

IMPORTANT NOTICE REGARDING YOUR ELECTRIC AND GAS SERVICES



Notice of Requested Rate Increases and Public Hearing

On Feb. 1, 2013, Puget Sound Energy filed a request with Washington state's Utilities and Transportation Commission (UTC) to increase rates for all electric customer groups and decrease rates for all natural gas customer groups, effective on May 1, 2013. This request updates rates to recover utility operations costs PSE has made through June 30, 2012. The filing requests a total electric revenue increase of \$31.9 million, or 1.6 percent, and a total decrease in natural gas revenue of \$1.2 million, or 0.1 percent (1 tenth of 1 percent).

This filing also includes a request for a mechanism to adjust rates, up or down, to pass through changes in actual property taxes paid by PSE each year. The property taxes paid in 2012 are already included in rates. The effect of the proposed property tax mechanism on customers' bills is not known at this time, but initially is expected to have little or no impact. The mechanism is requested to take effect May 1, 2013.

Separately, PSE has submitted a request with the UTC for a mechanism to separate, or "decouple," a portion of PSE electric and natural gas revenues from sales of energy. The proposed date that rates would change under this mechanism is also May 1, 2013. The decoupling mechanism proposal was first submitted to the UTC on Oct. 25, 2012. This filing requests an electric revenue increase of \$21.2 million, or 1 percent, and a natural gas revenue increase of \$10.8 million, or 1.1 percent.

The net effect of all these filings on the typical residential electric customer (using 1,000 kilowatt-hours of electricity

To comment to the UTC on PSE's requested rate increase:

- in person at the public hearing (outlined in this notice)
- via UTC online comment form: www.utc.wa.gov, click on "Submit a Comment"
- by email at: comments@utc.wa.gov
- in writing: **UTC**
P.O. Box 47250
Olympia, WA 98504-7250
- by fax at: **360-586-1150**
- by telephone at: **1-888-333-WUTC (9882)**

For the rate and property tax filing, please reference docket numbers UE-130137 (electric) and/or UG-130138 (natural gas) in your comment. For the decoupling proposal, please reference docket numbers UE-121697 (electric) and/or UG-121705 (natural gas) in your comment. If you have questions about the UTC's process, please contact the UTC using one of the above methods.

Public hearing date and location

May 16, 2013 – 6 p.m.

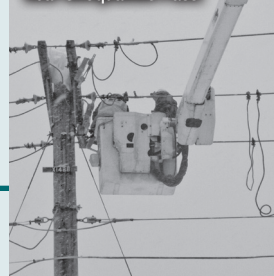
**Olympia
Washington Utilities and
Transportation Commission
Hearing Room 206,
1300 S. Evergreen Park Drive SW**

You are invited to comment on Puget Sound Energy's requested rate increases.

You may comment in person at the public hearing or, for convenience, use the online comment form at www.utc.wa.gov, click on "Submit a Comment"

For the rate and property tax filing, please reference docket numbers UE-130137 (electric) and/or UG-130138 (natural gas). For the decoupling proposal please reference docket numbers UE-121697 (electric) and UG-121705 (natural gas). (See below for all the ways you can comment.)

PSE crew repairs power line near Snoqualmie Pass.



Crews install an upgraded natural gas main.



per month) is a \$3.29 monthly bill increase, or 3.4 percent. The net effect of all these filings on the typical residential natural gas customer (using 68 therms per month) is a \$1.33 monthly bill increase, or 1.7 percent. Details are shown below.

The UTC has the authority to approve rates that are higher or lower than PSE's requests. New rates will become effective upon completion of the UTC's investigation, which is expected to be completed in June 2013.

Public comment

The UTC is committed to providing reasonable accommodation to participants with disabilities. If you need reasonable accommodation, please contact the commission at (360) 664-1132 or human_resources@utc.wa.gov.

The public is represented by the Public Counsel Section of the Washington Attorney General's Office. You can contact the office at: **Public Counsel, Assistant Attorney General, 800 5th Avenue, Suite 2000, Seattle, WA 98104-3188**, or by email at utility@atg.wa.gov.

To contact Puget Sound Energy, you may reach us in writing at:

**Puget Sound Energy
Attn.: Customer Care
P.O. Box 97034
Bellevue, WA 98009-9734**

or by email: pseraterequest@pse.com

For more information visit PSE.com or call 1-888-225-5773, press option 5.

Effects on residential customers of utility operations filing

The monthly bill effect of the utility operations filing for the typical residential electric customer using 1,000 kWh per month and for the typical natural gas customer using 68 therms per month is shown in this chart. Individual customers will see a greater or lesser increase than what is shown, depending on the amount of usage.

Electric service	Current bill⁽¹⁾	Proposed⁽¹⁾ Effective May 2013
Basic Charge	\$7.49	\$7.88
Total bill at 1,000 kWh per month	\$97.08	\$98.74

Natural gas service	Current bill	Proposed, Effective May 2013
Basic Charge	\$10.34	\$10.31
Total Bill at 68 therms per month	\$76.61	\$76.51

Summary of requested rate increases and decreases for utility operations filing:⁽²⁾

Electric Service Overall revenue increase \$31.9 million / 1.6%	
Type of Electric Service/Schedules	Percent Increase
Residential (Schedule 7)	1.7
Commercial & Industrial (Schedules 24, 25, 26, 26P, 7A, 29)	1.5
Commercial & Industrial (Schedules 31, 35, 43)	1.4
Campus Rate (Schedule 40)	0.8
High Voltage (Schedules 46, 49)	0.6
Choice/Retail Wheeling (Schedules 448, 449) ⁽³⁾	2.9
Lighting (Schedules 50-59)	2.9
Natural Gas Service Overall revenue decrease \$1.2 million / 0.1% decrease	
Type of Natural Gas Service	Percent Decrease
Natural Gas Service for schedules including cost of gas	0.01
Natural Gas Transportation Service and Rental schedules ⁽³⁾	0.03

Effects on residential customers of decoupling proposal

The monthly bill effect of the decoupling filing for the typical residential electric customer using 1,000 kWh per month and for the typical natural gas customer using 68 therms per month is shown in this chart. Individual customers will see a greater or lesser increase than what is shown, depending on the amount of usage.

Electric service	Current bill⁽¹⁾	Proposed⁽¹⁾ Effective May 2013
Basic Charge	\$7.49	\$7.49
Total bill at 1,000 kWh per month	\$97.08	\$98.71

Natural gas service	Current bill	Proposed, Effective May 2013
Basic Charge	\$10.34	\$10.34
Total Bill at 68 therms per month	\$76.61	\$78.04

Summary of rate increases in proposed decoupling proposal:

Electric Service Overall revenue increase \$21.2 million / 1.0%	
Type of Electric Service/Schedules	Percent Increase
Residential (Schedule 7)	1.6
Commercial & Industrial (Schedules 24, 25, 26, 26P, 7A, 29)	0.4
Commercial & Industrial (Schedules 31, 35, 43)	0.4
Campus Rate (Schedule 40)	0.5
High Voltage (Schedules 46, 49)	0.5
Choice/Retail Wheeling (Schedules 448, 449) ⁽³⁾	0.3
Lighting (Schedules 50-59)	2.1
Natural Gas Service Overall revenue increase \$10.8 million / 1.1%	
Type of Natural Gas Service	Percent Change
Residential (Schedules 16, 23, 53)	1.8 Increase
Commercial & Industrial (Schedules 31, 31T ⁽³⁾)	0.4 Decrease
Large Volume (Schedules 41, 41T ⁽³⁾)	0.3 Decrease
Interruptible (Schedules 85, 85T ⁽³⁾)	0.5 Decrease
Limited Interruptible (Schedules 86, 86T ⁽³⁾)	0.3 Decrease
Non-Exclusive Interruptible (Schedules 87, 87T ⁽³⁾)	0.3 Decrease
Rentals (Schedules 71, 72, 74)	2.2 Increase

(1) Current and proposed electric and natural gas total bills shown above represent all charges.

(2) Excludes the proposed property tax mechanism.

(3) Rates for retail wheeling and transportation customers do not include the cost of electricity or natural gas. The resulting percentage change is therefore on a different basis than for other customers.