



News Release

PSE Seeks Rate Increase to Enhance Service, Cut Market Risks to Customers

BELLEVUE, Wash.--(BUSINESS WIRE)--April 5, 2004--Puget Sound Energy (utility subsidiary of Puget Energy (NYSE:PSD)), Washington state's largest regulated utility, today filed an electric and natural-gas rate-increase proposal with state regulators designed to strengthen the utility financially so that it can enhance customers' service and stabilize their energy costs, long term.

Washington state's official energy policy recommends that utilities regain control of the energy supplies their customers need, and thereby limit customers' exposure to the price volatility of the open energy market. PSE's filing with the Washington Utilities and Transportation Commission is part of the utility's strategic response to that government policy.

"We agree with state policymakers that the best way to ensure reliable service and hold down consumers' energy costs, long-term, is for utilities to have more control over their electricity and natural-gas resources," said Kimberly Harris, PSE's vice president of regulatory and government affairs. "And to do that, utilities must be financially strong enough to invest wisely, up front, in the people and energy resources required to serve their customers."

"We realize a rate increase is not popular," Harris said, "but the payback for our customers is greater reliability of service at a more stable, reasonable price over the long run."

With a stronger financial profile, Harris noted, PSE will be in a better position to secure reasonably priced investment capital and to more aggressively protect customers through "hedges" that act as insurance against wholesale energy price spikes or the rate effects of poor hydropower conditions.

Other key elements of PSE's "general rate case" filing include:

- A request to recover the costs of extending and upgrading facilities to serve a growing number of gas and electric customers, and
- A request for the opportunity to increase the utility's return on equity.

The WUTC conducts a thorough review of a utility's operational costs and revenues before issuing a decision on a general-rate-case filing. The review can take up to 11 months.

In the meantime, PSE is anticipating a WUTC decision later this month on the utility's 2003 request for a separate electric-rate increase tied specifically to higher power-supply costs.

If both the general rate-case request and the "power-cost-only" rate case (PCORC) are approved in full by the WUTC, PSE's electric and natural-gas rates would still compare favorably with neighboring utilities in the Northwest and would remain considerably below national averages. (View household bill comparisons by clicking on the URL link listed below.)

Puget Sound Energy provides natural gas service to 644,629 customers and electric service to 977,743 customers, all told in 11 counties, mostly in western Washington state. Approximately 310,000 of those customers receive both their natural gas and electric service from PSE.

Highlights: Puget Sound Energy General Rate Case
Proposed Electric and Natural Gas Rate Change
April 2004 Filing with Washington Utilities and Transportation
Commission

REQUEST	Electricity	Natural Gas
Overall Increase (average for all customer groups)	5.7%	6.3%
Monthly Household Bill (12 mo. average of 1,000 kilowatt-hours per mo. for electricity; 80 therms per mo. for natural gas)	\$62.91(+6.9%)	\$74.58(+6.3%)
(Compared to PSE March 31, 2004 bill)	+\$4.06	+\$4.47

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.

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SOURCE: Puget Sound Energy