



News Release

Puget Sound Energy Preparing to Issue Requests for Proposals for More Energy Efficiency, New Power Supplies

BELLEVUE, Wash.--(BUSINESS WIRE)--Oct. 15, 2007--Puget Sound Energy (the utility subsidiary of Puget Energy (NYSE:PSD)) has presented state regulators with two draft requests for proposals (RFPs) for expansion of the company's already ambitious energy-efficiency programs and new power supplies.

The draft RFPs filed Friday with the Washington Utilities and Transportation Commission are a central part of the company's ongoing effort to ensure reliable, stably priced energy supplies and utility service for its steadily growing customer base in Western Washington -- a region whose population is expected to grow by 28 percent, or about 1 million people, over the next 20 years.

"Puget Sound Energy is fortunate to serve a vibrant, growing region," said Kimberly Harris, PSE executive vice president and chief resource officer. "But all that growth brings with it a tremendous need for new energy resources. Our strategy for meeting this need emphasizes both energy efficiency and the acquisition of new power supplies."

Customer growth and the expiration of large purchased-power contracts in coming years are driving PSE's need to acquire a large amount of new power supplies. The utility estimates it will need more than 1,300 average-megawatts (aMWs) of new electricity supply by winter 2014-15. The need grows to more than 2,600 aMW by 2025 -- roughly equivalent to the power demand of two cities the size of Seattle.

Peak wintertime (January) electricity usage by PSE's 1.04 million electric customers currently is about 3,200 aMW.

The first of the two RFPs the utility plans to release in January will seek to broaden and expand PSE's aggressive program for helping customers conserve energy. Under the utility's 2007 Integrated Resource Plan (IRP), PSE estimates that its energy-efficiency programs have the ability, by 2015, to help customers cut their electricity need by 314 aMW and their natural gas usage by approximately 21 million therms. The power savings would be sufficient to serve the electricity needs of about 237,000 households.

PSE is striving to go even further over the next two decades and achieve more than 500 aMWs of energy savings. A power-demand reduction of that size would avert the need to build two medium-sized natural gas-fired power plants.

The second upcoming RFP will ask outside power producers, marketers, and power-plant developers to help PSE procure up to 1,340 aMW of new electricity resources by 2015. Any type of power-generating fuel or technology is open for consideration, although the 2007 IRP excludes coal and nuclear. PSE will consider various contract arrangements, such as investment in existing power plants, ownership of new plants, or long-term power purchases.

"Our overriding goal is to meet our customers' energy needs in the most cost-effective and environmentally responsibly way we can," Harris said. "Energy efficiency, wind and natural gas are all high on our list to meet that goal."

The company in 2003 set a goal of securing 10 percent of its customers' power supply from renewable sources by 2013. Since then, PSE has acquired two large, newly built wind farms -- Hopkins Ridge and Wild Horse -- with a combined 379 megawatts (MW) of power-generation capacity, enough to serve 100,000 homes.

The company's latest resource plan suggests that 550 MW of additional wind power can cost-effectively be added to PSE's supply portfolio by 2015. To meet the 2006 voter mandates of Washington state Initiative 937, PSE will need to acquire about 1,000 MWs of renewable power by 2020.

According to the IRP analysis, the projected 20-year incremental cost of meeting PSE customers' power needs has more than tripled over the past four years - rising from a \$4.4 billion estimate in 2003 to \$14.4 billion.

The draft RFPs and IRP can be viewed at PSE's Web site (www.pse.com) under the "Energy & Environment" tab, then Energy Supply/Resource Acquisition.

About Puget Sound Energy

Washington state's oldest and largest energy utility, with a 6,000-square-mile service territory stretching across 11 counties, Puget Sound Energy (PSE) serves more than 1 million electric customers and 721,000 natural gas customers primarily in the growing Puget Sound region of Western Washington. PSE, a subsidiary of Puget Energy (NYSE: PSD), meets the energy needs of its growing customer base through incremental, cost-effective energy conservation, low-cost procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. For more information, visit PSE.com.

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