



News Release

PSE Seeks to Boost Power Supply, Help Customers Save More Energy; Utility Looking for Outside Proposals; Submits RFPs to State Regulators

BELLEVUE, Wash. --(BUSINESS WIRE)--Aug. 1, 2005--Puget Sound Energy (the utility subsidiary of Puget Energy (NYSE:PSD)) has unveiled a plan for significantly boosting its electricity resources to meet customers' long-term energy needs.

In one of two draft "request for proposals" (or RFP) filed Friday with state regulators, PSE outlined its intent to procure up to approximately 1,500 average-megawatts of new power supply by 2015. The other RFP filed with the Washington Utilities and Transportation Commission seeks to broaden and expand the utility's already ambitious menu of energy-efficiency services for its customers.

"Energy efficiency is at the heart of any effective utility strategy for meeting customers' needs," said Cal Shirley, PSE's director of energy efficiency. "Our aim at Puget Sound Energy is to make a good energy-saving program even better."

PSE estimates that its energy-efficiency services have the ability to help customers save 43 million therms of natural gas and 279 average-megawatts of electricity by 2015. The projected power savings alone would be sufficient to serve the electricity needs of about 200,000 households.

PSE's energy-efficiency RFP is designed to enhance the utility's existing conservation programs and help it meet -- or perhaps even exceed -- its long-range conservation targets. The filing doesn't cite a specific amount of energy savings bidders must provide, but rather seeks cost-effective proposals involving the installation of equipment or technologies for any of a variety of consumer uses.

The new equipment or technologies would have to be installed by the end of 2007 and be capable of producing energy savings for at least five years. The RFP focuses particularly on:

- Replacement of mobile-home electric furnaces with high-efficiency heat pumps;
 - Consumer incentives for purchasing Energy Star(R)-rated retail appliances;
 - Broad-based energy-efficiency measures for apartment buildings;
 - Efficiency services in commercial, industrial, and institutional laundry facilities;
 - Weatherization for natural gas-heated single-family homes; and
 - Natural-gas efficiencies within commercial and industrial facilities.
- Power-Supply RFP

A steadily growing customer base and the expiration of several large purchased-power contracts in coming years are driving PSE's need for a large acquisition of new power supplies. PSE's power-resource RFP cites a need for approximately 1,500 average-megawatts of new power supply by winter 2014-2015 to satisfy customer demand. The utility's 1 million-plus electric customers currently consume about 2,600 average-megawatts of power.

"Our goal is to give our customers the most reasonable, stable prices we possibly can," said Eric Markell, PSE's senior vice president of energy resources. "The best way to do that, to minimize market risk and ensure reliable service, is for PSE to secure a balanced, diversified mix of energy resources under long-term arrangements. That's what this RFP process is all about."

PSE's power-supply RFP is open to proposals involving any type of power-generating fuel or technology. The utility also will consider various contract arrangements, such as PSE investment in existing power plants, partial or total ownership of yet-to-be-built plants, power-exchange agreements, or long-term purchases of power.

The utility prefers that any new resources obtained under the proposed RFP be shaped to help PSE meet wintertime peaks in power demand and limit summertime power surpluses. Besides cost and energy-need considerations, PSE is interested in proposals that minimize financial risk, limit environmental impacts, promote energy efficiency, contribute to adequate energy supply for the entire region, and support the utility's target to provide 10 percent of its customers' energy from renewable resources by 2013.

A 2015 power-delivery deadline in the RFP is designed to allow for proposals requiring lengthy lead-time in the development of a new power plant or associated power-transmission lines, Markell noted.

A similar RFP process in 2003 generated nearly 50 proposals for PSE. From those bids, the utility ultimately secured about 150 average-megawatts of new power resources, principally from two large wind farms the utility is developing - one in southeastern Washington and one in central Washington.

PSE has scheduled a public meeting on Aug. 18 at the Sheraton Bellevue Seattle East Hotel in Bellevue to discuss both RFPs with potential bidders. The utility is asking regulators to approve both RFPs and allow final issuance of bid requests by Nov. 1.

The complete text of both draft RFPs can be viewed under the About Us/Energy Supply section of PSE's Web site (<http://www.pse.com/About/Supply/AllSourceRFP>).

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