



## News Release

### PSE Announces Agreement with Farm Power

Utility and Skagit County Maas Brothers to Develop Dairy Digester Renewable Energy Generation

BELLEVUE, Wash.--(BUSINESS WIRE)--April 24, 2008--Puget Sound Energy (the utility subsidiary of Puget Energy (NYSE:PSD)) today announced the company has reached a memorandum of understanding (MOU) with Farm Power Northwest, LLC, of Skagit County to develop a dairy digester facility to produce electric power from manure, a technology that holds the promise of both an environmentally friendly energy source and a benefit to local dairy farmers and the Skagit County economy.

PSE, in conjunction with Farm Power founders Kevin and Daryl Maas of Mount Vernon, signed the agreement as a first step toward generation of up to 1.5 megawatts (MW) of electric power - enough to meet the needs of 1,000 households or a city the size of La Conner. Under the agreement, PSE will purchase electricity generated by Farm Power as well as the associated renewable energy credits resulting from the renewable energy source.

"Puget Sound Energy has been a great resource in taking our ideas one key step closer to reality for Skagit County," said Kevin Maas, president of Farm Power. "My brother, Daryl, and I are excited about what this project can do for farmers in the Mount Vernon area. We see this as just the beginning of a long-term source of renewable energy and of additional income to local dairies."

A dairy digester practically eliminates greenhouse-gas emissions from manure storage, while reducing manure-handling expenses and compensating each participating farm for supplying manure.

"This technology is a true win-win, for the environment, the economy and for the dairy farmers of Skagit County," said Kimberly Harris, executive vice president and chief resource officer for PSE. "The Maas brothers have a great entrepreneurial spirit and commitment to their community, and a vision of what can be done on a local level that has a broader benefit to help meet the challenges of climate change."

At present, Farm Power has manure commitments from four dairy farmers west of Mount Vernon and is permitting a site located near them. The manure will be used in the generation of power by warming it in the digester to spur microbes to produce methane gas. The methane then fuels electrical generators, with the excess heat being used to warm additional manure and continue the electrical generation cycle.

In addition to the expected 1.5 MW of electricity, by-products will include sanitary bedding for use with dairy cattle and a more environmentally compatible liquid fertilizer to be stored in the farms' holding lagoons. Compared with unprocessed manure, the nitrogen in this liquid is easier for plants to absorb and is less likely to mix with rain runoff.

"Farm Power and PSE are a great team," said Daryl Maas. "With a little help from the cows of Skagit County, we can all work together to introduce a sustainable, renewable energy technology that can make dairy farming more profitable and help protect Skagit farmland."

Puget Sound Energy's experience in dairy digesters was a key component in making the MOU with Farm Power possible. In 2004, PSE supported the development of Washington's first dairy digester at the VanderHaak Farm near Lynden in Whatcom County.

Recent steps taken by the Washington state legislature and Governor Gregoire have aided in making dairy digester technology economically viable. On March 31, 2008, the governor signed Senate Bill 6806, extending the six-year property tax exemptions previously given to ethanol and biodiesel facilities to dairy digesters. The bill, written and sponsored by State Senator Mary Margaret Haugen, D-Camano Island of Skagit County, was supported by testimony earlier in the legislative session by the Maas brothers.

#### About Puget Sound Energy

Washington state's oldest and largest energy utility, with a 6,000-square-mile service area stretching across 11 counties, PSE serves more than 1 million electric customers and nearly 729,000 natural gas customers, primarily in Western Washington. PSE meets the energy needs of its growing customer base through incremental, cost-effective energy efficiency, 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 [www.PSE.com](http://www.PSE.com).

#### About Farm Power

Skagit County's 15,000 dairy cows form a vital part of a diverse agricultural community that raises 90 different crops on some of the world's best farmland. Farm Power was formed to generate new value from these cows, developing manure-to-energy projects that will benefit dairy farmers and the community. Just like its partner farmers, Farm Power is investing in the long term in a sustainable food and energy supply. For more information, visit [www.FarmPower.com](http://www.FarmPower.com).

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