

**EXHIBIT NO. ___(CES-15)
DOCKET NO. UE-060266/UG-060267
2006 PSE GENERAL RATE CASE
WITNESS: CALVIN E. SHIRLEY**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-060266
Docket No. UG-060267**

**SIXTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF
CALVIN E. SHIRLEY
ON BEHALF OF PUGET SOUND ENERGY, INC.**

AUGUST 23, 2006

**PUGET SOUND ENERGY
Electric Tariff G**

**SCHEDULE 121
ELECTRICITY CONSERVATION INCENTIVE MECHANISM**

(N)

APPLICABILITY:

To all bills for Electric Service calculated under all schedules contained in this tariff and all retail contracts for Electric Service except where explicitly exempted.

PURPOSE:

This schedule implements surcharges or refunds based on the amount of energy savings achieved through the services and programs offered under Schedule 83 and schedules numbered between 200 and 299.

CALCULATION:

The first annual calculation will be a projection of the incentive amount based on a projection of the amount of conservation the Company expects to achieve in excess of the annual Baseline Target set by the Company in a manner approved by the Commission. For 2007, the Baseline Target is 16.5 average megawatts of electricity savings from energy efficiency programs.

All subsequent annual calculations will include a similar projection and a true-up to actual of the past year's projected incentive or penalty. The resulting differences are grossed up for federal taxes and for revenue sensitive items and then multiplied by the incentive and penalty bands and factors below to determine the dollar amount of incentive or penalty for the year.

75% of the full incentive/penalty will be collected in the year after programs have been implemented, the remaining 25% of the incentive/penalty will be collected the following year.

INCENTIVE/PENALTY BANDS:

Incentive Band Ranges

- Band A – More than 150.0% of Baseline Target
- Band B – More than 140.0% through 150.0% of Baseline Target
- Band C – More than 130.0% through 140.0% of Baseline Target
- Band D – More than 120.0% through 130.0% of Baseline Target
- Band E – More than 115.0% through 120.0% of Baseline Target
- Band F – More than 110.0% through 115.0% of Baseline Target
- Band G – More than 105.0% through 110.0% of Baseline Target

Dead Band Range

- Band H – More than 95.0% through 105.0% of Baseline Target

Penalty Band Ranges

- Band I – More than 90.0% through 95.0% of Baseline Target
- Band J – More than 80.0% through 90.0% of Baseline Target
- Band K – More than 70.0% through 80.0% of Baseline Target
- Band L – More than 60.0% through 70.0% of Baseline Target
- Band M – More than 50.0% through 60.0% of Baseline Target
- Band N – 50.0% or less of Baseline Target

(N)

Issued: February 15, 2006

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Advice No.: 2006-02

Issued By Puget Sound Energy

By: _____ Tom DeBoer

Title: Director, Rates & Regulatory Affairs

**PUGET SOUND ENERGY
Electric Tariff G**

**SCHEDULE 121
ELECTRICITY CONSERVATION INCENTIVE MECHANISM
(Continued)**

(N)

INCENTIVE/PENALTY FACTORS:

- Band A – \$20 per MWh multiplied by the MWh saved plus the Shared Net Savings Factor (\$18 per MWh) multiplied by 50% and by the MWh saved
- Band B – \$20 per MWh multiplied by the MWh saved plus the Shared Net Savings Factor (\$18 per MWh) multiplied by 35% and by the MWh saved
- Band C – \$20 per MWh multiplied by the MWh saved plus the Shared Net Savings Factor (\$18 per MWh) multiplied by 25% and by the MWh saved
- Band D – \$20 per MWh multiplied by the MWh saved plus the Shared Net Savings Factor (\$18 per MWh) multiplied by 15% and by the MWh saved
- Band E – \$20 per MWh multiplied by the MWh saved plus the Shared Net Savings Factor (\$18 per MWh) multiplied by 10% and by the MWh saved
- Band F – \$10 per MWh multiplied by the MWh saved plus the Shared Net Savings Factor (\$18 per MWh) multiplied by 5% and by the MWh saved
- Band G – \$5 per MWh multiplied by the MWh saved
- Band H – None
- Band I - \$100 per MWh multiplied by the MWh shortfall from the Baseline Target
- Band J - \$110 per MWh multiplied by the MWh shortfall from the Baseline Target
- Band K - \$110 per MWh multiplied by the MWh shortfall from the Baseline Target
- Band L - \$110 per MWh multiplied by the MWh shortfall from the Baseline Target
- Band M - \$110 per MWh multiplied by the MWh shortfall from the Baseline Target
- Band N - \$110 per MWh multiplied by the MWh shortfall from the Baseline Target

The Shared Net Savings Factor is the Conservation Cost Effectiveness Standard minus the Total Resource Cost. Currently this is \$59/MWh minus \$41/MWh resulting in \$18/MWh.

MONTHLY RATE:

The amount to be charged or refunded is included in the calculation of rates under Schedule 120.

ADJUSTMENTS:

Rates in this schedule and those rates reflected in the schedules for electric service to which the surcharge or refund under this schedule apply, are subject to adjustment by such other schedules in this tariff as may apply.

GENERAL RULES AND PROVISIONS:

Service under this schedule is subject to the General Rules and Provisions in this tariff (Schedule 80) as they may be modified from time to time and other schedules of such tariff that may from time to time apply as they may be modified from time to time.

(N)

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