



News Release

Puget Sound Energy Asks FERC For Fair Regional Treatment On Electricity Price Caps

Business Editors

BELLEVUE, Wash. --(BUSINESS WIRE)--Oct. 30, 2000--In a complaint filed last week (Oct. 26) with the U.S. Federal Energy Regulatory Commission, Puget Sound Energy has requested federal regulators to uniformly impose price caps on sellers of wholesale electricity in both the California and Pacific Northwest power markets.

"Generally, we do not favor price caps since they do not allow a wholesale market to work competitively," said William A. Gaines, Puget Sound Energy vice president of energy supply. "But in this case, the only thing worse than a price cap is a price cap on only part of the market."

Several California utilities have requested FERC exercise its regulatory authority to impose emergency price caps on wholesale electricity bought and sold in the California market.

"While Puget Sound Energy strongly supports a competitive marketplace, any federal action that will alter the wholesale electric market in one region, needs to apply to all affected parts of that region," added Gaines. Puget Sound Energy states in the filed complaint that it is "unfair and unduly discriminatory to protect wholesale purchasers in California with a price cap and yet deny similar protection to wholesale purchasers in another part of essentially the same market, i.e. the Pacific Northwest." The company points out that thousands of energy transactions occur each month between California and the Pacific Northwest.

Price caps set only in California without the same applied in the Pacific Northwest would result in California buying Pacific Northwest power at artificially low prices when they needed it and Pacific Northwest customers paying higher costs when the need is reversed, explained Gaines.

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