



News Release

Cost Puts \$40 to \$60 Million Price Tag On Lakewood's Proposed Takeover Of Puget Sound Energy's Lakewood System

Bellevue, Wash. (June 19, 2000)-- Today, Puget Sound Energy presented a Preliminary Cost Acquisition Analysis to a committee of three council members of the Lakewood City Council showing that the cost to condemn PSE's electrical system and business is between \$40 million and \$60 million. This is approximately ten times what the City Council has claimed it would cost Lakewood in its proposed takeover attempt, known as municipalization.

The City would be required to compensate PSE for actual fair market value for facilities including, but not limited to: substations in Lakewood, real estate, power lines, power poles, transformers and meters. The cost of the facilities alone totals between \$21.2 and \$27 million. Other costs that the City would incur include, but are not limited to: severance and reconstruction costs, value of lost business opportunity (known as going concern), legal and consulting fees, damages and bond fees.

In addition, the cost analysis shows that any purchase price over \$7.6 million would increase customer rates.

Also, PSE contends that the City does not have the legal authority to condemn PSE's system with the intent to resell it to another operator.

The City Council is scheduled to vote tonight on whether to put the issue on the public ballot in September. PSE has repeatedly asked to meet with the City Council to discuss this matter and present the cost analysis so that the Council could realistically evaluate specific costs involved in a potential contested condemnation action, as well to examine options to the condemnation action. However, requests were denied. Company officials were told that the Council could not meet with them because their study sessions were completely filled with the budget process, issues involved in building of the new city hall, and the 6-year transportation plan.

Late Friday afternoon, PSE filed a damage claim with the City of Lakewood in the amount of \$528,000. PSE claims that the City has improperly interfered with PSE's contractual relationship with Tacoma by pursuing a course of action that encourages Tacoma to violate its service area agreement with PSE.

"Puget Sound Energy has provided reliable, reasonably priced electric and natural gas service to Lakewood homes and businesses for decades, and remains committed to working with the City of Lakewood to find options that will satisfy all parties," said Gary Nomensen, Corporate Relations Manager. We are hopeful that after the committee hears PSE's presentation, they will encourage the entire council to delay their vote and meet with PSE officials to design a less expensive process to meet their goals."

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