



News Release

PSE Eyeing Three New Sources of Long-Term Power Supply

'Short List' from Request-for-Proposals Process Features More Wind Energy;

Targeted Resources Would Increase Utility's Power Capacity by Nearly 12 Percent

BELLEVUE, Wash.--(BUSINESS WIRE)--July 30, 2008--Puget Sound Energy (the utility subsidiary of Puget Energy (NYSE:PSD)) today said it is pursuing the acquisition of 560 megawatts (MW) of new, long-term electricity supply -- including more wind power -- from three outside parties.

The targeted resources constitute the screened "short list" of more than 30 power-supply bids PSE received from regional energy producers and marketers in response to the utility's Request for Proposals (RFP) in January. PSE hopes to secure the short-listed resources over the next 12 to 18 months.

"These new supplies are designed to help us meet our region's rising energy demands in a cost-effective, environmentally responsible manner," said Kimberly Harris, PSE executive vice president and chief resource officer. "The next step, if possible, is to reach a deal on each of them and bring them into our portfolio."

The three short-listed resources include two 20-year power-purchase contracts from wind farms in Washington and Oregon, together totaling 250 MW of power capacity, and the acquisition of an existing natural gas fired power plant in Washington.

In addition to these long-term resources, PSE is looking to sign a short-term, winter-only power-purchase agreement arising from the RFP bids. This purchase would help PSE erase a projected near-term power-supply shortfall during customers' wintertime peaks in power usage.

PSE and the companies that submitted the short-listed proposals agreed to withhold additional details about the projects until further analysis is completed and contracts are signed. Contracts will hinge on final PSE validation of the operational characteristics and economics of the proposals.

PSE's need for a large amount of new power supplies is being driven by the expiration of large purchased-power contracts in coming years and a robust service territory that's predicted to increase by more than 1 million residents within 20 years. The utility estimated last year that it will need approximately 2,600 average-megawatts (aMW) of additional electric supply by 2027 -- roughly equivalent to the power load of two cities the size of Seattle.

PSE currently has about 4,700 MW of long-term power-supply capacity for meeting customer demands. If all three long-term supply targets announced today are secured, that capacity would increase by 11.9 percent.

Several promising responses to the January RFP that did not make the final short list remain under "serious consideration" and examination, Harris noted. And PSE continues to pursue other cost-effective power-supply resources outside the formal RFP process. These efforts include the utility's recently announced plan to add approximately 50 MW of generating output to PSE's 229-MW Wild Horse Wind and Solar Facility in Kittitas County, Wash.

The utility has proposed to add additional wind turbines at Wild Horse by the end of 2009. At the same time, PSE is aggressively looking for more wind-power resources elsewhere. The company's latest Integrated Resource Plan calls for the acquisition of more than 1,000 MW of new wind power by 2020.

Earlier this week PSE announced the completed purchase of a 125-MW, natural gas fired power plant in Sumas, Wash., just south of the Canadian border within the utility's service territory.

With the Sumas transaction, PSE has acquired more than 1,300 MW of new power-supply capacity over the past three years. The acquisitions include the development of PSE's Wild Horse and Hopkins Ridge wind facilities in Eastern Washington, the long-term purchase of 50 MW of wind power from a wind facility in north-central Oregon, and the purchase of a gas fired, combined-cycle power plant in Goldendale, Wash. Also included is a power-purchase contract between PSE and the Chelan County Public Utility District that, from 2011 through 2031, will provide PSE with 487 MW of power capacity from the PUD's Rocky Reach and Rock Island dams on the Columbia River.

Conservation is another key element of PSE's long-range energy-supply strategy. The utility anticipates that it will, in essence, acquire more than 500 aMW of added power supply over the next two decades through expanded energy-efficiency services to customers. A power-demand reduction of that size would avert the need to build two medium-sized natural gas fired power plants.

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 (PSE) serves more than 1 million electric customers and 735,000 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. Visit PSE.com for more information.

CONTACT: Puget Sound Energy
Roger Thompson, 1-888-831-7250

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