

ENERGYWISE

NOVEMBER-DECEMBER 2008



We're ready for winter weather

Two years ago, the area awoke to the devastation of the Hanukkah Eve Storm of December 2006, leaving 700,000, or 75 percent, of PSE customers and a total of more than 1 million without power in Western Washington. Since then, PSE has worked hard to improve response processes and to

strengthen the reliability of our electric system.

Over the past two years, PSE has invested \$297 million in wires, substations, transformers and other power delivery enhancements, \$150 million in new power plants and \$25 million in tree trimming.



One-fourth of the natural gas Pacific Northwest homes and businesses require on a cold winter day can be drawn from Puget Sound Energy's newly expanded Jackson Prairie gas-storage facility in Lewis County.

PSE also has doubled the number of employees — from 79 to 197 — assigned and trained as damage assessors for faster decisions on the number of necessary repair crews and equipment, and improved our ability to communicate better with customers by expanding our call center capabilities and improving our service alert map on PSE.com.

To ensure winter readiness for cold temperatures, PSE over the past two years has completed \$109 million of natural gas-system upgrade projects, including the \$42 million two-year expansion of the Jackson Prairie natural gas storage facility near Chehalis. On a cold day, natural gas withdrawn from the facility can supplement the region's supply by 25 percent.

New electricity and natural gas rates set

Household bills: electricity down, natural gas up

Electricity bills for PSE residential customers dropped by 1.4 percent while natural gas bills increased 15 percent, as a result of new rates set by state regulators this fall.

About 970,000 PSE residential and small farm customers have received a credit on their monthly electric bills with restoration of the federal power benefits provided by the Bonneville Power Administration.

Listed as "Energy Exchange Credit" on billing statements, the credit was suspended in June 2007 following a federal court ruling to withhold payment to PSE and other investor-owned utility customers in the Pacific Northwest. BPA has provided

federal power benefits to these customers since 1980.

Resumption of the credit helps offset a residential rate increase of approximately \$7.50 a month resulting from an October decision to PSE's general rate case filed December 2007. For households using 1,000 kilowatt hours of electricity per month, the monthly bill now averages about \$91.50.

Natural gas rates, adjusted in October to recover the higher wholesale cost of natural gas and to set new general rates, now result in a yearly average monthly bill of about \$94.75 for households using 68 therms a month.

For more information about the new rates, call 1-888-225-5773 or visit PSE.com.

11/1/2008	12/1/2008	Customer Charge	Month	@ \$ 7.00	per month	\$ 7.00
11/1/2008	12/1/2008	Energy Charge	600 kwh	@ \$ 0.084772	per kWh	\$ 50.86
11/1/2008	12/1/2008	Energy Charge	400 kwh	@ \$ 0.102581	per kWh	\$ 41.03
11/1/2008	12/1/2008	Electric Conservation Program Charge	1,000 kwh	@ \$ 0.003137	per kWh	\$ 3.14
11/1/2008	12/1/2008	Power Cost Adjustment	1,000 kwh	@ \$ -	per kWh	\$ -
11/1/2008	12/1/2008	Energy Exchange Credit	1,000 kwh	@ \$(0.009135)	per kWh	\$ (9.14)
11/1/2008	12/1/2008	Wind Power Production Credit	1,000 kwh	@ \$(0.001404)	per kWh	(1.40)
Current Electricity Charges						\$ 91.49

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



PUGET SOUND ENERGY

The Energy To Do Great Things

Bill payment assistance available

With the current economic crisis, we want to help PSE customers obtain access to energy assistance and bill payment programs.

We urge qualified low income customers to contact their local energy-assistance agency to apply for bill-payment credits provided by the federal government and PSE. A list by area can be found on www.PSE.com.

Both the federal LIHEAP (Low Income Home Energy Assistance Program) and PSE's HELP (Home Energy Lifeline Program) received increased funding for the upcoming winter. Call toll free 1-866-223-5425 for the nearest agency.

For customers whose income exceeds the federal guidelines for low income, PSE suggests the easiest and quickest way to reduce energy consumption and bills is energy conservation. A simple step that can make a big difference is lowering the thermostat a few degrees, particularly at bedtime. Setting the thermostat to 55 degrees during sleep hours can decrease a natural gas bill by up to 7 percent.

If you have difficulty paying your heating bills, please contact us to work out payment arrangements by calling 1-888-225-5773.



Be prepared

This winter's neutral weather forecast suggests the potential for unpredictable weather patterns. It's best to be prepared for whatever Mother Nature brings our way.

- ◆ Stay far away from a downed power line or anything it may be touching.
- ◆ Do not use charcoal or a gas grill to cook indoors. Both can cause a buildup of poisonous carbon monoxide gas.
- ◆ Create an outage kit equipped with a three-day supply of bottled water and nonperishable food, can opener, flashlights, extra batteries and a battery-powered radio to keep track of storm developments and PSE's progress in restoring power.



Updates on generation and delivery infrastructure



A helicopter was used this fall to install 15 steel transmission power line structures in Snohomish County's Ebey Slough basin. The installation replaces decades-old transmission lines and structures and helps increase the safety and reliability of the regional high-voltage electric transmission system.



PSE's Baker River Hydroelectric Project, which includes Upper Baker Dam (shown), recently received a new federal operating license that authorizes another 50 years of PSE power generation at the North Cascades facility. Under the new license, PSE will boost salmon runs, enhance wildlife habitat, and provide greater recreational opportunities. The Baker River facility, PSE's largest hydroelectric operation, meets the total power needs of 60,000 households.



PSE expects soon to complete the purchase of the 310-megawatt natural-gas-fired "Mint Farm" power plant in Longview to help meet customers' growing electricity needs. The facility, using clean-burning natural gas, employs combined-cycle technology generating electricity from both natural gas and the turbines' exhaust heat, a steam cycle.

ENERGY TIP:

Light up the holidays safely and efficiently

This holiday season, save energy and money by purchasing energy-efficient LED (light-emitting diode) strands to decorate your home or business.

LED lights can operate 30 times longer than traditional incandescent, icicle and miniature holiday lights, and reduce energy consumption by 75 percent per string. Since LED holiday lights last a long time, their bulbs don't need to be replaced often. If a bulb does need replacing, the other bulbs stay lit so you can easily identify and replace the bad bulb.

Most stores selling holiday lights carry the ENERGY STAR®-rated long-lasting LED lights.



The chart shows the energy use and operating cost of LED holiday lights compared to incandescent and miniature lights.

Type of light	Hours of light	Number of bulbs	Average operating cost
C7 incandescent lights	300	50	\$8.00
Icicle/miniature lights	300	100	\$1.30
C7 LED lights (shown in photo)	300	75	\$0.14



Safety tips for holiday lighting

Be safe when decorating your home with holiday lights. PSE offers the following safety tips.

- Install ENERGY STAR LED holiday lights (see Energy Tip), which are shatterproof, shock resistant, and produce almost no heat, reducing the risk of fire.
- Check for overhead power lines before installing outdoor lights. Make sure you, ladders and your lights are at least 15 feet away from overhead power lines.
- Never use indoor lights outdoors.
- Make sure outdoor tree limbs to be decorated are not near power lines. A tree, its branches and even the ground adjacent to a tree can become energized when it brushes against power lines.
- Discard light strands with bare wires, worn cords or broken plugs to prevent fires.
- Follow the manufacturer's instructions on the number of light strings that can safely be connected together.
- Turn off tree and decorative lights—indoors and outdoors—when leaving the house and before going to bed.
- Do not place your tree near a heat vent or fireplace to avoid it drying out being at risk of catching fire.

Customers reach milestones in renewable energy

PSE customers are taking their own bold action in stimulating development of clean, renewable energy through their voluntary participation in the Green Power Program and by generating solar power.

With more than 21,000 customers purchasing more than 290,000 megawatt hours of power, PSE's Green Power Program is one of the largest in the nation.

Customers choosing to participate in the Green Power Program agree to pay an additional charge on their monthly bill to support the development of renewable resources in the region.

PSE customers also are leading the way in generating electricity from the sun on the rooftops of their homes and businesses. Nearly 320 customers collectively have the capacity to generate 1.1 megawatts of solar power — or enough to meet 25 to 50 percent of their electric power needs. The recent extension of the federal tax credits for homeowners and businesses who invest in solar arrays should stimulate additional solar-system installations in the region. The new law provides a federal tax credit of 30 percent of the cost of the solar array.

For more information about PSE's Green Power Program and incentives for owning renewable energy systems, call 1-800-562-1482 or visit PSE.com.



Renovation projects may require upgraded energy system

If your home's renovation project includes any new heating or cooling equipment, in particular a tankless water heater, electric heat pump, central air conditioning or natural-gas fired generator, contact PSE to make sure there's proper sizing of the natural gas and electric systems serving your home.

Some products require larger-sized natural gas meters and piping to allow proper operation of a generator or

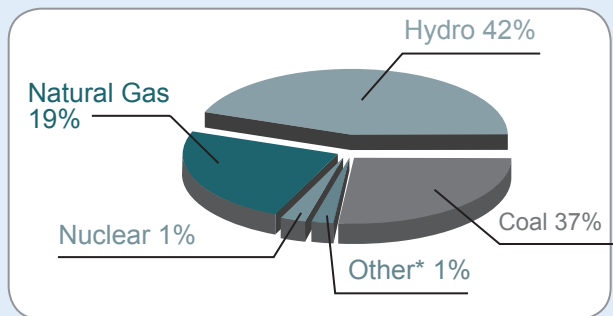
new appliances. In the case of heat pumps and central air conditioning, the power transformer in your neighborhood may require upgrading.

Before installing these products, contact PSE's Customer Construction Services department at 1-888-321-7779 to make sure the utility system can accommodate your new generating unit and heating and cooling appliances.

A diversified mix of resources used to generate your power

The electricity that 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.

Monitor energy use and pay your bill online

For convenience, use our online tools to view your previous day's electricity and natural gas usage to help manage energy use, and pay your bill. Just log onto PSE.com and sign up under "My PSE Account."

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.

