

Notice of PSE's Release of Private Customer Information

This notice describes how Puget Sound Energy (PSE) released the names and addresses of certain PSE customers in violation of state regulations and also describes the measures PSE has agreed to take in response to the violation.

Washington Utilities and Transportation Commission (UTC) regulations require PSE to obtain a customer's written permission before disclosing or selling any private customer information to affiliates, subsidiaries or other third parties for purposes of marketing services or products. In other words, before we provide your name, service address or other private information to any service or product provider who intends to market services or products to you, we must obtain your written permission to do so first.

Earlier this year, an investigation by the UTC revealed that PSE violated these state regulations when PSE released the following information for some customers: name, address, service start date, and product order number. We released this information for marketing purposes to an outside contractor. When PSE customers called PSE to initiate or move service, we transferred some customers to this outside contractor, along with their customer information, without their knowledge or consent. Using this customer data, the outside contractor then marketed products and services (such as newspaper subscriptions or lawn care services) to PSE customers. This release of customer information began in 2001 and ended March 2006. Altogether 65,260 customers had information released.

PSE has fully admitted its violation of state law. We have agreed to pay a civil penalty of \$900,000 to the UTC. We have also agreed to donate the \$95,000 we received from the outside contractor to PSE's Warm Home Fund. The Warm Home Fund assists low-income customers with paying home heating bills. Additionally, in order to prevent any future release of private customer information, we have agreed to develop a corporate privacy policy, implement privacy training for all existing and new employees, and report any release of confidential information to the UTC on an annual basis for the next two years.

PSE respects your privacy. We want you to know that you can rest assured that none of the information released to third parties contained social security numbers. For more information about this matter, including whether we released information about you, please contact us at 1-888-225-5773. You can also learn more about our privacy policies at this number or on our website at www.pse.com.

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