



News Release

Puget Sound Energy Seeks Pass-Through of Higher Natural Gas Costs; Also Requests Bill-Assistance Boost to Low-Income Customers, and Pass-Through of Lower BPA Credit to Residential and Small-Farm Customers

BELLEVUE, Wash.--(BUSINESS WIRE)--Aug. 29, 2006--Puget Sound Energy (PSE) (utility subsidiary of Puget Energy (NYSE:PSD)), which serves more than 1 million electric and 700,000 natural gas customers, today filed a request with state regulators to pass through to customers -- without any profit to PSE -- the increased costs the utility is paying to acquire natural gas supplies.

PSE and other utilities in the state periodically request that the Washington Utilities and Transportation Commission (WUTC) consider purchased-gas adjustments (PGA) to reflect price changes in the wholesale market. The utilities are not allowed to earn a profit on these gas-commodity costs.

PSE also filed two additional requests today with the WUTC. One proposes to increase the utility's bill assistance to low-income customers by more than \$1.2 million. The other asks the WUTC to approve an extension -- at a reduced level -- of the monthly electric-bill credit the Bonneville Power Administration (BPA) provides to PSE's residential and small-farm customers.

The PGA request the utility filed today with the WUTC would raise natural gas bills by approximately 10 percent across all groups of customers, effective Oct. 1. For the typical residential customer -- one whose annual gas usage averages 68 therms per month -- monthly bills would increase by 8.7 percent, or \$7.26. This would bring the average household gas bill to \$90.29 per month.

Wholesale natural gas prices rose significantly nationwide over the past year, in part due to the increased use of natural gas to fire power-generating plants to meet summer-cooling needs, and also because of the severe damage hurricanes Katrina and Rita caused to gas-production and gas-pipeline facilities in the Gulf of Mexico. In recent years, natural gas prices have gone up steadily because of tighter supplies and increased demand.

PSE follows several strategies to help minimize the full effect of price spikes in the wholesale market. They include using financial hedges to partially offset price increases, and buying natural gas in summer, when prices are generally lower, and storing it in large reservoirs for wintertime usage, when prices and customer demand usually are highest.

"While our geographic location and purchasing strategies help keep our customers' natural gas costs lower than elsewhere in the nation, we urge customers to follow some simple steps to help control heating bills this winter," said Darren Brady, PSE's senior vice president of Customer Services. "These include taking advantage of our energy-efficiency services and rebates to help customers save energy and money."

PSE today asked the WUTC to approve a \$1.225 million increase in funding for the utility's Home Energy Lifeline Program, or HELP. The request would increase the assistance program's annual funding to more than \$9.7 million. Eligible electric and natural gas customers can receive up to \$750 a year in HELP relief to pay their PSE energy bills.

The additional HELP assistance the utility is proposing would require a small increase in the monthly, usage-based fee that all PSE customers pay into the aid program: about 7 cents more per month for the average residential electric customer, and about 2 cents more for the average residential gas customer.

Finally, PSE asked the WUTC to approve an agreement between the utility and the BPA under which a monthly, pass-through BPA bill credit would continue going to PSE's residential and small-farm electric customers. This BPA credit to customers of PSE and other investor-owned utilities in the Northwest represents the customers' share of savings that inexpensive electricity from the region's federally owned hydropower dams provides to the public.

Under the agreement, BPA would continue the credit payments to PSE customers until Oct. 1, 2011. BPA's total credit payment to PSE will be lower than it's been during the past five years, though the precise amount could fluctuate periodically. BPA's lowering of the credit will have the effect of increasing the typical PSE residential customer's monthly bill -- initially raising it by \$7.12, or 9.8 percent. The specific amount of BPA credit a customer receives is based on his or her monthly electricity usage.

For information and tips on ways to reduce energy consumption this winter, Brady suggests that PSE customers call a PSE Personal Energy Advisor, at 1-800-562-1482, and request the free brochure "How to Reduce Your Gas and Electric Costs." The utility's Web site (www.pse.com) also provides a variety of useful energy-saving ideas.

About Puget Sound Energy

The state's oldest and largest energy utility, with a 6,000-square-mile service territory stretching across 11 counties, Puget Sound Energy (PSE) serves more than 1 million electric customers and 700,000 natural gas customers primarily in western Washington. PSE meets the energy needs of its growing customer base through incremental, cost-effective energy conservation, low-cost procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. For more information, visit: www.pse.com.

CONTACT: Puget Sound Energy

Media:

Dorothy Bracken, 1-888-831-7250

or

Analysts:

Durga Waite, 425-462-3808
SOURCE: Puget Sound Energy