



## News Release

### Puget Sound Energy Selects Seven Projects to Increase Power Supplies by 25 Percent to Meet Customers' Growing Need

BELLEVUE, Wash.--(BUSINESS WIRE)--Aug. 22, 2006--Puget Sound Energy (PSE, the utility subsidiary of Puget Energy (NYSE:PSD)), which serves more than 1 million electric customers and 700,000 natural gas customers in Washington state, today announced the company is pursuing the acquisition of up to approximately 1,100 megawatts (MW) of long-term power supply from seven outside sources.

"We believe these resources can help us meet the rising energy demands of our customers at the best prices," said Eric Markell, PSE's senior vice president of Energy Resources. "What's more, several of them give us the opportunity to further increase the amount of sustainable electricity we provide to our customers."

The action is the latest step in PSE's ongoing effort to secure more competitively priced energy supplies for its growing customer base. The new resources involve a large wind farm under development in north-central Oregon, a geothermal facility planned in southern Idaho, three existing natural-gas-fired power plants in Washington, and two purchased-power agreements not tied to specific generating plants.

Currently, PSE has 4,200 MW of long-term power generating capacity to meet current customer demands. If all seven projects announced today are achieved, that capacity would increase by more than 25 percent. PSE has set a goal to have up to 10 percent of its customers' total power supply come from sustainable resources by 2013.

Markell said PSE and the companies that submitted the now short-listed proposals agreed not to divulge specific details about the projects until further analysis and contract talks, if pursued, are completed. The additional analysis by PSE will assess and validate the economics and operational characteristics of the proposals.

The seven selected projects were among the 120 bids PSE evaluated using the company's least-cost planning process after putting out a Request for Proposals (RFP) last fall for up to 1,500 average-MW of new electricity resources. The utility solicited offers for any type of power resource, with the possibility that PSE could invest in existing power plants, acquire or share in the development of new generating facilities, or purchase electricity under long-term contracts.

Markell said the proposals PSE received clearly demonstrate that power costs have risen significantly across the region over the past few years. Nevertheless, he added, the seven projects chosen for further due diligence and possible contract-signing appear to offer PSE and its customers the lowest reasonable cost within today's volatile energy market.

The analysis conducted for PSE's latest least-cost plan, on which the 2005 RFP was based, found that the utility needs more than 1,500 average-MW of additional energy supply by 2015 to meet its customers' growing power demands and replace electricity supplies lost to expiring purchased-power contracts. The 1,155 MW of combined power capacity reflected in the seven short-listed proposals announced today represents about 450 average-MW of new power supply.

A similar RFP process in 2003 resulted in PSE securing about 150 average-MW of new power resources, principally from PSE's development of two large wind farms. PSE's new Hopkins Ridge Wind Project in southeast Washington, with 150 MW of generating capacity, became operational in late 2005. The utility's Wild Horse Wind Project, a 230-MW facility in central Washington, is scheduled to be fully operational at the end of 2006.

Besides its procurement of new power supplies, PSE is steadily refining and expanding its energy-efficiency programs to help customers conserve more energy. The utility estimates that its energy-efficiency services should be able to help PSE customers save 43 million therms of natural gas and about 280 average-megawatts of electricity by 2015. The power savings would be sufficient to serve the long-term electricity needs of about 200,000 households.

#### About Puget Sound Energy

The 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 700,000 natural gas customers, primarily in Western Washington. PSE meets the energy needs of its growing customer base through incremental, cost-effective energy conservation, low-cost procurement of sustainable energy resources, and prudent investment in the energy-delivery infrastructure. For more information, visit: [www.pse.com](http://www.pse.com).

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