

WINDSTORM RESPONSE

Lessons learned from December 2006 windstorm

Puget Sound Energy (PSE) in July 2007 completed an extensive review of its performance prior to, during and following the record-breaking windstorm that hit the Pacific Northwest in mid-December 2006. In addition to seeking customer and employee feedback through focus groups, telephone and Web surveys, and internal debriefings, PSE hired KEMA, an 80-year-old energy consulting firm, to provide an independent, third-party, five-month analysis of the utility's pre-storm readiness and post-storm response. The KEMA analysis outlined in a July 2 report also recommended actions PSE can take now to ensure continued service reliability and improved outage response during future storms and other natural disasters.

KEMA's independent evaluation of PSE covered:

- Logistics and resources
- Planning and preparation
- Crew and management performance
- Internal and external information-management and communications
- System-readiness
- Vegetation-management



KEMA concluded that PSE:

- Employees performed well in difficult working conditions
- Acquired sufficient outside support, provided excellent logistical help and resources, and maintained a safe working environment
- Capabilities to collect, manage and disseminate information were overwhelmed by the storm's magnitude
- Processes for emergency planning and information were limited in ability to scale up to a storm of this size

KEMA recommended that PSE:

- Should improve the company's damage-assessment process
- Needs to invest in better methods for communicating specific information to customers regarding service restoration times
- Must "harden the system" (improve interagency coordination to clear blocked roads, widen rights-of-way through increased tree trimming, and continue ongoing vegetation management programs)
- Further explore the conversion of power lines from overhead to underground

PSE post-storm actions (summer 2007) include:

- Completed final repairs on all temporary repairs made earlier to damaged parts of the electric system
- Completed months of post-storm system inspections
- Inspected all 2,600 miles of PSE transmission lines to find and remove or cut back trees posing imminent threat of falling into the power lines (further transmission-corridor tree removal is anticipated)
- Intensified daily tree-trimming activities to ensure all transmission lines are clear of trees
- Joined forces with agencies and communities to improve communication/coordination
- Implementing report recommendations, including improving information process and technology
- Preparing now for upcoming storm season with a focus on public outreach in September, designated as Disaster Preparedness Month



Washington 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 721,000 natural gas customers primarily in the Puget Sound region of 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. For more information, visit PSE.com.

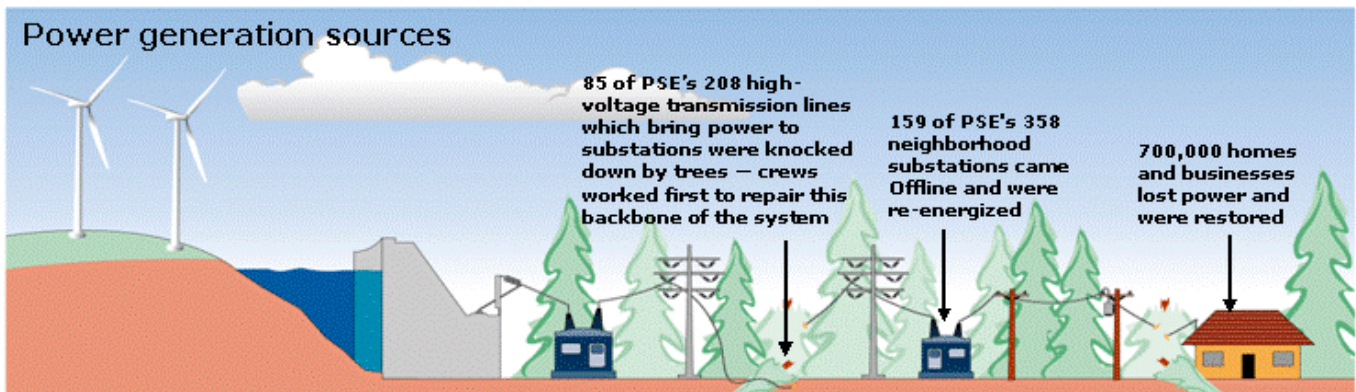
August 2007

December 14 -15, 2006, Windstorm Facts

Storm Magnitude
Strongest windstorm since January 1993
Wind gusts of 70 mph, according to official record
Local gusts estimated at more than 80 mph (100+ mph in the Cascades)
1.5 million customers (of all local Northwest utilities) out of power
700,000 homes and businesses served by PSE lost power
Governor Christine Gregoire requested federal disaster aid for 19 counties

PSE Response
700,000 customers lost power by 4 a.m. on Dec. 15
500,000 customers restored by morning, Dec. 18
All customers restored by Dec. 25
500 crews (nearly 2,000 workers) mobilized, from as far as Kansas
85 of PSE's 208 high-voltage transmissions lines knocked down by trees
159 of PSE's 358 neighborhood substations offline
770 power poles replaced
170 miles of new power lines installed
778 transformers replaced

500 crews, or nearly 2000 people, some as far away as Kansas, Alaska and Southern California, worked to restore power to 700,000 PSE customers



To view the KEMA report about PSE storm response, visit PSE.com