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Joint Statement

**Jefferson County PUD and PSE reach agreement
in electric system negotiations**

Negotiations made possible by November 2008 countywide vote in favor of Proposition 1

Port Hadlock, Wash. – May 3, 2010 – Jefferson County Public Utility District No. 1 and Puget Sound Energy have reached an agreement in a non-binding letter of intent (LOI) for the Jefferson County PUD to purchase PSE’s electric system in East Jefferson County for \$103 million.

At today’s open meeting, the PUD’s Board of Commissioners unanimously approved the LOI and announced plans to begin operating the system within three years. The takeover of PSE’s assets in Jefferson County was made possible by a November 2008 countywide vote in favor of Proposition 1, which authorized the PUD to start an electric utility.

The PUD decided not to pursue acquisition of PSE’s assets through condemnation after concluding that the negotiated terms will provide customers with a smoother, more efficient and potentially lower cost transfer of ownership.

PUD commissioners and PSE representatives and their independent advisors negotiated for more than a year to determine the price and other terms, with both parties approaching this complicated process with diligence and care.

The LOI, which outlines the basic terms of the agreement, is another step in a long process. Much work remains to be accomplished by both parties to complete the estimated 18 to 36-month transition to public ownership.

During the transition, PSE will continue to own and operate the electric system in Jefferson County from the utility’s offices in Port Townsend and in Four Corners and is committed to maintaining customer service and supporting energy efficiency and community service initiatives.

PUD commissioners look forward to continuing a positive relationship with PSE as they prepare to provide electric service for 18,000 customers in East Jefferson County.

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