



News Release

Puget Sound Energy Investing Heavily in Electric and Natural Gas System Infrastructure to Meet Customer Needs Now and in Future

Improvements underway throughout Western Washington

BELLEVUE, Wash.--(BUSINESS WIRE)--Sept. 8, 2008--Puget Sound Energy (utility subsidiary of Puget Energy (NYSE:PSD)) is investing approximately \$421 million in service-area infrastructure improvements in 2008, of which about \$247 million is earmarked for capacity and reliability upgrades, and about \$174 million is allocated to meet growing customer needs.

"It takes a lot of planning and coordination to do this amount of work in a year," said Bert Valdman, executive vice president and chief operating officer for PSE. "We are proud of the work being done by PSE employees and contractors as we make the necessary investments in our electric and natural gas systems to ensure our customers throughout our service area have safe, reliable service now and in the future. We also thank the communities and our customers for their patience and support as we do this work on their behalf."

PSE's 2008 electric system investments include:

- Building four miles of new 230 kilovolt (kV) transmission line and five miles of new 115 kV transmission line.
- Re-conductoring (replacing old power lines with new power lines) 54 miles of PSE's transmission system.
- Replacing or remediating (injecting with silicone to extend the life of cable) approximately 70 miles of underground cable.
- Replacing 800 poles.
- Constructing six new distribution substations - two in Whatcom County and one each in Island, King, Jefferson, and Thurston counties.
- Upgrading seven distribution substations and six transmission systems in Whatcom, Skagit, Snohomish, King, Kitsap, and Thurston counties.

PSE's 2008 natural gas system investments include:

- Installing approximately 200 miles of new natural gas main, including replacing approximately 20 miles of older, uncoated steel main.
- Annually leak-surveying 12,000 miles of pipeline.
- Annually performing maintenance activities on 77 district regulators (a natural gas pressure-reducing station that automatically regulates the pressure in the downstream main to which it is connected).
- Rebuilding two gate stations (a facility that serves as a measuring point for purchasing natural gas from a pipeline supplier and where the natural gas is odorized).

PSE 2008 major projects in the counties served by the utility include:

Island County

- Island County reliability project - Implementing a multi-year vegetation management project to improve PSE's system reliability on Whidbey Island and reduce tree-related outages at an estimated cost of \$1 million. Anticipated phase-one completion: winter 2008.
- Useless Bay substation - Building a new substation to improve reliability to the south end of Whidbey Island at an estimated cost of \$10 million to \$12 million. Anticipated completion: fall 2010.

Jefferson County

- Chimacum substation - Completed the construction of a new \$5 million substation in May 2008 to improve service reliability for customers in the Port Hadlock area of Jefferson County.

King County

- Bellevue Braids-Lake Hills Connector - Installing a new natural gas pipeline in downtown Bellevue at an estimated cost of \$13.3 million to provide uninterrupted service to existing customers and accommodate projected demand. Anticipated completion: winter 2008.
- Covington-Berrydale 230 kV - Building a new transmission line at an estimated cost of \$12.6 million to improve reliability and meet growth needs in the Covington area. Anticipated completion: fall 2008.
- Factoria substation - Rebuilding the Factoria substation at an estimated \$6.5 million cost to reduce outages and enhance capacity in Bellevue. Anticipated completion: spring 2009.
- Four Corners substation - Building a new electric distribution substation at an estimated cost of \$5.5 million to meet increased demand for electricity in the Maple Valley area. Anticipated schedule: begin construction spring 2009.
- Juanita substation - Doubling the size of the existing substation at an estimated cost of \$4.2 million to increase reliability and meet growing demand for power in the Juanita, Totem Lake and Kingsgate areas of Kirkland. Anticipated schedule: begin construction in spring 2009.
- Kent-Black Diamond natural gas line - Upgrading the Kent/Auburn natural gas system at an estimated cost of \$5.25 million to reinforce the existing system currently serving Kent, Auburn, Federal Way, and Vashon Island. Anticipated schedule: begin construction fall - winter 2008.
- Lake Hills-Phantom Lake transmission line - Building a new transmission line to connect the utility's existing Phantom Lake and Lake Hills substations at an estimated cost of \$3.5 million to increase electric system reliability and capacity. Anticipated schedule: begin construction fall 2009.
- Novelty substation and electric transmission line - Building a new transmission line between Northeast Novelty Hill Road and Avondale Road Northeast on PSE's existing transmission line corridor at an estimated cost of \$8.4 million to increase reliability and meet additional demand resulting from ongoing

growth in Redmond and east King County. Anticipated completion: spring 2009.

- Talbot Beverly - Replacing aging power poles and installing a new fiber-optic line along 35 miles of transmission line corridor between the Talbot substation in Renton and Snohomish County Public Utility District's Beverly Park substation in Everett at an estimated cost of \$3 million to improve system reliability. Anticipated schedule: construction fall 2008.

Kitsap County

- Bremerton substation - Demolishing the existing substation and rebuilding and upgrading the facility at an estimated cost of \$9 million to increase capacity and reliability as well as help reduce future power outages. Anticipated completion: summer 2009.

Lewis County

- Chehalis natural gas line - Upgrading approximately 12,000 feet of 4-inch line with 12-inch line at an estimated cost of \$4.5 million. Anticipated schedule: construction summer 2009.

Pierce County

- Frederickson natural gas line - Installing 5.25 miles of 16-inch natural gas line from PSE's existing Frederickson natural gas station and Clover limit station at 128th Street East and Waller Road at an estimated cost of \$14 million to upgrade the utility's natural gas system in south Tacoma. Anticipated schedule: construction and project completion fall 2008.

Skagit County

- Fredonia 115 kV line loop - Installing a new .4 mile transmission line at an estimated cost of \$1.5 million to \$2 million between the Olympic Bay View and Fredonia substations to increase reliability in Skagit County. Anticipated completion: fall 2008.
- Sedro-Woolley to Beaver Lake new 115 kV and fiber optic line, 230 kV upgrade - Upgrading capacity, including adding a new fiber-optic line, to 4.8 miles of an existing 115 kV transmission line at an estimated cost of \$40 million. Anticipated completion: fall 2008.
- Sedro-Woolley to Horse Ranch rebuild of existing 115 kV line to 230 kV line - Rebuilding 40 miles at an estimated cost of \$30 million to \$50 million to increase system reliability, help prevent power outages, and support anticipated growth in the area. Anticipated schedule: design 2008-09, construction 2009-10.

Snohomish County

- Ebey Slough improvement - Replacing aging transmission line structures in Ebey Slough with new poles at an estimated cost of \$15 million to protect system safety and reliability. Anticipated completion: fall 2008.

Thurston County

- North Lacey natural gas line - Upgrading 5.2 miles of 12- and 8-inch natural gas line between Elizabeth Avenue (18th Avenue Southeast) in Olympia and Draham Street Northeast in Lacey at an estimated cost of \$11.2 million. Anticipated schedule: construction spring 2009, completion fall 2009.
- Olympia substation and transmission line conversion - Upgrading the utility's existing low-voltage 55 kV substations and transmission lines to 115 kV standards in Olympia at an estimated cost of \$7.8 million. The 2008-2009 project includes the following work:
- Saint Clair substation: updating equipment and transmission line terminations. Schedule: completed April 2008.
- Hawkes Prairie substation: replaced transformer and updated equipment. Schedule: completed May 2008.
- Luhr Beach substation: removed station equipment and transmission line. Schedule: completed May 2008.
- Valenica substation: removed station equipment and transmission line. Schedule: completed July 2008.
- Pleasant Glade substation: installed circuit breakers, updated equipment, modified transmission line terminations. Schedule: completed July 2008.
- Plum Street substation: demolishing and rebuilding existing substation. Anticipated completion: October 2008.
- Friendly Grove substation: Constructing a new 115 kV substation adjacent to the existing 55 kV substation, then demolishing the existing substation and modifying existing transmission and distribution lines to accommodate the new station. Anticipated completion: spring 2009. Anticipated conversion completion: winter 2009.

Whatcom County

- Laurel substation - Building a new substation at an estimated cost of \$3.5 million to meet increased demand for electricity in the Cordatta Parkway area in Bellingham. Anticipated completion: fall 2008.
- Sehome substation - Completed rebuilding the existing substation and upgraded from a 4 kV system to a 12 kV system in March at a cost of \$4 million to support long-term capacity and reliability and help reduce future power outages.
- Semiahmoo substation - Building a new electric distribution substation between Birch Bay and City of Blaine at an estimated cost of \$3.9 million to meet increased demand for electricity. Anticipated schedule: begin construction spring 2009, completion fall 2009.

For more information about PSE's infrastructure investments, visit the Community tab on 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 737,000 natural gas customers primarily in the growing Puget Sound region of Western Washington. PSE, a subsidiary of Puget Energy (NYSE:PSD), 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. PSE employees are dedicated to providing great customer service to deliver energy that is safe, reliable, reasonably priced, and environmentally responsible. For more information, visit PSE.com.

CONTACT: Puget Sound Energy

Media Contact:

Gretchen Aliabadi, 1-888-831-7250

SOURCE: Puget Sound Energy