

September 2008 Puget Sound Energy bill package inserts and information 1.4 million bills

- Outside envelope: Customer Service Guarantee message
- Return envelope:
- Back of bill: Ways to pay your bill; Customer services phone numbers; Bill statement codes; Bill statement definitions; Emergency or power outage phone numbers in English, Spanish, Chinese and Russian; Customer Service Guarantee; Contact for questions about your bill or service; and Late payment fee information
- EnergyWise Newsletter September/October – PSE selects future energy-supply projects. Construction projects accommodate region's growth. Update on regulatory proceeding; General rate case requesting electric and natural gas rates. Purchased gas adjustment (PGA) requesting pass-through of higher natural gas costs. Merger hearings conclude; rate requests filed. Make bills more predictable. Know how to detect a natural gas leak. Time to get your home ready for winter. Check the natural gas piping you own. Energy Tip: Free lamp and bulb replacement, while supplies last. We'll be on time, guaranteed.
- Insert: Electricity: Power Supply Fuel Mix
- Important notice for Puget Sound Energy customers about proposed rate changes. Ad ran in newspapers.
- Insert: Be a part of your green community! It's easy to participate, simply visit PSE.com or call 1.800.562.1482.
- Insert: Thinking of purchasing a new home? Get the benefits of buying a new energy-efficient home



PUGET SOUND ENERGY

The Energy To Do Great Things

*P.O. Box 90868
Bellevue, WA 98009-0868*

PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE PAID
PSE

YOUR PUGET SOUND ENERGY BILL ENCLOSED

1-1/16"

1-1/8" x 4-1/8"

3/4"

Customer Service Guarantee

When you make a service appointment with Puget Sound Energy, we'll be there on time. We guarantee that we will arrive at the time mutually agreed upon to:

- ▶ *Connect new permanent service lines and meters*
- ▶ *Re-establish existing natural gas or electric service following move-out/move-in or disconnection for nonpayment.*
- ▶ *Keep natural gas equipment service appointments.*

If we cannot meet our commitment, we'll credit \$50 to your PSE bill. This guarantee applies in the absence of major storms, earthquakes, supply interruptions, or other significant adverse events beyond our control. In those cases, appointments will be rescheduled as soon as possible.



PLACE
STAMP
HERE



4-13/16

3/4 x 2-7/16 window

BELLEVUE, WA 98009-9269

7/8



Prints on flap



This envelope uses 100% post consumer recycled paper.

Ways to Pay Your Bill

For your convenience, Puget Sound Energy (PSE) offers several payment options:

- **Online at PSE.com** via My PSE Account
- **Automatic withdrawal** from your bank account
- **Credit/debit cards or check by phone** (transaction fee applies)
- **By mail to** Puget Sound Energy, Payment Processing BOT-01H, P.O. Box 91269, Bellevue, WA 98009-9269
- **Budget Payment Plan** helps even out bills
- **In person** at an authorized pay station see PSE.com for payment locations

Ways to Reach Us

PSE Customer Service 1-888-225-5773

Local, outside Washington state or Internet 1-425-452-1234

TTY hearing/speech impaired 1-800-962-9498

TRS Telecommunications Relay Services 1-866-831-5161

PSE Customer Construction Services 1-888-321-7779

Business hours: 7 a.m. – 5 p.m. Monday – Friday

PSE Energy Advisors 1-800-562-1482

Business hours: 8 a.m. to 5 p.m. Monday – Friday

Bill Statement Codes

ESTM — *Estimated*

PRRT — *Prorated*

CORR — *Corrected/Adjusted*

ACTL — *Actual*

Emergency or Power Outage

Dial 1-888-225-5773

To report a natural gas or electric emergency or a power outage, 24 hours a day, call **1-888-225-5773**

Para informar sobre la emergencia del fallo de gas o electricidad 24 horas al dia, llame **1-888-225-5773**

若欲報告有關煤氣或電力故障，或停電，每天24小時均可致電 **1-888-225-5773**。

Чтобы сообщить об аварии, связанной с природным газом или электроэнергией, или о перерыве в подаче электроэнергии, звоните по телефону **1-888-225-5773** круглосуточно

We can translate for other languages.

Just call **1-888-225-5773**

Customer Service Guarantee

When you make a service appointment with PSE to install new service, re-establish existing service, or for natural gas appliance diagnostic and repair service, we'll be there on time. If we cannot meet our commitment, we'll credit \$50 to your PSE bill. Exceptions apply for major storms or adverse events beyond our control.

Questions about Your Bill or Service

If you have questions or concerns or a dispute regarding your energy bill or service, please call us Monday - Friday, 7:30 a.m. to 6:30 p.m. at 1-888-225-5773 for billing inquiries. Any necessary corrections will be made promptly. If further follow-up is required, ask a PSE Customer Services supervisor to assist you. Every effort will be made to resolve disagreements and misunderstandings. If you are dissatisfied with the resolution, you may contact the Consumer Affairs section of the Washington Utilities and Transportation Commission at 1-800-562-6150 or complete an online complaint form at www.wutc.wa.gov. Copies of information on rules, rates, regulations and customer rights and responsibilities are available by calling 1-888-225-5773 and at PSE.com.

Late Payment Fee

Your bill is due upon delivery. When a bill remains unpaid for more than 30 days after the bill mailing date, a 1 percent per month late fee will be applied to the unpaid balance. The late payment fee will be delayed 30 days for customers with past due balances who have notified PSE that they have applied to an agency for financial aid. Customers on the Budget Payment Plan will be exempt from the late payment fee as long as they remain on the Budget Payment Plan

Bill Statement Definitions

Customer Charge

A customer charge covers a portion of the costs for billing, meter reading and other related fixed costs. These fixed costs do not vary with the amount of electricity or natural gas used.

Delivery Charge

This charge is for the construction, operation and maintenance of natural gas pipes, gate stations, pressure regulators and other equipment necessary for the delivery of natural gas to you, based on the amount of natural gas used.

Electric/Natural Gas Conservation Program Charge

Every customer helps pay for the costs of weatherization and conservation programs.

Energy Exchange Credit

The credit is from Columbia River benefits supplied by the Bonneville Power Administration. The credit is paid to our residential and small farm electricity customers of low-cost power generated by federal hydroelectric dams.

Btu Factor

British thermal unit is a measure of heat content. The Btu factor is an adjustment factor based on the actual heat content of the natural gas.

CCF

CCF stands for hundreds of cubic feet, a measure of the volume of natural gas used.

Therm

A therm is a unit of heat that equals 100,000 Btu. A therm is the volume of gas (CCF) that when multiplied by the Btu factor equals 100,000 Btu. A natural gas stovetop burner burning for 10 hours would use approximately one therm of natural gas. One therm of natural gas is equivalent to 29.3 kWh of electricity.

kWh

A kilowatt hour is a measure of 1,000 watts of electricity consumed in 1 hour. A 100-watt light bulb consumes 1kWh of electricity over 10 hours.



PSE selects future energy-supply projects

We're working now to ensure our customers have sufficient energy supplies in the future, and to bring more clean, renewable energy sources to Washington.

This August, PSE's Hopkins Ridge Wind Facility in Columbia County added four new wind turbines, boosting its generating capacity by 7.2 megawatts (MW). Hopkins Ridge and PSE's Wild Horse Wind and Solar Facility in Kittitas County make PSE the largest utility owner of renewable energy in the Northwest. We plan to install more wind turbines next year at Wild Horse, boosting its power capacity by approximately 50 MW. PSE also is finalizing arrangements to purchase 250 MW of wind power from two other wind facilities in the region.

Meanwhile, we acquired a clean-burning natural gas-fired generator this summer in Whatcom County, and are in the process of buying another efficient gas-fired power plant later.



Above: Sumas Cogeneration Facility
Left: Hopkins Ridge Wind Facility

Construction projects accommodate region's growth

This summer our crews took advantage of the dry months to upgrade power and natural gas lines to keep up with the region's growth and energy needs. Five of these projects represent a major rebuilding of our energy system. Following are highlights of these reliability projects.

- In Snohomish County's Ebey Slough basin: upgrading two-mile stretch of electric transmission poles holding transmission lines carrying electricity to Whatcom and Skagit counties by replacing 86 wooden poles with 15 steel poles.
- In Bellevue: a new natural gas pipeline covering a four-mile stretch is being constructed in conjunction with a road improvement project.
- In Renton: moved 65 electric transmission poles and strung 8,400 feet of power lines over I-405 to accommodate reconfiguration of the state highway.
- In Sedro Woolley: nearly 5 miles of new and upgraded transmission lines will help prevent power outages and support regional growth.
- In Jefferson County: completed construction of a new substation to improve service reliability in the Chimacum and Port Hadlock areas.



Puget Sound Energy 1-888-225-5773 • PSE.com • Manage your account and pay online.

UPDATE

Update on regulatory proceedings

State regulators are expected to rule this fall on several PSE proposals that have been before the Washington Utilities and Transportation Commission (UTC). The significant proposals include:

◆ General rate case requesting increased electric and natural gas rates

The parties in the general rate case, filed December 2007, reached an all-party settlement in PSE's request to recover costs associated with constructing substations, transmission lines and natural gas pipelines to improve reliability and serve new customers.

◆ Purchased gas adjustment (PGA) requesting pass-through of higher natural gas costs

Periodically, PSE and other natural gas utilities adjust rates to reflect changes in the price of natural gas supplies purchased for customers. Filed in late August, our PGA requests an overall 11.1 percent increase in natural gas rates to recover higher wholesale costs. A year ago, for the 2007-08 winter, lower wholesale natural gas prices contributed to an overall 13 percent rate reduction. The cost of natural gas purchased on the open market is recovered without any profit to the company.

◆ Merger hearings conclude; rate requests filed

In late July, PSE and all participating parties, except the Attorney General's Public Counsel Office, reached a settlement in the merger case. Customer rates will not be affected by a merger decision.

For additional information, visit PSE.com or www.utc.wa.gov.

Make bills more predictable

PSE's Budget Payment Plan can help ease the highs and lows of seasonal energy bills by spreading your costs evenly throughout the year. The Budget Payment Plan calculates a customer's average monthly payment amount based on past consumption of natural gas or electricity and normal weather conditions. To join, call 1-888-225-5773, or visit PSE.com.

STATEMENT SUMMARY AS OF AUGUST 15, 2008

Customer: John Doe
Address: John Doe

Account No. 090-222-122-B
Account Status: \$125.00

Balance as of last billing: \$125.00
Amount due for this period: \$125.00
Current Charge: \$125.00

AMOUNT DUE THIS STATEMENT: \$125.00

STATEMENT 93

Customer: John Doe
Address: John Doe

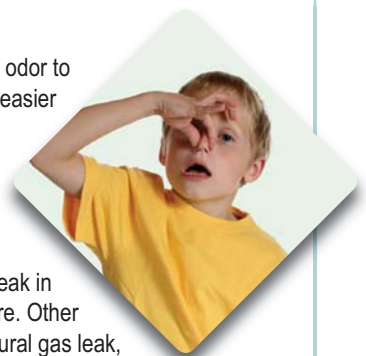
Account No. 090-222-122-B
Account Status: \$50.00

Balance as of last billing: \$50.00
Amount due for this period: \$50.00
Current Charge: \$50.00

AMOUNT DUE THIS STATEMENT: \$50.00

Know how to detect a natural gas leak

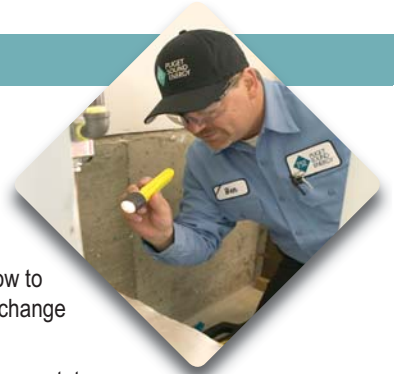
We add an unpleasant odor to natural gas so that it's easier to detect leaks. The distinctive odor, called mercaptan, smells like sulfur, or rotten eggs, and alerts you if there is a natural gas leak in your home or elsewhere. Other signs of a possible natural gas leak, particularly near a pipeline, include a hissing sound, blowing dirt, or bubbles rising in a puddle. If you suspect a natural gas leak, call PSE at 1-888-225-5773 or 911.



Time to get your home ready for winter

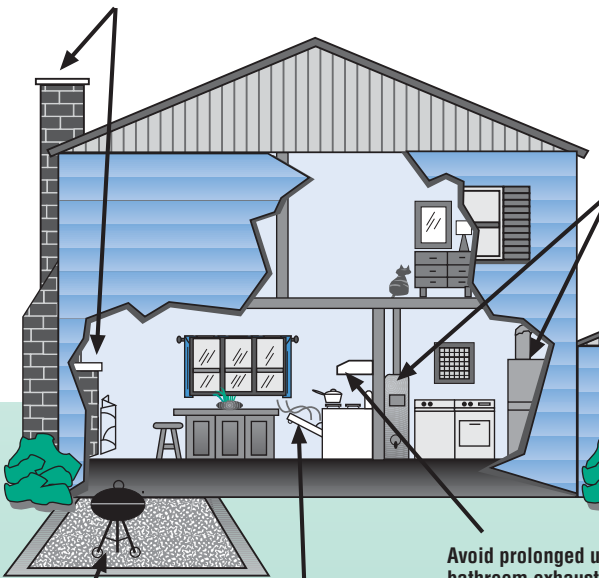
Early fall is the perfect time to prepare for cooler weather. Along with dramatic price increases at the gas pump and grocery store, natural gas costs are also rising this year, making winter heating a larger portion of the household energy budget. Here's how to save up to 15 percent in heating expenses by making sure your home is ready for the change of seasons:

- ✓ Check doors and windows for leaks and drafts. Make sure doors seal properly, and add weather-stripping or caulk to keep heat from escaping.
- ✓ Close the fireplace damper when it's not in use.
- ✓ Examine heating ducts for leaks. Repair or replace damaged ducts.
- ✓ Add insulation to your attic, and weather-strip and insulate your attic hatch or door to prevent warm air from escaping.
- ✓ Clean or replace your furnace air filter monthly.
- ✓ Use a set-back thermostat, or purchase a programmable thermostat that automatically turns down the heat when you're away or sleeping.
- ✓ Make sure all heating vents are opened and not blocked by furniture or other items.
- ✓ Schedule a heating system tune-up to ensure safe and efficient operation.
- ✓ If replacing a natural gas furnace, install a high-efficiency ENERGY STAR® unit that could cut your natural gas use by up to 20 percent—and be eligible for a PSE rebate of up to \$350.



Getting your home ready and safe for winter

Keep flues and chimneys free of debris.



Inspect your heating equipment regularly and have it serviced annually to be sure it's in proper working order.

Make sure your natural gas furnace and water heater have adequate fresh air, particularly if enclosed in a small room.

Never burn charcoal inside your home.

Never heat your home with a gas range or oven.

Avoid prolonged use of kitchen and bathroom exhaust fans while using your wood-burning fireplace and furnace. (Most fireplaces, furnaces, and water heaters draw air needed for burning from inside your home.)

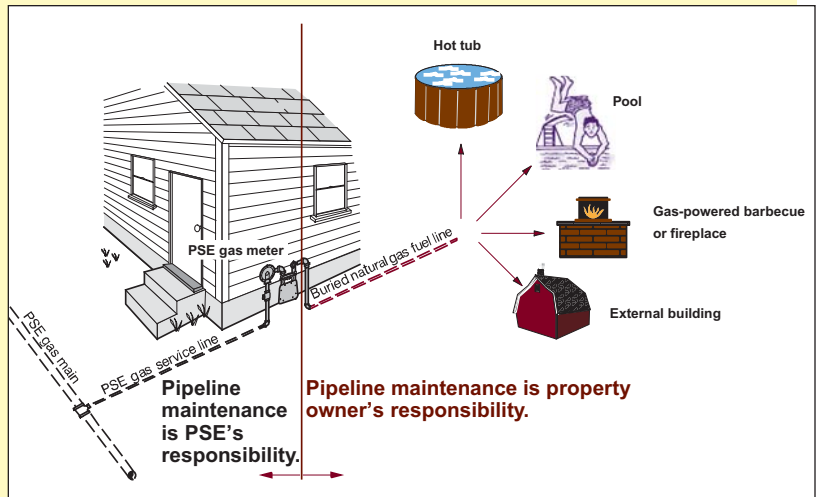
Never run an automobile engine, lawn mower, portable generator, or any other combustion engine in an enclosed space.

Check the natural gas piping you own

PSE regularly inspects the underground natural gas pipelines in the street and to your meter to make sure they are operating properly and safely. But if you have buried piping to personal property, including pools, hot tubs, natural gas barbecues or detached buildings, that piping is not maintained by PSE, unless PSE installed and agreed to maintain the piping.

Buried piping may leak or corrode if not maintained. Buried piping should be periodically inspected for leaks

and corrosion, and repaired if any unsafe condition is discovered. Have a licensed plumbing contractor do the inspection and any necessary repairs. If you plan to excavate near your buried piping, it should be located by the contractor in advance and the excavation should be done by hand.



ENERGY TIP:

Free lamp and bulb replacement, while supplies last

A program for PSE's residential electric customers allows you to exchange your incandescent portable lamps for free, efficient ENERGY STAR® table, desk or floor lamps and compact fluorescent lights (CFLs), while supplies last at select Puget Sound-area retailers.

For lamp exchange locations, as well as information about where to dispose used CFLs, visit PSE.com or call a PSE Energy Advisor at 1-800-562-1482.



We'll be on time, guaranteed

When you make a service appointment with PSE, we guarantee that we will be on time – if not, we'll credit \$50 to your PSE bill. The guarantee applies to the following services:

- New permanent service line and meter connections
- Re-connects of existing natural gas or electric service after move-outs and move-ins, or following disconnection for nonpayment
- Natural gas equipment service appointments

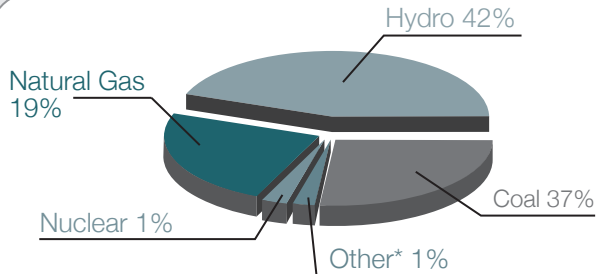
Our customer service guarantee almost always applies, with only a few exceptions: during and after major storms, earthquakes, energy supply interruptions, or other significant events beyond PSE's control. In these cases, we will reschedule your appointment as quickly as possible.



Electricity: Power Supply Fuel Mix

The electricity that Puget Sound Energy (PSE) delivers to customers is generated using a number of different resources. The fuel mix resources used for generating electricity delivered in 2007 are shown in the following table and chart:

	Percentage
Coal	37
Hydroelectric	42
Natural Gas	19
Nuclear	1
Other*	1
Total	100



* Biomass, landfill gas, petroleum, waste, wind and solar.

In 2007, PSE sold renewable energy credits (RECs) associated with the power output of its two wind-power facilities, so this power is not included in the fuel-mix report.

Source of data:

As reported by PSE to, and published by, the State of Washington Office of Community, Trade and Economic Development, Energy Policy Section, 2007.



A solar-power generating plant operates alongside the 127 turbines at PSE's Wild Horse Wind and Solar Facility in Kittitas County.

PSE's two wind facilities — Wild Horse and Hopkins Ridge — produce enough clean, renewable electricity to serve 100,000 households. PSE is working to secure 10 percent of its power supply from renewable sources by 2013 and 15 percent by 2020.



PUGET SOUND ENERGY

The Energy To Do Great Things



IMPORTANT NOTICE FOR PUGET SOUND ENERGY CUSTOMERS ABOUT PROPOSED RATE CHANGES

Puget Sound Energy (PSE) in late August filed two separate requests with the Washington Utilities and Transportation Commission (UTC) to change natural gas and electric rates effective Oct. 1, 2008. The proposed changes in each request are described below.

PURCHASED GAS ADJUSTMENT

An increase in the market price that PSE must pay to acquire natural gas has prompted a request to pass through this higher cost to customers. PSE is not allowed to make a profit on the cost of natural gas, and can recover only the actual purchase costs. This cost is shown on your bill as "Cost of Gas."

This requested rate increase is filed under a Purchased Gas Adjustment (PGA) rate-setting mechanism previously approved by the UTC. A PGA allows for periodic up or down adjustments in PSE natural gas rates to reflect increases or decreases in the price of natural gas in the wholesale market. The market price of gas fluctuates continually, and the PGA mechanism periodically adjusts customers' bills to reflect those changes.

The UTC has the authority to set final rates that may vary from PSE's request, either higher or lower or structured differently, depending on the results of its analysis. If approved by the UTC as requested by PSE, the commodity cost for PSE natural gas service will increase by approximately 11.1 percent.

Natural Gas: A typical residential natural gas customer (Schedule 23) who uses 68 therms per month would pay an additional \$8.49 per month under this request. The proposed increases for residential and commercial natural gas customers are as follows:

Schedule 23 (residential)	12.491¢ per therm
Schedule 16 (per month)	\$2.38 per mantle
Schedules 31, 36 and 51	12.497¢ per therm
Schedule 41	12.622¢ per therm
Schedule 85	12.576¢ per therm
Schedule 86	12.568¢ per therm
Schedule 87	12.577¢ per therm

LOW-INCOME PROGRAM

PSE has asked the UTC to increase electric rates by an average of 0.23 percent and increase natural gas rates by an average of 0.01 percent to cover changes in costs for PSE's low-income customer assistance programs. PSE does not make a profit on the cost of the low-income program, and only recovers the actual costs.

Electric: For households using a 12-month average of 1,000 kilowatt hours (kWh) of electricity, bills would increase by 22¢ a month. The proposed increases for residential and commercial electric customers are as follows:

Schedule 7 (residential)	0.0217¢ per kWh
Schedule 24	0.0200¢ per kWh
Schedule 25	0.0196¢ per kWh
Schedule 26	0.0178¢ per kWh
Schedule 29	0.0183¢ per kWh
Schedule 31	0.0168¢ per kWh
Schedule 35	0.0119¢ per kWh
Schedule 40	0.0140¢ per kWh
Schedule 43	0.0180¢ per kWh
Schedules 46, 49 and 449 (high voltage) ..	0.0035¢ per kWh
Schedule 449 (primary voltage)	0.0018¢ per kWh
Schedules 50-59	0.0410¢ per kWh

Natural Gas: For households using a 12-month average of 68 therms of natural gas, bills would increase by 2¢ a month. The proposed average increase or decrease for residential and commercial customers are as follows:

Schedule 23 (residential)	0.016¢ per therm increase
Schedule 16 (per month)	0.000¢ per mantle
Schedules 31, 36 and 51	0.009¢ per therm increase
Schedule 41	0.005¢ per therm increase
Schedules 57, 85 and 87	0.001¢ per therm decrease
Schedule 86	0.000¢ per therm

PSE customers may comment on any or all of these proposed filings by writing to the UTC at: UTC, P.O. Box 47250, Olympia, WA 98504-7250; or by e-mail at: comments@utc.wa.gov; or by fax at: 360-664-4291; via UTC Web form at: <http://www.utc.wa.gov/comment>; or by telephone at: 1-800-562-6150. If you write, include your name and mailing address, the name of the company (PSE), and a description of the filing(s).

The public is represented by the Public Counsel Section of the Washington Attorney General's Office. You can contact the office at: Public Counsel, Assistant Attorney General, 800 5th Avenue, Suite 2000, Seattle, WA 98104-3188; or by email at: utility@atg.wa.gov.

Contact PSE, by writing to: Puget Sound Energy, Attn.: Customer Services, P.O. Box 90868, Bellevue, WA 98009-0868; or by e-mail at customer-care@pse.com; or by telephone at: 1-888-225-5773. Additional information about pending filings is available at www.pse.com/insidePSE/RateRegInformation/Pages/RatesPending.aspx.



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The Energy To Do Great Things

Join your neighbors – choose green power!

Thanks to customers like you who care about the environment, Puget Sound Energy's Green Power Program has been **ranked one of the top ten green power programs in the nation** by the National Renewable Energy Laboratory for the fourth year in a row.

Puget Sound Energy's Green Power Program supports the development and use of electricity from renewable sources here in the Pacific Northwest including wind (86%), sun (1%) and biomass (14%).

Be a part of your green community!

It's easy to participate, simply fill out this form and return it in your bill payment envelope or visit PSE.com or call 1.800.562.1482.



Questions? Please call an Energy Advisor at 1.800.562.1482



Join the Green Power Program



Sign me up for PSE's Green Power Program* at a per month level of:

- \$4/month (minimum)
 \$6/month
 100 Percent Option[†] (adjusts to green all of your kWh electric usage each month.)
 Other _____ \$4 min.+ any multiple of \$2/month

Please return this completed form with your bill payment. The amount of your green power purchase will be added to your Puget Sound Energy electric bill each month until you call 1.800.562.1482 to discontinue your participation.

Name _____ (optional) PSE Account No.

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Service Address _____ City _____ State _____ ZIP _____

Mailing Address (if different) _____ City _____ State _____ ZIP _____

Phone _____ Best time to call _____

E-mail _____ Yes! Sign me up for PSE's free *Energy at Home* e-newsletter.

* Available to PSE electric customers only. †The additional per kWh charge for the 100 percent green option is \$0.0125.



Are you in the market for purchasing a home and interested in saving energy?

Ask your builder or your realtor about homes installed with energy-efficient products that can help you save energy and money.

Simple, yet big decisions can be made on national, state, local, and personal levels that will reduce energy consumption. Puget Sound Energy and our Builder partners are dedicated to finding ways to reduce the cost of building comfortable energy-efficient homes that lower your energy bills and are easy on the environment.



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Yes, I want to learn more! Send me information about the benefits of buying an energy-efficient home and other ways I can save.

Please return this completed form with your bill payment or for more information about PSE's energy-efficiency programs, call a PSE Energy Advisor at 1.800.562.1482

PSE.com

4429 7/08

Name _____ (optional) PSE Account No. | | | | | | | | | | | | | | | |

Service Address _____ City _____ State _____ ZIP _____

Mailing Address (if different) _____ City _____ State _____ ZIP _____

Phone _____ Best time to call _____

E-mail _____



PUGET SOUND ENERGY

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