



## News Release

### Puget Sound Energy Updates 20-Year Plan for Energy; Utility Expects to Solicit New Proposals for Additional Power-Generation Resources

BELLEVUE, Wash.--(BUSINESS WIRE)--May 27, 2005--A newly updated, long-range analysis by Puget Sound Energy (the utility subsidiary of Puget Energy (NYSE:PSD)) shows a continuing need to acquire new electricity and natural-gas resources to serve customers' energy demands.

The utility's 2005 Least Cost Plan, which forecasts PSE's long-range electricity and natural-gas requirements and guides its resource-acquisition strategy, identifies a need to acquire more than 2,000 average megawatts of power supply by 2025. PSE's 1 million electric customers presently consume about 2,300 megawatts, on average.

To hold down customers' power costs and limit their exposure to volatile energy markets, the Least Cost Plan advocates that PSE continue to advance a diversified power portfolio, with aggressive emphasis on energy efficiency and renewable-power resources.

Roughly half of the utility's projected need for new power supply stems from expected growth in population and business activity within PSE's service territory. The rest is due to expiring purchased-power contracts PSE has with other Northwest utilities and power producers. The combination of rising consumer demand and expiring power contracts will create a PSE need for 300 average megawatts of new electricity supply by 2008. The need grows to more than 1,400 average megawatts by 2013, and then exceeds 2,000 average megawatts by 2025.

The updated analysis also identifies a PSE need for an additional 4 million therms per day of natural-gas capacity by 2025 to meet peak wintertime demand for gas. PSE customers' peak gas usage is expected to increase by more than 50 percent over the next two decades.

"This analysis confirms what we learned two years ago: we need to procure substantially more energy supplies for our customers," said Eric Markell, PSE senior vice president for energy resources. "And we're not in this alone. The entire region needs to start planning for new, cost-effective power-generation facilities and new energy-delivery infrastructure if we hope to sustain a robust economy for our growing population."

Later this year, PSE will solicit outside proposals for new power resources. A similar process in 2003 generated about 50 separate power-supply bids for PSE. From those bids, the utility ultimately secured about 400 average megawatts of new electricity resources to serve its customers' growing needs.

Those new resources include PSE investment in a 250-megawatt gas-fired power plant in Pierce County and the upcoming construction of two large wind farms in Eastern Washington that, together, will have a maximum output of more than 400 megawatts. In addition, the utility has expanded its energy-efficiency programs, with the goal of helping customers conserve more than 200 average megawatts of electricity by 2013. PSE also is expanding the Northwest's largest underground natural-gas storage facility, in southwest Washington, to help meet customers' winter peaks in gas usage.

Natural-gas reserves in the United States and Canada -- possibly augmented by more liquefied natural-gas imports in coming years -- should be sufficient to cover rising consumer demand for gas, according to the new PSE analysis. The price of natural gas, however, could trend higher unless greater gas supplies or alternate energy resources can offset increasing gas demand. The Least Cost Plan also notes that PSE procurement of additional gas supplies will require the expansion of Canadian and U.S. interstate gas-transmission pipelines.

PSE's Least Cost Plan also analyzes the likely expense and risks associated with various power- and gas-supply options, and proposes a strategy for securing new energy resources at the least possible cost. As with PSE's 2003 Least Cost Plan, the newly updated plan advocates a diversified mix of resources to minimize financial risk to PSE and its customers.

Specifically, the plan recommends accelerated energy-saving efforts; further development of renewable power-generation facilities; the acquisition of additional thermal-power resources (primarily gas- and clean-burning coal-fired facilities); and the conversion of PSE customers, wherever practical, from electricity to natural-gas usage.

Although the total amount of energy PSE customers consume will rise steadily as the region's population grows, the average energy usage per customer has declined in recent years and likely will drop further over time, the plan notes, because of expanded energy-efficiency programs, more efficient appliances, and more construction of multi-family housing.

The utility recently filed its 2005 Least Cost Plan with the Washington Utilities and Transportation Commission. The commission is expected to hold a public hearing on the plan sometime this summer. A copy of the plan can be found on the utility's Web site ([www.pse.com](http://www.pse.com)) under About Us / Energy Supply / Resource Planning.

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