



News Release

PSE Boosts Conservation Program, Expects to Double Energy Savings; Utility Hires Veteran Energy-Efficiency Manager to Supervise Conservation Offerings

BELLEVUE, Wash.--(BUSINESS WIRE)--Dec. 2, 2002--Puget Sound Energy is doubling its energy-conservation efforts as the utility looks to meet steadily growing customer demand for electricity and natural gas.

PSE, a subsidiary of Puget Energy (NYSE:PSD), said its expanded conservation services should produce twice as much energy savings as the utility's prior conservation program.

"Conservation simply makes sense," said Cal Shirley, PSE's new director of energy conservation. "It helps meet our customers' growing energy needs, it's good for the environment and, when done right, it's good for consumers' pocketbooks. Everyone comes out ahead."

PSE developed its new conservation plan earlier this year in consultation with customer groups, environmental organizations, and state regulators.

Shirley, who since the early 1980s has managed energy-conservation programs for Seattle City Light and the Snohomish Public Utility District, said Puget Sound Energy is taking a broad, strategically balanced approach to energy conservation. PSE is offering technical assistance, cost-benefit analyses, and a variety of financial incentives to help all types of customers lower their electricity and natural-gas usage -- and cut their bills.

"Our aim is to promote energy savings anywhere and everywhere we serve, from the smallest apartment to the largest industrial facility," Shirley said.

The plan's conservation initiatives range from consumer rebates on energy-efficient appliances, furnaces, water heaters, and lighting to customized grants for upgrading energy-intensive commercial and industrial equipment.

Under one initiative, more than two dozen of PSE's largest industrial customers will be able to receive technical assistance and financial analysis from the utility to devise their own, site-specific conservation strategies. These customers then will be eligible for a "self-directed retrofit" grant to implement their respective programs.

The size of a self-directed grant, Shirley said, will be linked to the amount of verifiable, long-term energy savings a company generates and the amount of money that company pays into PSE's conservation fund. (All PSE customers contribute to the fund through a special conservation tariff on their bills.)

"It's an innovative strategy that encourages the largest users of electricity to maintain an on-going conservation effort," Shirley said. "Through these grants and the financial incentives we offer other customers, PSE essentially is buying cost-effective, environmentally friendly energy supplies for everyone we serve."

Another PSE initiative encourages small commercial customers to install energy-efficient lighting and perform enhanced energy-focused maintenance on their heating and cooling systems. PSE will promote this goal, in part, by providing technical assistance and grants for customers to employ and retain an in-house "resource conservation manager."

"The objective is not simply to increase the energy efficiency of a building or its equipment," Shirley said. "We want to give customers tools that help them foster operational improvements and behavioral changes among employees that save energy -- and money."

Sara Patton, director of the Northwest Energy Coalition, said, "The best research clearly shows that energy-efficiency investments cost utilities less than buying new power. This is the right direction both for Puget Sound Energy ratepayers and for the natural world we all share."

Besides the services in its new conservation plan (see below for more details), PSE offers customers a Web-based tool for helping them save energy. Customers can log on to the utility's Web site (www.pse.com) and see how much electricity or natural gas they're using from one day to the next. The usage data gives customers immediate feedback on how their energy-saving efforts -- installing compact florescent light bulbs or a high-efficiency gas furnace, for example -- affect their energy consumption and their utility bills.

PSE expects its customers' electricity load to rise by about 10 percent by 2010, and its natural-gas load to jump by 24 percent.

"There's no question about the need to find additional energy resources for our growing customer demands," said Steve Reynolds, PSE's president and chief executive officer. "It's just common sense to meet as much of the demand as possible through cost-effective conservation. It has to be a core part of the region's overall energy-supply strategy."

An important component of PSE's new conservation effort, Reynolds noted, is a study that's to be done on the cost-effectiveness and reach of the plan's various initiatives. The study, to be performed with the Northwest Power Planning Council and other outside parties, will provide the basis for enhancing initiatives that prove particularly effective, and for changing or even discarding initiatives that don't meet expectations.

PSE's conservation efforts over the past 20 years are now saving about 1.8 billion kilowatt hours of electricity annually -- enough to serve 153,000 households. Among other things, PSE has provided grants and loans to insulate and weatherize more than 165,000 homes.

Under its new program, PSE expects to achieve about 15 megawatts of additional electricity savings annually, enough to power about 15,000 households. Natural-gas savings under the new plan are projected to exceed 2.1 million therms per year, enough to serve about 2,200 homes.

Puget Sound Energy Conservation Program
Key Elements

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Provides technical assistance and incentive grants to commercial and industrial customers to encourage energy-efficient upgrades of buildings, equipment, and industrial processes. Grant amounts are based on verification of energy savings and cost-effectiveness, as well as the customers' total conservation investment. A customer's payback on investment typically is three to five years.

Provides rebates to residential customers on the purchase of high-efficiency natural-gas water heaters (\$25), gas furnaces carrying the Energy Star(R) label (\$150), compact fluorescent light (CFL) bulbs (\$3), and CFL light fixtures (\$10).

Provides grants to fully finance home-weatherization projects for approximately 500 low-income households served by PSE.

Provides grants and technical assistance to encourage developers and building designers to exceed local energy-efficiency codes when constructing new office buildings, industrial facilities, and other commercial structures.

Provides grants and rebates for small-business customers to install energy-efficient lighting, thermostat controls, heating/ventilation equipment, vending-machine controls, and other equipment.

Provides rebates for state government, counties, and cities to encourage the replacement of incandescent traffic lights with energy-efficient LED lights.

Continues PSE funding for the Northwest Energy Efficiency Alliance. The alliance works at the manufacturing and the retail levels to promote research, development, and marketing of energy-efficient products.

Provides funding of a pilot program to retrofit heating-duct systems in about 200 residences (a large share of them mobile homes). Space heating is the largest source of energy use in a home; heat loss from leaky or poorly insulated ducts adds significantly to heating costs.

Provides PSE customers with free technical information, consultation, energy audits, contractor referrals, printed materials, and on-line services to help them reduce their energy consumption. In 2001, these Personal Energy Management services reached approximately 100,000 customers.

Provides financial incentives for homeowners to convert from electric space heating and water heating to natural gas. Conversions will occur in areas of high power-load growth where it is more cost-effective to tap existing gas lines than expand those areas' power-supply systems.

Continues funding for the PSE-created education program called Powerful Choices (formerly In Concert with the Environment). The program, which reaches approximately 12,000 middle school students each year, teaches and encourages efficient use of natural resources.

Establishes a framework for future conservation programs by funding a collaborative study on the amount of cost-effective energy savings achievable in PSE customers' facilities, the effectiveness of PSE's latest conservation initiatives, and the best strategies for achieving new or enhanced energy efficiencies.

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