



News Release

Puget Energy agrees to sell 15 million shares of common stock, announces third-quarter 2005 earnings

BELLEVUE, Wash.--(BUSINESS WIRE)--Oct. 26, 2005--Puget Energy (NYSE:PSD) announced today that it has agreed to sell 15 million shares of common stock. Net proceeds from the offering will be invested in Puget Energy's electric and natural gas subsidiary, Puget Sound Energy (PSE), and will be used to reduce short-term debt incurred primarily to fund the utility's construction program. The sale will be made under Puget Energy's effective shelf registration statement previously filed with the Securities and Exchange Commission. The sole underwriter for the offering is Lehman Brothers Inc. Lehman Brothers has a 30-day option to purchase up to an additional 1.7 million shares of common stock if the underwriter sells more than 15 million shares in the offering.

Copies of the prospectus relating to the offering may be obtained from Lehman Brothers Inc., c/o ADP Financial Services, Integrated Distribution Services, 1155 Long Island Avenue, Edgewood, New York, 11717, Monica_Castillo@adp.com, (fax): 631-254-7268.

Concurrent with the pricing of the stock sale, Puget Energy announced three months ended September 30, 2005 net income from continuing operations of \$5.9 million or 6 cents per diluted share, compared to \$11.1 million or 11 cents per share for the comparable period one year ago. Puget Energy's utility subsidiary, PSE, reported third quarter 2005 net income of \$6.2 million compared to third quarter 2004 net income of \$9.6 million. The Company will formally release third quarter earnings as scheduled on November 1, 2005.

"We are taking the necessary operational and financial steps to meet future load requirements and provide a reliable, low-cost energy supply to our growing region," said Puget Energy Chairman, President and CEO Stephen P. Reynolds. "The proceeds from this stock issue will fund our core utility's generation and energy delivery infrastructure program and is a continuation of our effort to strengthen our balance sheet," added Reynolds.

Earnings Guidance

Puget Energy today reaffirmed its previously announced earnings guidance for calendar year 2005 of \$1.30 to \$1.40 per diluted share from continuing operations, assuming normal weather patterns in the fourth quarter of 2005. Puget Energy anticipates its financial results from continuing operations for calendar year 2006 to be within the range of \$1.40 to \$1.55 per diluted share assuming normal weather conditions, which is unchanged from the earnings guidance provided on March 10, 2005.

Puget Energy is an energy services holding company that conducts all of its operations through its subsidiaries, PSE and InfrastruX Group. PSE is a regulated utility company that generates, purchases and sells electricity; and purchases, transports and sells natural gas. The service territory of PSE covers approximately 6,000 square miles, principally in the Puget Sound region of Washington state. InfrastruX specializes in contracting services to other gas and electric utilities primarily in the Midwest, Texas, and the south-central and eastern United States regions.

CAUTIONARY STATEMENT: Certain statements contained in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, among which include Puget Energy's anticipated 2005 and 2006 financial results, including its earnings guidance. Forward-looking statements are based on the opinions and estimates of management at the time the statements are made and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that could affect actual results include, among others, governmental policies and regulatory actions, including those of the WUTC, and weather conditions. More information about these and other factors that potentially could affect the company's financial results is included in Puget Energy's and PSE's most recent annual report on Form 10-K, quarterly report on Form 10-Q and in their other public filings filed with the Securities and Exchange Commission. Except as required by law, Puget Energy and PSE undertake no obligation to update any forward-looking statements.

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SOURCE: Puget Energy