

EXHIBIT NO. ___(CES-4)
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 ___

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

FEBRUARY 15, 2006

Electric Energy Efficiency Incentive Mechanism

| Band # | Energy Savings Performance Thresholds (round to nearest percent) | Incentive/ Penalty Factor |
|--------|---|--|
| A | <u>Incentive Range</u> Over 130% of Baseline Target | 20% of Tariff Rider Annual Program Costs 15% of Tariff Rider Annual Program Costs 10% of Tariff Rider Annual Program Costs |
| B | Over 115% through 130% of Baseline Target | |
| C | Over 100% through 115% of Baseline Target | |
| D | <u>Dead Band Range</u> Over 80% through 100% of Baseline Target | None |
| E | <u>Penalty Range</u> Over 65% through 80% of Baseline Target | -\$0.04/kWh deficit from Baseline Target -\$0.05/kWh deficit from Baseline Target -\$0.06/kWh deficit from Baseline Target |
| F | Over 50% through 65% of Baseline Target | |
| G | 50% or less of Baseline Target | |

