

EXHIBIT NO. ___(CES-16)
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

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

AUGUST 23, 2006

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-060266 & UG-060267
Puget Sound Energy, Inc.'s
2006 General Rate Case**

NWEC DATA REQUEST NO. 026

NWEC DATA REQUEST NO. 026:

Electric Energy Efficiency

Please calculate the total Incentive the Company would receive if it achieved:

- a. 115% of the proposed baseline target
- b. 116% of the proposed baseline target
- c. 130% of the proposed baseline target
- d. 131% of the proposed baseline target

Please provide the detail of each calculation.

Response:

The calculations below represent the hypothetical total incentive Puget Sound Energy, Inc. ("PSE") would receive for achieving savings greater than the proposed baseline target, all else held equal. PSE used a baseline target of 16.5 aMW and program costs of \$29,449,500 to calculate the following incentive levels:

- a) Savings of 115% of the proposed baseline target translate into 19 aMW of savings and have an incentive of \$2,944,950. Please see Table 1 Hypothetical Incentive Scenarios below for a detailed calculation.
- b) Savings of 116% of the proposed baseline target translate into 19.1 aMW of savings and have an incentive of \$4,417,425. Please see Table 1 Hypothetical Incentive Scenarios below for a detailed calculation.
- c) Savings of 130% of the proposed baseline target translate into 21.5 aMW of savings and have an incentive of \$4,417,425. Please see Table 1 Hypothetical Incentive Scenarios below for a detailed calculation.
- d) Savings of 131% of the proposed baseline target translate into 21.6 aMW of savings and have an incentive of \$5,889,900. Please see Table 1 Hypothetical Incentive Scenarios below for a detailed calculation.

Table 1 Hypothetical Incentive Scenarios		1	2	3	4
1	Achieved Savings (aMW)	19.0	19.1	21.5	21.6
2	Baseline Target (aMW)	16.5	16.5	16.5	16.5
3	Achieved as % of Baseline Target Row 1 / Row 2	115%	116%	130%	131%
4	Threshold Band from Exh. ____ (CES-4) Based on Calculated Value in Row 3	C	B	B	A
5	Total Electric Rider Program Expenses	\$29,449,500	\$29,449,500	\$29,449,500	\$29,449,500
6	Incentive Factor from Exh. ____ (CES-4)	10%	15%	15%	20%
7	Amount of Incentive (after-tax dollars) Row 5 X Row 6	\$ 2,944,950	\$ 4,417,425	\$ 4,417,425	\$ 5,889,900