



News Release

Puget Sound Energy Successfully Completes \$250 Million Debt Financing

BELLEVUE, Wash.--(BUSINESS WIRE)-- Puget Sound Energy, the utility subsidiary of Puget Energy (NYSE:PSD), today announced it has successfully completed a \$250 million issuance of first mortgage bonds. The bonds were placed with more than 35 institutional investors, have a term of seven years and carry a 6.75 percent coupon.

Net proceeds from the issue will be used primarily to repay outstanding short-term debt incurred to partially fund the utility's capital expenditures, including the \$240 million Mint Farm Power Generating Facility, a natural gas-fired power plant in Longview, Wash. purchased by PSE in December 2008 using previously secured bank financing.

"Successful completion of this bond offering with its relatively low coupon in very difficult capital markets demonstrates positive market reaction to the pending close of our merger with Puget Holdings LLC, a group of long-term infrastructure investors," said Stephen P. Reynolds, chairman, president and CEO of Puget Energy and PSE. "The upgrade of PSE's corporate credit rating to 'BBB' by Standard & Poor's, immediately after we announced the merger closing date, also improved the bond credit ratings and enabled an attractive interest rate on the debt."

The PSE bonds carry Baa2 ratings from Moody's and A-minus ratings from Standard & Poor's.

The joint managers for the sale were Barclays Capital Inc., Scotia Capital (USA) Inc. and Wachovia Capital Markets LLC with co-managers KeyBanc Capital Markets, Banc of America Securities LLC and Dresdner Kleinwort Securities.

About Puget Sound Energy

Washington state's oldest and largest energy utility, with a 6,000-square-mile service area stretching across 11 counties, Puget Sound Energy serves more than 1 million electric customers and nearly 750,000 natural gas customers, primarily in 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.

About Puget Energy

Puget Energy (NYSE:PSD) is the parent company of Puget Sound Energy (PSE), a regulated utility providing electric and natural gas service primarily to the growing Puget Sound region of Western Washington. Visit PugetEnergy.com for more information.

CAUTIONARY STATEMENT:

Certain statements contained in this news release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, among which include PSE's and Puget Energy's expectations regarding the closing of the pending merger transaction with Puget Holdings LLC. Forward-looking statements are based on the opinions and estimates of PSE and Puget Energy 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 Washington Utilities and Transportation Commission, any challenge to such actions, the uncertainties of the current economic situation, including adverse effects on PSE's customers or lenders or the failure of any remaining conditions to the merger transaction. More information about these and other factors that potentially could affect the closing or success of the merger transaction 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.

Source: Puget Sound Energy

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