

PUGET ENERGY INC /WA
Form 8-K
April 18, 2001

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

April 17, 2001

April 17, 2001

(Date of earliest event reported)

PUGET ENERGY, INC.

(Exact name of registrant as specified in its charter)

Commission File Number 1-16305

Washington
(State or other jurisdiction of
incorporation or organization)

91-1969407
(IRS Employer
Identification No.)

411 - 108th Avenue N.E., Bellevue, Washington 98004-5515

(Address of principal executive offices)

(425) 454-6363

(Registrant's telephone number, including area code)

ITEM 5. Other Events

On April 17, 2001 the Company issued the following press release.

Puget Energy reports first-quarter 2001 results

Bellevue, Wash. (Apr. 17, 2001) - Puget Energy (NYSE: PSD) today reported 2001 first-quarter income for common stock of \$70.1 million, or 81 cents per diluted share compared to income for common stock for the first quarter of 2000 of \$75.9 million, or 89 cents per diluted share. First-quarter and twelve-month results for 2001 are net of a charge to earnings of 17 cents per diluted share associated with the adoption of Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133).

Income for common stock for the twelve months ended March 31, 2001 was \$179 million, or \$2.08 per diluted share, compared to income of \$184 million, or \$2.17 per diluted share for the same period one year ago.

Results for the quarter put us on target to meet our operational and financial objectives for 2001, said William S. Weaver, President and CEO of Puget Energy and Puget Sound Energy. The constructive settlement with our major industrial customers allowing them access to the markets while preserving the benefit of our energy resources for our core customers was a positive development in the first quarter.

Our additional initiatives to manage the demand side of our business and augment our energy supplies - undertaken to deal with the challenging Northwest energy situation - coupled with continued efficient operations of our electric and gas distribution systems are bringing us closer to our objective of being the best distribution company in the country.

On the non-regulated front, the acquisition by our utility construction and maintenance subsidiary, InfrastruX, of its third company, InterCon Construction Inc., a Midwest firm with annual revenues of \$47 million that provides construction and maintenance services to electric and gas utilities, pipelines and telecommunications companies, continues our progress in building meaningful growth opportunities into Puget Energy, added Weaver.

FACTORS IN FIRST-QUARTER RESULTS

Operating revenues for the three-month period were \$1.1 billion, up from \$647 million for the same period in 2000. Increased revenues reflect increased wholesale and other market-priced electric sales prices and increased natural gas revenues. Increased costs of purchased electricity, fuel for electric generation and purchased natural gas contributed to higher total operating expenses of \$989 million, up from \$531 million a year ago.

Utility operations and maintenance expenses of \$61.2 million, compared to \$54.9 million in 2000, increased primarily due to costs related to the Personal Energy Management energy-efficiency program, charges to restore electric service following a February snow storm and costs to repair the Fredonia combustion turbine generating plant, net of estimated insurance recoveries. PSE's Fredonia turbine went out of service on February 21, 2001 due to mechanical failure. The turbine, which provides 104 megawatts of power to the company, is expected to be back in service on April 21, 2001.

During the first quarter of 2001, the company received partial payments for sales made in the fourth quarter 2000 into the California market, principally to the California Independent System Operator (ISO). At March 31, 2001, the net amount reflected in the financial statements as a receivable from those sales was approximately \$26.6 million, down from \$41.8 million reported at the end of 2000.

FACTORS IN 12-MONTH RESULTS

Operating revenues for the 12-month period were \$3.9 billion, up from \$2.1 billion for the same period in 2000.

Twelve-month revenues and costs for 2001 were affected by the same factors as the quarter, as well as increased volumes of wholesale electric sales.

Utility operations and maintenance expenses for the 12-month period increased over the prior year principally because of increased maintenance costs associated with the utility's generating resources and the quarterly factors discussed above.

OTHER

Under SFAS No. 133, which became effective January 1, 2001, Puget Energy is required to mark to market certain of its electric and natural gas sales and purchase contracts (those contracts which have been determined to be derivative financial instruments because of their terms). Derivative contracts that have been classified as cash-flow hedges are marked to market through other comprehensive income (in terms of value, a substantial portion of the company's contracts affected by SFAS No. 133 meets those criteria). Derivative contracts that do not qualify as cash-flow hedges are required to be marked to market through the income statement.

The first quarter of 2001 financial statements reflect the charge (and related reserve) for adoption of SFAS No. 133 as of January 1, 2001, and for changes since January 1, 2001 in the market value of derivatives outstanding at March 31, 2001. The underlying contracts giving rise to the income statement charges will be fulfilled in 2001 and the reserves established under SFAS No. 133 reversed.

FIRST-QUARTER EARNINGS ANALYST TELECONFERENCE

A conference call for analysts to discuss the first quarter results with management is scheduled at 7:00 a.m. PDT, (10 a.m. EDT) Tuesday, April 17, 2001. The call will be broadcast live through a webcast at: www.pse.com.

PUGET ENERGY -- SUMMARY INCOME STATEMENT

(In thousands, except per-share amounts)

	3 months ended 3/311		
	2001	20002	
Operating revenues			
Electric	\$ 765,007	\$ 438,356	\$ 3
Gas	304,270	205,469	
Other	50,587	3,398	
Total operating revenues	1,119,864	647,223	3
Operating expenses			
Purchased electricity	390,216	196,203	1
Purchased gas	216,609	108,205	
Electric generation fuel	102,384	20,749	
Residential exchange	(16,741)	(12,199)	
Utility operations & maintenance	61,179	54,878	
Other operations & maintenance	30,140	3,775	
Depreciation & amortization	53,128	45,885	
Conservation amortization	1,601	2,619	
FAS-133 unrealized (gain)/loss	26,466	---	
Other taxes	70,081	58,485	
Federal income taxes	54,260	52,738	

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Total operating expenses	989,323	531,338	3
Operating income	130,541	115,885	
Other income	1,941	4,390	
Income before interest charges	132,482	120,275	
Interest charges	45,435	42,083	
Net income before cumulative effect of accounting change	87,047	78,192	
FAS-133 transition adjustment loss (net of tax)	14,749	---	
Net Income	72,298	78,192	
Less preferred stock dividend accruals	2,157	2,303	
Income for common stock	\$ 70,141	\$ 75,889	\$
Common shares outstanding	86,036	85,074	
Basic earnings per common share before cumulative effect of accounting change	\$ 0.99	\$ 0.89	\$
Cumulative effect of accounting change	(0.17)	---	
Basic earnings per common share	\$ 0.82	\$ 0.89	\$
Diluted earnings per common share before cumulative effect of accounting change	\$ 0.98	\$ 0.89	\$
Cumulative effect of accounting change	(0.17)	---	
Diluted earnings per common share ³	\$ 0.81	\$ 0.89	\$

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

	3 months ended 3/31		12 months ended 3/31	
	2001	2000	2001	2000
Electricity				
Residential	\$ 202,527	\$ 206,417	\$ 600,992	\$ 610,4
Commercial	151,326	138,004	502,918	480,8
Industrial	147,541	46,532	398,670	177,1
	(73,553)	(14,781)	71,491	(4,63
Subtotal, retail sales	427,841	376,172	1,574,071	1,263,8
Sales to other utilities	337,166	62,184	1,524,277	331,7
Total electricity sales	765,007	438,356	3,098,348	1,595,5

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Gas				
Residential	188,420	129,299	432,021	316,0
Commercial	95,717	59,110	216,810	149,8
Industrial	14,630	10,931	39,859	30,3
Transportation	2,824	3,298	11,663	12,7
Other	2,679	2,831	10,758	11,1
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Total gas sales	304,270	205,469	711,111	520,1
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Total energy sales revenues	\$ 1,069,277	\$ 643,825	\$ 3,809,459	\$ 2,115,6

Electricity (in mWh)				
Residential	3,149,155	3,231,451	9,728,097	9,828,8
Commercial	2,146,684	2,062,967	7,760,749	7,568,2
Industrial	739,208	983,339	3,782,213	3,976,0
Other ²	(376,502)	(129,833)	91,673	200,9
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Subtotal, retail sales	5,658,545	6,147,924	21,362,732	21,574,0
Sales to other utilities	1,829,605	2,366,158	14,557,178	11,420,2
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Total mWh	7,488,150	8,514,082	35,919,910	32,994,3
Gas (in 000's of therms)				
Residential	194,463	206,318	505,705	512,0
Commercial	109,000	114,752	299,689	310,4
Industrial	16,956	22,852	61,629	70,2
Transportation	48,969	58,589	194,415	226,2
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Total gas volumes	369,388	402,511	1,061,438	1,118,9

Electricity				
Residential	820,564	806,413	814,981	800,7
Commercial	99,776	97,981	99,207	97,3
Industrial	4,039	4,167	4,079	4,2
Other	1,657	1,515	1,583	1,5
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Total electricity customers	926,036	910,076	919,850	903,8
Gas				
Residential	544,128	526,328	536,783	515,5
Commercial	46,485	45,304	45,819	44,6
Industrial	2,865	3,034	2,948	3,0
Transportation	112	94	103	
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Total gas customers	593,590	574,760	585,653	563,3

Actual heating degree days	1,979	1,999	4,950	4,991
Normal heating degree days	1,975	1,995	4,908	4,928

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

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2 Includes change in unbilled revenues, Conservation Trust collection, Encogen non-energy sales, sales of non-core gas supply to generators and the customer's refunded portion of Centralia gain.

3 Quarterly data represents average served January through March; 12-month data represents average for the year.

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.

Richard L. Hawley

Richard L. Hawley

Vice President and Chief Financial Officer

Date: April 17, 2001