

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

Puget Sound Energy on Sept. 18 filed two separate requests with the state Utilities and Transportation Commission (UTC) proposing an overall average 2.64 percent increase for all customer groups with natural gas service, effective Nov. 1, 2014.

Purchased Gas Adjustment (PGA): PSE has requested to increase natural gas bills under the purchased gas adjustment rate-setting mechanism, which allows utilities to adjust rates, up or down, to reflect fluctuations in the price of natural gas in the wholesale market. The PGA has two components—one is a projection of the average cost of natural gas supplies over the next year, the other is a true-up of the difference between prior years' projected costs and the actual costs of the supplies.

The current true-up component is a credit, which has reduced the overall cost of natural gas to customers. The requested change would eliminate the current average 1.3 cents-per therm credit and result in an average 3.3 cents per-therm charge, causing an increase in PSE bills. The actual wholesale price of natural gas supplies that PSE purchased for customers increased in the past year.

Projected natural gas costs, which include a combination of short- and longer- term wholesale purchases, however, are lower than the prices projected a year ago. PSE proposes to pass through to customers a reduced charge from an average of 57.1 cents per therm to an average of 54.9 cents per therm.

The net effect of the two components of the PGA would increase the average cost of natural gas by 2.5 cents per therm, or an overall average of 2.45 percent. The cost of natural gas is shown on your monthly PSE bill as "Gas Cost." PSE is not allowed to profit on the natural gas it purchases for customers.

Cost Recovery Mechanism for Pipeline Replacement (CRM): PSE has asked the UTC to increase natural gas rates an overall average 0.2 cents per therm, or 23/100ths of 1 percent, to recover costs from Nov. 1, 2013 through Oct. 31, 2014 for the replacement of aging natural gas pipes to ensure continued, safe and dependable service, as allowed by the CRM.

If both proposals are approved by the UTC, the total increase for households using a 12-month average of 68 therms per month would be 2.3 percent, or \$1.78, bringing the monthly PSE bill to \$79.07.

Combined, the proposed increases for residential, commercial and industrial customers with natural gas services are:

TYPE OF SERVICE	PERCENT INCREASE
Residential Service, Schedule 23.....	2.38
Residential Gas Lights, Schedule 16	2.36
Commercial & Industrial (C&I), Schedule 31	2.67
Large Volume C&I, Schedule 41.....	4.65
Interruptible C&I, Schedule 85	5.03
Limited interruptible C&I, Schedule 86	4.19
Non-exclusive interruptible C&I, Schedule 87	5.44
Special Contracts	1.31

Transportation Only:

Large Volume C&I, Schedule 41T.....	0.60
Interruptible C&I, Schedule 85T	0.60
Limited interruptible C&I, Schedule 86T.....	0.35
Non-exclusive interruptible C&I, Schedule 87T.....	0.75

The UTC will review each of these filings and 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: PSE customers may comment to the UTC on these proposed filings by: using the online comment form, at <http://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, 98504-7250. If you write, include your name and mailing address, and the name of the company (PSE) and a description of the filings. You may also ask questions of the UTC and request notification of the open meeting at which this proposal will be considered by the commission. The UTC will provide reasonable accommodation to participants with disabilities. If you need such 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 reach the Public Counsel Section by writing to Public Counsel, Assistant Attorney General, 800 5th Avenue, Suite 2000, Seattle, WA 98104-3188, or by e-mail at utility@atg.wa.gov.

To contact Puget Sound Energy about these proposals: by email, customer@pse.com; in writing, Puget Sound Energy, ATTN: Customer Care, P.O. Box 97034, Bellevue, WA 98009-9734; by phone, 888-225-5773.