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GRAHAM & DUNN

Sheree Strom Carson
PHONE: (425) 635-1422
FAX: (425) 635-2422
EMAIL: SCarson@perkinscoie.com

The PSE Building
10885 N.E. Fourth Street, Suite 700
Bellevue, WA 98004-5579
PHONE: 425.635.1400
FAX: 425.635.2400
www.perkinscoie.com

March 4, 2008

Elaine L. Spencer
Graham & Dunn PC
Pier 70
2801 Alaskan Way --Suite 300
Seattle, WA 98121-1128

**Re: WUTC v. Puget Sound Energy, Inc.
Docket No. UG-072301**

Dear Elaine:

This letter responds to your letter dated February 26, 2008 and your plan to use confidential information obtained from confidential workpapers filed by Puget Sound Energy, Inc. ("PSE") to contact, and potentially solicit, PSE customers. We believe your proposed use violates the Protective Order entered in this case and may unknowingly cause PSE to violate WAC 480-90-153. As such, PSE cannot agree to the plan you outline in your letter.

Customer Information in Workpapers is Confidential

The Protective Order designates customer names as "Confidential Information." Additionally, it is PSE's policy to treat customer names, addresses, usage information as well as other customer specific data as confidential. This policy is consistent with WAC 480-90-153. As you note, the original workpapers filed on December 3, 2007 in support of Janet Phelps' testimony were marked confidential. PSE marked the workpapers confidential because they contained the confidential customer information outlined above. On January 7, 2008, you signed a confidentiality agreement, in which you agreed to comply with and be bound by the Protective Order and acknowledged that you had reviewed and fully understood the terms and conditions of the Protective Order.

On February 13, 2008, PSE filed and served revised confidential workpapers in which the confidential customer identifying information had been redacted. When you received these revised workpapers, you should have destroyed the original workpapers. If you have not yet

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Perkins Coie LLP and Affiliates

Exhibit C

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done so, please immediately destroy the original Janet Phelps' workpapers and replace them with the revised workpapers contained on the CD we sent you on February 13, 2008.

The Proposed Use of Confidential Information Violates the Protective Order and the WAC

In your letter you propose to use the Confidential Information you obtained from these workpapers (i.e., customer names, addresses and usage information) to contact these customers. This proposed use violates several sections of the Protective Order, including the following:

Persons having access to the Confidential Information pursuant to this Order must request, review, use or disclose Confidential Information only by or to persons authorized under this Order, and only in accordance with the terms specified in this Order. Without limiting the foregoing, persons having access to Confidential Information shall not use any Confidential Information to design, develop, provide, or market any product, service, or business strategy that would compete with any product of the party asserting confidentiality. (Paragraph 6).

The parties must neither distribute copies of documents that include Confidential Information to, nor discuss the contents of confidential documents with, any person not bound by this Order. Persons to whom copies of documents are provided pursuant to this Order warrant by signing the confidentiality agreement that they will exercise all reasonable diligence to maintain the documents consistent with the claim of confidentiality. (Paragraph 10).

Additionally, by using Confidential Information in your proposed letter to PSE customers, you may cause PSE to unknowingly be in violation of WAC 480-90-153, which prohibits the disclosure of customers' names, address and information related to the "quantity, technical configuration, type, destination and amount of use" for the purpose of marketing services. We are concerned that your proposed letter constitutes a solicitation of PSE customers in violation of WAC 480-90-153 and the Protective Order.

PSE Is Providing Notice to Customers

PSE had provided, and is providing, complete notice of the proposed rate increases to all its customers, including its Schedule 57 customers, by publicly filing its proposed revised tariffs with the Commission and mailing a description of the proposed rate increase and its impact on each rate class to customers, in bill inserts, during March and April. Accordingly, we do not believe it is necessary for you, as counsel for Seattle Steam, to contact these PSE customers to notify them of the proposed rate increase, and we cannot agree to such a plan as we believe it violates the terms of the Protective Order.

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If, after reviewing this letter and the terms of the Protective Order, you believe you have a basis for using Confidential Information in the manner proposed in your February 26 letter, we suggest you file a motion with the Commission seeking permission to send the proposed letter, as PSE cannot agree to the use outlined in your letter.

Please feel free to contact me if you would like to discuss this matter in further detail.

Very truly yours,

A handwritten signature in black ink that reads "Sheree Strom Carson". The signature is written in a cursive, flowing style.

Sheree Strom Carson

cc Tom DeBoer