



News Release

Puget Sound Energy Backs BPA Deferral/Repayment of Monthly Power Credit

BELLEVUE, Wash.--(BUSINESS WIRE)--Jan. 16, 2003--The Bonneville Power Administration will delay giving Puget Sound Energy electric customers a small portion of their monthly federal-power bill credit under a collaborative proposal PSE filed Wednesday with state regulators.

PSE (utility subsidiary of Puget Energy (NYSE:PSD) endorsed BPA's deferral plan as a way to reduce the effects of a possible BPA rate increase for PSE and other Northwest electric customers by helping the federal power-marketing agency ease a pressing budget crunch.

PSE customers would not be asked to give up their BPA credit, rather, to receive it, plus interest, over a longer period of time.

For PSE's residential and small-farm customers, a typical monthly bill credit from BPA would drop by about 75 cents. The credit reduction, lasting through September 2006, would raise a typical residential bill by 1.3 percent during the three-and-a-half-year deferral period.

The proposal is awaiting review and action by the Washington Utilities and Transportation Commission. PSE asked that the credit's new rate take effect Feb. 15.

PSE customers' "Energy Exchange Credit" from BPA currently is 1.81 cents for each kilowatt hour of electricity they use. The deferral plan would lower the credit, for 44 months, to 1.74 cents per kWh. BPA then would begin repaying PSE's 873,000 residential and small-farm customers their deferred benefits, plus interest, in future monthly bill credits.

The monthly credit BPA pays customers of PSE and other investor-owned utilities in the region represents the customers' share of public benefit from the Columbia River Basin's federally owned hydropower dams. Meanwhile, customers of the Northwest's municipal utilities, public utility districts, and electric cooperatives receive the federal dams' electricity itself. Consequently, the retail electric rates of these utilities reflect the benefit -- the consumer savings -- their customers get from the region's low-cost federal power.

The deferral of power-exchange credits to customers of PSE and other Northwest investor-owned utilities will reduce BPA's operating costs by \$55 million during the deferral period. PSE customers' share of the deferral is \$27.7 million.

PSE customers can call the utility at 888/225-5773 for more information on their BPA bill credit.

CONTACT: Puget Sound Energy

Media:

Roger Thompson, 888/831-7250

Analysts:

Durga Waite, 425/462-3808