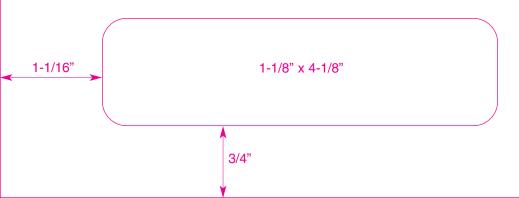
July 2008 Puget Sound Energy bill package inserts and information 1.4 million bills

- Outside envelope: Customer Service Guarantee message
- Return envelope: Go paperless with e-Bill message
- 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 July/August Wholesale natural gas market remains volatile, Consumer prices on the rise, cost of living increases include energy bills, Even out your utility bill, Protecting fish, PSE merger questions and answers, Keep flammable products clear of pilot lights, Call before you dig, Energy Tip, Free efficient showerhead.
- Insert: Notice Concerning Customer Information
- Insert: Be a part of your green community! It's easy to participate, simply visit PSE.com or call 1.800.562.1482.
- Insert: Puget Sound Energy is offering single-family residential households a FREE efficient showerhead and bathroom faucet aerator.

FIRST-CLASS MAIL U.S. POSTAGE PAID PSE

PRESORTED

YOUR PUGET SOUND ENERGY BILL ENCLOSED

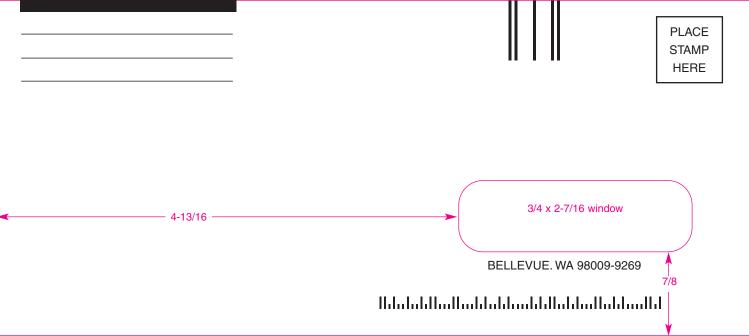


Customer Service Guarantee

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 appoinments.

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.





Prints on flap



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
CORR — Corrected/Adjusted

PRRT - Prorated

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 upaid 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 pass 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.

L

ENERGYWISE

JULY-AUGUST 2008



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

NATURAL GAS — Wholesale price per 1,000 cubic feet

\$14

12

10

10

8

\$13.00

SPRING

SHMMER/FALL

WINTER

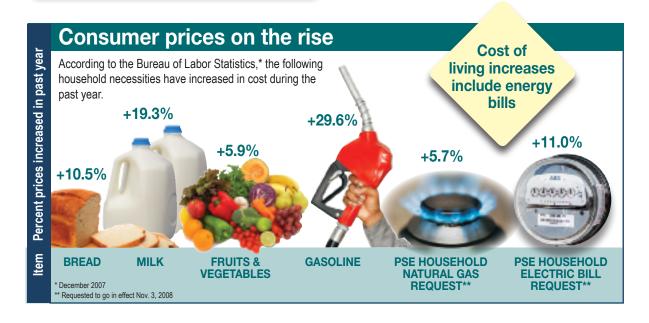
costs to supply natural gas and generate electricity for our customers.

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).



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

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 or call 1-888-225-5773.



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 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.

Puget Sound Energy 1-888-225-5773 (1-888-CALL PSE) • PSE.com

Notice Concerning Customer Information

This notice describes how Puget Sound Energy (PSE) handles your private information (such as your name, address, telephone number and other personal information), collected by virtue of the customer-utility relationship.

PSE's business practices are regulated by the Washington State Utilities and Transportation Commission (UTC). The UTC has regulations which limit how PSE may disclose or sell your private customer information.

UTC regulations require PSE to obtain the customer's written permission before disclosing or selling any private customer information to affiliates, subsidiaries or other third parties for purposes of marketing services or products. In other words, before we provide your name, service address or other private information to any service or product provider who intends to market services or products to you, we must obtain your written permission to do so first. If you choose not to give us permission, we will not provide any of your personal information to these third parties.

We may, however, insert marketing information into our billing packets. PSE also may share aggregated information, which does not allow you to be personally identified or contacted (for example, information on demographic and site usage), with third parties such as partners and advertisers, without your authorization. This information will not contain any material which could personally identify any individual person, or customer.

We respect your privacy. For more information about our privacy policies, please contact us at 1-888-225-5773 or visit the PSE web site at www.pse.com.



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





	CERTIFIED 9)	A PROGRAM OF
ign me up for PSE's Green Power Program* at a per month level of:		UGET SOUND ENERGY
\$4/month (minimum) \$6/month 100 Percent Option† (adjusts to green all of you	r kWh electric usage each mo	onth.)

Other \$4 min.+ any multiple of \$2/month (optional) Name Please return this completed PSE Account No. form with your bill payment. The Service Address State amount of your green power purchase will be added to your Mailing Address (if different)_ State Puget Sound Energy electric bill each month until you call Best time to call Phone 1.800.562.1482 to discontinue Yes! Sign me up for PSE's free *Energy at Home* e-newsletter. your participation. E-mail

PSE.com

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



To help use our region's resources wisely, Puget Sound Energy is offering single-family residential households a FREE efficient showerhead and bathroom faucet aerator.

It's easy to take advantage of this FREE offer!

Call 1.888.404.8773 OR

Fill out the online form at www.showerheadprogram.com

These efficient showerhead and bathroom faucet aerator kits are available to qualifying single-family residential households with natural gas or electric water heat from one of the following participating utilities: Puget Sound Energy, Snohomish County PUD, Tacoma Power, Tacoma Water, or Cascade Natural Gas Corp. This is a one-time offer with a limit of one kit per qualifying household, even if the household is served by more than one of the participating utilities. Offer available while supplies last. Please allow four to six weeks for delivery.

Get a new efficient showerhead and bathroom faucet aerator – FREE

Without sacrificing performance, your new easy-to-install efficient showerhead and bathroom faucet aerator will use up to 20 percent less water and energy. Small changes in all of our homes make a big difference. When you use less water, you conserve a valuable resource for the environment, wildlife and our future. Heating less water also means using less energy.

It's easy to take advantage of this FREE offer!

Call 1.888.404.8773 OR Fill out the online form at www.showerheadprogram.com



Looking for other ways to use energy wisely?

Call a PSE Energy Advisor at 1.800.562.1482 or visit PSE.com to learn more about no-cost, low-cost energy saving tips and PSE's rebates for energy-efficient products.

