



Puget Sound Energy, Inc.  
P.O. Box 97034  
Bellevue, WA 98009-9734

January 12, 2007

Ms. Carole J. Washburn, Executive Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, Washington 98504-7250

**RE** Docket Nos. UE-060266 and UG-060267 (Consolidated (Advice Nos. 2007-01 and 2007-02)  
Substitute Electric Tariff Sheet – **Do Not Redocket** - Filed Electronically

Dear Ms. Washburn:

Enclosed, in connection with Docket Nos. UE-060266 and UG-060267 (Consolidated), please find the following substitute electric tariff sheet to replace one of the tariff sheets filed on January 9, 2007, under Advice Nos. 2007-01 which is from Tariff WN U-60, for electric service of Puget Sound Energy (the "Company"):

Original Sheet No. 121-b – Electricity Conservation Incentive Mechanism (Continued)

The purpose of this filing is to provide a substitute tariff sheet reflecting revisions to the paragraph titled "Calculation" to incorporate changes to address concerns of Commission Staff with the pending tariff sheet. The changes incorporate the agreed upon conditions that must be met in order for the Company to qualify for an incentive under this schedule.

The enclosed substitute tariff sheet reflects an issue date of January 9, 2007 and an effective date of January 13, 2007, in accordance with the Commission's order in Docket Nos. UE-060266 and UG-060267. This substitute tariff sheet does not make any material changes to the terms and conditions of service contained in the pending tariff sheet and is made to address concerns of the Commission Staff with the pending tariff sheet. Therefore, substitution should be allowed as provided in WAC 480-80-111(1)(a).

Please contact Lynn Logen at (425) 462-3872 or at lynn.logen@pse.com for additional information about this filing. If you have any other questions please contact me at (425) 462-3495.

Very truly yours,

Tom DeBoer  
Director, Rates & Regulatory Affairs

Enclosures

cc: Simon J. ffitich, Public Counsel  
Sheree Carson, Perkins Coie

**PUGET SOUND ENERGY  
Electric Tariff G**

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

(N)

Table 1 – Values for 2007 incentive/penalty calculation. Values will be updated for 2008 and 2009.

BAND	(1)	(2)	(3)	(4)	(5)
A	140.0%>150.0%	\$ 20.00	100%	16,031	240,302
B	130.0%>140.0%	\$ 20.00	80%	16,031	224,271
C	120.0%>130.0%	\$ 20.00	40%	16,031	208,240
D	110.0%>120.0%	\$ 20.00	20%	16,031	192,209
E	100.0%>110.0%	\$ 20.00	10%	15,870	176,178
F	100%	\$ 10.00	5%	--	160,308
G	90.0%>100.0%	\$ 75.00	0%	16,031	160,308
H	80.0%>90.0%	\$ 75.00	0%	16,031	144,277
I	70.0%>80.0%	\$ 80.00	0%	16,031	128,246
J	60.0%>70.0%	\$ 85.00	0%	16,031	112,216
K	50.0%>60.0%	\$ 90.00	0%	16,031	96,185
L	< 50.0%	\$ 95.00	0%	16,031	80,154

- (1) Range of incentive or penalty as a percent of Baseline Target  
(2) MWh Incentive (Bands A–F) or MWh Penalty (Bands G–L) which is a rate in dollars per MWh.  
(3) Shared Savings Incentive Rate – the percentage of savings that are eligible for the incentive.  
(4) Incremental Savings (Bands A–F) or Incremental Penalty (Bands G–L) in MWh.  
(5) Threshold of Band – for each band the threshold of the MWh savings achieved.

**CALCULATION:**

Following each program year, it will be determined if the Company qualifies for an incentive or is subject to a penalty based on the Company's Annual Report on Conservation Results which is filed with the Commission on or before February 15. Additionally, in order to be eligible to receive an incentive, the Company must show the following:

- (a) That at least 75% of the projected savings in both sectors were achieved. The sectors are residential and commercial/industrial. For purposes of calculating the sector savings only, savings attributed to self-directing industrial Customers under Schedule 258 and the Northwest Energy Efficiency Alliance in Schedule 254 are to be excluded.  
(b) The weighted average measure life of the total program portfolio has met a minimum live of nine (9) years.  
(c) PSE's portfolio of programs, in aggregate, are cost-effective from both the Utility Cost and Total Resource Cost (TRC) perspectives.

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

(N)

**Issued:** January 9, 2007

**Effective:** January 13, 2007

**Advice No.:** 2007-01

By Authority of the Washington Utilities and Transportation Commission in Docket Nos. UE-060266 & UG-060267

**Issued By Puget Sound Energy**

By: Tom DeBoer Tom DeBoer

Title: Director, Rates & Regulatory Affairs