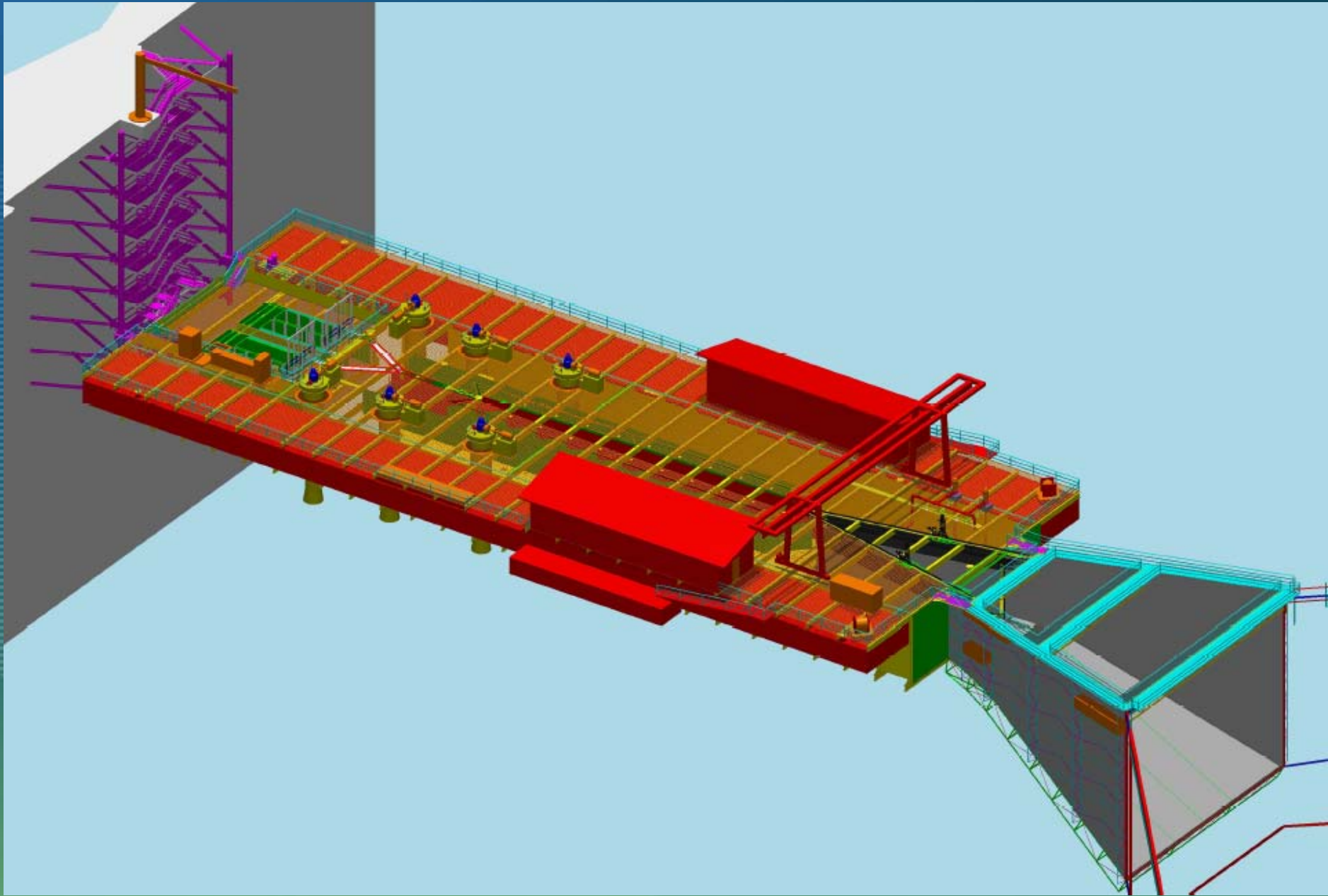


Lehman Brothers

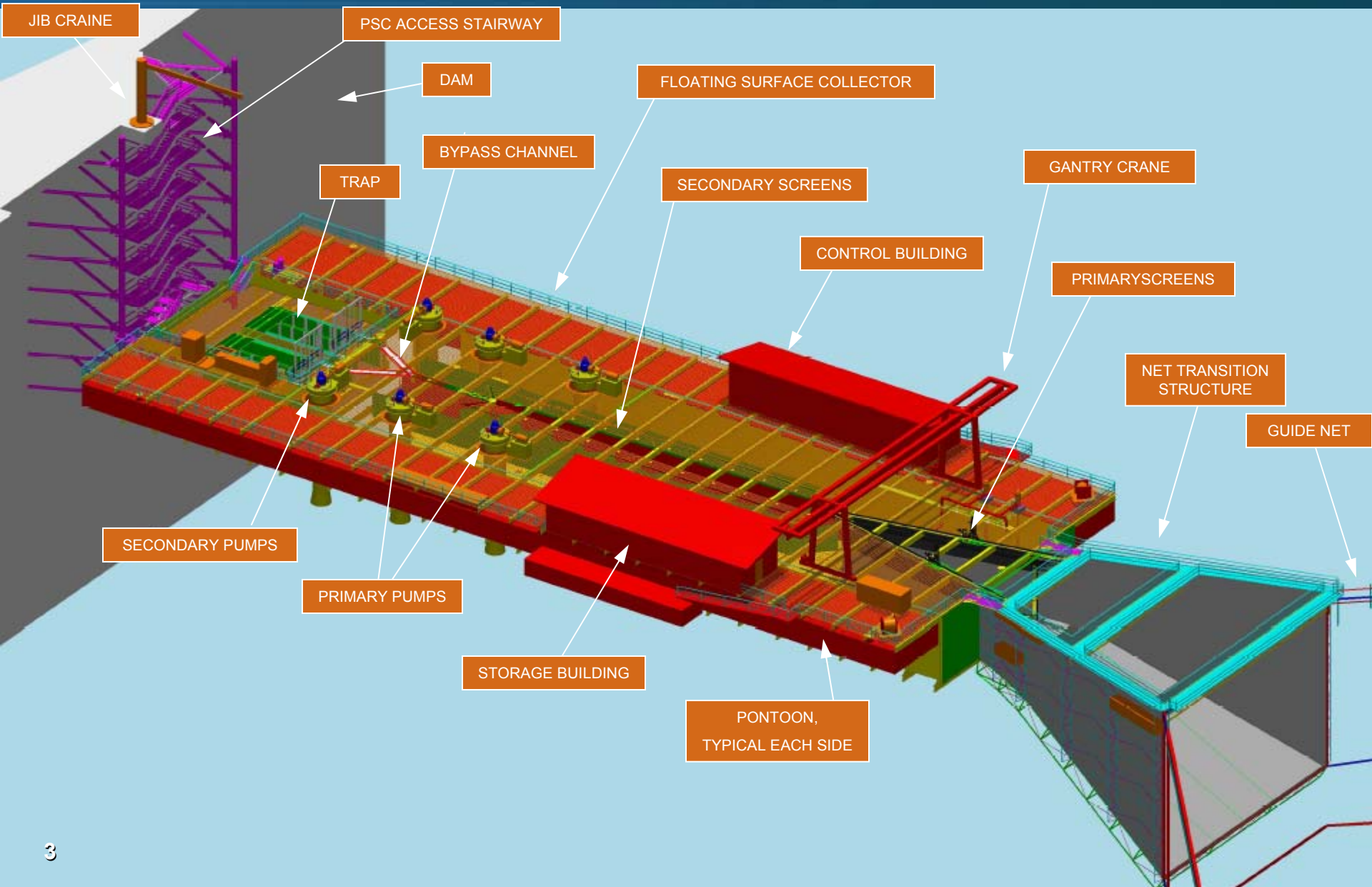
CEO Energy/Power Conference

Bert Valdman
Senior Vice President Finance
& Chief Financial Officer

September 7, 2005
New York, NY



Fish Gulper





Columbia River Basin



- Corps of Engineers Dams
- Dams owned by others
- △ Bureau of Reclamation Dams

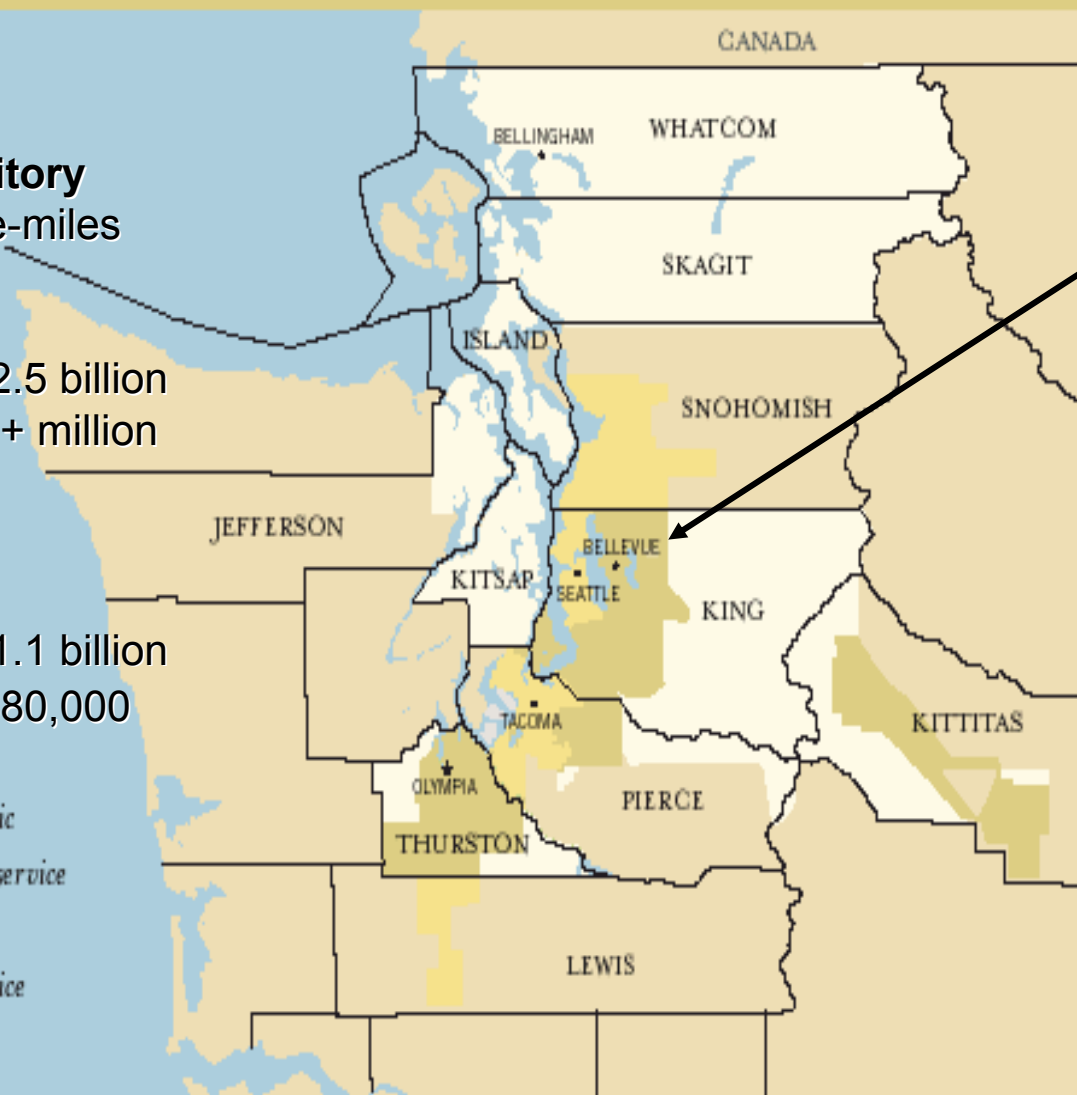
Puget Sound Energy is Washington State's largest utility

Service territory
6,000 square-miles

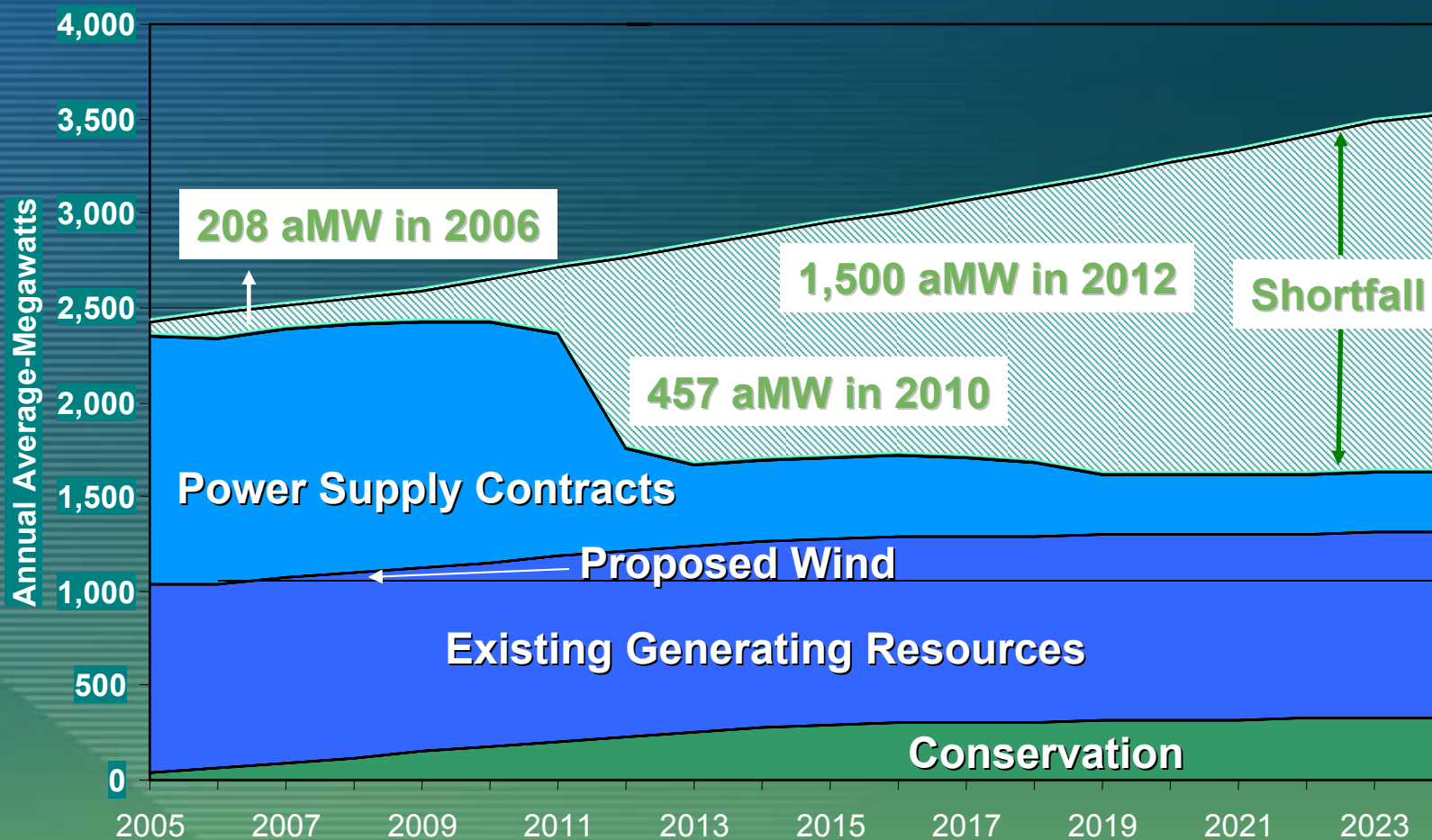
Electric
Rate base \$2.5 billion
Customers 1+ million

Gas
Rate base \$1.1 billion
Customers 680,000

- Combined electric and natural gas service
- Electric service
- Natural gas service



Our energy needs are growing



We're adding new energy resources



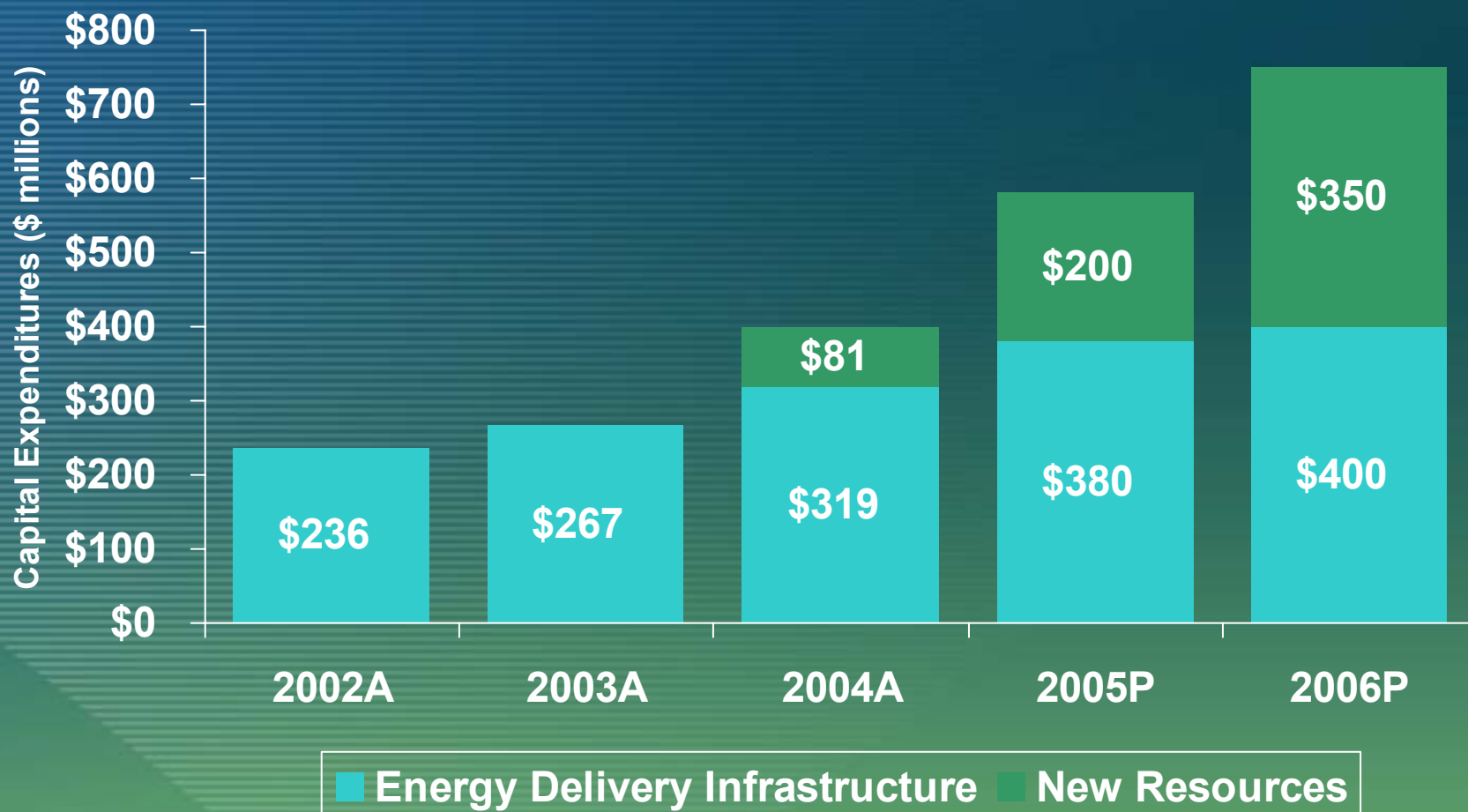
Hopkins Ridge

Capacity	150MW
Capital	\$200MM
In-service date	Dec 2005

Wild Horse

Capacity	220MW
Capital	\$300- \$350MM
In-service date	Dec 2006

Our rate base is growing



Our rate mechanisms

- **General rate case (GRC)**
- **Purchased Gas Adjustment (PGA)**
- **Power Cost Adjustment (PCA)**
- **Power Cost Only Rate Case (PCORC)**
- ***Energy delivery infrastructure tracker (proposed)***

Power Cost Only Rate Settlement

- All parties agreed to an increase of \$55.6 million:
 - WUTC Staff
 - Public Counsel
 - Industrial Customers of Northwest Utilities (ICNU)
- Proposed effective date November 1, 2005
- Power costs updated at company requested levels
- Opportunity to update power cost baseline rate effective July 1, 2006
- General rate case filing February 2006

Conclusions

- **Rate base growth from core utility business**
- **Commitment to dividend**
- **Total shareholder return 8+ percent**

2005 earnings guidance \$1.30 to \$1.40 per share from on-going operations

Forward looking statements

Certain statements contained in this presentation are “forward looking statements” within the meaning of the federal securities laws

Although Puget Energy and Puget Sound Energy believe that the expectations reflected in such statements are reasonable, there can be no assurance that the expected results will be achieved

For additional information concerning certain assumptions, risks, and uncertainties involved in the forward looking statements contained herein, please refer to Puget Energy’s reports on file with the SEC.

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