



## News Release

### PSE Customers Poised to Receive 3 Percent Electric Rate Cut

#### Restored BPA bill credit to offset utility's pending general rate increase

BELLEVUE, Wash., Oct 01, 2008 (BUSINESS WIRE) -- Puget Sound Energy [utility subsidiary of Puget Energy (NYSE:PSD)] residential electric customers could see a 3 percent rate cut as early as Nov. 1 if the Washington Utilities and Transportation Commission (UTC) approves a request filed today by PSE to resume the Bonneville Power Administration (BPA) "Residential Exchange" credit on customer bills and grants PSE's pending general rate electric increase request.

"We're pleased to be able to bring our customers this rate relief in time for winter and throughout next year," said Kimberly Harris, executive vice president and chief resource officer for PSE. "All families in the Northwest deserve a fair share of the benefits from our region's federal hydropower system. We will do all we can to make sure these benefits continue to flow to our customers in the years ahead."

If approved by the UTC, the 970,000 households and small farms that receive electric service from PSE are poised to see a usage-based credit from BPA averaging \$10.56 for homes with the typical monthly power consumption of 1,000 kilowatt-hours. The credit's bill reduction would average 11.4 percent -- more than offsetting a separate 8.2 percent general electric-rate increase PSE is seeking, also on Nov. 1, to cover the rising cost of procuring and distributing power to customers.

In mid-2007 BPA suspended payment of the nearly 30-year-old Residential Exchange credit to customers of PSE and the Northwest's other shareholder-owned utilities. The suspension followed a ruling by the U.S. Ninth Circuit Court of Appeals, which said BPA's process for determining consumers' power benefits did not conform with the Northwest Power Act.

BPA recently announced a new procedure for calculating the Residential Exchange benefits, as well as the amount of restored credit payments utility customers will receive for fiscal year 2009.

The region's investor-owned utilities receive none of the BPA credit payments; 100 percent of these benefits are passed through to customers.

Harris noted that PSE is continuing to work with the BPA and the region's other investor- and consumer-owned utilities to ensure that an equitable share of the region's federal power benefits are provided for investor-owned utilities' customers, long term, beyond the upcoming one-year allocation.

#### About Puget Sound Energy

Washington state's oldest and largest energy utility, with a 6,000-square-mile service territory stretching across 11 counties, Puget Sound Energy (PSE) serves more than 1 million electric customers and 737,000 natural gas customers. PSE, a subsidiary of Puget Energy (NYSE:PSD), meets the energy needs of its growing customer base primarily in Western Washington through incremental, cost-effective energy conservation, low-cost procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. PSE employees are dedicated to providing great customer service to deliver energy that is safe, reliable, reasonably priced, and environmentally responsible. For more information, visit [www.PSE.com](http://www.PSE.com).

SOURCE: Puget Sound Energy

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