



## News Release

### Puget Sound Energy to Test Pricing and Usage Information Designed to Help Environment, Control Power Costs

BELLEVUE, Wash.--(BUSINESS WIRE)--Nov. 30, 2000--Nearly half of the electric customers served by Puget Sound Energy (NYSE:PSD) are about to be part of a ground-breaking project to show energy users how the timing of their daily electricity use can help the environment and, in the future, save them money.

The aim of PSE's new Personal Energy Management program is to demonstrate how households and businesses can benefit themselves and the environment by shifting some electricity use away from the hours when overall demand for power -- and its wholesale price -- peak each day.

"We're giving our customers information that enables them to better manage their use of electricity," said Gary Swofford, PSE's chief operating officer and vice president of energy delivery. "Few people are aware that it costs substantially more, both in dollars and in environmental impact, to supply a home or business with power during the hours of the day when demand for electricity is highest."

Starting Dec. 1, more than 400,000 residential and business customers of PSE will become the nation's first consumers to receive detailed information on how their personal electricity consumption tracks against the hourly fluctuations in wholesale power prices. They'll receive the information with their monthly utility bills. PSE's Web site ([www.pugetsoundenergy.com](http://www.pugetsoundenergy.com)) or a toll-free hotline (1-888-225-5773) will provide even more immediate, up-to-date information on market prices and customers' individual power usage.

"Pricing signals are really the missing link for people who want to be savvy about their energy habits," said Dick Watson, director of power planning for the Northwest Power Planning Council. "Only by knowing what electricity costs before it is used can people make informed decisions about how they want to consume power. This program is an important step in educating consumers on the link between their decisions about electricity use and the cost of power."

The price signals PSE is providing through its Personal Energy Management program are designed, in part, to help customers exert some influence over wholesale power costs, Swofford said, "because consumers ultimately bear those costs."

"If a homeowner knew he could help the environment and pay less for electricity by running his dishwasher at 9 p.m. rather than 6:30 p.m., would he do it? If a factory owner knew he could save money and help to limit the number of new power plants the region needs by operating his equipment more at night than in the middle of the day, would he do it? Those are some of the questions we will be able to answer through this pilot program," Swofford said.

Wholesale-power prices typically are much higher -- around 40 percent in today's market -- during the hours when customer demand peaks. Those peaks generally are around 6 a.m. to 10 a.m. and 5 p.m. to 9 p.m. Just the top 10 percent of consumers' peak-demand usage is responsible for 50 percent of the market's highest price, according to the Brattle Group, a Washington, D.C.-based consulting firm. Information that lets consumers understand this relationship and shift some of their power consumption to off-peak hours, the Brattle Group said, could reduce the spikes in wholesale prices by up to 73 percent.

Cutting those spikes is particularly important in light of recent price run-ups in the wholesale market, Swofford said. Equally important, he added, is the fact that deregulation and growing competition within the utility industry eventually will link the retail price consumers pay for electricity to the variable wholesale price that power suppliers charge utilities for energy.

Shifting power use away from the high-demand times of day also has environmental benefits, he said. To meet the public's rising demand for electricity, Northwest power producers must increasingly rely on generators that burn fossil fuels, which have a greater impact on the environment.

Lowering the daily peaks in electricity demand would wring more efficiency out of the Northwest's present power-generation and -transmission system. And that in turn would help to limit the number of new combustion-turbine power plants and transmission lines needed to meet the region's rising appetite for electricity, Swofford said. Just 10 percent of PSE customers' peak-time electricity use equals the output of a 250-megawatt power plant. A plant that size can serve nearly 200,000 homes.

The key to matching customers' energy use with the wholesale price of electricity is PSE's new wireless, two-way, automated meter-reading network and ConsumerLinX(TM), the exclusive customer-information technology recently developed by ConneXt(R), a PSE subsidiary. PSE's "talking" electric and natural-gas meters were developed by Schlumberger Resource Management Services. The meters are capable of sending energy-usage data from customers' homes and businesses every 15 minutes. Schlumberger also is providing PSE with a secure, Internet-based energy-information tool that, together with PSE's ConsumerLinX, is capable of matching and billing real-time energy usage with real-time energy-market pricing, and delivering this information to consumers in a friendly and usable manner.

The 412,000 PSE customers participating in the four-month Personal Energy Management program are located throughout the nine Puget Sound counties where PSE provides electric service.

Starting with their December electric bills, participants will receive a customized Personal Energy Management report. The report will illustrate, in four daily blocks of time, the overall peaks and valleys in demand for PSE electricity over the prior month. The supplement also will show the difference in wholesale prices between the four blocks of time. In addition, customers will see how much electricity they consumed in these time blocks, enabling them to track any change in their consumption by comparing their usage pattern from month to month.

In addition to the environmental benefits to be gained by lowering peak-demand power consumption, PSE's new program will help the utility and state regulators evaluate how consumers might respond to time- and market-based electricity prices.

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