



PSE selects future energy-supply projects

We're working now to ensure our customers have sufficient energy supplies in the future, and to bring more clean, renewable energy sources to Washington.

This August, PSE's Hopkins Ridge Wind Facility in Columbia County added four new wind turbines, boosting its generating capacity by 7.2 megawatts (MW). Hopkins Ridge and PSE's Wild Horse Wind and Solar Facility in Kittitas County make PSE the largest utility owner of renewable energy in the Northwest. We plan to install more wind turbines next year at Wild Horse, boosting its power capacity by approximately 50 MW. PSE also is finalizing arrangements to purchase 250 MW of wind power from two other wind facilities in the region.

Meanwhile, we acquired a clean-burning natural gas-fired generator this summer in Whatcom County, and are in the process of buying another efficient gas-fired power plant later.



Above: Sumas Cogeneration Facility
Left: Hopkins Ridge Wind Facility

Construction projects accommodate region's growth

This summer our crews took advantage of the dry months to upgrade power and natural gas lines to keep up with the region's growth and energy needs. Five of these projects represent a major rebuilding of our energy system. Following are highlights of these reliability projects.

- In Snohomish County's Ebey Slough basin: upgrading two-mile stretch of electric transmission poles holding transmission lines carrying electricity to Whatcom and Skagit counties by replacing 86 wooden poles with 15 steel poles.
- In Bellevue: a new natural gas pipeline covering a four-mile stretch is being constructed in conjunction with a road improvement project.
- In Renton: moved 65 electric transmission poles and strung 8,400 feet of power lines over I-405 to accommodate reconfiguration of the state highway.
- In Sedro Woolley: nearly 5 miles of new and upgraded transmission lines will help prevent power outages and support regional growth.
- In Jefferson County: completed construction of a new substation to improve service reliability in the Chimacum and Port Hadlock areas.



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

UPDATE

Update on regulatory proceedings

State regulators are expected to rule this fall on several PSE proposals that have been before the Washington Utilities and Transportation Commission (UTC). The significant proposals include:

- ◆ **General rate case requesting increased electric and natural gas rates**

The parties in the general rate case, filed December 2007, reached an all-party settlement in PSE's request to recover costs associated with constructing substations, transmission lines and natural gas pipelines to improve reliability and serve new customers.

- ◆ **Purchased gas adjustment (PGA) requesting pass-through of higher natural gas costs**

Periodically, PSE and other natural gas utilities adjust rates to reflect changes in the price of natural gas supplies purchased for customers. Filed in late August, our PGA requests an overall 11.1 percent increase in natural gas rates to recover higher wholesale costs. A year ago, for the 2007-08 winter, lower wholesale natural gas prices contributed to an overall 13 percent rate reduction. The cost of natural gas purchased on the open market is recovered without any profit to the company.

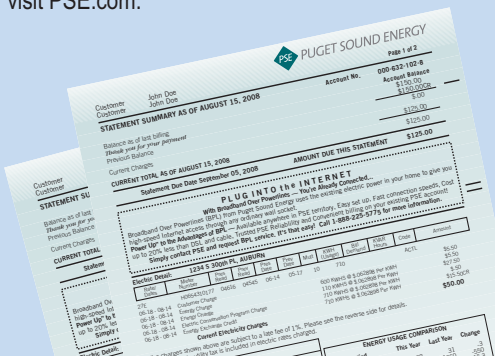
- ◆ **Merger hearings conclude; rate requests filed**

In late July, PSE and all participating parties, except the Attorney General's Public Counsel Office, reached a settlement in the merger case. Customer rates will not be affected by a merger decision.

For additional information, visit PSE.com or www.utc.wa.gov.

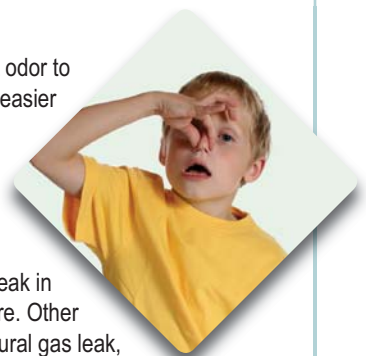
Make bills more predictable

PSE's Budget Payment Plan can help ease the highs and lows of seasonal energy bills by spreading your costs evenly throughout the year. The Budget Payment Plan calculates a customer's average monthly payment amount based on past consumption of natural gas or electricity and normal weather conditions. To join, call 1-888-225-5773, or visit PSE.com.



Know how to detect a natural gas leak

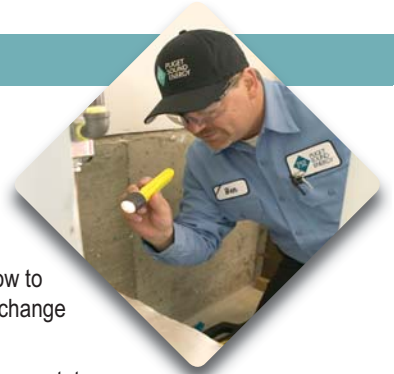
We add an unpleasant odor to natural gas so that it's easier to detect leaks. The distinctive odor, called mercaptan, smells like sulfur, or rotten eggs, and alerts you if there is a natural gas leak in your home or elsewhere. Other signs of a possible natural gas leak, particularly near a pipeline, include a hissing sound, blowing dirt, or bubbles rising in a puddle. If you suspect a natural gas leak, call PSE at 1-888-225-5773 or 911.



Time to get your home ready for winter

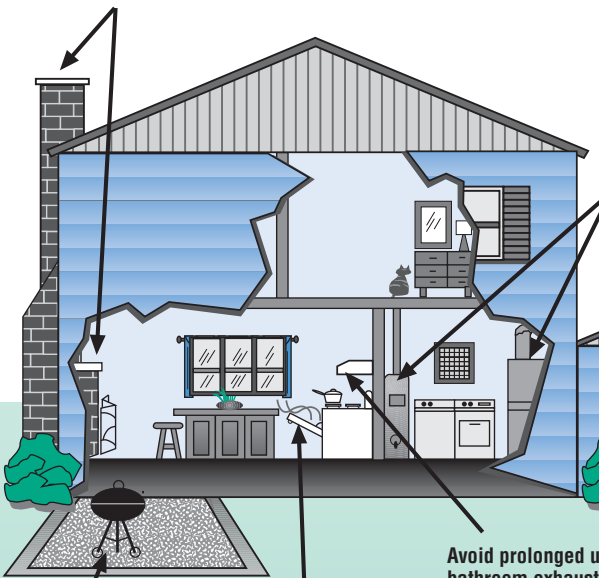
Early fall is the perfect time to prepare for cooler weather. Along with dramatic price increases at the gas pump and grocery store, natural gas costs are also rising this year, making winter heating a larger portion of the household energy budget. Here's how to save up to 15 percent in heating expenses by making sure your home is ready for the change of seasons:

- ✓ Check doors and windows for leaks and drafts. Make sure doors seal properly, and add weather-stripping or caulk to keep heat from escaping.
- ✓ Close the fireplace damper when it's not in use.
- ✓ Examine heating ducts for leaks. Repair or replace damaged ducts.
- ✓ Add insulation to your attic, and weather-strip and insulate your attic hatch or door to prevent warm air from escaping.
- ✓ Clean or replace your furnace air filter monthly.
- ✓ Use a set-back thermostat, or purchase a programmable thermostat that automatically turns down the heat when you're away or sleeping.
- ✓ Make sure all heating vents are opened and not blocked by furniture or other items.
- ✓ Schedule a heating system tune-up to ensure safe and efficient operation.
- ✓ If replacing a natural gas furnace, install a high-efficiency ENERGY STAR® unit that could cut your natural gas use by up to 20 percent—and be eligible for a PSE rebate of up to \$350.



Getting your home ready and safe for winter

Keep flues and chimneys free of debris.



Inspect your heating equipment regularly and have it serviced annually to be sure it's in proper working order.

Make sure your natural gas furnace and water heater have adequate fresh air, particularly if enclosed in a small room.

Never burn charcoal inside your home.

Never heat your home with a gas range or oven.

Avoid prolonged use of kitchen and bathroom exhaust fans while using your wood-burning fireplace and furnace. (Most fireplaces, furnaces, and water heaters draw air needed for burning from inside your home.)

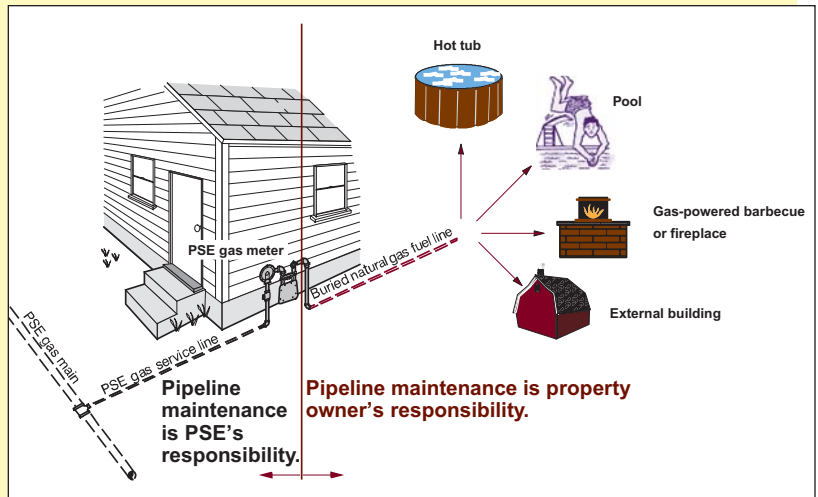
Never run an automobile engine, lawn mower, portable generator, or any other combustion engine in an enclosed space.

Check the natural gas piping you own

PSE regularly inspects the underground natural gas pipelines in the street and to your meter to make sure they are operating properly and safely. But if you have buried piping to personal property, including pools, hot tubs, natural gas barbecues or detached buildings, that piping is not maintained by PSE, unless PSE installed and agreed to maintain the piping.

Buried piping may leak or corrode if not maintained. Buried piping should be periodically inspected for leaks

and corrosion, and repaired if any unsafe condition is discovered. Have a licensed plumbing contractor do the inspection and any necessary repairs. If you plan to excavate near your buried piping, it should be located by the contractor in advance and the excavation should be done by hand.



ENERGY TIP:

Free lamp and bulb replacement, while supplies last

A program for PSE's residential electric customers allows you to exchange your incandescent portable lamps for free, efficient ENERGY STAR® table, desk or floor lamps and compact fluorescent lights (CFLs), while supplies last at select Puget Sound-area retailers.

For lamp exchange locations, as well as information about where to dispose used CFLs, visit PSE.com or call a PSE Energy Advisor at 1-800-562-1482.



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.