



News Release

Utilities in 3 Western States Urge FERC to Change Price Controls; Puget Sound Energy, Others, Say Price Caps Could Lead to Power Shortages

BELLEVUE, Wash., Aug 7, 2001 (BUSINESS WIRE) -- Puget Sound Energy, the utility subsidiary of Puget Energy (NYSE:PSD), has joined with utilities from three Western states to protest the consequences of Federal Energy Regulatory Commission (FERC) actions on price controls.

FERC's actions threaten the reliability of the electric supply in the West and ultimately could lead to shortages, all in an effort to solve California's energy crisis.

Fundamentally this result is caused by the mechanics of FERC's price controls. Western utilities are being required to sell power into California at less than full cost under the price controls, thereby leaving their customers to finance the crisis-relief effort.

"FERC's price controls effectively expand the energy crisis to all states in the West," said Tim Hogan, Puget Sound Energy's vice president of external affairs. "The crisis has already bankrupted a California utility, and FERC's recent actions, causing the cancellation of needed new generation, could now begin to haunt the entire West as a result of the well-intentioned but misguided efforts in Washington, D.C."

The western group also criticized FERC for first encouraging energy providers to move quickly away from reliance on the short-term wholesale electric market and then, through the price control mechanism, punishing those utilities that followed the directives.

"The utilities that did the responsible thing in securing appropriate supplies for their core customers, consistent with good public policy and FERC's directives, now face the prospect of being forced to sell power to other utilities at a loss," Hogan said. "This will result in consumers of one utility paying the price for the federal bail-out of another state, which is completely unacceptable."

The utilities that have joined together in this coalition include Portland General Electric Company, Sierra Pacific Resources and PSE. The coalition members are committed to working with their respective federal and state officials to assist FERC in developing solutions that are both more fair and more likely to achieve reliable power supplies this coming year.

"During a crisis you must keep a cool head and take actions that are in the best interest of all customers involved," Hogan said. "A solution must be implemented by FERC that protects all customers in the West and sets up a predictable mechanism to meet the region's energy needs. Many other utilities in the West have expressed similar opinions in their filings with FERC."

About Puget Sound Energy

Puget Sound Energy, headquartered in Bellevue, Wash., is Washington state's largest energy utility, serving electric and natural gas service to more than 1.2 million customers, primarily in western Washington.

CONTACT: Puget Sound Energy
Grant Ringel, 888/831-7250