

**EXHIBIT NO. ___(SPR-5)
DOCKET NO. U-072375
2007 MERGER PROCEEDING
WITNESS: STEPHEN P. REYNOLDS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Joint Application of
PUGET HOLDINGS LLC
And
PUGET SOUND ENERGY, INC.
For an Order Authorizing Proposed Transaction**

Docket No. U-072375

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
STEPHEN P. REYNOLDS
ON BEHALF OF PUGET SOUND ENERGY, INC.**

JULY 2, 2008



News Release

Incumbent Members to Serve on New Puget Energy & PSE Boards of Directors to Ensure Locally Based, Experienced Governance

Boards to Be Chaired by Bill Ayer and Include Steve Reynolds and Herb Simon

BELLEVUE, Wash. (June 12, 2008) – Puget Sound Energy (PSE), utility subsidiary of Puget Energy (NYSE:PSD), together with the consortium of long-term infrastructure investors who have agreed to acquire the utility, today announced that if the merger is approved by the Washington Utilities and Transportation Commission, the chairman of the board of directors for both the new holding and existing PSE operating companies will be William (Bill) S. Ayer, chairman and chief executive of Alaska Air Group. Ayer has served on the current Puget Energy and PSE boards since January 2005.

Stephen P. Reynolds, who will remain on as PSE president and CEO, will also continue to serve on the Puget Energy and PSE boards. In addition, the PSE board will include Herbert B. Simon, who has served as a director since March 2006.

“When we announced the merger last October, we promised that under new ownership, our headquarters and operations would remain in Washington and PSE would continue to be locally managed and run,” said Stephen P. Reynolds, PSE chairman, president and CEO. “That commitment included having a board member from the current boards serve on the new boards.

“Not only will we meet that commitment, the PSE board will in fact have three seasoned directors all firmly rooted in Washington,” added Reynolds. “With Bill as chairman and Herb and I incumbent directors, the proposed board structure makes it abundantly clear that we will be locally led and our top priority will be to serve our customers better than ever in Washington.” In addition to ensuring PSE remains locally managed with existing employees and labor arrangements, the merger agreement provides the utility and its customers with committed long term access to capital to meet the growing needs of the region (estimated at \$5 billion in planned capital expenditures over the next five years), retention of PSE’s low-income customer programs and a \$5 million contribution to the Puget Sound Energy Foundation for enhanced community giving. Importantly, PSE will remain subject to continued state and federal regulation and show transparency in its financial books and records.

Ayer will serve as an independent, non-executive chairman, while continuing his day-to-day duties leading Alaska Air Group as chairman and chief executive officer. Alaska Air Group is the parent company of Alaska Airlines and Horizon Air where Ayer began his career more than 25 years ago. Ayer is a member of the board of directors of the Seattle branch of the Federal Reserve Bank of San Francisco, the Museum of Flight, and Angel Flight West. He also serves on the University of Washington Business School Advisory Board.

“If the merger is approved, I will be pleased to assume the chairman’s role at Puget Energy and PSE while continuing my day-to-day leadership of Alaska Air Group,” said Ayer. “I have a keen interest in ensuring that the decisions the current boards made in structuring the deal are carried out by the new boards as we make use of the access to billions of dollars in capital provided by the consortium. That capital will allow PSE to deliver on its business plan to continue serving customers in the growing Puget Sound region.”

Reynolds has led PSE for the last six years. He currently serves on Governor Christine Gregoire’s Climate Advisory Team and served on Gregoire’s Priorities of Government guidance team in 2006 and Global Competitiveness Council in 2005. Reynolds is the 2008 chair of the Washington Roundtable and also serves on the boards of directors for ArtsFund, The 5th Avenue Theatre, The Nature Conservancy of Washington, and Green Diamond Resources Company.

Simon has been a member since 1985 of Simon Johnson LLC and its predecessor company, a real estate and venture capital projects investment company located in Tacoma. He serves as a board member of the Cascade Land Conservancy and as a Regent of the University of Washington.

The consortium of investors that signed a definitive merger agreement on Oct. 26, 2007, to acquire PSE is led by Macquarie Infrastructure Partners (MIP), the Canada Pension Plan Investment Board (CPPIB) and British Columbia Investment Management Corporation (bcIMC), and also includes Alberta Investment Management Corporation (AIMCo), Macquarie-FSS Infrastructure Trust (MFIT) and Macquarie Capital Group Limited. The other seven members of the boards proportionately representing the six-member consortium interests will be announced when the merger is approved.

Since the merger was announced last fall, Puget Energy shareholders and the Federal Energy Regulatory Commission have approved the transaction. It awaits approval from the UTC, which is scheduled to make a decision in September.

Contacts

Martha Monfried, Puget Energy and PSE, 888-831-7250
Alex Doughty, Macquarie Group, 212-231-1710

About Puget Sound Energy

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. PSE, a subsidiary of Puget Energy (NYSE: PSD), meets the energy needs of its growing customer base primarily in Western Washington through incremental, cost-effective energy conservation, low-cost procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. PSE employees are dedicated to providing great customer service to deliver energy that is safe, reliable, reasonably priced, and environmentally responsible.

About Puget Energy

Puget Energy (NYSE:PSD) is the parent company of Puget Sound Energy (PSE), a regulated utility, providing electric and natural gas service primarily to the growing Puget Sound region of Western Washington. For more information, visit www.pugetenergy.com

About the Consortium

Macquarie Infrastructure Partners

Macquarie Infrastructure Partners (MIP), headquartered in New York, is a diversified unlisted fund focusing on infrastructure investments in the United States and Canada. The majority of MIP investors are US and Canadian institutions such as public pension funds, corporate pension funds, endowments and foundations and Taft-Hartley (Union) funds. MIP has thirteen committed investments including stakes in regulated utilities such as Aquarion Company, a regulated New England water utility, Duquesne Light, a regulated electric utility in Pittsburgh and investments in several other infrastructure and essential services in the US and Canada.

Macquarie Capital Group

Macquarie Capital Group Limited is recognized as a leading global investor and manager of infrastructure businesses. Members of the Macquarie Capital Group manage more than US\$50 billion in equity invested in infrastructure and essential service assets around the world through a range of listed and unlisted vehicles. Infrastructure investments managed by Macquarie include investments in the regulated energy, utility, water, telecommunications and transportation sectors around the world. Macquarie aims to manage investments in infrastructure assets profitably and responsibly.

CPP Investment Board

The CPP Investment Board (CPPIB) invests the funds not needed by the Canada Pension Plan to pay current benefits on behalf of 17 million Canadian contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, the CPP Investment Board is investing in publicly-traded stocks, private equities, real estate, inflation-linked bonds, infrastructure and fixed income. Based in Toronto, the CPP Investment Board is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At March 31, 2008, the CPP Fund totaled C\$122.7 billion including C\$2.8 billion in infrastructure investments. For more information, please visit www.cppib.ca.

bcIMC

British Columbia Investment Management Corporation (bcIMC) is an investment management corporation based in Victoria, B.C. With over C\$85 billion in assets under administration with global exposure, and supported by industry-leading investment expertise, bcIMC offers fund management services for all major asset classes, including currency and infrastructure investment.

bcIMC's Strategic Investment and Infrastructure Program seeks to acquire long term interests in tangible infrastructure assets which hold the potential to generate strong returns and cash yields to our clients. The program has a global focus with holdings in North America, Latin America, and Europe.

bcIMC's clients include public sector pension plans, provincial government, public trusts, and insurance funds. For more information, visit www.bcimc.com.

AIMCo

Alberta Investment Management Corporation (AIMCo), based in Edmonton, Alberta, is one of the largest public sector asset managers in Canada, with US\$73 billion in assets under management as of March 31, 2008. AIM manages capital for public sector pension plan and government endowment fund clients across a wide variety of asset classes. Alternative investments include private equity, real estate, timberland, and infrastructure. AIMCo has made infrastructure investments and investment commitments of about US\$1.7 billion and has significant investment experience in the regulated energy and utility sectors. Infrastructure investments are made on a long-term basis, and the portfolio is diversified across sector and geography, including investments in North America, Europe, Asia, and Australia. For more information on AIMCo and its investments, please visit www.aimco.alberta.ca.

MFIT

Macquarie-FSS Infrastructure Trust ("MFIT") is an unlisted Australian infrastructure trust managed by Macquarie Specialised Asset Management Limited ("Manager"). The investment objective of MFIT is to make investments in a diversified range of infrastructure and infrastructure-like. MFIT currently holds interests in four assets across four sectors including communications infrastructure, vehicle inspection, electricity, and water infrastructure in three countries: the USA, Spain, and the UK.

Stephen P. Reynolds, who will remain on as PSE president and CEO, will also continue to serve on the Puget Energy and PSE boards. In addition, the PSE board will include Herbert B. Simon, who has served as a director since March 2006.

The boards will also include current Puget Energy and PSE board member Stephen P. Reynolds, who will continue to serve as PSE president and CEO. The PSE board will also include Herbert B. Simon, who has served as a director since March 2006.

“When we announced the merger last October, we promised that under new ownership, our headquarters and operations would remain in Washington and PSE would continue to be locally managed and run,” said Stephen P. Reynolds, PSE chairman, president and CEO. “That commitment included having a board member from the current boards serve on the new boards.

“Not only will we meet that commitment, the PSE board will in fact have three seasoned directors all firmly rooted in Washington,” added Reynolds. “With Bill as chairman and Herb and I incumbent directors, the proposed board structure makes it abundantly clear that we will be locally led and our top priority will be to serve our customers better than ever in Washington.”

In addition to ensuring PSE remains locally managed with existing employees and labor arrangements, the merger agreement provides the utility and its customers with committed long-term access to capital to meet the growing needs of the region (estimated at \$5 billion in planned capital expenditures over the next five years), retention of PSE’s low-income customer programs and a \$5 million contribution to the Puget Sound Energy Foundation for enhanced community giving. Importantly, PSE will remain subject to continued state and federal regulation and show transparency in its financial books and records.

Ayer will serve as an independent, non-executive chairman, while continuing his day-to-day duties leading Alaska Air Group as chairman and chief executive officer. Alaska Air Group is the parent company of Alaska Airlines and Horizon Air where Ayer began his career more than 25 years ago. Ayer is a member of the board of directors of the Seattle branch of the Federal Reserve Bank of San Francisco, the Museum of Flight, and Angel Flight West. He also serves on the University of Washington Business School Advisory Board.

“If the merger is approved, I will be pleased to assume the chairman’s role at Puget Energy and PSE while continuing my day-to-day leadership of Alaska Air Group,” said Ayer. “I have a keen interest in ensuring that the decisions the current boards made in structuring the deal are carried out by the new boards as we make use of the access to billions of dollars in capital provided by the consortium. That capital will allow PSE to deliver on its business plan to continue serving customers in the growing Puget Sound region.”

Reynolds has led PSE for the last six years as chairman, president and CEO. He currently serves on Governor Christine Gregoire’s Climate Advisory Team and served on Gregoire’s Priorities of Government guidance team in 2006 and Global Competitiveness Council in 2005. Reynolds is the 2008 chair of the Washington Roundtable and also serves on the boards of directors for ArtsFund, The 5th Avenue Theatre, The Nature Conservancy of Washington, and Green Diamond Resources Company.

Simon has been a member since 1985 of Simon Johnson LLC and its predecessor company, a real estate and venture capital projects investment company located in Tacoma. He serves as a board member of the Cascade Land Conservancy and as a Regent of the University of Washington.

The consortium of investors that signed a definitive merger agreement on Oct. 26, 2007, to acquire PSE is led by Macquarie Infrastructure Partners (MIP), the Canada Pension Plan Investment Board (CPPIB) and British Columbia Investment Management Corporation (bcIMC), and also includes Alberta Investment Management Corporation (AIMCo), Macquarie-FSS Infrastructure Trust (MFIT) and Macquarie Capital Group Limited. The other seven members of the boards proportionately representing the six-member consortium interests will be announced when the merger is approved.

Since the merger was announced last fall, Puget Energy shareholders and the Federal Energy Regulatory Commission have approved the transaction. It awaits approval from the UTC, which is scheduled to make a decision in September.

About Puget Sound Energy

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. PSE, a subsidiary of Puget Energy (NYSE: PSD), meets the energy needs of its growing customer base primarily in Western Washington through incremental, cost-effective energy conservation, low-cost procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. PSE employees are dedicated to providing great customer service to deliver energy that is safe, reliable, reasonably priced, and environmentally responsible. For more information, visit www.PSE.com

About Puget Energy

Puget Energy (NYSE:PSD) is the parent company of Puget Sound Energy (PSE), a regulated utility, providing electric and natural gas service primarily to the growing Puget Sound region of Western Washington. For more information, visit www.PugetEnergy.com

About the Consortium

Macquarie Infrastructure Partners

Macquarie Infrastructure Partners (MIP), headquartered in New York, is a diversified unlisted fund focusing on infrastructure investments in the United States and Canada. The majority of MIP investors are US and Canadian institutions such as public pension funds, corporate pension funds, endowments and foundations and Taft-Hartley (Union) funds. MIP has thirteen committed investments including stakes in regulated utilities such as Aquarion Company, a regulated New England water utility, Duquesne Light, a regulated electric utility in Pittsburgh and investments in several other infrastructure and essential services in the US and Canada.

Macquarie Capital Group

Macquarie Capital Group Limited is recognized as a leading global investor and manager of infrastructure businesses. Members of the Macquarie Capital Group manage more than US\$50 billion in equity invested in infrastructure and essential service assets around the world through a range of listed and unlisted vehicles. Infrastructure investments managed by Macquarie include investments in the regulated energy, utility, water, telecommunications and transportation sectors around the world. Macquarie aims to manage investments in infrastructure assets profitably and responsibly.

CPP Investment Board

The CPP Investment Board (CPPIB) invests the funds not needed by the Canada Pension Plan to pay current benefits on behalf of 17 million Canadian contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, the CPP Investment Board is investing in publicly-traded stocks, private equities, real estate, inflation-linked bonds, infrastructure and fixed income. Based in Toronto, the CPP Investment Board is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At March 31, 2008, the CPP Fund totaled C\$122.7 billion including C\$2.8 billion in infrastructure investments. For more information, please visit www.cppib.ca.

bcIMC

British Columbia Investment Management Corporation (bcIMC) is an investment management corporation based in Victoria, B.C. With over C\$85 billion in assets under administration with global exposure, and supported by industry-leading investment expertise, bcIMC offers fund management services for all major asset classes, including currency and infrastructure investment.

bcIMC's Strategic Investment and Infrastructure Program seeks to acquire long term interests in tangible infrastructure assets which hold the potential to generate strong returns and cash yields to our clients. The program has a global focus with holdings in North America, Latin America, and Europe.

bcIMC's clients include public sector pension plans, provincial government, public trusts, and insurance funds. For more information, visit www.bcimc.com.

AIMCo

Alberta Investment Management Corporation (AIMCo), based in Edmonton, Alberta, is one of the largest public sector asset managers in Canada, with US\$73 billion in assets under management as of March 31, 2008. AIM manages capital for public sector pension plan and government endowment fund clients across a wide variety of asset classes. Alternative investments include private equity, real estate, timberland, and infrastructure. AIMCo has made infrastructure investments and investment commitments of about US\$1.7 billion and has significant investment experience in the regulated energy and utility sectors. Infrastructure

investments are made on a long-term basis, and the portfolio is diversified across sector and geography, including investments in North America, Europe, Asia, and Australia. For more information on AIMCo and its investments, please visit www.aimco.alberta.ca

MFIT

Macquarie-FSS Infrastructure Trust (“MFIT”) is an unlisted Australian infrastructure trust managed by Macquarie Specialised Asset Management Limited (“Manager”). The investment objective of MFIT is to make investments in a diversified range of infrastructure and infrastructure-like. MFIT currently holds interests in four assets across four sectors including communications infrastructure, vehicle inspection, electricity, and water infrastructure in three countries: the USA, Spain, and the UK.

CONTACT: Puget Energy & PSE
Martha Monfried, 1-888-831-7250
or
Macquarie Group
Alex Doughty, 212-231-1710

SOURCE: Puget Sound Energy