



Puget Sound Energy, Inc.
P.O. Box 97034
Bellevue, WA 98009-9734

May 14, 2008

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Docket No. U-072375

Dear Ms. Washburn:

Puget Sound Energy (the "Company") has provided the notice to customers provided for in WAC 480-143-210, Transfer customer notice requirements. The Company mailed the notice to customers in the above-referenced docket primarily as a bill insert but some notices were directly mailed to customers as separate items. These mailings were completed on May 1, 2008.

A copy of the notice is enclosed. For those notices inserted in bills, they were mailed with bills mailed on March 14, 2008 and through the bills mailed on May 1, 2008. Notices directly mailed to customers were mailed on April 25, 2008.

Approximately 1,044,122 electric customers and approximately 717,604 natural gas customers were provided notice.

Please contact Lynn Logen at (425) 462-3872 for additional information about this matter. If you have any other questions please contact me at (425) 462-3495.

Very truly yours,

Tom DeBoer
Director, Rates & Regulatory Affairs

Enclosure

cc: Simon J. ffitc
Sheree Strom Carson

Details of the Transaction

Upon completion of the proposed merger, Puget Energy will no longer be a public company. Its common stock will be delisted from, and will no longer be traded on, the New York Stock Exchange or any other securities exchange, and will be deregistered under the Securities Exchange Act.

PSE will continue to be subject to the regulations of the UTC and, among other agencies, the Federal Energy Regulatory Commission (FERC). PSE's headquarters will remain in Bellevue, WA for a minimum of five years with the current management team and employees.

Each member of Puget Holdings, as well as its corresponding ownership interest, is listed below:*

1. Macquarie Infrastructure Partners — 31.8 percent
2. Canada Pension Plan Investment Board — 28.1 percent
3. Macquarie Capital Group Ltd. — 15.9 percent
4. British Columbia Investment Management Corporation — 14.1 percent;
5. Alberta Investment Management — 6.3 percent
6. Macquarie-FSS Infrastructure Trust — 3.7 percent

*Note that the ownership interests do not add to 100.0% due to rounding.

If approved, the merger is intended to provide PSE with reliable access to financial resources on reasonable terms. This will allow PSE to secure future energy supplies and expand its delivery infrastructure. According to the agreement, the transaction will provide PSE with \$1.5 billion in capital over the next five years to meet the needs of customers in the growing western Washington region.

The merger agreement anticipates completion of the proposed merger in late 2008, subject to, among other conditions in the merger agreement, receipt of all customary regulatory approvals.

Comments: (continued) _____

The public is represented by the Public Counsel Section of the Washington Attorney General's Office. You can contact the office at:

Public Counsel
Assistant Attorney General
800 5th Avenue, Suite 2000
Seattle, WA 98104-3188

or by email: utility@atg.wa.gov

To contact Puget Sound Energy, you may reach us in writing at:

Puget Sound Energy
Attn.: Customer Service
P.O. Box 90868
Bellevue, WA 98009-0868

or by e-mail: merger@pse.com

For more information visit PSE.com or call 1-888-225-5773, press option 4.

NOTICE OF PROPOSED MERGER

The Washington Utilities and Transportation Commission will hold three joint public hearings on this request and as well as PSE's recent request for a rate increase.

(Please see separate notice for additional rate case information)

Puget Sound Energy (PSE) has asked the Washington Utilities and Transportation Commission (UTC) for approval of the transfer of ownership of Puget Energy, and its subsidiary PSE, via a proposed merger.

Puget Energy, the parent company of Puget Sound Energy (PSE), has entered into a merger agreement with a group of long-term infrastructure investors. Under the terms of the merger agreement, Puget Holdings will acquire all of the outstanding common shares of Puget Energy. Puget Holdings is an international collection of investors from Australia, Canada, and the United States. The total value of the transaction is \$7.4 billion.

The merger must be approved by the UTC. PSE's request is currently under review by the UTC. The change in ownership must be in the public interest. The UTC has interpreted this to mean that the merger should not cause harm to PSE's customers. Issues to be reviewed may include impacts on service quality, infrastructure investment, financial and operational soundness, and on customers' rates.

6:30 p.m. Public hearing dates and locations

May 15 Bellevue

Bellevue Community College
Room 130 B
3000 Landerholm Circle S.E.

May 20 Bellingham

Bellingham Senior
Activity Center
315 Halleck Street

June 4 Olympia

Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Dr. S.W.



PUGET SOUND ENERGY

The Energy To Do Great Things

You are invited to comment to the UTC:

- in person at one of three public hearings (outlined in this notice)
- in writing (see card at right):
UTC
P.O. Box 47250
Olympia, WA 98504-7250
- by telephone at: **1-800-562-6150**
- via UTC web form:
<http://www.utc.wa.gov/comment>
- by email at:
comments@utc.wa.gov
- by fax at: **360-664-4291**

Please reference docket number
U-072375 (merger) in your
correspondence.

----- cut along dotted line ✂ place in envelope, mail to UTC address at left -----

Please use this card or send a letter.

Customer Name: _____

Address: _____

Phone: _____ Email: _____

Docket Number: U-072375

Comments: _____

more room on back