

TWO NEW ISSUES**BOOK-ENTRY ONLY FORM**

Subject to compliance by the issuer and the Company with certain covenants, in the opinion of Chapman and Cutler, Bond Counsel, under present law (i) interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Facilities or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954), (ii) interest on the Series 2003A Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations, and (iii) interest on the Series 2003B Bonds is included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, all as more fully discussed under the heading "TAX EXEMPTION" herein. Bond Counsel is also of the opinion that, so long as interest on the Bonds is excluded from gross income for federal tax purposes, interest on the Bonds is exempt from the individual income tax imposed by the State of Montana. See "TAX EXEMPTION" herein for a more complete discussion.

\$138,460,000

**CITY OF FORSYTH,
ROSEBUD COUNTY, MONTANA
Pollution Control Revenue Refunding Bonds
(Puget Sound Energy Project)
Series 2003A (Non-AMT)**

\$23,400,000

**CITY OF FORSYTH,
ROSEBUD COUNTY, MONTANA
Pollution Control Revenue Refunding Bonds
(Puget Sound Energy Project)
Series 2003B (AMT)**

Dated: Date of Delivery**Due: March 1, 2031**

The Series 2003A Bonds and Series 2003B Bonds (collectively, the "Bonds") are limited obligations of the City of Forsyth, Rosebud County, Montana (the "Issuer"), payable, except to the extent payable from Bond proceeds and certain other moneys pledged therefor, solely from and secured by a pledge of payments to be made under a Loan Agreement with, and secured by separate series of Senior Notes to be issued by,

PUGET SOUND ENERGY, INC.

The Bonds of each series are to be issued pursuant to a Trust Indenture between the Issuer and Wells Fargo Bank Northwest, National Association, as Trustee.

The Bonds will be issuable as fully-registered bonds and will be registered in the name of a nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Purchases will be made in book-entry form through DTC participants only in the principal amount of \$5,000 or any integral multiple thereof and no physical delivery of Bonds will be made to purchasers, except as otherwise described herein. Payments of principal and premium, if any, and interest will be made to purchasers by DTC through its participants. See "THE BONDS—Book-Entry System" herein. The Bonds will bear interest from the date of the first authentication and delivery thereof. Interest on the Bonds will be payable on each March 1 and September 1, commencing September 1, 2003.

As described herein, the Bonds of each series will be subject to optional and mandatory redemption prior to maturity.

**\$138,460,000 5.00% Series 2003A (Non-AMT)
\$23,400,000 5.10% Series 2003B (AMT)**

All Prices 100%

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds. See "BOND INSURANCE" herein.

Ambac

The Bonds are offered when, as and if issued and received by the Underwriters subject to the approval of legality by Chapman and Cutler, Bond Counsel and certain other conditions. Certain legal matters will be passed upon for the Company by Perkins Coie LLP, counsel to the Company, for the Issuer by Gary Ryder, Esq., City Attorney, and for the Underwriters by Skadden, Arps, Slate, Meagher & Flom LLP. It is expected that delivery of the Bonds in book-entry only form will be available for delivery through the facilities of DTC on or about March 11, 2003.

Goldman, Sachs & Co.**M.R. Beal & Company**

This Official Statement is dated March 4, 2003, and the information contained herein speaks only as of that date.