



## News Release

### Increased Natural-Gas Costs Prompt PSE to Seek Pass-Through Rate Change; Utility Offers Enhanced Incentives, Tips, Aid to Help Customers Cut Their Bills

BELLEVUE, Wash., Aug 31, 2004 (BUSINESS WIRE) -- Puget Sound Energy, utility subsidiary of Puget Energy (NYSE:PSD), today filed a request with state regulators to pass through to its customers, at no profit, the increased costs of acquiring their natural-gas supplies.

The short-term wholesale price of natural gas in Washington has increased by more than 36 percent over the past year, and has nearly tripled since August 2002. Increased demand, tight supplies and, more recently, record crude-oil prices are driving the market's increase. With demand for gas continuing to outpace the growth in supply, wholesale gas prices could jump even more this fall, according to the U.S. Department of Energy.

Today's "Purchased Gas Adjustment" (PGA) filing with the Washington Utilities and Transportation Commission (WUTC) would raise PSE natural-gas bills by 17.9 percent overall (across all groups of customers). For households using the year-round average of 80 therms of gas per month, bills would increase by 16.7 percent, or \$11.90 a month. The rate change, requested to take effect Oct. 1, would bring the average monthly residential bill to \$82.02, about what PSE customers were paying when wholesale gas prices spiked in the winter of 2000-01.

"We aggressively manage our gas-supply portfolio to protect customers as much as possible from the effects of a volatile energy market," said Darren Brady, vice president of customer services for PSE. "But when the cost of gas changes markedly, our rates must reflect that change."

Brady said PSE takes a variety of steps to mitigate spikes in wholesale gas prices, such as securing lower-priced gas in summer and storing it in large reservoirs to reduce the amount of higher-priced wintertime gas the utility must buy. But customers, too, can take some relatively simple, low- or no-cost steps to help control high heating bills this winter, he added.

A few of the energy-wise actions the utility is recommending to its customers via newsletters, advertisements, the PSE Energy Advisor hot line (1-800-562-1482), and the company Web site ([www.pse.com](http://www.pse.com)) include:

- Sealing noticeable air leaks around windows and doors;
- Having furnaces inspected and serviced to ensure they're in top working order;
- Insulating attics, outside walls, and floors over crawlspaces; and
- Turning down thermostats a few degrees while still keeping rooms comfortable.

PSE also provides a variety of conservation services and financial incentives, such as rebates on energy-efficient appliances, to help its customers save energy and cut their utility bills. Information on the utility's energy-efficiency resources for customers also can be found on PSE's Web site.

Brady noted that several programs are available to help income-eligible PSE customers pay their utility bills. Besides the federal government's Low-Income Heating Energy Assistance Program (LIHEAP), which provides winter-heating assistance, PSE's 2-year-old HELP fund provides more than \$6 million worth of bill credits annually to help low-income customers cover their electricity or natural-gas bills. The Salvation Army Warm Home Fund, with contributions from PSE employees and shareholders, is another source of energy assistance. (Information on these programs is available from PSE at 1-888-225-5773.)

A "Purchased Gas Adjustment" is a regulatory mechanism that directs Washington state's natural-gas utilities to periodically adjust rates - up or down - to reflect changes that producers and wholesale marketers charge for gas. Through PGA adjustments in customers' rates, utilities are allowed to recover the cost of gas they purchase on the open market - but with no utility profit or markup.

PSE, a combined electric and natural-gas utility, serves more than 650,000 gas customers in Snohomish, King, Pierce, Thurston, Lewis, and Kittitas counties.

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