

**EXHIBIT NO. \_\_\_(CES-3)**  
**DOCKET NO. UE-06 \_\_\_/UG-06 \_\_\_**  
**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-06 \_\_\_**  
**Docket No. UG-06 \_\_\_**

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

**FEBRUARY 15, 2006**

**Exhibit F to  
Settlement Stipulation**

***PSE GENERAL RATE CASE  
DOCKET NOS. UE-011570 and UG-011571***

**SETTLEMENT TERMS FOR CONSERVATION**

**A. Executing Parties**

1. The following parties have participated in the Conservation collaborative in Docket Nos. UE-011570 and UG-011571, and have reached consensus on the terms of settlement with respect to conservation issues, as set forth in this Agreement: Puget Sound Energy, Inc. ("PSE" or the "Company"); the Staff of the Washington Utilities and Transportation Commission; the Public Counsel Section of the Attorney General's Office; Intervenor Industrial Customers of Northwest Utilities; Intervenor Northwest Industrial Gas Users; Intervenor Microsoft Corporation; Joint Intervenors the NW Energy Coalition and Natural Resources Defense Council ("NWEC/NRDC"), and Joint Intervenors the Multi-Service Center, Opportunity Council, and Energy Project ("Multi-Service Center"), (hereinafter referred to collectively as "Executing Parties").

**B. Duration and Future Review**

2. This Agreement establishes a conservation program with no sunset date. If the Commission approves this, then the conservation program developed through this Agreement shall be reviewed no later than October 2007. At that time any party may petition the Commission for modifications to the program. If a general rate case occurs prior to that time, any party may petition the Commission for modifications to the conservation program as part of the general rate case proceeding.

**C. Target for Savings from Tariff Programs**

3. The programs funded through PSE's tariff rider and natural gas tracker will be designed to achieve all savings that are not independently captured by consumer acquisition, that are cost-effective to the Company, and economically feasible for consumers, taking into account incentives provided by PSE.

4. PSE will target the development of programs to achieve at least 15 average megawatts of cost-effective electricity savings through energy efficiency programs (at a cost

currently estimated at \$17-21 million) during a 12-month period, beginning no later than September 1, 2002.

5. PSE will target the development of programs to achieve at least 2.1 million therms of natural gas savings through energy efficiency programs (at a cost currently estimated at \$2 million) in a 12-month period beginning no later than September 1, 2002.

6. In general each individual energy efficiency program shall be designed to be cost-effective. PSE will seek Commission approval of these programs in a filing to be made no later than August 1, 2002.

**D. Establishment of a Formal Advisory Committee:**

7. PSE shall establish an Advisory Committee that shall address, but not be limited to, the following issues:

- Review data values and analysis to update the Company's avoided costs,
- Review and recommend modifications to protocol for evaluation and measurement of savings from PSE energy efficiency programs with consideration given to data from the Regional Technical Forum,
- Provide guidance to PSE regarding methodology for updating its cost-effective conservation resource potential,
- Review the market assessments and the data values used in updating PSE's supply curves,
- Review cost-effectiveness inputs and calculations,
- Review needed tariff modifications and/or mid-course program corrections,
- Review appropriateness and plan for marketing efficiency programs,
- Review appropriateness and level of incentives for energy efficiency measures and services,
- Review issues related to limited income participation in energy efficiency programs.

8. The Committee shall meet at least twice each year to hear updates, review program modifications, or consider need for revisions. The Company shall provide program reports to the Committee and the Commission at least semi-annually. The Company shall inform Advisory Committee members if projections indicate that the Company shall expend more than 120% or less than 80% of its annual conservation budgets.

9. PSE shall send draft tariff submittals and program changes to Advisory Committee members at least two months before any proposed effective date. PSE may seek approval in advance from the Advisory Committee to shorten this review period in special circumstances.

10. Committee members may call meetings at any time with sufficient notice for meeting attendance. PSE shall make arrangements to hold a meeting within 2 weeks from the date of the request.

11. Advisory Committee membership shall be established as follows. The Company shall extend an invitation to serve as an Advisory Committee member to a representative from at least each of the following organizations: WUTC staff, Attorney General Office of Public Counsel, NW Energy Coalition, Energy Project, Natural Resources Defense Council, Northwest Power Planning Council, Industrial Customers of Northwest Utilities, Northwest Industrial Gas Users, Washington State Department of Community, Trade and Economic Development Energy Policy Group, and the DOE Weatherization Assistance Program provider network. Additionally, the Company shall seek customer representatives from the residential, commercial, industrial, and institutional sectors to serve on the Advisory Committee. Other interested parties may attend Advisory Committee meetings as well, but will not be considered Advisory Committee members.

**E. 2002-2003 Market Assessment and Development of Supply Curves**

12. PSE shall complete by May 31, 2003 a market assessment of its commercial, industrial, and residential sectors in order to update its conservation supply curves. Completion of this market assessment may be delayed for circumstances beyond PSE's control. The outcome of this analysis shall inform adjustments to the current 12-month savings targets after September 2003. PSE shall update these market assessments and its supply curves five years after completion of the 2002-2003 analyses.

13. PSE shall report, no later than August 31, 2003, to the Commission on proposed changes to its conservation targets and tariff, unless the May 31, 2002 market assessment is delayed as provided above in paragraph 12.

14. Electric and gas conservation annual savings targets and budgets will be periodically adjusted as presented below in Tables A-1 and A-2.

**Table A-1 PSE Electric Tariff Rider Savings Targets and Estimated Costs through 2007**

Date	Savings Target	Estimated Budget
9/01/02 thru 12/31/03	20 aMW (15 aMW annual target, pro-rated for 16 months)	\$22.67 – 28 million (\$17-21 million annual budget pro-rated for 16 months)
1/01/04 thru 12/31/04	The annual savings target for future years shall be informed by the conservation supply curves, that PSE is expected to complete by 5/31/03, and future modifications to the avoided cost analysis for ratemaking purposes, with review from the Advisory Committee.	The annual savings target and the need for all programs to be cost-effective shall drive the future budget.
1/1/05 through 12/31/05	Same as above.	Same as above.
1/1/06 through 12/31/06	Same as above.	Same as above.
1/1/07 through 12/31/07	Same as above.	Same as above.

**Table A-2 PSE Natural Gas Tracker Rider Savings and Estimated Costs through 2007**

Date	Savings Target	Estimated Budget
9/1/02 through 12/31/03	2.8 million therms (2.1 million therms annual target pro-rated for 16 months)	\$2.7 million (\$2 million annual budget pro-rated for 16 months)
1/1/04 through 12/31/04	The annual savings target for future years shall be informed by the conservation supply curves, that PSE is expected to complete by 5/31/03, and future modifications to the avoided cost analysis for ratemaking purposes, with review from the Advisory Committee.	The annual savings target and the need for all programs to be cost-effective shall drive the future budget.
1/1/05 through 12/31/05	Same as above.	Same as above.
1/1/06 through 12/31/06	Same as above.	Same as above.

1/1/07 through 12/31/07	Same as above.	Same as above.
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#### **F. Avoided Cost Calculation**

15. To determine which energy efficiency programs and measures through September 2003 are cost-effective, PSE shall rely on the following components and their stated values to calculate the Company's avoided cost:

- Use of Aurora to forecast power costs at Mid-Columbia,
- 6.5% benefit for avoiding transmission and distribution line losses,
- Transmission benefit of \$28.65 per kW-year, unless another value is determined to be appropriate for ratemaking purposes by the Commission or by the Advisory Committee,
- Distribution benefit of \$24.95 per kW-year, unless another value is determined to be appropriate for ratemaking purposes by the Commission or by the Advisory Committee,
- Continued use of 10% environmental adder to the total avoided cost unless a different methodology for recognizing environmental costs of energy systems is adopted by the Commission. Two proposals for the Commission to consider are adopting the Regional Technical Forum's (RTF) carbon offset benefit of \$15/ton (or 6 mills) or initiating a rulemaking to make its own determination on the issue of environmental externalities;
- Production capacity costs of \$8 per kW-year, or as determined by the Commission or the Advisory Committee, consistent with that used for other ratemaking purposes, and
- Use of Regional Technical Forum's end use load factors.

16. PSE shall develop, in conjunction with its August 2002 filing, avoided costs for natural gas efficiency programs, with review from the Advisory Committee, by analyzing similar components of system costs.

17. Post September 2003, as a result of analysis for ratemaking purposes, PSE may modify, after consultation with the Advisory Committee, the Company's calculation of avoided cost based upon the following: modification to one or more component values above, use of a forecasting tool or production cost model other than Aurora, establishment of load factors that are more specific to PSE's service territory than those of the RTF, or other information relevant to the calculation of avoided cost.

18. PSE shall establish indicators in consultation with the Advisory Committee that direct the Company and the Advisory Committee to convene to consider adjusting cost-effectiveness levels for programs or to consider adjusting annual savings targets. One such indicator may be the following: if market power prices in the Pacific Northwest vary from the prices forecasted by Aurora (or other forecasting tool that has replaced Aurora) by 30% for longer than 3 months.

#### **G. Program Evaluation Criteria**

19. PSE and the Advisory Committee shall rely on the following evaluation strategies to determine energy savings from programs:

- Regional Technical Forum's "deemed" savings lists for electricity measures, or
- Advisory Committee review and adoption of evaluation protocol for energy efficiency programs.

The Committee may revise this list in the future.

20. Information-only services shall be assigned no quantifiable energy savings value without full support of the Advisory Committee. PSE may expend up to 10% of its budget on information-only programs if its total mix of programs in that sector pass the cost-effectiveness test (Information-only services refers to those information services that are not associated with an active incentive program or include no on-site technical assistance or on-site delivery of school education programs.)

#### **H. Program Design Principles**

21. Budget Development: The annual budget for the first twelve months of the program will be built up from the bottom through the development of a mix of programs that deliver cost-effective savings in PSE's service territory. The budget for electricity and natural gas programs shall reflect implementation of a cost-effective portfolio of programs targeting acquisition of 15 aMW and 2.1 million therms of savings for the first year. After the first year, PSE's conservation targets for both natural gas and electric efficiency programs will be revised periodically and determined by the updated conservation supply curves, current avoided cost values, program experience, and other relevant factors. These targets will direct development of the mix of cost-effective programs that will establish the budgets for efficiency programs and once that mix has been developed, the targets will be determined. The Company will submit these targets through annual filings for Commission approval.

22. Outreach on Programs: PSE shall establish a strategy and proposed implementation budget for informing participants about program opportunities in the relevant and strategic market channels for each of PSE's energy efficiency programs. For example, PSE will describe how to market its water heater program to plumbers, water heater retailers,

builders, and homeowners. PSE shall share these strategies and budgets with the Advisory Committee for review and comments.

23. Incentives: PSE shall offer incentives for cost-effective measures in order to achieve meaningful program penetration. Incentives may be directed to consumers, retailers, designers, installers, etc., as appropriate for measures that save energy. PSE shall work with the Advisory Committee to establish meaningful penetration levels.

24. Sector mix: In each year, PSE shall offer a mix of tariff-based programs that ensures it is serving each customer sector (unless there are no cost-effective savings opportunities in a sector) including programs targeted to the limited-income subset of residential customers. Modifications to this commitment may be made with full Advisory Committee support.

25. Tariff-rider funds shall only be used on programs and their associated administrative costs that result in energy savings through energy efficiency investments or fuel switching. This may include reasonable administration costs for PSE's net metering program.

26. Schedule 449 customers are eligible for self-direction under existing Schedule 258 and participation in efficiency programs offered by PSE, except as stated in paragraph 27. Schedule 258 customers who are not on Schedule 449 will be eligible to participate in other programs offered directly by PSE. Non-449 Schedule 258 customers will share in paying NEEA/market transformation and administration costs consistent with all other non-449 customers.

27. Each Schedule 449 customer can self-direct and/or participate in programs offered directly by PSE up to a total dollar cap equal to the annual efficiency funding level for that 449 customer minus 17.5% of that amount. The 17.5% represents payments for market transformation (10%) and for administration (7.5%).

## **L. Near-Term Programs**

28. PSE shall hold at least one meeting with its Advisory Committee members to develop program enhancements, augmentations and additions that can cost-effectively capture 15 aMW and 2.1 million therms of energy savings during a 12-month period starting no later than September 1, 2002. Specific program proposals below will be among those considered in the process. (Some of the residential programs may be funded from the BPA Conservation and Renewable Discount account.)

- Small-scale commercial HVAC enhanced services for rooftop air conditioning or heat pump units.
- New commercial construction program. Program description shall include: specifications, outreach strategies, projected savings, involvement by market



players, etc. PSE's program for new commercial construction will achieve energy savings that are at least 10% above the State's non-residential energy code.

- Energy Star, or better, transformers, on the customer side of the meter, for commercial and industrial sites.
- New residential construction program for gas and electric heated homes.
- Compact fluorescent light bulbs: program to target installation of at least 2 compact fluorescent bulbs in at least 50% of PSE residential households.
- Compact fluorescent fixtures program.
- Revisions to Commercial and Industrial Retrofit and New Construction programs (Schedules 250 and 251).

#### **J. Conservation & Renewable Discount**

29. In addition to the proposed annual tariff rider goal, PSE shall proceed with a Conservation and Renewable Discount (C&RD) program, with an expected annual budget from BPA of approximately \$2.8-\$3 million, that targets the residential and small farm sectors for electricity efficiency programs and provides funding for renewable resource programs. PSE shall work with the Advisory Committee to finalize program offerings for the near-term by August 2002. PSE shall work with the Advisory Committee to update the C&RD programs as opportunities or need for modifications arise.

30. PSE shall establish an \$800,000 annual set-aside from the C&RD, in addition to tariff rider investments, for limited-income efficiency programs. Funds may be used for programs that assist in the construction of low-income housing that exceeds state energy codes, assist in the purchase of appliances that exceed federal standards, assist in the purchase of efficient Energy Star CFL fixtures or light bulbs, or may be distributed to the U.S. Department of Energy Low-Income Weatherization "sub-grantees" for low-income weatherization per BPA program guidelines. The annual budget may increase or decrease in future years according to demand.

31. PSE shall initiate work with the Advisory Committee and renewable energy stakeholders to design, establish and begin implementation of at least one renewable energy program including one that supports the local installation of renewable energy resources. The program(s) will include outreach to customers describing the costs and benefits of renewable energy systems and net metering. At least one program shall be implemented by May 2003. The initial 12-month budget for renewable energy programs will be \$250,000. Future budgets may increase or decrease based on demand.

32. PSE may offer energy efficiency programs to non-residential customers using C&RD funds only with full support of the Advisory Committee. PSE shall work with the

Advisory Committee to identify C&RD programs, considering, but not restricted to, measures that have "deemed measure" eligibility as identified by the RTF.

33. The C&RD program shall support a program for electrically heated manufactured homes, built to regional energy efficiency levels, through 2006 unless there is no regional infrastructure supporting the reasonable implementation of the program or if the program becomes non cost-effective.

#### **K. Low Income Energy Efficiency**

34. PSE will target low-income energy efficiency program funding at \$2.3 million annually. Rider and tracker funded programs will be targeted at \$1.2 million annually with the savings attributed to the Company's annual savings target; and non-tracker/rider funded programs will be targeted at \$1.1 million. (PSE will make available \$800,000 in C&RD funds and \$300,000 in shareholder funds annually for the non-tracker/rider programs, unless otherwise modified by the Company.)

#### **L. Cost Recovery and Allocation**

35. The Company shall retain existing tracker and rider mechanisms going forward, subject to the Commission's Order in Docket No. UE-970686.

36. The Company shall continue to use the peak credit method of assigning the costs of its electric conservation programs to each rate schedule with one exception. The Schedule 449 customers will pay 0.045 cents per kWh toward the cost of the conservation program. This amount is based on a \$20 million dollar annual budget, and is scalable depending on whether the budget increases or decreases. This payment is separate from and in addition to payment for the existing "overhang" (undercollections from 2001 for conservation program costs) conservation payments by industrial customers. These payments will continue to be made on the previous existing terms, including rate spread. (See paragraph 37.)

37. Recovery of under-collections from 2001 shall be collected based on the continued allocation of conservation program costs implemented in Docket No. UE-020263 that went into effect in the spring of 2002.

38. Gas conservation program costs will be allocated in a manner consistent with the gas program in effect in May 2002. No gas conservation program costs shall be allocated for recovery from natural gas transportation customers. Natural gas program cost recovery allocations made to natural gas sales customers shall be made according to the peak credit (i.e., bridge) methodology that underlies Puget's recovery for surcharges for its conservation programs as approved in March 2002 in Docket No. UG-020264.

**M. Conservation Report Card and Penalty for Not Achieving Annual Target**

39. Achievement of annual targets for savings from cost-effective electricity conservation programs and from cost-effective natural gas programs, as established in Section D, shall be subject to a penalty mechanism. PSE shall compute, every two years, the total electricity savings captured through PSE electric efficiency programs during each two-year time period, and divide this total by two, to determine an average annual electricity savings achievement for that period. PSE shall compute, every two years, the total natural gas savings captured through PSE natural gas efficiency programs during each two-year time period, and divide this total by two, to determine an average annual natural gas savings achievement for that period. These computations shall determine whether the Company achieved each of the minimum savings targets, on average. If the Company achieves its average annual savings goals, as determined with the Advisory Committee, during a two-year period, then no penalty will be applied for that two-year period. If the average annual savings targets are not achieved during a two-year period then a penalty is assessed according to Paragraph 43; the penalty applies only to each individual year in which that year's actual annual target is not met.

40. Prior to the start date of the penalty period, the Company and Advisory Committee shall establish one method for assessing and tracking savings during the penalty period.

41. The following circumstance will be considered in assessing savings. In evaluating the conservation achievement, consideration will be given to large-scale, long duration efficiency projects where negotiations are in progress between PSE and the customer. If, in considering these projects, savings are attributed to one year for penalty assessment purposes, then the quantity of savings credited to the one year shall be deducted from actual savings in the following year regardless of whether the projects in question were finalized. A determination of failure or success in meeting the savings targets shall still be made in this circumstance.

42. The Company may seek mitigation before the Commission of the penalty for failure to meet the conservation savings target, if the Company can demonstrate that factors occurred, after the annual targets were established, beyond the Company's control that negatively impact customer participation in its programs such as a significant local economic recession or major natural disaster. The Company may address factors in its petition, including but not limited to the following: whether the Company is paying a penalty under the Equity Growth tracker.

43. The financial penalties for failure to achieve the annual conservation savings targets are as follows.

- Achieve savings that are 90 to 99% of the goal: \$200,000 penalty applies
- Achieve savings that are 75% to 89% of the goal: \$500,000 penalty applies

- Achieve savings that are less than 75% of the goal: \$750,000 penalty applies

44. The Company shall provide biennial notification in a Conservation Report Card to its customers regarding the Company's performance related to its annual savings targets. The report shall:

- a) Be distributed as a conspicuous stand-alone document accompanying a customer's bill or in a separate mailing and also posted to PSE's website.
- b) Be distributed to customers only after adequate consultation with Staff and the Advisory Committee.
- c) Be distributed no later than 90 days after the filing of the Annual Conservation report (currently due February 15), beginning in 2006 and every two years thereafter.
- d) Contain the following information, at a minimum:
  - 1) A brief description of the purpose of the report.
  - 2) A brief description of the benchmarks and an indication of whether the Company met the benchmarks in each year.
  - 3) Total amount of penalty at risk and the total amount of penalties imposed for the current reporting period.

The report also may contain reference to PSE's ongoing energy efficiency programs, including encouragement for customers to participate in those programs.

45. The penalty funds shall be used to fund one or more cost-effective energy efficiency programs for PSE's customers through a third party vendor. The Company shall initiate the RFP process within one month of the penalty being levied.

46. This penalty and reporting mechanism for achieving the Company's annual target for cost effective energy efficiency shall become effective for conservation programs beginning January 1, 2004. Therefore, the first period for which penalties may be assessed is the January 2004 through December 2005 time period.

**N. Line Extension Policies that Promote Energy Efficiency and Fuel Efficiency**

47. PSE may adopt line extension policies that are designed to encourage (and particularly not discourage) builders, developers, and end-use customers to select a heating fuel that is most resource efficient and adopt construction practices that exceed current energy codes.

**O. Miscellaneous Provisions**

48. **Binding on Parties:** The Executing Parties agree to support the terms and conditions of this Agreement, as described above. The Executing Parties understand that this Agreement is subject to Commission approval.

49. **Integrated Terms of Settlement:** The Executing Parties have negotiated this Agreement as an integrated document. Accordingly, the Executing Parties agree to recommend that the Commission adopt this Agreement in its entirety.

50. **Negotiated Agreement:** This Agreement represents a fully negotiated agreement. Each Executing Party has been afforded the opportunity, which it has exercised, to review the terms of the Agreement. Each Party has been afforded the opportunity, which it has exercised, to consult with legal counsel of its choice concerning such terms and their implications. The Agreement shall not be construed for or against any Executing Party based on the principle that ambiguities are construed against the drafter.

51. **Execution:** This Agreement may be executed by the Executing Parties in several counterparts, through original and/or facsimile signature, and as executed shall constitute one agreement.

DATED this 3rd day of June, 2002.

**PUGET SOUND ENERGY, INC.**

By   
Kimberly Harris  
Vice President of Regulatory Affairs

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION  
STAFF**

By \_\_\_\_\_  
Robert Cedarbaum  
Shannon Smith  
Assistant Attorneys General

**PUBLIC COUNSEL SECTION, OFFICE  
OF THE ATTORNEY GENERAL OF  
THE STATE OF WASHINGTON**

By \_\_\_\_\_  
Simon ffitich  
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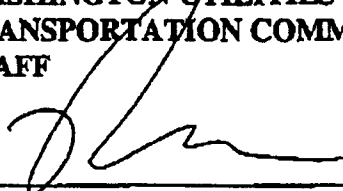
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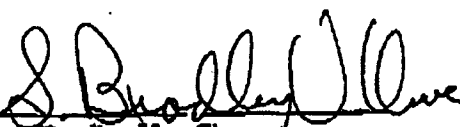
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NORTHWEST UTILITIES**

By \_\_\_\_\_  
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Assistant Attorney General  
Public Counsel Section Chief

By   
Bradley Van Cleve  
Attorney for ICNU



**NW ENERGY COALITION and  
NATURAL RESOURCES DEFENSE  
COUNCIL**

By *Danielle Dixon*  
Danielle Dixon  
Policy Associate

**MULTI-SERVICE CENTER,  
OPPORTUNITY COUNCIL, ENERGY  
PROJECT**

By \_\_\_\_\_  
Ronald L. Rosenian  
Attorney

**MICROSOFT CORPORATION**

By \_\_\_\_\_  
Harvard P. Spigal  
Attorney for Microsoft Corporation

**NORTHWEST INDUSTRIAL GAS  
USERS**

By \_\_\_\_\_  
Edward A. Finkler  
Attorney for NWIGU

**SEATTLE STEAM**

By \_\_\_\_\_  
Elaine Spencer  
Attorney

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COUNCIL**

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Danielle Dixon  
Policy Associate

**MULTI-SERVICE CENTER,  
OPPORTUNITY COUNCIL, ENERGY  
PROJECT**

By \_\_\_\_\_  
Ronald L. Roseman  
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**MICROSOFT CORPORATION**

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**NORTHWEST INDUSTRIAL GAS  
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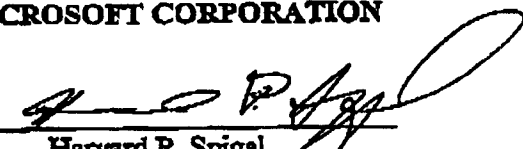
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**MULTI-SERVICE CENTER,  
OPPORTUNITY COUNCIL, ENERGY  
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Ronald L. Rosenman  
Attorney

**MICROSOFT CORPORATION**

By   
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Attorney for Microsoft Corporation

**NORTHWEST INDUSTRIAL GAS  
USERS**

By \_\_\_\_\_  
Edward A. Finklea  
Attorney for NWIGU

**SEATTLE STEAM**

By \_\_\_\_\_  
Elaine Spencer  
Attorney

**NW ENERGY COALITION and  
NATURAL RESOURCES DEFENSE  
COUNCIL**

By \_\_\_\_\_  
Danielle Dixon  
Policy Associate

**MICROSOFT CORPORATION**

By \_\_\_\_\_  
Harvard P. Spigal  
Attorney for Microsoft Corporation

**SEATTLE STEAM**

By \_\_\_\_\_  
Elaine Spencer  
Attorney

**MULTI-SERVICE CENTER,  
OPPORTUNITY COUNCIL, ENERGY  
PROJECT**

By \_\_\_\_\_  
Ronald L. Roseman  
Attorney

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**MICROSOFT CORPORATION**

By \_\_\_\_\_  
Harvard P. Spigal  
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**SEATTLE STEAM COMPANY  
(as to paragraph 38)**

By   
Elaine Spencer  
Attorney for Seattle Steam Company

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