



News Release

Puget Sound Energy Purchases 'Mint Farm' Power Plant

310-MW Natural Gas-Fired Generating Facility Will Help Meet Customers' Growing Energy Needs

BELLEVUE, Wash.--(BUSINESS WIRE)--Dec. 8, 2008--Puget Sound Energy [utility subsidiary of Puget Energy (NYSE:PSD)] last week completed the \$240 million purchase of a 310-megawatt natural gas-fired power plant in Longview, Wash., the latest step in the utility's long-range effort to ensure a reliable, cost-effective energy supply for its growing customer base in Western Washington.

PSE signed an agreement in September to buy the 11-month-old "Mint Farm" power-generating facility from Minnesota-based Wayzata Opportunities Fund, LLC. A November approval of the transaction by the Federal Energy Regulatory Commission cleared the way for PSE to complete the purchase on Dec. 5, using previously secured bank financing.

"Our long-term strategy for procuring the new resources our customers require focuses first on boosting energy efficiency and then on adding more renewable power supplies," said Kimberly Harris, executive vice president and chief resource officer for PSE. "The third leg of the stool rests largely on clean-burning, readily dispatchable natural gas-fired power generation that facilities like Mint Farm can provide."

The Longview facility employs "combined-cycle" technology that allows it to generate electricity using both a natural gas cycle and, from the power-generating turbine's exhaust heat, a steam cycle. The process boosts operating efficiency, lowers fuel costs, and cuts air emissions. PSE intends to retain appropriate staff currently operating Mint Farm.

"The City of Longview is very excited to welcome PSE into our community," said Bob Gregory, City of Longview manager. "The utility's purchase of the project will provide long-term viability of this commercial power-generating facility, as well as a stable, long-term capital investment in the Mint Farm Industrial Park. PSE is a financially sound energy utility that will help the city fulfill its objective of recruiting economic development that diversifies our tax base and supports a sustainable financial foundation for our community."

The population within PSE's Puget Sound service area is predicted to grow by more than 1 million over the next 20 years. That growth, together with the expiration of some large purchased-power contracts in coming years, requires that PSE obtain approximately 4,400 MW - more than double the peak power load of a city the size of Seattle - of additional power capacity by 2027 through energy efficiency and supply-side resources.

With the addition of Mint Farm, PSE has obtained more than 1,600 MW of long-term resources over the past three years. These include PSE's development of two large wind-power facilities in Eastern Washington - Hopkins Ridge (157 MW) and Wild Horse (229 MW) - and the purchase of two other natural gas-fired power plants in the state, Goldendale (277 MW) and Sumas (125 MW). Also included is 50 MW of wind energy purchased from the Klondike III facility in north-central Oregon, and a long-term power-purchase contract for nearly 500 MW of hydropower from the Chelan County Public Utility District. PSE also has constructed the Northwest's largest solar-power generating facility, a 500-kilowatt demonstration project located at PSE's Wild Horse Wind and Solar Facility near Ellensburg.

Under PSE's resource-acquisition strategy, the company issued a request for proposals in January 2008 seeking up to 1,340 MW of new power-supply resources by 2015. Out of 30-plus submitted bids, the Mint Farm purchase was among PSE's four short-listed targets for new power resources.

The short list also includes two planned 20-year power purchases from wind facilities in Washington and Oregon, together having 250 MW of power-generating capability, and a short-term, winter-only power purchase that PSE recently executed to help erase a projected near-term power-supply shortfall during customers' wintertime peaks in power usage.

PSE will be updating its Integrated Resource Plan in 2009. The 20-year plan serves as a guide for the utility's energy-supply strategy.

For more information about PSE's power-generation facilities, please visit PSE.com.

About Puget Sound Energy

Washington state's oldest and largest energy utility, with a 6,000-square-mile service territory stretching across 11 counties, Puget Sound Energy serves more than 1 million electric customers and nearly 750,000 natural gas customers. PSE meets the energy needs of its growing customer base through incremental, cost-effective energy conservation, low-cost procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. For more information, visit PSE.com.

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