



## News Release

### Puget Sound Energy Natural-Gas Customers in Line for 3rd Rate Cut of 2002

BELLEVUE, Wash., Sep 30, 2002 (BUSINESS WIRE) -- Puget Sound Energy, the utility subsidiary of Puget Energy (NYSE:PSD), last week filed a proposal with state regulators to cut its natural-gas rates for the third time this year because of lower-than-anticipated wholesale natural-gas prices.

If authorized by the Washington Utilities and Transportation Commission, PSE will lower its gas rates, overall, by approximately 12.5 percent. Rates would fall by 8.5 cents per therm - or about \$6.80 a month for a typical residential bill. The company cautioned, however, that wholesale prices for natural gas have begun to inch upward, which could affect customers' bills in the future.

When combined with previous gas-rate reductions in June and September, the new rate decrease would have PSE's residential customers paying about 28 percent less for natural gas than last fall. With all three reductions, the typical household gas bill (based on 80 therms of usage) would be about \$20 less per month.

The utility is asking the WUTC to implement the latest rate reduction on Nov. 1. The proposal would credit customers' bills for amounts already collected by PSE. The credit accounts for the difference between previously forecasted wholesale gas prices and PSE's actual costs to buy the gas.

"With the winter heating season approaching, it's a great time to be able to give our customers a significant reduction in rates," said Tim Hogan, PSE's senior vice president of external affairs.

Puget Sound Energy and Washington's three other state-regulated gas utilities employ a mechanism called a purchased-gas adjustment, or PGA, to pass through to customers increases or decreases in costs the utilities incur to acquire natural gas from suppliers. Under a PGA, customers' rates periodically are adjusted, up or down, to match retail rates with utilities' actual gas costs.

Puget Sound Energy, a combined electric and natural-gas utility, serves 613,000 gas customers in parts of Snohomish, King, Pierce, Thurston, Lewis, and Kittitas counties.

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