

Joint Statement of the Parties
WUTC v. Puget Sound Energy, Inc.
Docket No. U-061239

On October 5, 2006, Staff of the Washington Utilities and Transportation Commission (Staff) filed a complaint against Puget Sound Energy, Inc. (PSE) alleging violations of WAC 480-90-153 and WAC 480-100-153. Coincident with the complaint, Staff and PSE filed a Settlement Agreement (First Agreement), a Narrative Supporting the First Agreement, and Staff's Investigation Report.

On October 26, 2006, the Public Counsel Section of the Attorney General's Office (Public Counsel) filed an appearance in the Docket to evaluate the basis for the Settlement and, if appropriate, seek a higher penalty amount and additional privacy protections. A prehearing conference was held November 6 and a procedural schedule was issued on November 9, 2006. In accordance with the procedural schedule, settlement negotiations between the parties were held on December 8 and continued until this settlement was reached.

The Settlement Agreement (Second Agreement) now before the Commission reflects tri-party negotiations between PSE, Staff, and Public Counsel. The Second Agreement amends certain provisions in the First Agreement originally filed with the Commission and in addition contains requirements not included in the First Agreement. The significant changes and additions are as follows:

1. The Penalty Amount: (Change)

First Agreement - \$700,000 (seven hundred thousand dollars).

Second Agreement - \$900,000 (nine hundred thousand dollars).

2. The Warm Home Fund Donation Amount: (No Change)

First Agreement - \$95,000 (ninety-five thousand dollars).

Second Agreement - \$95,000 (ninety-five thousand dollars).

3. The Notice Provision: (Nonsubstantive changes)

First Agreement – The agreement requires PSE to provide a notice informing customers of their rights and PSE's obligations under Commission rules with respect to disclosure of private customer information. PSE agrees to provide the Notice both by mail and by posting on its website.

Second Agreement – The changes to this provision are technologically curative and reflect the parties' efforts to implement effective and practical electronic dissemination of the Notice. No changes are made to the text of the Notice or to the timeline for its dissemination. To accommodate technical and practical concerns about the electronic

posting provisions of the first agreement, PSE will replace the pop-up with a bridge page, and will place an additional posting of the Notice language as well as an additional link to it on the company website.

4. Privacy Policy: (New)

First Agreement – None

Second Agreement – The new Agreement contains a requirement that PSE develop a separate Privacy Policy (Policy). The Policy will address the protection of customer information, including the process for identifying who may access the information, how the information is stored and transmitted, what safeguards exist for protecting information, what the Company's response is upon an intentional or inadvertent release, or any other provision the Company requires to protect customer information. The Board of Directors must approve the Policy and file it with the Commission within six (6) months from the date the Commission issues the order approving this Agreement. PSE will file any subsequent changes to the Policy with the Commission. PSE will also appoint one of its employees to ensure Company-wide compliance with the Policy.

5. Privacy Training: (New)

First Agreement – None

Second Agreement - All new and existing employees shall receive periodic training on the Privacy Policy as part of the Ethics and Compliance Training Program. In addition, new and existing customer service center employees will receive more frequent and specific training to understand and implement the Policy.

6. Reporting Release of Customer Information: (New)

First Agreement – None

Second Agreement – PSE agrees that for two years after the Commission issues the order approving this Agreement, it will file yearly reports with the Commission identifying all instances for the prior year in which the Company released customer information to a third party for the purposes of marketing services or product offerings, including how written consent was obtained.

The parties believe that the changes and additions to the initial settlement agreement reflected in the Agreement now before the Commission are appropriate and in the public interest.