



## News Release

### **PSE Announces Intent to Buy 220 Megawatts of Wind Power; Utility seeking 100% ownership of proposed wind farm in eastern Kittitas County**

BELLEVUE, Wash.--(BUSINESS WIRE)--Sept. 21, 2004--Puget Sound Energy (the utility subsidiary of Puget Energy (NYSE:PSD)) recently signed a letter of intent (LOI) with Houston-based Zilkha Renewable Energy to obtain 100-percent ownership of Zilkha's proposed 220-megawatt (MW) Wild Horse Wind Power Project located in the eastern part of Washington state's Kittitas County. It is the next step in an ongoing process to acquire renewable energy as part of a strategic plan to secure low-cost, long-term diverse resources for its growing customer base.

The decision to pursue the Wild Horse 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.

"All of the proposals presented significant local opportunities to become part of our energy-supply portfolio and further validate wind power as a competitive resource," said Eric Markell, PSE senior vice president of energy resources. "Based on our analysis, the Wild Horse project would help us secure energy for our customers at stable, predictable prices. It features the economic, operational and environmental characteristics we looked for in a wind project."

The proposed wind farm is situated on open rangeland approximately 13 miles east of Ellensburg, Wash. As proposed, the project would feature between 100 to 133 wind turbines over 5,000 acres providing up to 220 MW of capacity depending on which turbine manufacturer is chosen and on how many turbines are ultimately installed.

"We are very pleased that Puget is moving forward positively and productively to diversify its resource portfolio," said Rachel Shimshak, director of the Renewable Northwest Project. "By signing the LOI for Wild Horse, PSE is taking a lead role in the region and fostering clean energy development in the Northwest."

With the non-binding LOI signed, PSE and Zilkha will commence with post-proposal evaluation and negotiation focusing on details such as ownership transfer, final equipment selection and responsibility sharing. Binding definitive agreements will be signed once the evaluation and negotiation process is satisfied. If everything goes as planned, PSE anticipates having a definitive agreement signed in the fourth quarter of 2004.

Markell said PSE is confident the Wild Horse project will move smoothly through the permitting process. The project could potentially be operational in 2006 with a timely environmental and land-use review by the county and the state's Energy Facility Site Evaluation Council.

The energy from the wind farm would bring PSE closer to its goal of supplying at least five percent of its customers' total electricity needs from renewable resources, such as wind power, by 2013. Achieving that target will require PSE to secure approximately 400 MW of renewable-energy capacity.

Puget Sound Energy Wind Power LOI Conference Call Scheduled September 21

Puget Sound Energy has scheduled a conference call with media regarding its intent to obtain a 100-percent ownership of Zilkha's Wild Horse Wind Power Project in Washington state's Kittitas County. The conference call will take place at 10 am PT on Tuesday, Sept. 21, 2004.

Phone Number: 1-866-297-7238  
Conference ID: 633420  
Conference Access Code: 1850

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