



News Release

Natural-gas rates drop slightly for Puget Sound Energy customers; Increase in cost of service offset by lower wholesale prices for natural gas supply

BELLEVUE, Wash., Aug 28, 2002 (BUSINESS WIRE) -- Customers of Puget Sound Energy (the utility subsidiary of Puget Energy (NYSE:PSD)) will pay slightly less for natural-gas service starting Sept. 1 following state regulators' approval today of new gas rates for the utility.

The Washington Utilities and Transportation Commission granted PSE a 5.8 percent increase in revenue to cover higher costs of providing natural-gas service to customers. This service-related boost in gas-system revenue, however, was offset by a pass-through rate reduction tied to lower PSE costs to buy customers' gas on the wholesale market.

The two separate but related rate actions approved today by the WUTC -- a \$35.6 million increase in service-related revenues for PSE, and a \$45 million rate decrease related to falling gas-supply costs -- means households served by the utility will pay about 30 cents less per month, on average, for natural-gas service.

In June, PSE customers received an average 22 percent cut in natural-gas rates stemming from lower wholesale prices for gas. That earlier pass-through reduced the average residential gas bill by about \$12 per month.

The revenue increase approved today for PSE resulted from weeks of review and collaborative negotiation between PSE, WUTC staff, the consumer branch of the state Attorney General's Office, and various PSE gas customers. The utility's last increase in general rates for gas-delivery service was in 1995.

The collaborative settlement approved today marks the second phase of a comprehensive, multiparty review of PSE rates and service. In the first phase, the WUTC granted a 4.6 percent average increase in PSE electric rates, effective July 1. It was one of the region's lowest rate increases, by far, in the wake of the 2000-2001 energy crisis.

PSE serves approximately 613,000 natural-gas customers, primarily in central and southern Puget Sound, including the cities of Everett, Seattle, Bellevue, Tacoma, Gig Harbor, and Olympia.

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