



## Wholesale natural gas market remains volatile

Wholesale natural gas prices have recently experienced dramatic volatility mirroring the global rise in oil prices, which have hit record highs of more than \$130 a barrel. A year ago, the market price for natural gas was less than \$7 per MMBTU (million BTU), but jumped to more than \$13 this summer, which contributes to PSE's rising fuel

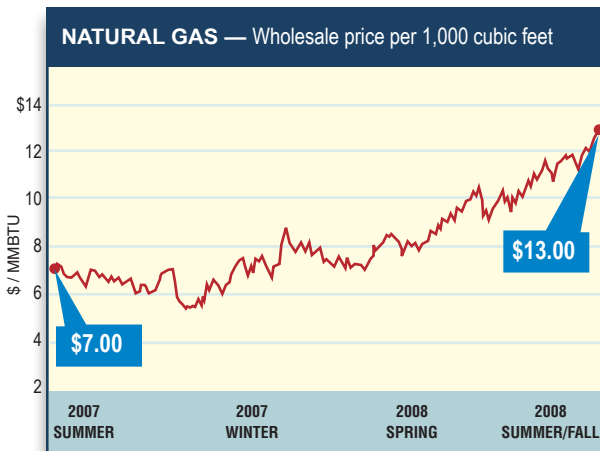
costs to supply natural gas and generate electricity for our customers.

In addition to global demand and pressures, a combination of factors is driving this price increase:

- ◆ Because of this year's colder spring, natural gas storage reserves are lower than normal.
- ◆ Greater year-round demand as electric generating plants increasingly switch to natural gas to produce power.

PSE is working to keep prices as stable as possible for customers. For example, this fall we expect to complete a \$42 million project to expand our Jackson Prairie underground natural gas storage facility in Lewis County. Also, PSE is a partner in a new pipeline that will increase natural gas supply to our service area. By increasing storage capacity and transportation, we're able to increase supplies and insulate our customers from some of the natural gas market's volatility.

We're also working to help our customers save energy and even out their bills through our Budget Payment Plan (see next page).



## Consumer prices on the rise

According to the Bureau of Labor Statistics,\* the following household necessities have increased in cost during the past year.

**Cost of living increases include energy bills**

Item Percent prices increased in past year

+10.5%	+19.3%	+5.9%	+29.6%	+5.7%	+11.0%
<b>BREAD</b>	<b>MILK</b>	<b>FRUITS &amp; VEGETABLES</b>	<b>GASOLINE</b>	<b>PSE HOUSEHOLD NATURAL GAS REQUEST**</b>	<b>PSE HOUSEHOLD ELECTRIC BILL REQUEST**</b>

\* December 2007  
\*\* Requested to go in effect Nov. 3, 2008

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## Even out your utility bill

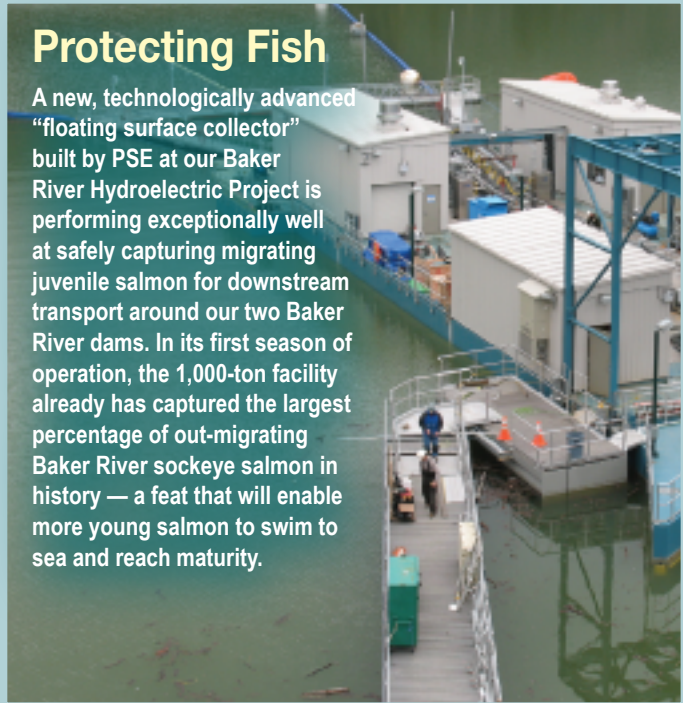
Summer is a good time to enroll in our Budget Payment Plan, which spreads your estimated winter heating costs over a 12-month period. This program, which evens out the highs and lows of winter and summer bills, helps you plan your energy costs into your household budget.

When you sign up for the program, we calculate an estimate of your 12-month usage. We then average the total of our estimate to determine your initial Budget Payment Plan amount.

For more information or to sign up for the Budget Payment Plan, visit [PSE.com](http://PSE.com) or call 1-888-225-5773.

## Protecting Fish

A new, technologically advanced “floating surface collector” built by PSE at our Baker River Hydroelectric Project is performing exceptionally well at safely capturing migrating juvenile salmon for downstream transport around our two Baker River dams. In its first season of operation, the 1,000-ton facility already has captured the largest percentage of out-migrating Baker River sockeye salmon in history — a feat that will enable more young salmon to swim to sea and reach maturity.



## PSE merger questions and answers

For updated information and answers to frequently asked questions about the proposed merger with Puget Holdings LLC, a group of primarily North American investors responsible for managing U.S. and Canadian pension funds seeking long-term returns, visit [PSE.com](http://PSE.com) and go to “Merger News.”

## Keep flammable products clear of pilot lights

If you have a natural gas water heater, furnace or any other appliance with an open flame or pilot light, make sure you store flammable liquids and rags soaked in solvents far away from the natural gas appliances to prevent vapors from igniting.



## Call before you dig

If your summertime outdoor projects include building a new fence or deck, planting trees and shrubs, or even pulling out a tree stump, please remember to contact the 811 “call before you dig” hotline two business days prior to your project. To avoid potential hazards with striking or digging up underground utility lines, all utilities must be marked before the start of digging.

**If you think you may have damaged a natural gas pipe or smell the odor of natural gas, follow these important steps:**

- Quickly move a safe distance from the damaged line.
- Call 911 after you're at a safe distance.
- Report the damage to Puget Sound Energy at 1-888-225-5773.



### ENERGY TIP:

#### Free efficient showerhead

**Empower your shower.** PSE is offering a FREE efficient showerhead and bathroom faucet aerator to qualifying single-family residential households.

Without sacrificing performance, these showerheads and aerators use up to 20 percent less water and energy. Using and heating less water means conserving a valuable resource for the environment and our future.

It's easy to get your FREE showerhead kit! Call 1-888-404-8773 or fill out the online form at [www.showerheadprogram.com](http://www.showerheadprogram.com).



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