



2009 energy-efficiency tax incentives

If you put your 2008 tax refund to use this year by making energy-efficient home improvements, you may be eligible for up to \$8,500 in combined PSE rebates and federal tax credits under the American Recovery and Reinvestment Act of 2009 on top of the energy savings you'll achieve for years to come.

PSE encourages homeowners to upgrade windows, doors, insulation and heating equipment with PSE rebates amounting up to \$7,000.

PSE encourages homeowners to upgrade windows, doors, insulation and heating equipment, with up to \$7,000 in rebates.

These energy-saving upgrades may also qualify for a one-time federal-income tax credit of up to \$1,500. Improvements must meet certain energy-efficiency requirements and be placed into service between Jan. 1 and Dec. 31, 2009.

For tax purposes, consult with your tax professional and equipment contractor to determine what will qualify for the tax credit. Please see the chart for details.

\$7,000: PSE rebates for energy efficient home improvements

In addition to the rebates below, customers may be eligible for up to \$1,500 in federal tax credits.

Part of home	Equipment/upgrade	Rebate
Efficient appliances	Lighting fixtures	\$2-20
	Clothes washers	\$50-100
Efficient upgrades	Insulation	\$100-1,600
	Windows	\$1,000
Natural gas heating*	Natural gas furnace	\$350
	Natural gas water heater	\$50-150
	Stand alone natural gas water heater conversion	\$950
	Natural gas conversion	\$500-\$3,950
Electric heating upgrades*	Air source heat pumps	\$200-350
	Ductless heat pumps	\$1,200
Total available per household		\$7,000

* Typically customers would only select one or the other.

For more information on PSE's rebates, visit PSE.com. For a complete list of qualifying home improvements, and the requirements for each category, visit the U.S. Department of Energy's Web site at www.energystar.gov and click on the "Tax Credits for Energy Efficiency" tab at the bottom of the page.

PSE blog

Visit Puget Sound Energy's new blog featuring Andy Wappler, energy and weather guru, and others to discuss ways we can help you control your energy costs and your ideas on how we can better serve you.

Visit AskAndy.PSE.com



Supply and demand drive energy prices

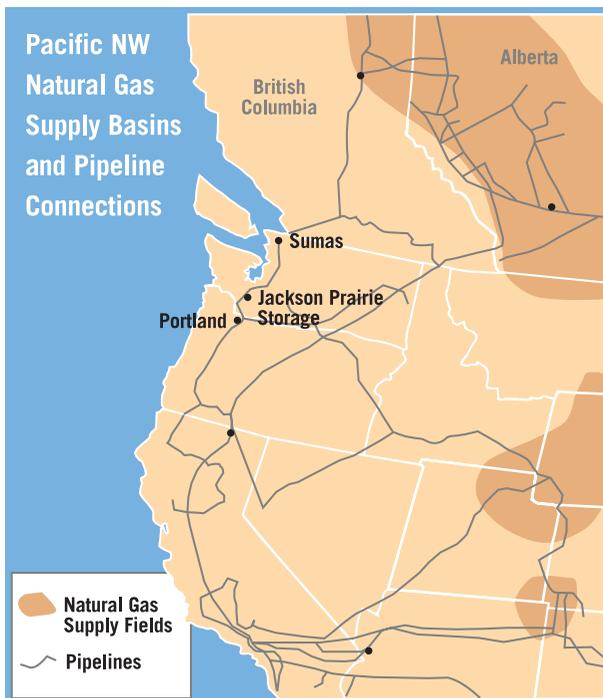
With increased natural gas production activity and lagging demand due to the weakened economy, natural gas supplies currently are strong and prices are low. This spring, the wholesale price of natural gas is hovering around \$4 per million BTUs (British thermal units) compared to a year ago when the price was double that.

Cold temperatures this spring and last winter meant we used much of PSE's natural gas supplies, which are stored underground at our Jackson Prairie natural gas storage facility near Chehalis.

Today, we are busy refilling Jackson Prairie with the lower priced natural gas to ensure that we have enough next winter. One-fourth of the natural gas Pacific Northwest homes and businesses require on a cold winter day can be drawn from the recently-expanded facility.

Clean-burning natural gas remains more economical than electricity or oil for home heating and water heating.

PSE believes so much in the direct heating benefits of natural gas that we're encouraging homeowners with up to \$4,000 in rebates to convert to natural gas for home



and water heating no matter the provider. Find out more by visiting PSE.com or calling a PSE Energy Advisor at 1-800-562-1482.

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.

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 drifts near a power line, let it go! Never try to retrieve a kite caught in a power line, or from a tree located near a power line.



Investments in infrastructure ensure reliability

Despite the slowdown in the economy, we need to continue to make investments in energy resources to strengthen our energy delivery infrastructure and to secure the necessary energy supplies to keep up with our customer's growing energy demand.

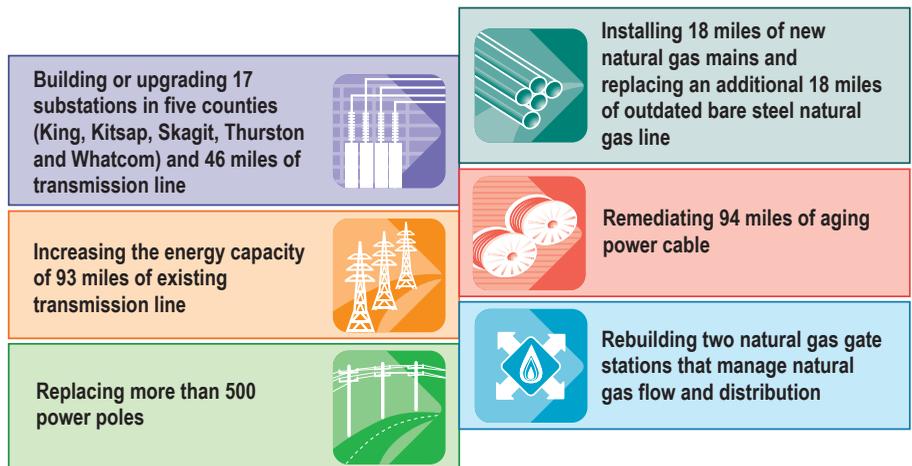
"We are working harder than ever to manage costs, including freezing officer salaries," says Steve Reynolds, PSE president and CEO. "At the same time, we are fortunate, under our new ownership, to be able to move ahead with key projects and take advantage of opportunities in this market to make prudent investments that will support jobs and meet the needs of the customers we serve in Western Washington now and well into the future."

We brought a new source of power online earlier this year when our 310-megawatt natural-gas fired Mint Farm power plant in Longview went into operation. This was after we inspected and fine tuned the 11-month-old plant we acquired last December for \$240 million (at 50-60 percent of replacement cost).



The clean-burning, natural gas-fired power generation complements the wind power we're steadily adding to our supply mix.

We plan investments totaling nearly \$690 million this year on system improvements to upgrade aging natural gas pipes and electric wire and reinforce our generation facilities. See the chart for the listing of energy-delivery projects planned for 2009.



PSE and customers contribute to renewable resources

Growing voluntary customer demand for the PSE Green Power Program is bringing more renewable energy resources online in the Pacific Northwest, and has earned the program recognition from the Environmental Protection Agency as one of the top 10 in the nation.

"Cow power", or using the fragrant byproduct of local dairy farms, is one example of how the Green Power Program is changing how energy is produced. Two dairy farms in our region now operate anaerobic biodigester facilities that use methane from processed cow manure to generate electricity. Combined, the farms crank out a maximum of 750 kilowatts of electricity — enough to power 460 homes annually.



In addition, PSE's work in building our own wind power resources — which is separate from the Green Power Program — has earned us recognition as the second largest utility-owner of wind energy facilities in the nation. PSE's Wild Horse and Hopkins Ridge wind facilities produce enough clean, renewable electricity to serve 100,000 households. The utility this summer is adding 22 additional wind turbines to the Wild Horse Wind and Solar Facility, and is co-developer of the 795-turbine Lower Snake River Wind Energy Project in southeast Washington's Columbia and Garfield counties.

As PSE boosts renewable energy supplies for customers, California utilities are trying to purchase renewable energy credits from PSE as a means to meet their state's ambitious energy policy goals. The proceeds from these sales would flow to PSE customers. In effect, California would be subsidizing our wind energy development and helping us meet our targets when we need them.



In Your Community

Be green – Save energy and recycle too

Compact fluorescent bulbs

Switching to ENERGY STAR-qualified compact fluorescent bulbs is one of the easiest and most effective ways to save energy. Because CFL bulbs use 75 percent less energy and last up to 10 times longer than comparable incandescent bulbs, they can help reduce your energy bill by \$43 over the life of each bulb.

Since CFL bulbs contain a small amount of mercury — enough to cover the tip of a ballpoint pen — they should not be thrown out with your regular trash.

PSE has CFL recycling drop-off locations at several of our customer service offices and other facilities, and disposal sites also are available at lighting, hardware and home improvement stores. For a list of disposal sites, visit PSE.com or call a PSE Energy Advisor at 1-800-562-1482.

Recycle your old or second refrigerator

Old refrigerators and freezers taking up space in your garage or basement could cut up to \$140 off your energy

bill, simply by getting rid of them and replacing them with more efficient models. PSE offers a \$30 rebate with free pick up and recycling for old fridges and freezers. To learn more, visit PSE.com or call a PSE Energy Advisor at 1-800-562-1482.

Empower your shower

PSE is offering a free efficient showerhead and bathroom faucet aerator to qualifying single-family residential households. These showerheads and aerators use up to 20 percent less water and energy. To order your free showerhead kit, call a PSE Energy Advisor at 1-800-562-1482 or fill out the online form at www.freeshowerhead.com.

Save postage with your PSE bill

With postage rates rising, consider enrolling in PSE's online billing program to save time and money while helping the environment by going paperless. Log on to PSE.com and register for "My PSE Account" to monitor your daily energy use and pay your bills online.

Bill payment assistance available

With the unseasonably cool year making your heating bills higher than usual as well as the difficulties you may be facing due to the economic slowdown, we encourage qualified low income customers to contact their local energy-assistance agency to apply for bill-payment assistance provided by the federal government and PSE. See the list of agencies. They also can be found on PSE.com or by calling toll free 1-866-223-5425.

For customers who are not low-income eligible but are having difficulty paying their PSE bill, please call us at 1-888-225-5773 to work out payment arrangements and learn about energy-saving tips and rebates.

Energy-assistance centers

Island County
Opportunity Council
360-679-6577
1-800-317-5427

Jefferson County
Olympic Community
Action Programs
360-385-2571

King County
Multi-Service Center
(for South King County)
1-800-348-7144

Hopelink (for North and
East King County)
1-800-348-7144

Central Area Motivation
Program (for Seattle)
1-800-348-7144

Kitsap County
Kitsap Community Resources
360-479-1507
www.kcr.org

Kittitas County
HopeSource
1-509-674-2375 (Cle Elum)
1-509-962-0435 (Ellensburg)
www.hopesource.us

Lewis County
Community Action Council
of Lewis, Mason and
Thurston counties
360-736-1800
www.caclmt.org

Pierce County
Pierce County Department
of Community Services
(county residents)
1-866-223-1359

Metropolitan Development
Council (Tacoma residents)
253-572-5557

Skagit County
Skagit County Community
Action Agency
1-360-428-1011

Snohomish County
Snohomish County
Human Services Department
425-388-3880

Thurston County
Community Action Council
of Lewis, Mason and
Thurston counties
360-438-1100
www.caclmt.org

Whatcom County
Opportunity Council
360-255-2192
1-888-586-7293

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

For information about rates and your rights and responsibilities, please call or visit us online.

