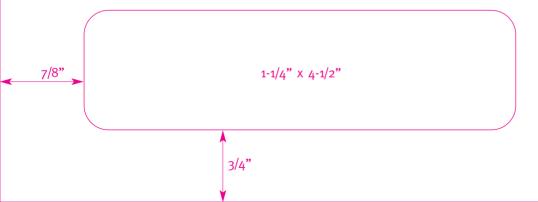
May 2010 Puget Sound Energy bill package inserts and information 1.5 million bills

- Outside envelope: Difficulty paying your PSE bill?
- Return envelope: 811 message; know what's below. Call before you dig.
- Back of bill: Ways to pay your bill; Ways to reach us; Customer service phone number; Bill statement codes; Explanation of terms used; Emergency or power outage phone numbers in English, Spanish, Chinese and Russian; Contact for questions about your bill or service; and Late payment fee information
- EnergyWise Newsletter May/June Ongoing maintenance ensures energy system
 reliability and safety; PSE helps customers save money with energy efficiency and
 investments; New electricity and natural gas rates set; Even out your utility bill; Look
 up, look out; PSE representatives are easy to identify by phone or in person; Less
 paper. Go paperless with your bill; Call before you dig; Bill payment assistance
 available; Keep natural gas meters unblocked and clear of debris; Snoqualmie Falls:
 renewing a renewable resource; Customers promote local renewable energy; Help
 recycle 50,000 CFL bulbs with PSE's bulb recycling drive
- Bill print message
- Insert: Choose green power: Get a thank you gift.
- Insert: Re-Energize your next home improvement project: PSE can help you find the right contractor for the job.
- Insert: Re-Energize your workplace: Together we can keep 50,000 CFL bulbs out of landfills.
- Insert: Heating water for less is re-energizing: Get a \$250 rebate for an efficient water heating system.
- Insert: Use less energy to keep cozy: Get a PSE rebate for a qualifying energyefficient heating system.
- Puget Sound Energy 2009 Customer Service Performance Report Card & 2008-09 Energy Efficiency Performance Report Card

FIRST-CLASS MAIL U.S. POSTAGE PAID PSE

PRESORTED

YOUR PUGET SOUND ENERGY BILL ENCLOSED



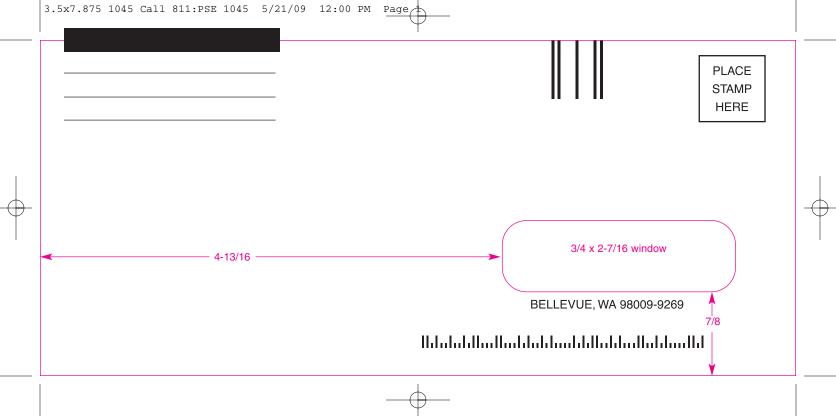
Prints under flap

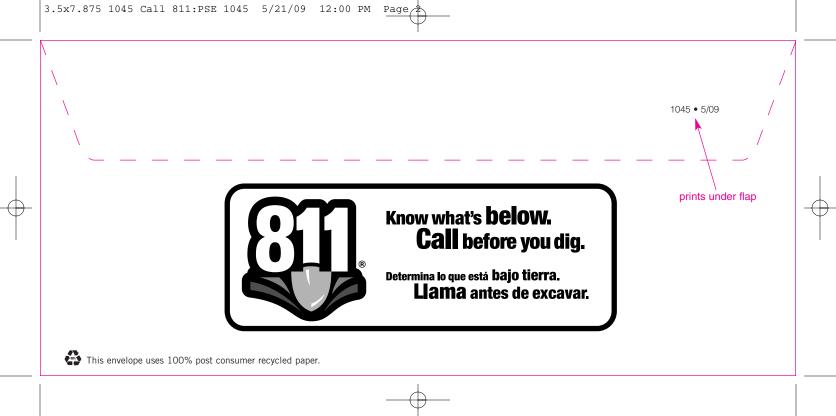
Difficulty paying your PSE bill?

Please call us at 1-888-225-5773 for information about payment options and assistance programs, or visit PSE.com.













Know what's **below. Call before you dig.**

Determina lo que está bajo tierra. **Llama** antes de excavar.



This envelope uses 100% post consumer recycled paper.

Ways to Pay Your Bill

Puget Sound Energy 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
- TTY hearing/speech impaired 1-800-962-9498
- TRS Telecommunications Relay Service 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.-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 electricicdad 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. Call 1-888-225-5773.

Customer Service Guarantees

Appointments: You will receive a \$50 credit on your PSE bill if we do not keep a set appointment to install new or reconnect existing service or inspect natural gas equipment. Exceptions apply during major storms or significant events beyond our control.

Electric service restoration: If your electric service is out for 120 consecutive hours or longer, you may be eligible to receive a \$50 credit on your PSE bill after you report the outage or request the credit within seven days of the outage. Certain conditions beyond our control will cause the guarantee to be suspended.

Questions about Your Bill or Service

If you have questions or concerns or a dispute regarding your energy bill or service, please call us during business hours 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, power supply fuel mix, regulations, customer rights and responsibilities, as well as an annual report, are available by calling 1-888-225-5773 and at PSE.com.

Explanation of Terms Used

Basic Charge

The basic 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 or the number of days covered by the bill.

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

This credit applies to residential and qualified small farm electricity customers only. It is a pass-through of the Federal Columbia River Benefits supplied by BPA. These benefits are from low-cost power generated by federal hydroelectric dams.

kWh

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

Late Payment Fee

Your bill is due and payable upon delivery. A late payment fee of 1 percent per month will be assessed on balances which remain unpaid for more than 10 business days after the due date on the bill. A 30-day delay of the late fee will be granted to low-income customers who notify PSE that they have applied to a low-income organization for financial aid. Customers participating in the Budget Payment Plan will be exempt from any late payment fee as long as the agreed-upon payment terms are kept current.

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 on for 10 hours would use approximately one therm of natural gas. One therm of natural gas is equivalent to 29.3 kWh of electricity.

L 1001 05/09

ENERGYWISE

MAY-JUNE 2010



Ongoing maintenance ensures energy system reliability and safety

Maintaining our energy delivery system to withstand powerful storms and the effects of record-breaking hot and cold temperatures is a priority for Puget Sound Energy.

While our system's facilities depreciate over a long period of time, PSE every year invests in major projects to replace and upgrade infrastructure to provide safe and reliable service to our more than 1 million electric and nearly 750,000 natural gas customers.

We plan to spend more than \$200 million of our 2010 capital budget on improvements to replace aging equipment and enhance parts of the "pipes and wires" system to stay current with new and existing state and national regulatory standards.

Some of the projects in 2010 include replacing more than 90 miles of underground power cable, enhancing 32 miles of 115 kilovolt transmission lines to meet new regulatory requirements, and changing 20 miles of bare steel natural gas pipe laid in the 1970s to coated or plastic pipe designed to resist corrosion.

PSE's distribution and transmission facilities

Power poles 330,000 poles 45 years





Natural gas pipe 24,000 miles 50 years (mains) 40 years (services)

Substations 354 substations 55 years





Power cable 10,000 miles 35 years

Power lines 13,000 miles 50 years (transmision) 40 years (distribution)





Natural gas gate stations 40 stations 45 years

Years represent depreciable facility life.

With an additional 1 million people expected to reside in PSE's 11-county service area by 2030, our deliberate plan to replace aging utility infrastructure, while adding new resources to meet demand, will provide customers with an electric and natural gas system that is reliable, safe and has room to grow well into the future.

PSE helps customers save money with energy efficiency and investments

Whether in long-term energy resource planning or in developing solutions to sustain system reliability, PSE puts energy efficiency first. This year and next, we've expanded our offerings to help you save energy and money.

PSE has budgeted \$93 million this year to bring energy efficiency measures to local communities, residential customers, multifamily housing units and municipal buildings, as well as to schools, businesses and industries.

You can save money with offerings such as rebates and

incentives, an in-home energy audit, as well as through no-cost measures like setting back your thermostat.

Your efforts to save energy pay off. Over the January 2008-December 2009 period, our customers' energy-efficiency efforts helped



lower their energy bills by more than \$60 million.

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

New electricity and natural gas rates set

In April, state regulators set new rates for electricity and natural gas following an 11-month review. Electricity rates for PSE residential customers increased 4 percent, while natural gas rates increased 0.8 percent.

The average electric bill for a PSE customer using 1,000 kilowatt-hours a month will increase by \$3.76, for a total of \$97.96. The average natural gas bill for a PSE customer using 68 therms a month will increase by 88 cents, for a total of \$79.70.

The increased rates recover investments made in our Mint Farm Generating Station, the expansion of our Wild Horse Wind Facility, and a portion of costs related to higher power supply and overall operating expenses.

Even out your utility bill

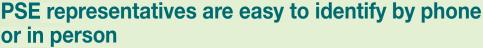
The start of summer is a good time to enroll in our Budget Payment Plan, which spreads your estimated winter heating costs over a 12-month period and helps you plan your energy costs into your household budget.

When you sign up for the program, we estimate your usage for the next 12 months based on current energy costs and your actual usage from the previous 12 months. Then we average the estimate to determine your initial Budget Payment Plan amount.

To sign up for the Budget Payment Plan, visit PSE.com or call 1-888-225-5773.

Look up, look out

When working outdoors around your house, remember to keep tall ladders, roofing materials and pruning equipment clear of overhead power lines to avoid a hazardous situation. Also, if your kite or mylar balloon drifts near a power line, let it go. Never try to retrieve anything caught in a power line or from a tree located near a power line.



If you ever have any doubts or concerns that the person on the phone or at the door represents PSE, call us toll free at 1-888-225-5773 to confirm the person's identity before giving them any information.

Make your family aware of ways to avoid becoming victims by following these tips:

At the door Ask for identification

- All PSE employees and contractors carry photo identification badges and are required to display their badge if asked.
 We encourage you to ask for identification.
- If you are unsure about an employee's identification, or want to verify the nature of the work to be done at your home, call us at 1-888-225-5773.
- Call the police if you believe the person at your door is posing as a utility worker.

On the phone Ask for identification

- If you have caller ID, the display will indicate that the call is from PSE.
- PSE representatives do not ask for credit card or bank account information.
- If the person asks for your credit card or bank account number, hang up and call us toll free at 1-888-225-5773 or by TTY at 1-800-962-9498 to confirm the status of your account and payments.
- If you have received a call from someone claiming to be from PSE, and you gave your account information, contact your local police immediately.



Less paper. Go paperless with your bill.

Join the thousands of PSE customers who have opted to receive and pay their bills online.

Paperless billing allows you to view your account and previous statements, manage your energy use and securely access statements and payment options. You also avoid paper clutter, save postage and help the environment. If every PSE customer enrolled in online billing and payment, it would save 731,000 pounds of paper from bills and envelopes.

Can I have a paperless bill? Go Paperless Save 731,000 pounds of paper PSE.com

Go to PSE.com and register for "My PSE Account." Select the "Go Paperless" option to enroll in paperless billing. Each month you will receive an e-mail notification that a new bill is ready for viewing and payment.

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 call 811 - the "call before you dig" hotline - two business days prior to your project. To avoid striking or digging up underground utility pipes or lines, all utilities must be marked before you dig.

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 away from the damaged line.
- Call 911.
- Report the damage to PSE at 1-888-225-5773.

Bill payment assistance available

Have difficulty paying your bill? We encourage qualified, low-income customers to contact their local energyassistance agency to apply for bill payment assistance provided by the federal government and PSE. To locate an agency in your area, call 1-866-223-5425.

For customers who are not eligible for bill-payment assistance but still have difficulty paying their PSE bill, please call us at 1-888-225-5773 to make payment arrangements and learn about energy-saving tips and rebates.

Free tours

Call: 509-964-7815

Plan a Memorial Day weekend or summertime tour of PSE's Wild Horse Wind and Solar Facility, located on the Old Vantage Highway east of Ellensburg, iust north of I-90.

Daily Tours: Monday-Sunday • 9 a.m. - 5:30 p.m.

Keep natural gas meters unblocked and clear of debris

Here are some simple steps for protecting your natural gas meter and keeping pipes and fittings in satisfactory condition.

- · Clear debris, dirt, bark or mulch from around the meter to ensure that no part of the meter, including the meter shut-off valve, becomes buried.
- Regularly trim the grass, plants or bushes around the meter so that water doesn't collect around the meter and piping.
- Use a broom to gently clear snow or overhead icicles from around the meter.
- Do not tie pets or objects to the meter or outside natural gas pipes.
- Do not enclose any part of the meter or piping to the meter, including the meter shut-off valve, in concrete or paving, or under a deck, porch or any other type of structure.



Snoqualmie Falls: renewing a renewable resource

Visitors to PSE's Snoqualmie Falls Park not only can see one of our region's most majestic waterfalls, but starting this summer, they may also see or hear construction work as the utility embarks on a comprehensive redevelopment of the historic Snoqualmie Falls Hydroelectric Project. Much of the energy infrastructure there dates to the 1890s and early 1900s. The redevelopment, scheduled to last into 2013, includes installation of new, higher-efficiency generating turbines and upgraded water-delivery systems for the facility's two powerhouses. PSE's park and wildlife lands at the falls also are undergoing major enhancements.



When complete, the redevelopment will ensure that Northwest homes and businesses continue receiving clean, renewable electricity from Snoqualmie Falls for decades to come. Although Snoqualmie Falls Park's hillside trails and riverside areas will be closed to the public during construction, their enhancements will provide visitors with even greater recreational opportunities when the work is completed. During construction, the park's cliff-top viewpoints and their panoramic vistas will remain open to visitors.

Customers promote local renewable energy



Many PSE customers realize the power of making their own investments in renewable energy through their voluntary participation in PSE's Green Power Program. More than 26,400 customers choose to pay an additional charge on their monthly bill to participate in this program. Collectively, they purchased 303,046 megawatt-hours of power in 2009 to support the development of renewable resources in the region.

Voluntary enrollment in the Green Power Program helps local, independent producers of clean energy bring more renewable resources on the grid.

If you would like to help promote the growth of local renewable energy, you can join PSE's Green Power Program, too. To thank you for joining the program by July 1, PSE will send you a stainless-steel water bottle.

To join, go online to PSE.com/GreenPower or call a PSE Energy Advisor at 1-800-562-1482, Monday through Friday, 8 a.m. to 5 p.m.



In Your Community

Help recycle 50,000 CFL bulbs with PSE's bulb recycling drive

PSE is recruiting local businesses with 20 or more employees to host a free compact fluorescent light bulb collection box to help us recycle 50,000 spent CFL bulbs. We encourage employees to bring in the bulbs from home or from friends and neighbors for recycling.

Participating companies must host a collection box at an office location in PSE's electric service area, designate a point person to set up the collection box and follow up with PSE on the company's progress.

For more information or to sign up, visit PSE.com/BulbDrive.

CFL bulbs contain a very small amount of mercury, so do not put used CFLs in the household garbage or recycling bins. While the amount of mercury in a single bulb is extremely small, it will harm the environment if large numbers of bulbs are discarded in landfills.

Select PSE offices, participating retail locations and county household hazardous waste facilities already recycle CFL bulbs for free. Visit PSE.com/CFLRecycle for a complete list of CFL recycling locations near you.

Visit our local customer service offices Most offices are open Monday-Friday, 9 a.m.- 5 p.m.

Bellingham – 1329 N. State St. Burlington – 1660 Park Lane Ellensburg – 207 N. Pearl St.

Freeland – 1794 Main St.
Oak Harbor – 231 SE Barrington Dr. #101
Olympia – 2711 Pacific Ave. SE

Port Townsend - 181 Quincy St. #101 Vashon Island – 18125 Vashon Highway SW

Puget Sound Energy 1-888-225-5773 • PSE.com • Twitter.com/PSETalk



Bill-print message for all electric customers

Summary section

Your electric bill, effective May 1, includes a new line item, Regulatory Asset Tracker, related to charges associated with a generating plant previously included in the Energy Charge. This transfer does not affect the total rate you pay for electricity

Electric Detail section:

On May 1, a change to your bill became effective. Your usage charges for the periods before and after this date were calculated separately and are shown in separate sections, since these periods were billed differently.



CHOOSE GREEN POWER AND GET A THANK YOU GIFT

Over 25,000 PSE customers just like you have chosen green power. Last year, they supported the development of more than 300 million kilowatt hours (kWh) of renewable energy, right here in the Pacific Northwest.

You can choose renewable energy by signing up for Puget Sound Energy's Green Power Program. Enroll by **July 1, 2010** and we'll send you a **stainless steel water bottle as a thank you.**

To join, complete the form on the reverse side and return with your bill payment, visit **PSE.com/GreenPower** or call a PSE Energy Advisor at **1-800-562-1482**, Monday through Friday, 8 a.m. to 5 p.m.



Sign up today and receive your water bottle

Choose how much green power you want to buy each month:

☐ 100 percent. Green all of your monthly electricity use for only 1.25 cents per kWh—usually about \$10 to \$12 additional per month for the average customer.	Choose a dollar amount below or fill in your own increment of \$2/month. Every \$2 supports 160 kWh of renewable energy.
	\$4.00\$6.00\$8.00\$10.00
	Other amount (minimum \$4.00): \$

Complete this form.	ivaille.	
Service Address:		 City:

Zip:_____ Daytime Phone or E-mail:____

PSE Account Number (10 digits - optional):

Complete this forms None

Return this form with your bill payment. The amount of your purchase will be added to your bill each month. Available to PSE electric customers only. You may cancel participation at any time without penalty.

Green Power Program Facts:

- Certified by a non-profit (www.green-e.org)
- Supports wind (71%), biomass (28%) and solar (<1%) energy from the Pacific Northwest
- PSE does not make a profit on the Green Power Program



3978 5/10







RE-ENERGIZE YOUR NEXT HOME IMPROVEMENT PROJECT

Puget Sound Energy's Contractor Referral Service can save you the time and hassle of finding the right contractor for the job. Member contractors:

- Have a thorough understanding of energy codes and a commitment to energy-saving equipment and product applications to help you save money
- Abide by fair business practices under the Better Business Bureau, the Department of Labor & Industries and the Attorney General's Office

- · Are licensed, certified, insured and bonded
- Receive on-going training on the latest technology and methods
- Receive regular performance reviews to maintain high standards

PSF.COM/CRS

PSE can help you find a pre-screened, independent contractor to Re-Energize your next home improvement project.

Request a referral for one of the following energy-efficient home upgrades at **PSE.com/CRS** or call a PSE Energy Advisor at **1-800-562-1482**, Monday through Friday, 8 a.m. to 5 p.m. You may also qualify for a rebate from PSE.

Weatherization

Insulation
Duct sealing
Windows

Heating and water heating

Fan motor upgrade Natural gas fuel conversion

Electric systems:

Ductless heat pump
Geothermal heat pump
Air-source heat pump
Heat pump water heater
Storage water heater
Waste-water heat recovery system

Natural gas systems:

Furnace Fireplace insert Boiler Tankless water heater Storage water heater

EARN TAX CREDITS

Energy-efficient home improvements may earn you up to \$1,500 in federal tax credits.

For more information, visit energystar.gov/taxcredits or consult your tax advisor.







RE-ENERGIZE YOUR WORKPLACE

Sign up for Puget Sound Energy's Bulb Drive and bring free CFL bulb re-cycling to your office

What do you do when that energy-saving compact fluorescent light (CFL) bulb FINALLY burns out? If your office participates in PSE's Bulb Drive, then you can properly recycle it at work! PSE is recruiting local businesses in its electric service area with 20 or more employees to host free PSE CFL bulb collection boxes. Employees can bring in their spent bulbs, even collect them from their friends and neighbors, and together we can keep 50.000 CFL bulbs out of landfills this year!



Sign your office up for PSE's Bulb Drive and help re-cycle 50,000 CFL bulbs

To learn more and sign up, visit **PSE.com/BulbDrive** or call a PSE Energy Advisor at **1-800-562-1482**, Monday through Friday, 8 a.m. to 5 p.m.



Energy-saving and long-lasting as they are, CFL bulbs contain trace amounts of mercury, and can't be tossed in the household garbage or recycling bin. Visit PSE.com/CFLRecycle for a list of free CFL bulb recycling locations available year round.

BREAK A BULB?

Don't worry, butterfingers The U.S. Environmental Protection Agency offers detailed instructions for safely cleaning up and disposing of broken CFL bulbs. Visit epa.gov/mercury/spills for current instructions.







HEATING WATER FOR LESS IS

Get a \$250 re-bate for an energy-efficient water heating system

If your electric water heater has been around for 12 years or more, it's probably costing you more than you think every time you turn that tap to "H". **Re-Energize the way you heat water** and get a **rebate** from Puget Sound Energy when you upgrade to an energy-efficient system.

To receive more information about a specific rebate, check which one you're interested in, then follow the instructions on the back.

■ ENERGY STAR® heat pump water heater

\$250

■ Waste-water heat recovery system

RE-ENERGIZING

\$250

Storage water heater (.94 Energy Factor-50 gallon min. capacity)

\$50

Qualifying products must be installed in a single-family property or attached housing with four units or less. **Additional qualifications apply.**

PSE.COM/REBATES

Saving energy is good for you and the environment. PSE can help you get started.

For more information, complete and return this form with your bill payment. Or visit PSE.com/Rebates or call a PSE Energy Advisor at 1-800-562-1482, Monday through Friday, 8 a.m. to 5 p.m.

I give PSE permission to provide my contact information to independent contractors pre-authorized by PSE. I can expect a telephone call from one or more contractors to arrange for a no-obligation estimate(s). Your signature is required below.

Name	Signature			
(please print) Service Address	City	State	ZIP	
Mailing Address (if different)	City	State	ZIP	
Phone	PSE Account No. (optional)			
E-mail	Yes! Sign me up for PSE	e's free Energy a	it Home e-nev	wsletter.

EARN TAX CREDITS

Energy-efficient home improvements like this may earn you up to \$1,500 in federal tax credits.

or more information, visit nergystar.gov/taxcredits r consult your tax advisor.







GET A HEAT PUMP AND HAVE A COOL SUMMER

Energy-efficient heat pumps come with air-conditioning and a rebate from Puget Sound Energy

Stay warm in winter, cool in the summer and save energy all year round. With an energy-efficient heat pump system, you really can have it all! PSE offers rebates on select models and can help you figure out the best option for your home. To receive more information about a specific rebate, check which one you're interested in, then follow the instructions on the back.

- Ductless heat pump (1.0 ton minimum)
- ☐ ENERGY STAR® geothermal heat pump
- - ☐ Heat pump upgrade

\$200-\$350

☐ Electric forced-air furnace to heat pump conversion (Requires pre-approval)

Who qualifies? Residents living in an existing property with four units or less, heated mainly by electricity from PSE. Additional qualifications apply.

PSF.COM/RFBATES

Saving energy is good for you and the environment. PSE can help you get started.

For more information, complete and return this form with your bill payment. Or visit PSE.com/Rebates or call a PSE Energy Advisor at 1-800-562-1482, Monday through Friday, 8 a.m. to 5 p.m.

I give PSE permission to provide my contact information to independent contractors pre-authorized by PSE. I can expect a telephone call from one or more contractors to arrange for a no-obligation estimate(s). Your signature is required below.

Name	Signature				
(please print)					
Service Address	City	Sta	ate	ZIP	
Mailing Address (if different)	City	St	tate	ZIP	
Phone	PSE Account No. (o	ptional)			
E-mail	Yes! Sign me u	p for PSE's free E	inergy at H	lome e-nev	vsletter.

EARN TAX CREDITS

Energy-efficient home improvements may earn you credits on your taxes.

For more information, visit energystar.gov/taxcredits or consult your tax advisor.



2009 Customer Service Performance Report Card

Each year Puget Sound Energy measures how well we deliver our services to you and all of our customers in three key areas: Customer Satisfaction, Customer Services and Operations Services. Combined, these areas represent 10 specific service-quality indexes. Based on customer surveys and other measurements, we match our performance against a set of benchmarks. (See chart.)



KEY MEASUREMENT	BENCHMARK	2009 PERFORMANCE	ACHIEVED
CUSTOMER SATISFACTION			
Percent of customers satisfied with our Customer Access Center services, based on survey	At least 90 percent	93 percent	¥
Percent of customers satisfied with field services, based on survey	At least 90 percent	95 percent	
Number of complaints to the WUTC per 1,000 customers, per year	Less than 0.40	0.34	¥
CUSTOMER SERVICES			
Percent of calls answered live within 30 seconds by our Customer Access Center	At least 75 percent	78 percent	¥
Number of disconnections per year, per customer for non-payment	No more than 0.030	0.029	
OPERATIONS SERVICES			
Frequency of non-major-storm power outages, per year, per customer	Less than 1.30 outage	s 1.09 outages	
Length of non-major-storm power outages per year, per customer	Less than 2 hours, 16 minutes	3 hours, 10 minutes	
Time from customer call to arrival of field technicians in response to electric system emergencies	No more than 55 minutes	51 minutes	¥
Time from customer call to arrival of field technicians in response			
to natural gas emergencies	No more than 55 minut	es 33 minutes	<u> </u>
Percent of service appointments kept	At least 92 percent	99 percent	

In addition to meeting nine of the 10 service metrics in 2009, we are pleased to report improvements from the prior year in four areas: 1) more calls were answered live within 30 seconds or less; 2) faster response time to natural gas emergencies; 3) greater satisfaction on how we responded and completed your field-service requests and 4) faster response time to electric-service emergencies.

The area where we fell short in meeting our target was in the amount of time it took us to restore power outages. The year of extreme weather not only triggered more outages than in 2008, but also hindered PSE's power restoration efforts. Particularly, the January 2009 floods and landslides prevented our crews' immediate access to areas where washouts had knocked down power poles and trees into power lines. PSE's power-outage restoration performance for the month of January was 41 minutes; a 19-minute-increase from January 2008.

PSE incurred a \$1,340,074 penalty for missing the benchmark for the average outage duration per electric customer in 2009. PSE has sought mitigation of \$223,346 for this penalty. If granted

by the Washington Utilities and Transportation Commission, PSE's penalty would be reduced to \$1,116,728. PSE's investors will pay the penalty amount to the Home Energy Lifeline Program, or HELP, to provide qualified low-income electric customers with payment assistance on their PSE electric bills. HELP funds are administered by nonprofit community service agencies.

Through our two Service Guarantees, we commit to keeping scheduled appointments and to restoring power outages as soon as we can. If we don't keep an appointment or if electric service is out for 120 consecutive hours or longer, subject to certain conditions, PSE credits \$50 to the affected customer's bill.

In 2009, we credited customers a total of \$7,300 for missing about 1 percent of our total 127,330 scheduled appointments. There were no qualifying customers under the power restoration guarantee.

We are focused on continuing to improve the performance of each of these service metrics to meet your expectation of a high level of service from us.

2008-2009 Energy Efficiency Performance Report Card

Your efforts in saving energy have helped raise the region's focus on environmental responsibility and stewardship.

In 2008 and 2009, you made your homes and businesses even more energy efficient, helping to make Puget Sound Energy a leader in energy efficiency.

Every other year, we evaluate how effective we are at doing our part to encourage you to save energy. We match the amount of energy saved against set targets. Over the 2008-2009 period, your efforts exceeded the targets. Here are the results.



KEY MEASUREMENT	TARGET	2008-2009 PERFORMANCE	ACHIEVED
Electricity savings	53.3 average megawatts	66.4 average megawatts—enough electricity to serve more than 49,000 homes in one year.	ď
Natural gas savings	5.6 million therms	8.9 million therms— enough natural gas to serve more than 10,000 homes in one year.	V

During 2008-2009 Puget Sound Energy was required by state regulators to meet a certain threshold of cost-effective energy savings. If electric conservation goals were not met, PSE could have incurred a penalty of more than \$10 million per year and up to \$750,000 per year if natural-gas conservation goals were missed.

Since the electric conservation goals were exceeded at the noted levels above, PSE qualified for incentives of \$4.24 million in 2008 and \$4.38 million in 2009 under its pilot electric incentive program approved by the Washington Utilities and Transportation Commission.

In 2010, we will continue to provide you ways to help you achieve greater energy efficiency in your homes and businesses. Here are some of the ways.

For homes

PSE offers a wide array of rebates and incentives for home improvements and equipment that reduce energy use and lower bills.

Many of these same measures could also qualify for as much as \$1,500 in federal tax credits and \$100 from Washington state's appliance rebate program for energy efficient clothes washers.

In addition to saving money through rebates, lower bills and tax credits, customers can lower their carbon footprint by using less energy and support the local jobs that service energy conservation programs like these.

For businesses

PSE offers rebates and incentives to businesses that make qualifying energy-efficient upgrades and improvements to their facilities.

We also offer incentives for energy-efficient construction.

We have more than a dozen rebate programs with more than 100 options for commonly applied efficiency upgrades.

PSE's grant program helps businesses and organizations fund energy efficiency measures applied to the construction and upgrades of buildings and facilities. Our grants can provide businesses with a custom incentive and funding up to 100 percent of the installed cost for any energy-efficiency project for upgrades of existing buildings or new construction.

Our grants also help fund a Resource Conservation Manager, an energy expert, to help your business or organization implement energy-efficiency measures to bring about reduced use of energy.

Visit PSE.com or call a PSE Energy Advisor at 1-800-562-1482 to find out more about rebates and incentives for purchasing energyefficient products like lighting, heating, and water heating equipment for residences and technical assistance and custom incentives for businesses.

Through your efforts, we intend to continue the momentum for achieving energy savings. Over the next 20 years, the energy savings achieved by our customers is expected to offset the need for building four midsized, 250-megawatt power plants.