



News Release

PSE Gets New 40-Year License For Snoqualmie Falls Hydro Project

BELLEVUE, Wash.--(BUSINESS WIRE)--July 1, 2004--Federal regulators this week granted Puget Sound Energy (utility subsidiary of Puget Energy (NYSE:PSD)) a new operating license for the utility's Snoqualmie Falls Hydroelectric Project.

The license from the Federal Energy Regulatory Commission enables PSE to continue generating electricity at the facility for another 40 years. The 104-year-old project -- with one power plant housed deep inside the cliff at Snoqualmie Falls and another located about a quarter-mile downstream -- currently can produce 44 megawatts of electricity when running at peak capacity.

"The project was a marvel of engineering at the time it was built," said Ed Schild, PSE's director energy production and storage. "The people who designed and constructed it would rightfully be proud if they knew the project remains, more than a century later, one of our utility's more efficient, cost-effective power producers."

PSE estimates it will spend approximately \$40 million to comply with the terms and conditions of the new license. Its requirements include, among other things: modified operating procedures and various project upgrades to better protect fish; the development of riparian habitat to promote fish propagation; increased minimum flows in the Snoqualmie River during low-water periods; and the development of new trails, picnic facilities, and other recreational amenities near the down-river power house.

In addition, the new operating license requires a significantly higher minimum flow of water over Snoqualmie Falls. Minimum flows over the falls now will be anywhere from two to four and a half times greater during spring and summer months.

Furthermore, PSE will replace its existing, concrete diversion dam just upriver from the falls with a hard rubber, air-filled weir that can be deflated, when necessary, to help lower flood waters in and around the city of Snoqualmie.

With a new license now in hand, Schild said, PSE also will replace the project's existing generators with new, more efficient turbines capable of boosting the project's output to 49 megawatts - without additional water running through the turbines.

"We're extremely pleased, and relieved, to finally have a new license," Schild said, noting that it has been 13 years since PSE applied for the federal operating permit. "Snoqualmie Falls has provided our customers with clean, low-cost, environmental friendly power for a long, long time. We're glad they'll continue to benefit from the project."

Even with the \$40 million PSE must invest to maintain project operations, Schild noted, Snoqualmie Falls' power-production costs will remain very competitive with alternative, market-based power resources.

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