

NOTICE OF REQUESTED RATE INCREASE

You have an opportunity to comment on PSE's requested rate increase. The Washington Utilities and Transportation Commission will hold three public hearings on this rate request as well as PSE's merger application.

(Please see separate notice for additional merger information)

In December 2007, Puget Sound Energy (PSE) asked the Washington Utilities and Transportation Commission (UTC) for approval to increase its rates by \$174.5 million (9.5 percent overall) for electric customers and \$56.7 million (5.31 percent overall) for gas customers. The primary purpose of these increases would be to recover PSE's costs, including:

- New plant to provide service to customers—increases of \$25.8 million for electric and \$15.5 million for natural gas.
- Depreciation costs—increases of \$12.8 million for electric and \$18.9 million for natural gas.
- \$55.1 million for increases in electric power cost.
- Return on shareholder investment—increases of \$12.2 million for electric and \$5.0 million for natural gas.
- \$16.6 million increase in costs related to storm damage restoration. This amount is a portion of the

6:30 p.m. Public hearing dates and locations

May 15 Bellevue	May 20 Bellingham	June 4 Olympia
Bellevue Community College Room 130 B 3000 Landerholm Circle S.E.	Bellingham Senior Activity Center 315 Halleck Street	Washington Utilities and Transportation Commission 1300 S. Evergreen Park Dr. S.W.

\$83.6 million total cost of the 2006 Hanukkah Eve storm, as well as a portion of the \$28.5 million from other 2003 through 2007 storms. PSE's request would collect the total storm costs in rates over a period of years.

The UTC has the authority to approve rates that are higher or lower than PSE's request depending on the results of its investigation. The UTC will conduct an investigation to determine if the proposed rates are fair. The UTC staff, PSE, Public Counsel Section of the Attorney General's Office, and other parties will participate. The new rates will become effective upon completion of the UTC's investigation, which may take up to 11 months.

The UTC will hold three public hearings so that customers have an opportunity to tell the UTC commissioners their opinions about the rate increase request.



PUGET SOUND ENERGY

The Energy To Do Great Things

You are invited to comment to the UTC:

- in person at one of three public hearings (outlined in this notice)
- in writing (see card at right):
UTC
P.O. Box 47250
Olympia, WA 98504-7250
- by telephone at: **1-800-562-6150**
- via UTC web form:
<http://www.utc.wa.gov/comment>
- by email at:
comments@utc.wa.gov
- by fax at: **360-664-4291**

Please reference docket numbers UE-072300 (electric) and/or UG-072301 (natural gas) in your correspondence.

COMMENT CARD

----- cut along dotted line place in envelope, mail to UTC address at left -----

Please use this card or send a letter.

Customer Name: _____

Address: _____

Phone: _____ Email: _____

Docket Number: UE-072300 (electric) UG-072301 (natural gas)

Comments: _____

more room on back

Effects on residential customers

Based on the overall or average Increase ⁽¹⁾ shown below, the request will result in increases for the typical residential electric and for the typical natural gas customer as follows:

Electric Service at 1000 kWh per month⁽²⁾:		
	Current Bill	Proposed
Average rate ⁽³⁾ per kwh	8.53¢	9.29¢
Basic charge per month	\$6.02	\$9.00
Total	\$91.27	\$101.91

Natural Gas Service at 68 therms per month⁽²⁾:		
	Current Bill	Proposed
Average rate ⁽⁴⁾ per therm	31.248¢	23.719¢
Basic charge per month	\$8.25	\$18.00
Total	\$82.08	\$86.68

Note: The figures shown here are ranges and averages. It is not possible to set out every service or every variation in this brief notice.

⁽¹⁾ Individual rate schedules will see a greater or lesser increase than the overall or average Increase shown depending on the amount of usage.

⁽²⁾ Most electric and all gas customers are billed monthly. Some electric customers are billed every other month.

⁽³⁾ Current and proposed electric rates shown above represent the average cost of energy and other per kwh charges.

⁽⁴⁾ Current and proposed natural gas rates shown above represent per therm charges except for the cost of the gas commodity.

Summary of requested rate increases

	Overall \$ Increase	Overall % Increase
Electric	\$174,482,512	9.5%
Type of Service	Electric Schedule(s)	Average Increase ⁽¹⁾
Residential	7	11.8%
Non-Residential	24, 25,	6.4%
Secondary Voltage	26, 29	
Non-Residential Primary	31, 35, 43	9.4%
Campus	40	5.0%
Non-Residential High Voltage	46, 49	9.4%
Non-Residential		
Primary/High Voltage	449, 459	9.4%
Lighting	50-59	7.1%
PSE has proposed to increase the monthly residential electric basic charge from \$6.02 to \$9.00.		

⁽¹⁾ Individual rate schedules will see a greater or lesser increase than the overall or average Increase shown depending on the amount of usage.

	Overall \$ Increase	Overall % Increase
Natural Gas	\$56,770,922	5.31%
Type of Service	Natural Gas Schedule(s)	Average Increase ⁽¹⁾
Residential	23	5.73%
Commercial & Industrial	31	6.86%
Non-Residential		
High Load Factor	41	0.00%
Non-Residential Interruptible	85	0.00%
Non-Residential Interruptible	86	-1.76%
Non-Residential Interruptible	87	3.64%
Non-Residential Transportation	57	23.89%
Compressed for Vehicles	50	4.05%
Rental Water Heaters/Burners	71-74	5.20%
PSE has proposed to increase the monthly residential natural gas basic charge from \$8.25 to \$18.00, to cancel Schedules 36 and 51 and revise and expand schedules for transportation service and cancel Schedule 57 in 2012.		

Comments: (continued) _____

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: utility@atg.wa.gov

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

**Puget Sound Energy
Attn.: Customer Service
P.O. Box 90868
Bellevue, WA 98009-0868**

or by e-mail:

generalratecase@pse.com

For more information visit PSE.com or call 1-888-225-5773, press option 4.

