

NOTICE OF REQUESTED RATE INCREASE AND PUBLIC HEARINGS

Proposed rate increase

On May 8, 2009 Puget Sound Energy filed a general rate case with the Washington Utilities and Transportation Commission (UTC), requesting an increase across all customer groups. The initial filing was updated for a total revenue increase request of \$30.4 million, or 2.5 percent, in natural gas revenue and an increase of \$154 million, or 7.7 percent, in electric revenue.

The electric revenue request (see pie chart) would recover costs for purchasing new electric generation resources, including the \$240 million Mint Farm power plant acquired in December 2008 and an expansion of PSE's Wild Horse wind generation facility, with the balance attributed to investments in electric-system infrastructure and power-supply costs.

The bulk of the natural gas revenue request (see pie chart) can be attributed to recovering 2008 expenditures for infrastructure investments to improve reliability and serve new customers.

Public hearing dates and locations

Dec. 7, 2009 6-7:30 p.m. Bremerton Norm Dicks Government Center 345 6th Street - Suite 600	Dec. 10, 2009 6-7:30 p.m. Kirkland Lake Washington Technical College Auditorium 11605 132nd Ave N.E.	Jan. 19, 2010 noon-1:30 p.m. Olympia Washington Utilities and Transportation Commission 1300 S. Evergreen Park Dr. S.W.
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You are invited to comment on Puget Sound Energy's requested rate increase. The Washington Utilities and Transportation Commission will hold three public hearings on this rate request.

You may comment in person at a public hearing or, for convenience, use the online comment form at <http://www.utc.wa.gov/comment>.

Please reference docket numbers UE-090704 (electric) and/or UG-090705 (natural gas). (See the other side for all the ways you can comment.)



Mint Farm natural-gas fired power plant.



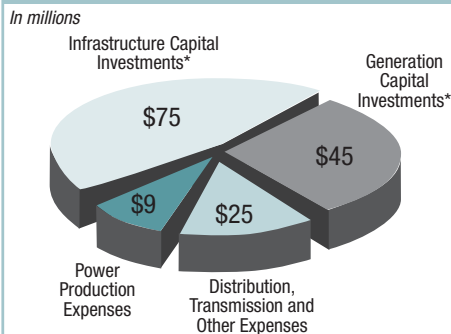
PSE installed or replaced 220 miles of natural gas pipelines in 2008.

General rate case information

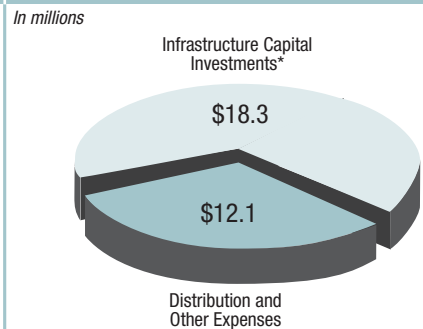
A general rate case is the legal proceeding in which the UTC will examine a utility's operations and costs to ensure regulated companies provide safe and reliable service to customers at reasonable rates, while allowing the utilities the opportunity to earn a fair return on equity, or profit.

The UTC staff, the Public Counsel of the Office of Attorney General, PSE and eight other parties with an interest in the case also are participants.

Components of electric revenue request



Components of natural gas revenue request



*Includes return to shareholders on infrastructure and generation investments totaling \$19.1 million for electric and \$7.4 million for natural gas.

The UTC has the authority to approve rates that are higher or lower than PSE's request. New rates will become effective upon completion of the UTC's 11-month investigation, expected in April 2010.

Effects on residential customers

The monthly bill effect of the general rate increase for the typical residential electric and for the typical natural gas customer is shown in this chart. Individual rate schedules will see a greater or lesser increase than what is shown, depending on the amount of usage. Most electric and all natural gas customers are billed monthly. Some electric customers are billed every other month.

Electric service	Current bill	Proposed, effective April 2010
Kilowatt-hour charge for 0 – 600 kWh ⁽¹⁾	7.8204¢	8.5512¢
Kilowatt-hour charge for >600 kWh ⁽¹⁾	9.6013¢	10.4872¢
Basic charge	\$7.00	\$7.59
Total bill at 1,000 kWh per month⁽³⁾	\$92.33	\$100.85

Natural gas service	Current bill	Proposed, effective April 2010
Therm charge for all therms ⁽²⁾	\$1.00454	\$1.03199
Basic charge	\$10.00	\$10.82
Total bill at 68 therms per month⁽³⁾	\$78.31	\$81.00

(1) Current and proposed electric rates shown above represent all per kWh charges.

(2) Current and proposed natural gas rates shown above represent all per therm charges.

(3) PSE residential customers use an average 1,000 kWh and 68 therms per month.

Summary of requested rate increases

Overall revenue increase: \$30.4 million / 2.5%				
Natural Gas Schedule	Type of Service	Current Average Rate per Therm	Proposed Average Rate per Therm	Percent Change
23	Residential	\$1.2374	\$1.2771	3.2%
31	Commercial & Industrial	\$1.1390	\$1.1710	2.8%
41	Large Volume	\$0.9488	\$0.9579	1.0%
85	Interruptible	\$0.8071	\$0.8109	0.5%
86	Limited Interruptible	\$0.9218	\$0.9218	0.0%
87	Non-exclusive Interruptible	\$0.7564	\$0.7611	0.6%
41T	Large Volume Transportation	\$0.2076	\$0.2167	4.4%
85T	Interruptible Transportation	\$0.0976	\$0.1017	4.2%
87T	Non-exclusive Interruptible Transportation	\$0.0431	\$0.0466	8.1%
16	Gas Lighting	\$1.5057	\$1.5609	3.7%
53	Propane	\$3.5175	\$3.5648	1.3%
61	Standby & Auxiliary Heating	\$0.1000	\$0.1100	10.0%
	Special Contracts	\$0.0466	\$0.0482	3.4%
71, 72, 74	Rentals	-	-	2.5%

Overall revenue increase: \$154 million / 7.7%				
Electric Schedule	Type of Service	Current Average Rate per kWh	Proposed Average Rate per kWh	Percent Change
7	Residential	9.249¢	10.115¢	9.4%
24	Secondary Voltage (50 kW or less)	9.342¢	9.950¢	6.5%
25	Secondary Voltage (over 50 kW to 350 kW)	8.748¢	9.128¢	4.3%
26	Secondary Voltage (over 350 kW)	7.878¢	8.562¢	8.7%
29	Seasonal Irrigation & Drainage Pumping	7.970¢	8.340¢	4.6%
31	Primary Voltage General	7.870¢	8.382¢	6.5%
35	Primary Voltage Irrigation	5.517¢	5.876¢	6.5%
43	Interruptible Total Electric Schools	8.368¢	8.913¢	6.5%
40	Campus Rate	6.585¢	7.176¢	9.0%
46	High Voltage Interruptible	5.971¢	6.487¢	8.6%
49	High Voltage General	6.224¢	6.764¢	8.7%
50-59	Lighting (Area & Street)	19.846¢	21.138¢	6.5%
449/459	Choice/Retail Wheeling	0.302¢	0.328¢	8.6%

Note: The figures above represent averages by rate schedule including the basic charge. Natural gas transportation and electric choice/wheeling customers have rates that are significantly less than the average rates for other schedules because, in part, these customers receive only delivery or transportation services.

Public comment

To comment to the UTC on PSE's requested rate increase:

- in person at one of three public hearings (outlined in this notice)
- via UTC Web form: <http://www.utc.wa.gov/comment>
- by email at: comments@utc.wa.gov
- in writing: **UTC**
P.O. Box 47250
Olympia, WA 98504-7250
- by fax at: **360-664-4291**
- by telephone at: **888-333-WUTC (9882)**

Please reference docket numbers: UE-090704 (electric) and/or UG-090705 (natural gas) in your comment.

If you have questions about the UTC's process, please contact the UTC using one of the above methods.

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:
utility@atg.wa.gov

To contact Puget Sound Energy, you may reach us in writing at:

Puget Sound Energy
Attn.: Customer Service
P.O. Box 90868
Bellevue, WA 98009-0868

or by e-mail:
generalratecase@PSE.com

For more information visit PSE.com or call 888-225-5773, press option 5.