

ENERGYWISE

JANUARY-FEBRUARY 2008

2008 Outlook: Advancing regional reliability

As Puget Sound Energy heads into 2008, we're focused on improving service and reliability to our growing customer base in this robust region. We connected nearly 35,000 new electric and natural gas customers in 2007 and are geared up to meet the similar customer growth needs in 2008.

Here is a brief summary of 10 PSE accomplishments in 2007:

- 1 Completed our second wind-power project — Wild Horse — with our two wind farms now producing enough clean, renewable electricity to serve about 100,000 homes.
- 2 Built the Pacific Northwest's largest solar-power generating plant, located at our Wild Horse Wind Facility. The plant is designed to serve about 300 households.
- 3 Helped customers save 203 million kilowatt-hours of electricity and 2.5 million therms of natural gas (*January-November 2007*). That's enough electricity to meet the power needs of more than 17,000 households, and enough natural gas to serve more than 3,000 homes.
- 4 Constructed a new, state-of-the-art fish-passage system at our Baker River Hydroelectric Project. The facility will serve as a global model for safely collecting and moving juvenile fish around a large hydro dam.
- 5 Purchased a 277-megawatt (MW) power-generating facility and signed agreements to buy a 125-MW power plant and secure 50 MW of power from a wind facility to help meet our customers' increasing energy needs.
- 6 Increased our capability to withdraw natural gas from our Jackson Prairie storage reservoir to assure more customers receive stable natural gas service on the coldest days.
- 7 Installed or replaced 300 miles of natural gas pipeline, and began providing natural gas service to customers in the city of Cle Elum.
- 8 Built four new substations, upgraded six others, and installed 500 miles of transmission and distribution power lines to strengthen electric-system reliability.



NEW YEAR RINGS GREEN WITH NEW LOOK

Energywise is going green in 2008 with made-in-Washington recycled paper from Grays Harbor Paper and a brand new format. We redesigned our customer newsletter to recognize our commitment to sustainability and to better provide our customers with up to date information about improvements we're making to your utility service and energy-saving and safety tips.

- 9 Equipped our natural gas emergency response and service vehicles with new wireless dispatching technology enabling faster response to emergency locations and arrivals for service appointments.
- 10 Announced plans to merge with an investor consortium, providing our utility with the access to capital necessary to invest in future energy supplies and PSE's energy infrastructure.

These and many other milestones in 2007 positioned PSE well for the coming years. In 2008, we will continue to invest in our pipes and wires and energy supply infrastructure and new programs to provide customers with the tools, equipment, and information necessary to increase energy efficiency in their homes and businesses.

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PSE

PUGET SOUND ENERGY

The Energy To Do Great Things

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.



PSE works with you to manage energy bills

Because January is typically the coldest month of the year, we know some customers have difficulty paying their heating bills. Please call us to work out payment arrangements and available financial energy assistance. We offer a Budget Payment Plan that evens out payments

for a 12-month period. Our customer assistance programs, such as HELP (Home Energy Lifeline Program) for income-eligible customers, and The Salvation Army Warm Home Fund also are available. Visit PSE.com or call us at 1-888-225-5773.



Monitor energy use and pay your bill online

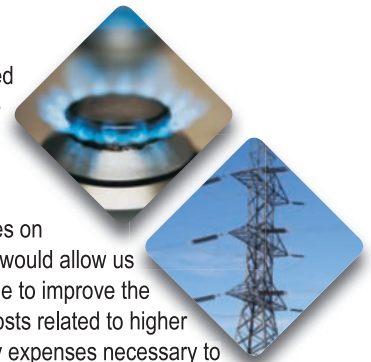
More than 320,000, or about 20 percent, of our 1 million electric and 725,000 natural gas customers use our online tools to enjoy the convenience of viewing as well as paying their bills online. When you log onto PSE.com and register for "My PSE Account," you can view your previous days' electricity and natural gas usage to help manage energy use and bills.



New natural-gas and electric rates proposed for late 2008

In December 2007, PSE filed a general rate case with the Washington Utilities and Transportation Commission (WUTC) asking to increase natural-gas and electric rates on Nov. 1, 2008. The increase would allow us to recover investments made to improve the energy infrastructure and costs related to higher operating and power-supply expenses necessary to serve our growing customer base.

We recognize the strain that rising costs, including energy costs, can have on households, and are also asking the WUTC to approve increasing bill-payment assistance for our low-income customers.



ENERGY TIP: *New savings for 2008*

Insulation rebates for natural gas heated homes

PSE offers up to \$1,600 in insulation rebates to help you save money on your energy bills. Call a PSE Energy Advisor at 1-800-562-1482 or visit PSE.com

Puget Sound Energy 1-888-225-5773 (1-888-CALL PSE) • PSE.com

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

