

IMPORTANT NOTICE FOR PUGET SOUND ENERGY NATURAL GAS CUSTOMERS ABOUT PROPOSED RATE CHANGES

Puget Sound Energy on April 26 filed a request with the state Utilities and Transportation Commission (UTC) to change natural gas rates. The proposed change is described below.

Natural Gas—Pipeline Integrity Program (PIP)—PSE has requested a new program that would allow the utility to recover in a timelier manner the costs associated with replacing certain types of aging natural gas pipelines to ensure safety and reliability.

Even though PSE continually invests in the replacement and repair of the natural gas system, under the current method for rate-recovery, there typically is a lag of two or more years before the utility can seek additional revenues to recover these safety-related investments. Under the PIP safety program, PSE proposes a charge on customers' bills for more timely recovery of natural gas pipeline safety improvement costs.

The proposed PIP charge would cover investments in the following integrity and safety programs: bare steel pipeline replacement; wrapped steel service pipeline assessment; wrapped steel main pipeline assessment; and older polyethylene pipe replacement.

To recover costs of the scope of the Pipeline Integrity Program, PSE has requested an overall increase of 0.4 percent (four-tenths of 1 percent) in natural gas rates, effective July 1 through Oct. 31, 2011. Under the proposed mechanism, the PIP charge would be evaluated and adjusted annually with a Nov. 1 effective date.

On PSE's bill, the proposed new charge would be listed as the "Pipeline Integrity Program Charge." For the July 1–Oct. 31 period, a typical monthly residential natural gas bill, based on a 12-month average of 68 therms, would increase by 0.5 percent, or 39 cents per month to \$85.40*. The overall average change for natural gas customers is as follows:

Type of Service	Percent Increase
Schedules 16, 23, Residential.....	0.4
Schedules 31, 31T Commercial & Industrial	0.4
Schedules 41, 41T, Large Volume	0.2
Schedules 85, 85T, Interruptible	0.3
Schedules 86, 86T, Limited Interruptible	0.1
Schedules 87, 87T, Non-exclusive Interruptible.....	0.2
Contracts	1.1
Total.....	0.4

**Total monthly household bill is based on rates expected to be in effect July 1, 2011, plus the proposed PIP rate.*

The UTC has the authority to set final rates that may vary from PSE's request, either higher or lower or structured differently depending on the results of its review.

Comments or questions on proposal: PSE customers may submit comments to the UTC about this proposal by using the online comment form at www.utc.wa.gov/comment; emailing to comments@utc.wa.gov; faxing to 360-664-4291; or mailing your comments to the UTC at: P.O. Box 47250, Olympia, WA, 98504. If you write, include your name and mailing address, the name of the company (PSE), and Docket No. UG-110723. You may also ask questions of the UTC and request that the UTC notify you of the open meeting at which these proposals will be considered by the three-member Commission. The public, including residential and small business customers, is represented by the Public Counsel Section of the Washington State Attorney General's Office. You can reach the Public Counsel Section by writing to Public Counsel, Assistant Attorney General, 800 5th Avenue, Suite 2000, Seattle, WA 98104-3188, or by email at utility@atg.wa.gov. If you have questions or comments for PSE about this proposal, you may submit those questions or comments by mailing, emailing or calling PSE at: Puget Sound Energy, ATTN: Customer Service, P.O. Box 97034, Bellevue, WA 98009-9734, by e-mail at customer@pse.com or by telephone at 1-888-225-5773. Additional information about the filing is available at PSE.com.