

PUGET ENERGY INC /WA
Form 8-K
October 17, 2002

CONFORMED

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549**

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): October 16, 2002

Commission File Number	Exact name of registrant as specified in its charter, state of incorporation, address of principal executive offices, Telephone	I.R.S. Employer Identification Number
1-16305	PUGET ENERGY, INC. A Washington Corporation. 411 - 108th Avenue N.E. Bellevue, Washington 98004-5515 (425) 454-6363	91-1969407

ITEM 5. Other Events

On October 16, 2002, the Company issued the following press release:

Puget Energy announces third quarter earnings; increases 2002 earnings guidance

Bellevue, Wash. (October 16, 2002)-- Puget Energy (NYSE: PSD) today reported 2002 third-quarter income for common stock of \$6.6 million, or 7 cents per share. In the same period a year ago, Puget Energy's third quarter results were \$4.7 million, or 5 cents per share.

This quarter continues to reflect our disciplined progress toward restoring the financial health of Puget Energy, said Puget Energy President and CEO Stephen P. Reynolds. While this has been a tumultuous period for the energy industry and financial markets in general, we're pleased to be able to increase Puget Energy's 2002 earnings guidance

by 5 cents a share, to a range of \$1.20 to \$1.25 per share. The company also affirmed its current earnings guidance for the full year 2003, which remains unchanged at \$1.75 to \$1.90.

The primary reason we are able to increase our earnings target for the calendar year 2002 is the continued strong performance of our utility operations, said Reynolds. The utility is exceeding our expectations, primarily due to successful settlement of regulatory issues earlier in the year, lower net power costs, continued operational efficiencies and federal income tax benefits. We expect this trend to continue in the fourth quarter, assuming normal weather. Year-to-date income for Puget Energy common stock was \$60.5 million, or 69 cents per share, compared with income of \$92.2 million, or \$1.06 per share, in the year-ago period. The reduction in year-to-date 2002 earnings compared with the same period one year ago is primarily attributable to the first quarter under-recovery of Puget Sound Energy's (PSE) net power costs prior to PSE's rate case settlement in the second quarter. Year-to-date income for the nine months ended September 30, 2001 included a one-time net benefit of 5 cents per share resulting from the asset sale of a former PSE subsidiary, net of an operating loss at that subsidiary through the date of the sale. Also included in that period is a benefit of \$0.20 per share from the sale of two properties by a PSE real estate subsidiary.

PSE contributed 3 cents per common share in the third quarter of 2002. Puget Energy's unregulated utility infrastructure services subsidiary, InfrastruX Group, continued to deliver on its plan, contributing 4 cents per common share in the third quarter of 2002. We are pleased that the quality of InfrastruX's operating companies and its geographic and business line diversity has enabled it to withstand the cyclical downturn in market conditions and other factors that have more severely affected many of its peers. added Reynolds.

Puget Energy will provide more detail on third-quarter results during a conference call for analysts scheduled at 10 a.m. ET (7 a.m. PT) tomorrow, Thursday, October 17, 2002. The call will be broadcast live through a Web cast at www.pse.com by accessing the Investors section of the Web site. The Web cast will be archived and available for replay following the live call. A tape-recorded replay of the call will be available two hours after completion of the conference on October 17 through midnight (ET) Tuesday, October 22, 2002 by dialing 1-800-428-6051 and entering the conference identification number at 263530.

PUGET ENERGY -- SUMMARY INCOME STATEMENT

(In thousands, except per-share amounts, Unaudited)

	Three months ended 09/30 1	
	2002	2001 2
Operating revenues		
Electric	\$ 299,443	\$ 333,615
Gas	65,788	91,778
Other	93,245	53,573
Total operating revenues	458,476	478,966
Operating expenses		
Purchased electricity	132,820	120,444
Purchased gas	31,126	50,976
Electric generation fuel	16,856	67,949
Residential exchange	(26,427)	(19,270)
FAS-133 unrealized (gain)/loss	(335)	567
Utility operations & maintenance	68,933	64,213
Other operations & maintenance	76,316	47,881
Depreciation & amortization	57,190	54,195

Edgar Filing: PUGET ENERGY INC /WA - Form 8-K

Conservation amortization	4,216	1,440
Other taxes	42,226	38,671
Federal income taxes	(1,543)	6,144
	-----	-----
Total operating expenses	401,378	433,210
	-----	-----
Operating income	57,098	45,756
Other income (net of tax)	230	7,892
	-----	-----
Income before interest charges & minority interest	57,328	53,648
Interest charges	48,439	46,839
Minority interest	377	---
	-----	-----
Net income before cumulative effect of accounting change	8,512	6,809
FAS-133 transition adjustment loss (net of tax)	---	---
	-----	-----
Net Income	8,512	6,809
Less preferred stock dividend accruals	1,940	2,085
	-----	-----
Income for common stock	\$ 6,572	\$ 4,724
	=====	=====
Common shares outstanding	87,618	86,571
Diluted shares outstanding	87,975	86,995
	-----	-----
Basic earnings per common share before cumulative effect of accounting change	\$ 0.07	\$ 0.06
Cumulative effect of accounting change	---	---
	-----	-----
Basic earnings per common share	\$ 0.07	\$ 0.06
Diluted earnings per common share before cumulative effect of accounting change	\$ 0.07	\$ 0.05
Cumulative effect of accounting change	---	---
	-----	-----
Diluted earnings per common share ³	\$ 0.07	\$ 0.05

¹ Partial-year results may not accurately predict full-year performance, as earnings are significantly affected by weather.

² Certain amounts previously reported have been reclassified to conform with current year presentations with no effect on net income.

³ Diluted earnings per common share include the dilutive effect of securities related to employee compensation plans.

PUGET SOUND ENERGY¹ -- UTILITY OPERATING DATA

	Three months ended 09/30		Year-to-date
	2002	2001	2002
Energy sales revenues			
(\$ in thousands, Unaudited)			
Electricity			
Residential	\$ 116,022	\$ 105,058	\$ 468,069
Commercial	129,394	113,372	399,944
Industrial	22,869	39,663	68,084
Other retail sales ²	3,782	(1,644)	(15,806)
	-----	-----	-----
Subtotal, retail sales	272,067	256,449	920,291
Transportation ²	4,791	351	12,873

Edgar Filing: PUGET ENERGY INC /WA - Form 8-K

Sales to other utilities & marketers 3	19,841	96,977	50,883
Other 4	2,744	(20,162)	(5,233)
Total electricity sales	299,443	333,615	978,814
Gas			
Residential	33,208	41,672	315,670
Commercial	22,252	35,366	163,711
Industrial	4,947	9,340	28,381
Subtotal, retail sales	60,407	86,378	507,762
Transportation	3,068	3,133	9,024
Other	2,313	2,267	7,877
Total gas sales	65,788	91,778	524,663
Total energy sales revenues	\$ 365,231	\$ 425,393	\$ 1,503,477
<hr/>			
Energy sales volumes			
Electricity (in mWh)			
Residential	1,803,389	1,748,140	7,340,492
Commercial	1,986,181	1,890,011	5,979,395
Industrial	367,484	597,730	1,062,665
Other 2	30,009	9,833	(319,042)
Subtotal, retail sales	4,187,063	4,245,714	14,063,510
Transportation 2	730,959	116,035	1,801,715
Sales to other utilities & marketers 3	1,026,461	1,419,885	2,379,170
Total mWh	5,944,483	5,781,634	18,244,395
Gas (in 000's of therms)			
Residential	33,521	35,160	337,893
Commercial	35,530	40,971	207,694
Industrial	9,048	11,143	37,992
Transportation	47,776	45,093	151,532
Total gas volumes	125,875	132,367	735,111
<hr/>			
Customers served 5			
Electricity			
Residential	842,170	829,331	838,899
Commercial	103,538	100,333	102,337
Industrial	3,897	3,989	3,929
Other	1,931	1,818	1,891
Transportation	15	10	15
Total electricity customers	951,551	935,481	947,071
Gas			
Residential	565,585	549,890	562,539
Commercial	46,347	46,789	46,407
Industrial	2,735	2,842	2,775
Transportation	129	112	117
Total gas customers	614,796	599,633	611,838
<hr/>			
Weather			
Actual heating degree days	235	280	3,324
Normal heating degree days	279	279	3,179

Edgar Filing: PUGET ENERGY INC /WA - Form 8-K

¹Puget Sound Energy is the electric and natural gas utility subsidiary of Puget Energy.

²Includes change in unbilled revenues.

³Includes optimization transactions reported net in the income statement as required by EITF 02-03, effective after June 30, 2002. Prior periods have been reclassified to conform with the presentation.

⁴Includes Conservation Trust collection and sales of non-core gas suppliers.

⁵Quarterly data represents average served during September; Year-to-date data represents average for the 9 months ended.

PUGET ENERGY -- SEGMENT RESULTS

(In thousands, Unaudited)

Three months ended 09/30/02	Puget Sound Energy	InfrastruX	Other ¹	Puget En Total
Revenues	\$ 365,232	\$ 92,372	\$ 872	\$ 458,476
Depreciation and amortization	53,351	3,784	55	57,190
Federal income tax	(4,198)	2,602	53	(1,543)
Operating income	51,002	5,871	225	57,098
Interest charges, net of AFUDC	46,876	1,563	-	48,439
Net income	4,335	3,952	225	8,512
Total assets	5,059,109	320,755	126,286	5,506,150

Total assets at 12/31/01	5,178,601	229,125	139,251	5,546,977

Three months ended 09/30/01				
Revenues	\$ 425,393	\$ 52,771	\$ 802	\$ 478,966
Depreciation and amortization	52,057	2,134	4	54,195
Federal income tax	5,177	783	184	6,144
Operating income	43,229	3,398	(871)	45,756
Interest charges, net of AFUDC	45,710	1,068	61	46,839
Net income	(3,207)	1,337	8,679	6,809

Year to date 09/30/02				
Revenues	\$ 1,503,478	\$ 229,255	\$ 5,622	\$ 1,738,355
Depreciation and amortization	161,024	9,308	163	170,495
Federal income tax	25,095	4,952	1,716	31,763
Operating income	196,021	12,034	2,446	210,501
Interest charges, net of AFUDC	143,558	3,960	-	147,518
Net income	56,616	7,476	2,267	66,359

Year to date 09/30/01				
Revenues	\$ 2,056,624	\$ 126,780	\$ 30,092	\$ 2,213,506
Depreciation and amortization	155,052	5,195	11	160,258
Federal income tax	62,364	1,894	8,002	72,260
Operating income	220,267	8,322	13,778	242,367
Interest charges, net of AFUDC	137,661	2,513	274	140,448
Net income	72,168	2,998	23,406	98,572

¹ Includes the non-regulated subsidiaries of Puget Sound Energy and miscellaneous holding company expenses. The principal non-regulated subsidiary of PSE is a real estate development company. PSE sold the assets of its software development subsidiary, ConneXt,

Inc., in the third quarter for 2001.

###

Cautionary Statement: *Certain statements contained in this news release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, among which include statements regarding estimates of earnings per share. In some cases, you can identify forward-looking statements by terminology such as anticipates, believes, estimates, expects, intends, plans, predicts, projects, will likely result, will continue or similar expressions. Forward-looking statements are based on the opinions and estimates of management at the time the statements are made and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that could affect actual results include, among others, governmental policies and regulatory actions, including those of the FERC and the WUTC, with respect to financings, industry and rate structures, acquisition and disposal of assets and facilities, operation and construction of plant facilities, recovery of purchased energy and other capital investments, and present or prospective wholesale and retail competition; weather, which can have a serious impact on retail energy sales and on PSE's ability to procure adequate supplies of gas, fuel or purchased power to serve its customers and on the cost of procuring such supplies; hydroelectric conditions, which can have a serious impact on electric capacity and PSE's ability to generate electricity; wholesale energy prices; industrial, commercial and residential growth and demographic patterns in the service territories of PSE; and the ability of Puget Energy and PSE to access the capital markets to support requirements for working capital, construction costs and the repayment of maturing debt. More information about these and other factors that potentially could affect Puget Energy's financial results is included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Quarterly Report on Form 10-Q for the second quarter of 2002 and in their other public filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance upon these forward-looking statements that speak only as to the date of this release. Except as required by law, Puget Energy and PSE undertake no obligation to update any forward-looking statements.*

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PUGET ENERGY, INC.

/s/ James W. Eldredge

James W. Eldredge
Corporate Secretary and Chief Accounting Officer

Date: October 17, 2002