



News Release

PSE Buys Two Natural Gas-Fired Electric Generators for \$22.6 Million at Utility's Whitehorn Facility in Whatcom County

Purchase Helps Ensure Continued Reliability for Western Washington Customers

BELLEVUE, Wash., Feb 02, 2009 (BUSINESS WIRE) -- Puget Sound Energy [utility subsidiary of Puget Energy (NYSE:PSD)] today took ownership of two formerly leased 74-megawatt, natural gas-fired electric generators at the utility's Whitehorn Generating Station in Whatcom County, Wash.

PSE bought the single-cycle, combustion-turbine generators for \$22.6 million from Newark, N.J.-based Public Service Resources Corporation. The utility has generated power with the two units since 1981 under a lease arrangement.

"These turbines perform a valuable role for us by ensuring reliable electric supply during spikes in customer demand," said Paul Wiegand, vice president of Power Generation for PSE. "By bringing them under PSE ownership, we can be assured of their continued availability for years to come."

PSE's Whitehorn facility is used primarily to provide back-up "peaking" energy during daily or seasonal spikes in PSE customers' power usage. In addition, the facility's turbines have "quick-start" capability, enabling them to reach full generating capacity in a matter of minutes. That capability can be critical to maintaining system reliability if a "base load" resource, such as a hydropower facility, suddenly drops off line because of a generator problem or transmission-line failure.

Over the past two years, PSE has overhauled and upgraded the two Whitehorn generating units. The utility's original Whitehorn generator, installed in 1974, was retired in 2000.

With today's Whitehorn turbine purchase, PSE has invested more than \$1 billion to build or purchase approximately 1,400 megawatts of power-generating assets since 2004 to help meet its customers' growing energy demands. These investments include two PSE wind-power facilities in Eastern Washington (Hopkins Ridge and Wild Horse [386 MW total]), and four natural gas-fired generating stations in Washington state (in Frederickson, Goldendale, Sumas, and Longview [965 MW total]). In addition, PSE signed long-term contracts to acquire 50 MW of wind energy from the Klondike III wind facility in north-central Oregon, and nearly 500 MW of hydropower from the Chelan County Public Utility District.

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, is requiring PSE to obtain a large amount of new power supply. The company's 2007 Integrated Resource Plan identified that 20-year need at approximately 4,400 MW - more than double the peak power load of a city the size of Seattle.

The utility is also beefing up its energy efficiency efforts to have customers save enough energy to avoid the purchase of two mid-sized natural gas generating facilities.

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.

SOURCE: Puget Sound Energy

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