



PUGET
SOUND
ENERGY

FERC

Demand Response Conference

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VP & Chief Operating Officer - Delivery

February 14, 2002

Puget Sound Energy

- Headquartered in Bellevue, Washington
- An investor owned gas & electric utility (NYSE:PSD)
- 1.5 million customers
 - 935,000 electric
 - 599,000 natural gas
 - 300,000 combined electric and gas
- Strong residential base

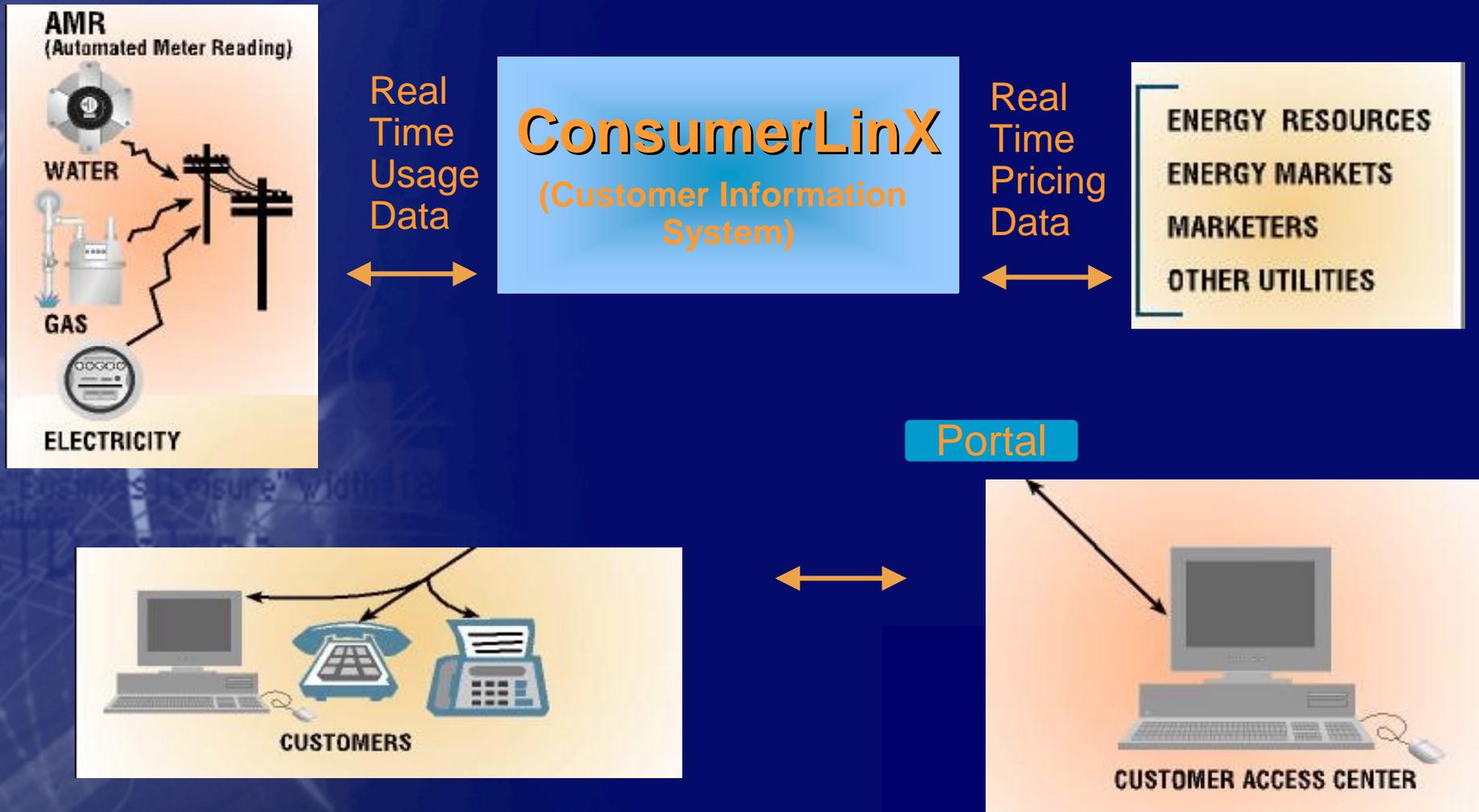


Personal Energy Management™ (PEM™)

- Number of customers
 - 150,000 information only
 - 300,000 residential
 - 20,000 business
- Customer information
 - Usage
 - Price
 - Suggestions
- Technology Base
 - AMR
 - CIS
 - Software

Real-Time Pricing Requires Integrating Several Key Technologies

Matching Current Use With Real-time Pricing



The Phases of Personal Energy Management™

Phase I: November 2000

- Franchise-wide information campaign
- 400,000+ target customer program
- Four-period time-of-use framework

Personal Energy Management™ Bill Supplement

PSE PUGET SOUND ENERGY

Customer: **DAVID A CARLISLE**
This page is not a bill.

Page 2 of 2

BUSINESS ENERGY MANAGEMENT

Giving you the power to save on energy.
 The price PSE pays for the electricity we bring to your home or business varies throughout the day (even though you pay one average cost). At night, on weekends and on holidays, there are real bargains available. When consumers want a lot of electricity, typically when you start your day or at dinnertime, the cost is much higher.

Your fixed rate compared to the variable cost of producing your electricity.

EXPENSIVE (25% higher) **ECONOMY (4% lower)** **EXPENSIVE (25% higher)** **A REAL BARGAIN (13% lower)**

6am-10am 10am-5pm 5pm-9pm 9pm-6am and Sundays & holidays

So why should I care?
 This means, first, your electric bill is the higher.

Secondly, when we are providing your electricity during those times of the day, less efficient power sources have to be used. The less we have to crank up these "low gas mileage" vehicles, the better it is for the environment.

Your personal electricity consumption (past 30 days)

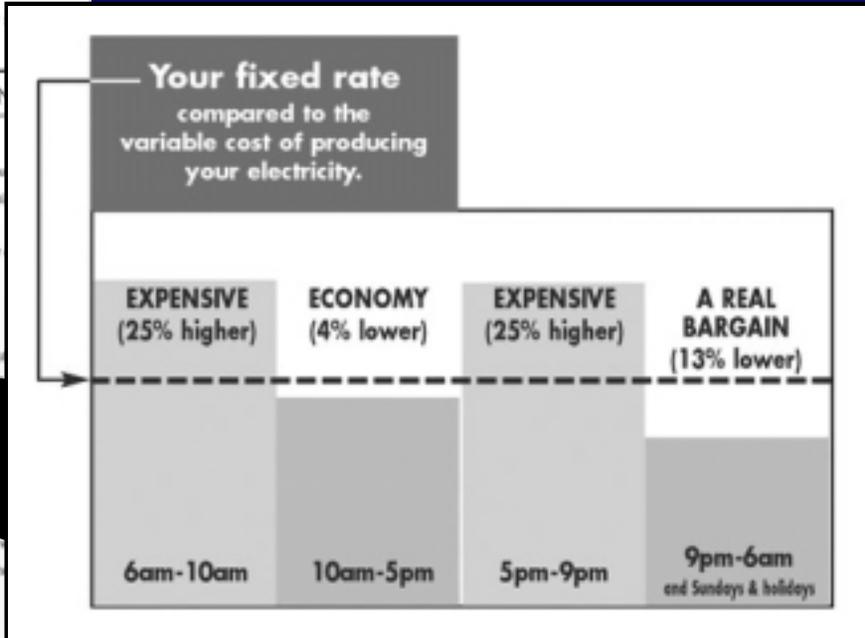
310 kwh 310 kwh 250 kwh 430 kwh

EXPENSIVE 6am-10am ECONOMY 10am-5pm EXPENSIVE 5pm-9pm A REAL BARGAIN 9pm-6am and Sundays & holidays

You have my attention. What can I do?
 Check out this chart, which shows how much electricity you used last month and when you used it. The more you're able to shift your electrical usage to the "economy" and "bargain" times, the better it is for the environment and YOU. (Okay, it helps PSE keep your bills low, which makes you a happy customer.)

For more information, www.pugetsoundenergy.com or call 1-888-225-5773, select option 7 and then option X.

FOR INFORMATION, EMERGENCIES, OR TO REPORT AN OUTAGE, PLEASE CALL 1-888-225-5773.



Web Capabilities

PSE customers learn of Personal Energy Management™ through marketing. They visit the website, www.pugetsoundenergy.com, to learn more.

The screenshot shows the PSE website's Personal Energy Management (PEM) page. At the top left is the PSE logo (a diamond shape with 'PSE' inside) and 'PUGET SOUND ENERGY' text. Below it is a green bar with 'PEM' in white. A navigation menu at the top right includes links for 'About PSE', 'Energy Advisor', 'Your Account', 'Your Home', 'Your Business', 'Community', 'Investors', 'News', 'Careers', and 'Baker River'. On the left side, there is a vertical menu with links for 'All About Energy', 'What is PEM', 'For Home', 'For Business', 'FAQs', and 'Feedback'. Below this menu is a 'PEM DEMO' icon. The main content area features a large image of a person jumping over a white surface. The heading 'Personal Energy Management' is followed by the sub-heading 'For your Home or Business'. The text reads: 'Welcome! You've come to the right place to get smart about how you use energy. We all know that knowledge is power, and we want YOU to be a powerful energy consumer. That's why we're kicking off an innovative pilot program called Personal Energy Management (PEM)'. Below this is a 'PERSONAL ENERGY MANAGEMENT INTERACTIVE LOCATOR' icon and a link that says 'Click here to see if you're one of the first!'. At the bottom of the page, there is a copyright notice: '©2000 Puget Sound Energy. All rights reserved.'

[About PSE](#) | [Energy Advisor](#) | [Your Account](#)
[Your Home](#) | [Your Business](#) | [Community](#)
[Investors](#) | [News](#) | [Careers](#) | [Baker River](#)

All About Energy

What is PEM

For Home

For Business

FAQs

Feedback



PEM LOGIN

How You Can Save

Home "Energy Waste-Buster Tour"

The best way to get started is with some elementary detective work. Take the Home "Energy Waste-Buster Tour", by clicking on each area of the house to get tips on ways to use less energy and save money!

Energy Saving Tips for Your Home



Personal Energy Management™ Web Page

last month

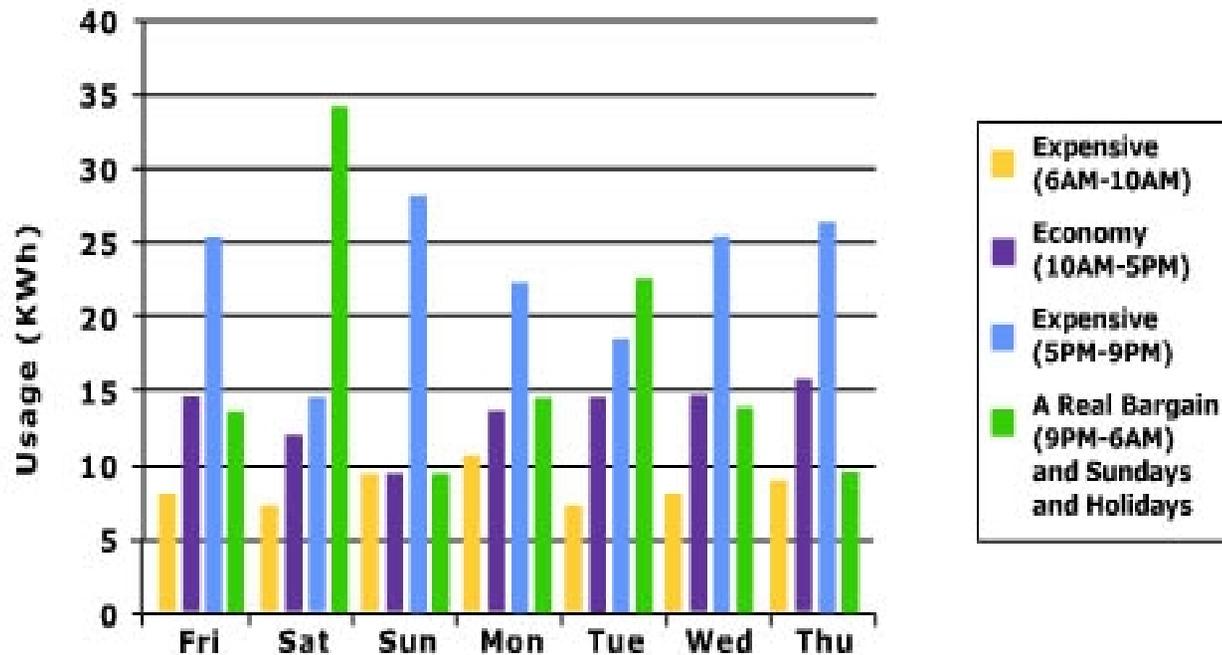
last week

since last bill

rate/cost compare

cumulative results

Your electricity use over the last 7 days

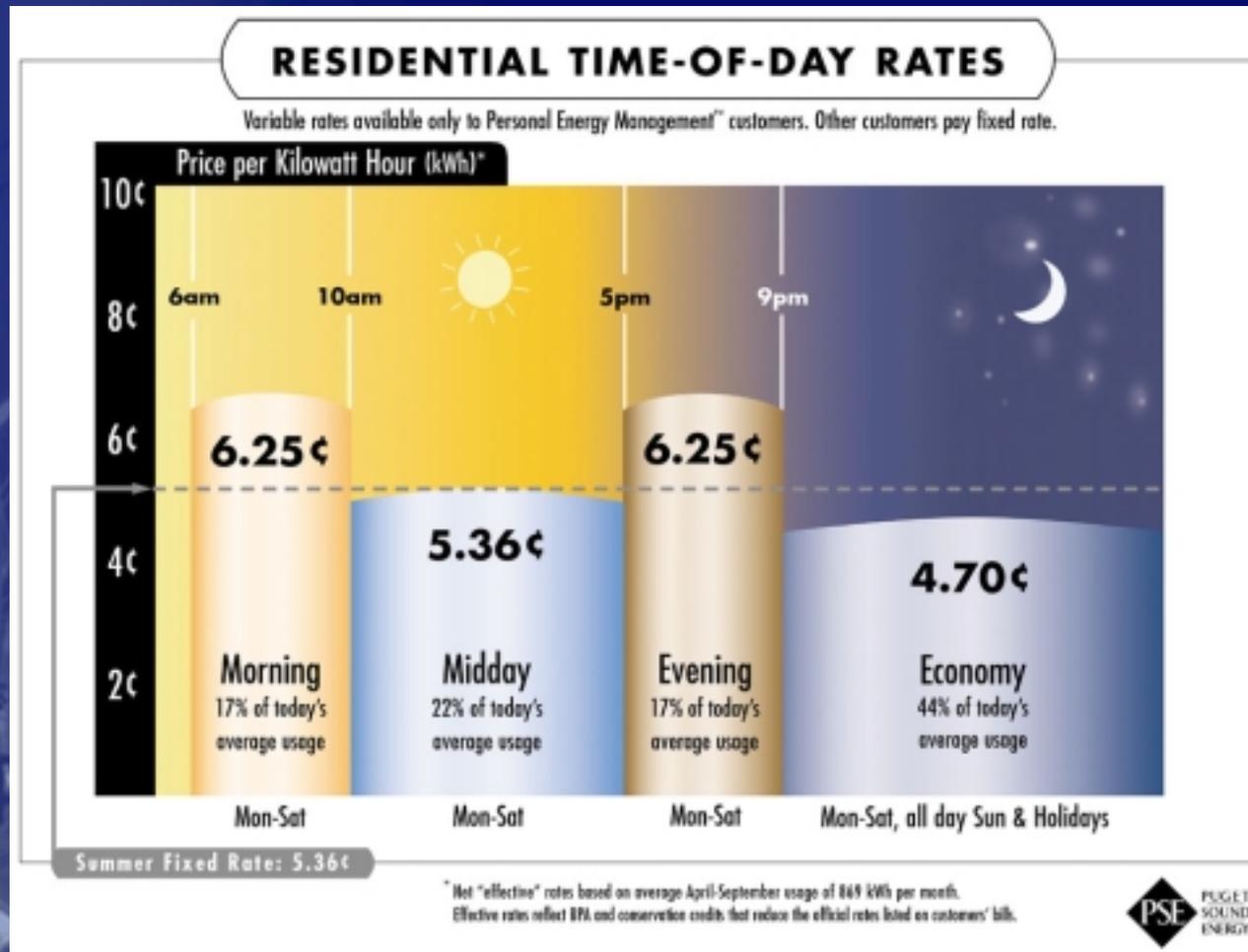


The Phases of Personal Energy Management™

Phase II: May 2001

- 300,000+ customers receive modest rate differentials, conservation credits
- Assigned by PSE, may opt off by calling PSE service line

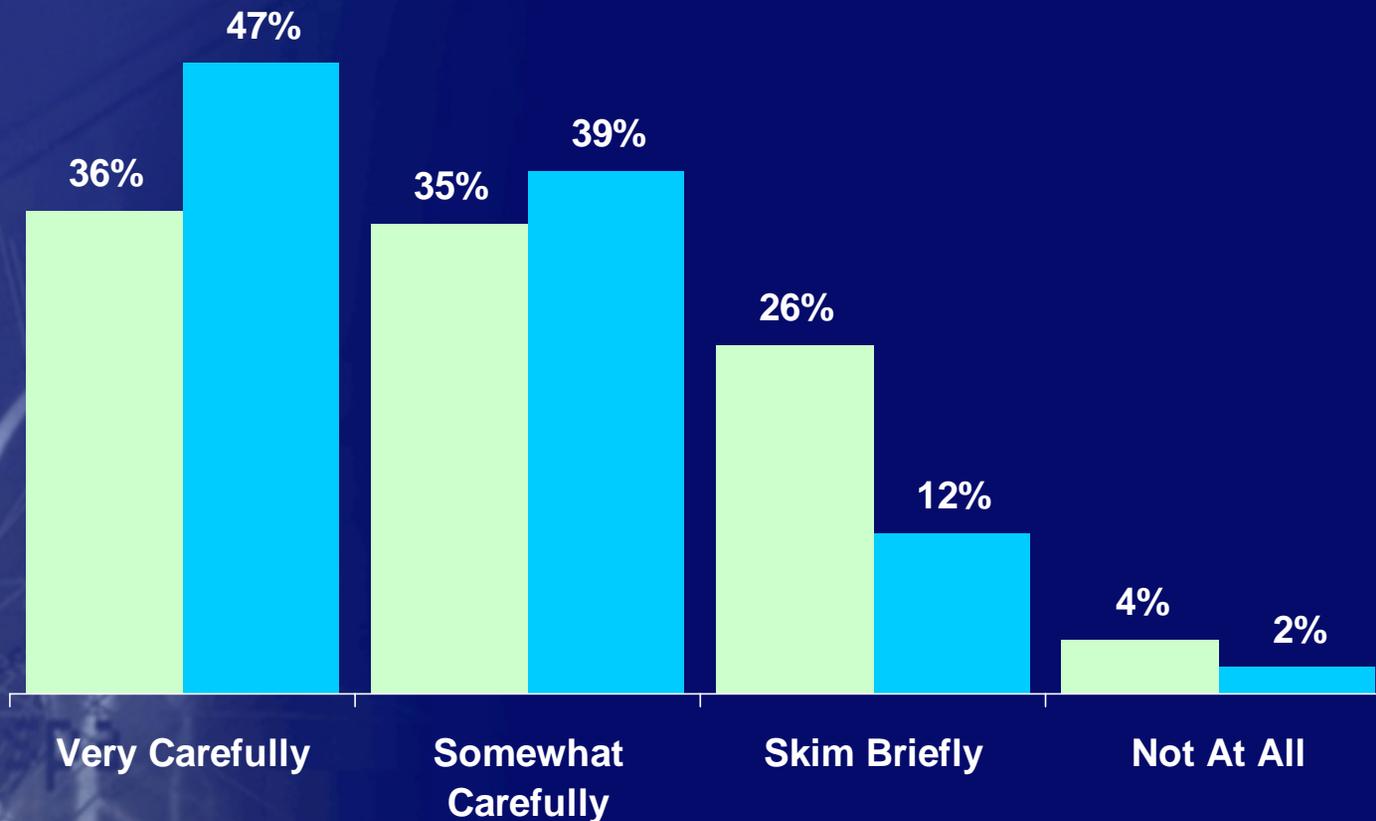
Personal Energy Management™ Pricing



Major Findings

- Customer reaction to Personal Energy Management™ is overwhelmingly positive
- Customers understand how the program works and understand their bill information
- Over 90% of PEM™ pricing customers have taken actions to alter their energy use
- 85% of customers are satisfied with the program and nearly all would recommend it to others

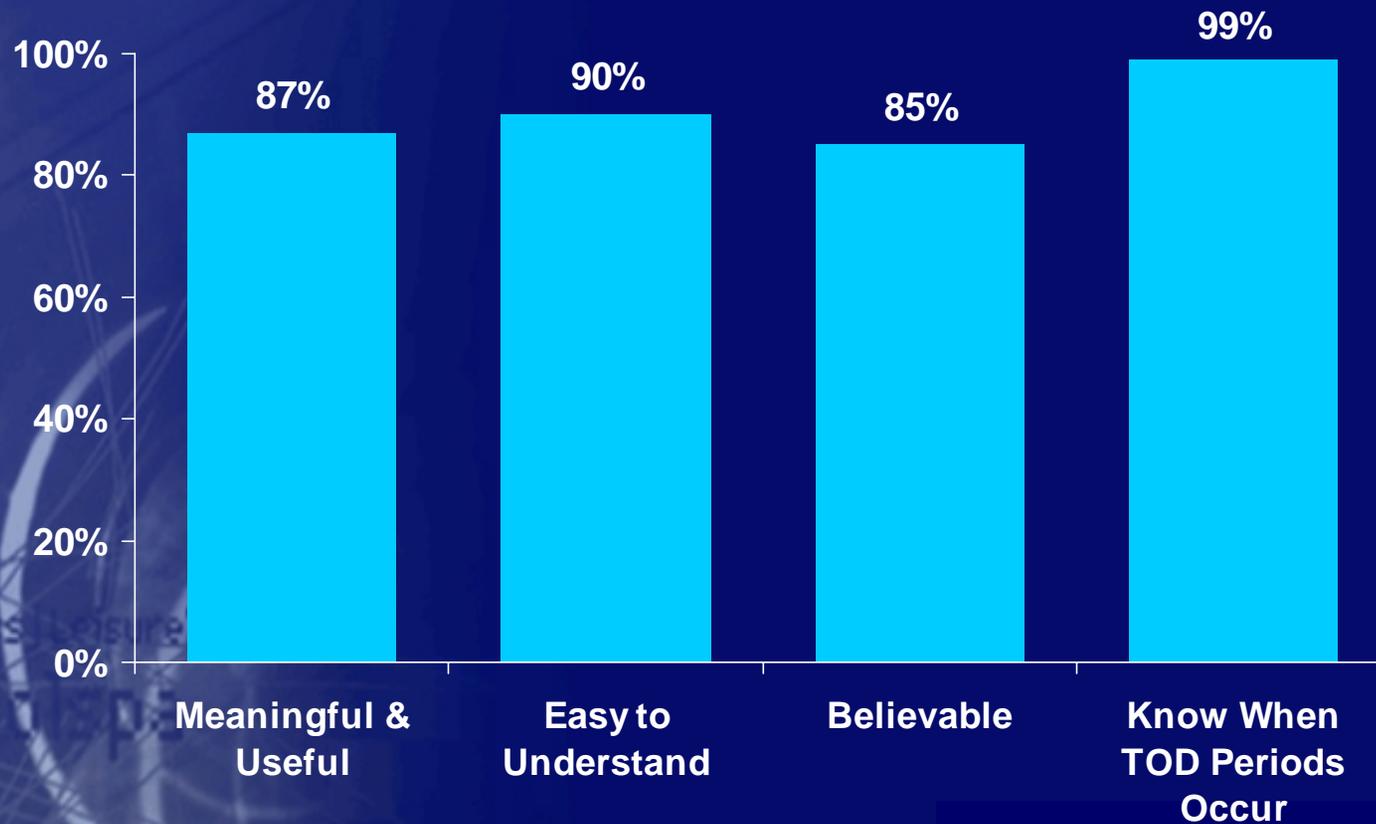
How Thoroughly PEM™ Information & Graphs Are Reviewed



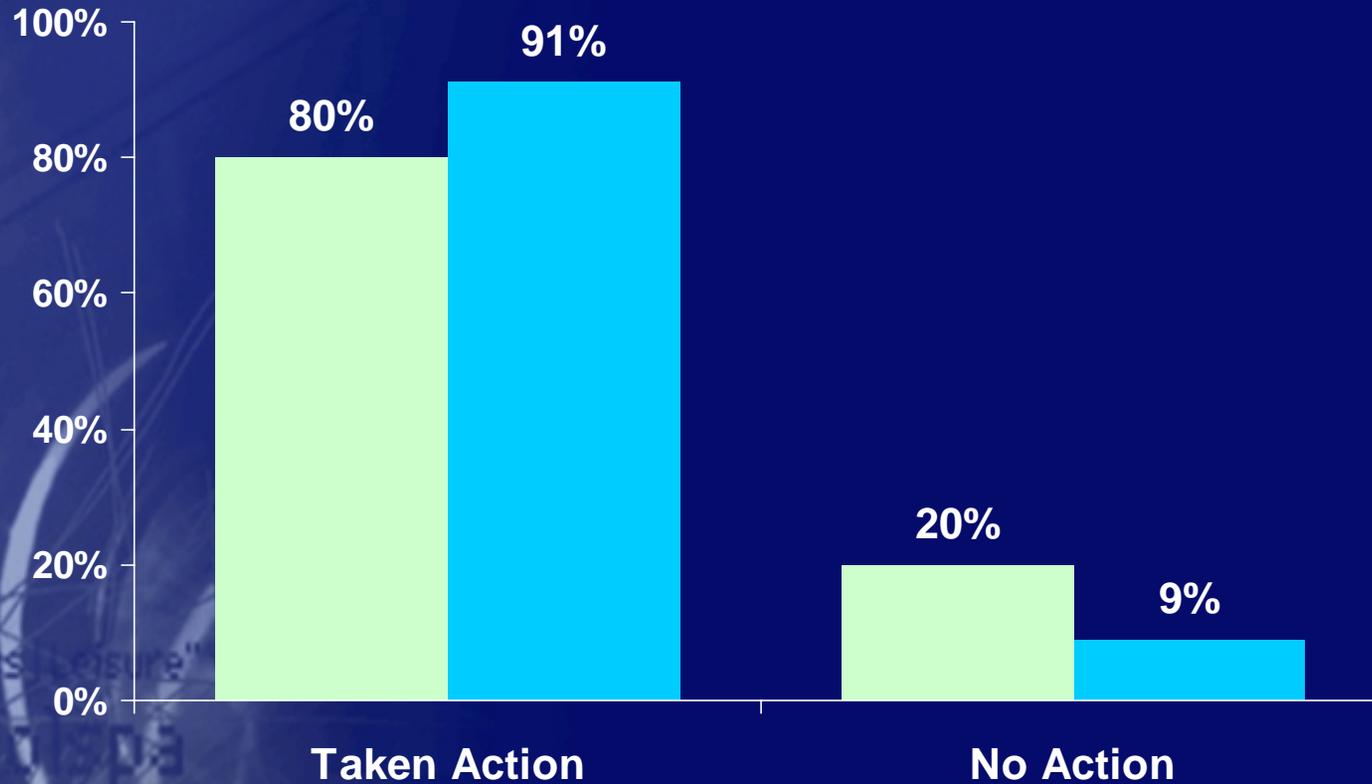
Information

TOU Pricing

Perceptions About PEM™ Program Information Received from PSE



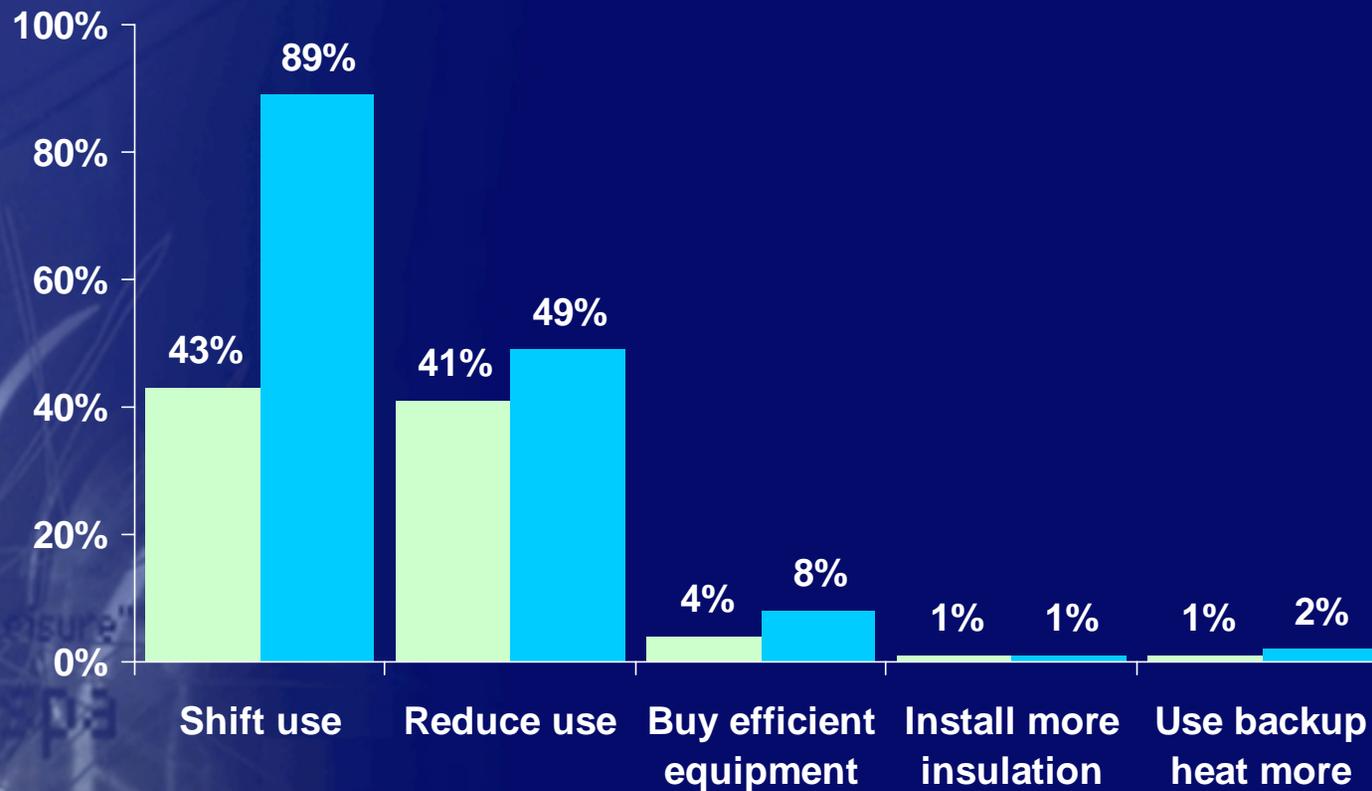
Have Customers Taken Action to Alter Energy Use?



Information

TOU Pricing

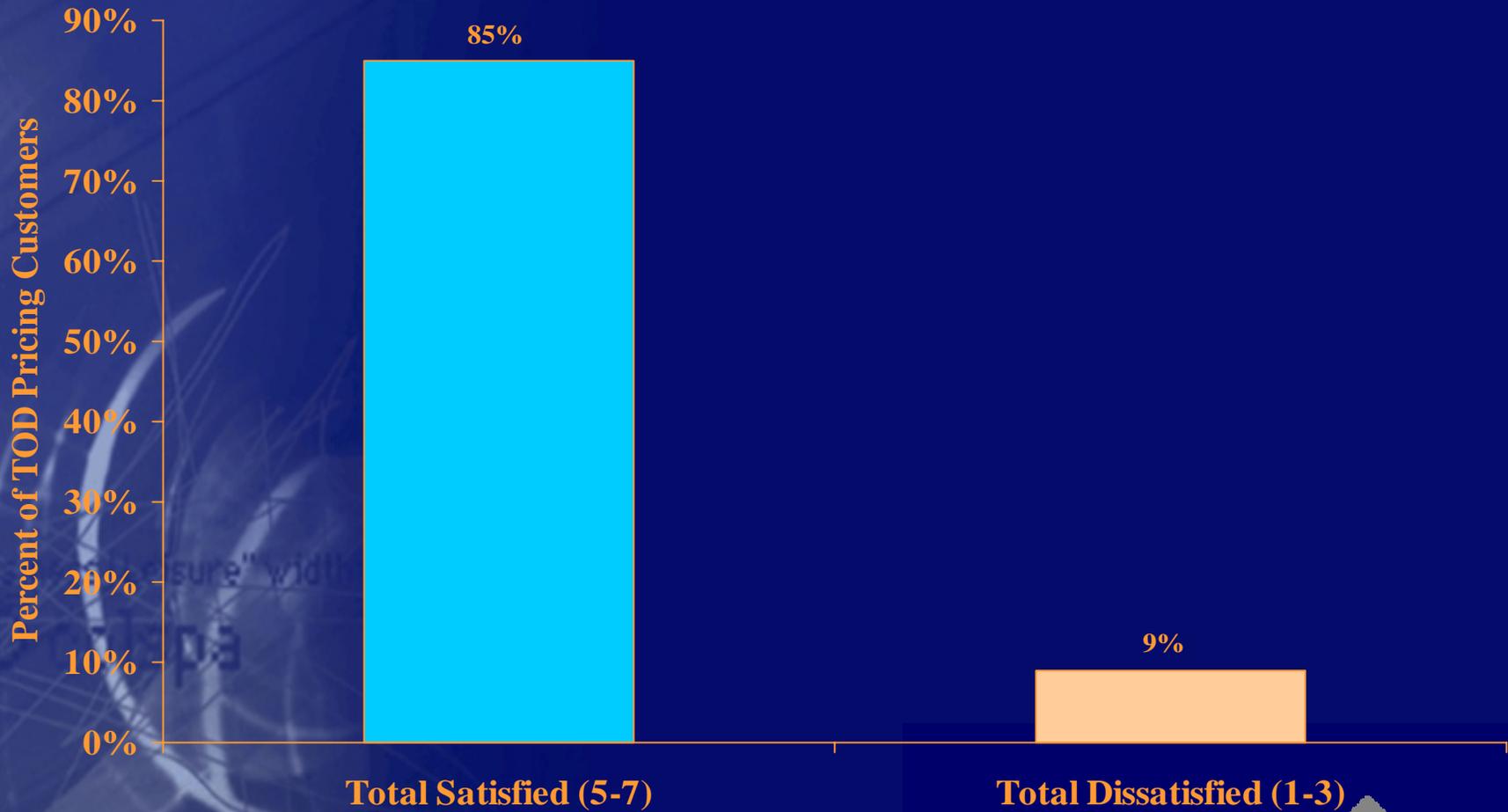
Types of Actions Taken by Customers to Alter Energy Use



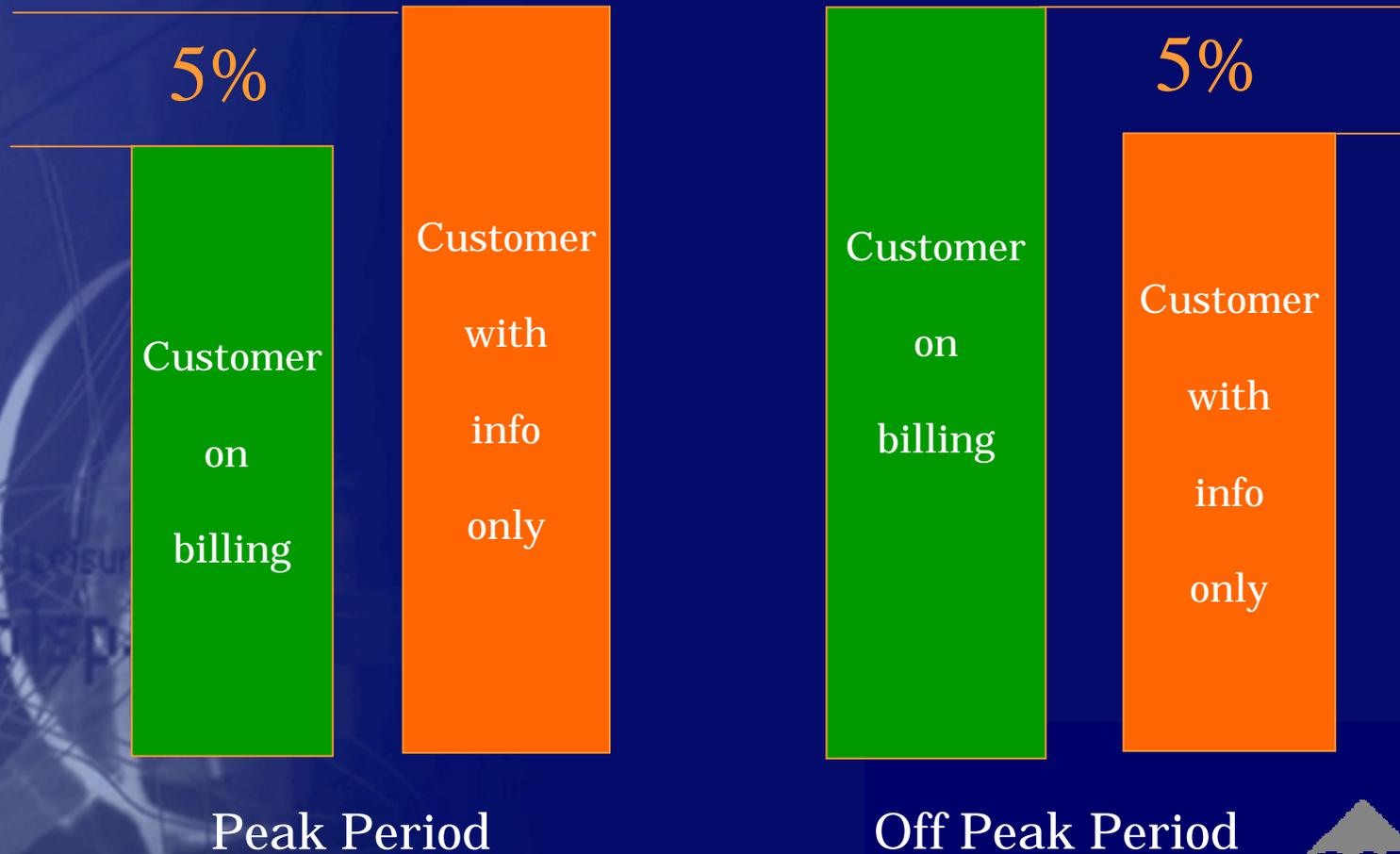
Information

TOU Pricing

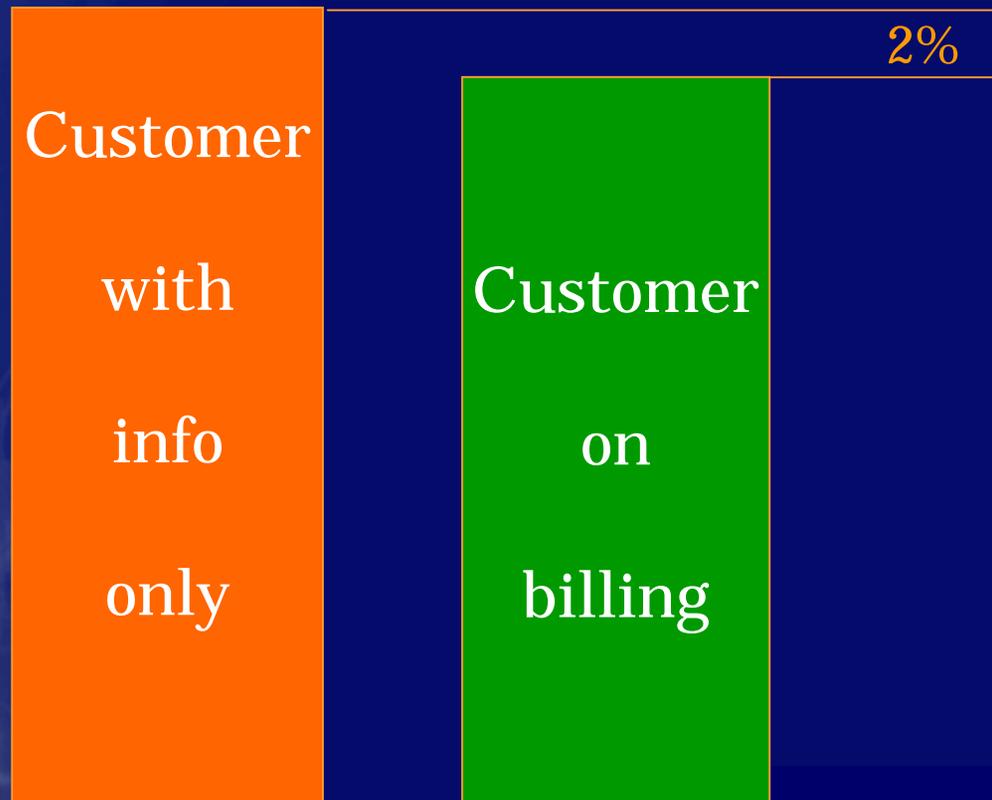
Overall Satisfaction with TOD Pricing Program



Results of Pilot Program Load Shifting



Results of Pilot Program Overall Monthly Usage



The Phases of Personal Energy Management TM

Phase III: September 2001

- Continuation of program through May 2002
- Addition of 20,000 commercial customers

PEM™ Costs for TOU

- Meter costs \$ 30.00/meter average
- Network costs \$ 1.00/meter/month
- Other costs \$ 0.16/meter/month

Next Steps

- General Rate Case filing - November 2001
- Incorporate variable pricing into general rates
 - All customer classes
 - Fixed price option