PSP only works fine for skins with no transparancy (dtx1 mode or whatever). The plugin was made for photoshop, so it bugs up somewhere.

When you try to save a skin that needs transparancy/alpha ingame, PSP cant provide it. The texture will show black ingame.

I also use Paintshop, and whenever I have this problem, i use DDS Converter 2 (google) as an in between step.

Painshop -> png -> DDS Converter -> DDS (with dtx5)