



## News Release

### Proposal Threatens PSE's Ability To Serve Customers

BELLEVUE, Wash.--(BUSINESS WIRE)--Jan. 29, 2001--A proposal under consideration by the Washington Utilities and Transportation Commission (WUTC) granting huge subsidies through a rate cap for a select group of large industrial customers would jeopardize Puget Sound Energy's ability to pay for electricity and natural gas to serve its customers.

This stark assessment was presented today at a WUTC hearing by Richard L. Hawley, PSE's vice president and chief financial officer.

"Implementing the rate cap as proposed would cause an immediate financial crisis for PSE, the state's largest utility," Hawley said. "This rate cap puts in jeopardy PSE's ability to meet its financial obligations and, consequently, its public service obligation to customers."

"Coupling the implementation of an unwarranted rate cap subsidy to industrial customers with the severe tightening of credit availability because of lenders' general concern about utilities due to the California crisis would result in PSE simply not having access to the money it needs to continue to provide services," Hawley said.

"California has been a textbook example of what happens when a utility's financial health is ruined. Service to customers is threatened because loss of utility credit ratings makes it impossible to find money to pay for the energy required to keep the lights on and homes warm."

"The solution to the problem these few industrial customers have gotten themselves into by choosing not to lock in their energy prices should not cause Washington customers to have to endure a California-like crisis," Hawley said.

PSE recently filed with the commission an alternative proposal the utility believes would provide its big industrial customers appropriate long-term relief from today's volatile wholesale power market. The plan would let PSE's big industrial customers individually negotiate with power suppliers over the price of their electricity and the length of a supply contract; PSE would facilitate the agreement and deliver the power.

"This is the solution that should be acted upon," Hawley concluded.

Puget Sound Energy is the utility subsidiary of Puget Energy (NYSE:PSD).

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