



News Release

WUTC Gives Green Light to Puget Sound Energy's Integrated Energy-Conservation Plan

BELLEVUE, Wash. --(BUSINESS WIRE)--April 25, 2001-- PSE's Time-of-day Rates, Conservation Credit Designed to Lower Customers' Power Costs, Ease Energy Crisis

State regulators today approved an innovative energy-conservation plan from Puget Sound Energy (the utility subsidiary of Puget Energy (NYSE:PSD)) that rewards the utility's customers both for using less electricity and for shifting their power use to low-demand times of the day.

Under the plan endorsed by the Washington Utilities and Transportation Commission, about 300,000 Puget Sound Energy residential customers now will pay less for electricity used during "off-peak" hours. Since December these customers have been receiving detailed information in their monthly bills and through PSE's Web site showing when they use electricity during the day. They also are shown how the price of providing their electricity varies between peak and off-peak hours.

The new time-of-day rates take effect May 1. Beginning in June, customer bills will reflect that change. Before then, customers will receive letters explaining the new power-pricing plan. In addition, all 925,000 households and businesses receiving PSE electric service will be notified about how they can earn a new credit when cutting their power usage -- compared to the same month last year -- by more than 10 percent.

Noting that the West Coast energy market is "extremely volatile," Commission Chairwoman Marilyn Showalter said Puget Sound Energy customers under the new time-of-day billing plan "stand a very good chance of saving money and saving kilowatt-hours. And that's a good thing."

"The region is facing an energy emergency unlike anything we've seen before," said Gary Swofford, PSE's vice president and chief operating officer. "We believe our integrated strategy, with our customers' involvement, will produce immediate and positive results. The Utilities and Transportation Commission deserves a lot of credit for helping us fine-tune our conservation plan and getting it implemented quickly."

Under PSE's ground-breaking Personal Energy Management (PEM) program, customers will pay about 15 percent less than today's flat, fixed-rate for power consumed during low-demand, off-peak hours of the day. These "economy" hours are 9 p.m. to 6 a.m. Monday through Saturday, all day Sundays, and holidays. Power consumed when the overall demand for energy -- and its wholesale cost -- is highest will cost about 15 percent more than today's fixed-rate electricity. The daily peak periods run from 6 a.m. to 10 a.m. and 5 p.m. to 9 p.m., Monday through Saturday.

Swofford said most customers under the new, time-of-day pricing plan will see little difference in their monthly bills -- up or down -- if they make no change in their current energy habits. That's because PSE's residential customers, on average, already use nearly half their electricity during the inexpensive, off-peak period.

"This program is not a stick to penalize customers," he said. "On the contrary, it's a carrot to reward them for using energy more wisely. If a lot of customers just do small things, like running their dishwashers after 9 o'clock at night or doing their laundry on Sundays, they'll not only lower their personal bills, but they'll help to limit the amount of high-cost power we buy on the wholesale market."

"And that's the primary goal. The less exposure we have to today's volatile wholesale power market, the less chance there is of our customers seeing the kind of large rate increase that so many other West Coast utility customers have faced in recent months."

The new time-of-day trial program will run through Sept. 30, at which time PSE and state regulators will decide whether to continue and perhaps expand the program to more customers.

"We see this as the beginning of a new era in energy conservation," Swofford said. "For the first time anywhere, two-way, Internet-based technology is being used to inform a large bloc of customers about when they consume their power, the variable cost of providing that power, and how they can save money through time-sensitive usage."

The WUTC today also gave PSE the go-ahead to provide its residential and business customers with a credit of 5 cents for every kilowatt-hour they save beyond a 10 percent cutback in their electricity use. A customer's latest month of power usage will be compared with that same month in 2000 to calculate eligibility for the credit. The credit program runs from May 1 through Dec. 31.

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