



News Release

Puget Sound Energy Requests 13 Percent Natural Gas Rate Cut

Pass-Through of Lower Supply Costs Will Ease Winter Heating Bills

BELLEVUE, Wash.--(BUSINESS WIRE)--Aug. 30, 2007--Natural gas customers of Puget Sound Energy (utility subsidiary of Puget Energy (NYSE:PSD)) will receive a double-digit rate decrease this fall if state regulators approve a request the utility filed today in Olympia.

PSE asked the Washington Utilities and Transportation Commission to allow an overall 13 percent rate reduction, effective Oct. 1. A typical household's natural gas bill (based on 68 therms of average monthly usage, year-round) would fall by \$11.27. The average monthly residential bill would decrease to \$82.12.

"We're pleased to be able to request this rate relief for our customers, especially as the winter heating season approaches," said Stephen P. Reynolds, chairman, president and CEO of PSE. "Hopefully current gas-market conditions will continue into the latter part of 2008 and we will be able to continue to pass along the savings next year."

The proposed rate reduction comes in response to the lower wholesale prices PSE has faced in recent months to acquire customers' natural gas supplies. State-regulated utilities like PSE cannot profit on these purchases. Instead, under a "Purchased Gas Adjustment" like the one PSE filed today, the utilities pass through to customers any change -- up or down -- in their gas-supply costs.

These so-called PGAs, traditionally filed once a year, are designed simply to balance utilities' gas-supply costs with their customers' gas-supply charges. The last PGA rate reduction for PSE customers was in 2002. Since then, wholesale natural gas prices moved steadily upward -- until this year.

Meanwhile, PSE filed a separate request today with state regulators to reduce the monthly charge PSE natural gas and electric customers pay into a fund for helping low-income households cover their utility bills.

This usage-based fee currently averages about 37 cents per month for the typical residential electric customer, and about 31 cents for the average residential natural gas customer. PSE is proposing to lower the monthly charge by about 5 cents for electric customers, and by 3 cents for natural gas customers. The fee provides approximately \$7.4 million annually in direct utility-bill assistance to more than low-income 20,000 households served by PSE.

PSE, a combined electric and natural gas utility, serves more than 721,000 natural gas customers in parts of Snohomish, King, Pierce, Thurston, Lewis, and Kittitas counties. PSE also serves more than 1 million electric customers across nine Washington counties, primarily in the Puget Sound region.

About Puget Sound Energy

Washington 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 721,000 natural gas customers. A subsidiary of Puget Energy (NYSE: PSD), 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. Visit PSE.com for more information.

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