase of additional power-generating resources. Renewable resources, such as wind power, and expanded conservation services also are integral parts of this long-term strategy.

About Blue Sky Wind LLC

Blue Sky Wind is an affiliate of RES America Developments and Renewable Energy Systems, Ltd., one of the largest wind-energy companies in the world. As of August 2004, Renewable Energy Systems has developed and constructed over 30 wind projects in six countries with a combined generating capacity of more than 800 MW. Renewable Energy Systems, a subsidiary of England's 130-year-old Sir Robert McAlpine Industries, has an expanding portfolio of more than 6,000 MW of wind projects at various stages of development across four continents.

CONTACT: Puget Sound Energy
Grant Ringel, 888-831-7250 (Media)
Durga D. Waite, 425-462-3808 (Analysts)
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