

**EXHIBIT NO. JOINT-4
DOCKET NO. UE-070725
WITNESSES: ERIC E. ENGLERT
SANDRA M. SIEG
DANIELLE O. DIXON
ANN E. GRAVATT
CHARLES M. EBERDT**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

Amended Petition of

PUGET SOUND ENERGY, INC.

**For an Order Authorizing the Use of the
Proceeds From the Sale of Renewable Energy
Credits and Carbon Financial Instruments,**

Docket No. UE-070725

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE PREFILED JOINT
REBUTTAL TESTIMONY OF
ERIC E. ENGLERT, SANDRA M. SIEG, DANIELLE O. DIXON,
ANN E. GRAVATT, AND CHARLES M. EBERDT**

FEBRUARY 18, 2010

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket No. UE-070725
Amended Petition of Puget Sound Energy, Inc. For an Order Authorizing
the Use of the Proceeds from the Sale of RECs and CFIs

WUTC STAFF DATA REQUEST NO. 013

WUTC STAFF DATA REQUEST NO. 013:

Data Requests for the Joint Testimony, Pages 8-10

Please provide a copy of any and all analyses calculating the cost effectiveness of the projected use of proceeds for energy efficiency measures and energy-related repairs. Please also provide any and all assumptions used in preparation of any analysis.

Response:

Attached as Attachment A to Puget Sound Energy, Inc.'s ("PSE") Response to WUTC Staff Data Request No. 013, please find a cost-effectiveness analysis on the draft 2010-11 program if Renewable Energy Credits and Carbon Financial Instruments proceeds are applied to the base program. Cost-effectiveness metrics show that the Utility Cost/Total Resource Cost (UC/TRC) of the low income energy efficiency (weatherization) program would be 0.94 if proceeds are applied to energy-related repairs (in Attachment A.01) and energy efficiency measures (in Attachment A.02).

**Attachment A to PSE's Response to WUTC
Staff Data Request No. 013**

Analysis Row 6

\$ 53,659 PSE Admin Energy Efficiency
\$ 107,317 (2yr budget)

**Total Program
Admin Cost**

PSE Admin \$ 107,317
Agency Admin \$ 405,906
Total Admin \$ 513,223

Total Program Incentive Cost: \$ 2,706,041

	Total Program Admin Cost	Total Program Incentive Cost	Total Utility Cost
Total	\$ 513,223	\$ 2,706,041	\$ 3,219,264

Analysis Row 7

Funding needed for additional energy efficiency measures

	2010-11 Program Savings	Total DBtC Costs 2010-11 program)	Agency Admin (2010-11 Program)	Total
Multi-Family	1,146,800	\$1,391,497	\$208,725	\$1,600,222
Single-Family	1,846,000	\$2,221,007	\$333,151	\$2,554,158
Total	2,992,800	\$3,612,504	\$541,876	\$4,154,380

Addl savings achievable from proceeds (Low Estimate, Refer to Request from Public Counsel, DR #4)
850,598

22.13% Increase in savings

Assumption: approximate same ratio of \$ spent/kWh saved for additional tariff as in 2010-11 program

\$ spent/kWh saved in current program

\$1.39

\$ needed to pay for additional conservation

\$ 1,180,736

Program Incent Agency Admin

\$ 1,026,727 \$ 154,009 \$ 1,180,736

Cost Effectiveness Estimate for Low Income Energy Efficiency with REC/CFI Proceeds Incorporated																
		Wtd Meas Life Calc		Program Metrics				Program NEBs				Cost Effectiveness Metrics				
Meas Life	End-Use Type	Overall kWh Wgt.	Weighted Meas. Life	Total kWh Savings	Total Pgm Admin Cost	Total Pgm Incentive Cost	Total Utility Cost	Total Customer Cost	Total Incremental O&M Benefit	Total Quantified Other Non-Energy Benefit	Total Cost	Levelized Utility Cost per kWh	Levelized TRC Cost per kWh	Cost Eff. Standard per kWh	UC B/C Ratio	TRC B/C Ratio
25	MFSH	29.84%	7.46	1,146,800	\$ 461,525.00	\$ 1,391,497.00	\$ 1,853,022.00	\$ -	\$ -	\$ -	\$ 1,853,022.00	\$ 0.155	\$ 0.155	\$ 0.166	1.07	1.07
25	SFSH	48.03%	12.01	1,846,000	\$ 709,351.00	\$ 2,221,007.00	\$ 2,930,358.00	\$ -	\$ -	\$ -	\$ 2,930,358.00	\$ 0.152	\$ 0.152	\$ 0.215	1.42	1.42
25	SFSH	0.00%	0.00	-	\$ 513,223.00	\$ 2,706,041	\$ 3,219,264.00	\$ -	\$ -	\$ -	\$ 3,219,264.00	#DIV/0!	#DIV/0!	\$ 0.215	#DIV/0!	#DIV/0!
25	SFSH	22.13%	5.53	850,598	\$ 154,009.00	\$ 1,026,727.00	\$ 1,180,736.00	\$ -	\$ -	\$ -	\$ 1,180,736.00	\$ 0.133	\$ 0.133	\$ 0.215	1.62	1.62
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
		0.00%	0.00	-	-	-	-	\$ -	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#N/A	#N/A	#N/A
25	SFSH		25.00	3,843,398	\$ 1,838,108.00	\$ 7,345,272.00	\$ 9,183,380.00	\$ -	\$ -	\$ -	\$ 9,183,380.00	\$ 0.229	\$ 0.229	\$ 0.215	0.94	0.94

Assumption: Additional savings (cell Q7) based on lowest savings estimate (Refer to response to request from Public Counsel #4)

Assumption: Proceeds will be applied to energy-related repairs and energy conservation measures presented on Rows 6 and 7.

LEVELIZED FIXED CHARGE RATE FOR

After Tax Discount Rate: 8.25%

Number of Years	Levelized Fixed Charge Rate (%)
1	108.250
2	56.269
3	38.979
4	30.360
5	25.211
6	21.796
7	19.372
8	17.567
9	16.175
10	15.071
11	14.178
12	13.442
13	12.827
14	12.306
15	11.862
16	11.479
17	11.146
18	10.856
19	10.601
20	10.375
21	10.176
22	9.998
23	9.839
24	9.697
25	9.569
26	9.454
27	9.350
28	9.256
29	9.170
30	9.093

Electric Conservation Cost Effectiveness Standard, 2010-2011												
(Levelized \$/kWh) (Includes avoided energy and avoided capacity)												
Measure Life	SF Space Heat	MF Space Heating	Residential Water Heat	Residential Lighting	Residential Heat Pump	Residential Plug Load	Commercial Cooking	Commercial Cooling	Commercial Heating	Commercial Lighting	Commercial Refrigeration	Flat
	SFSH	MFSH	WH	LIGHTING	HP	PLUG	CICOOK	CICOOL	CIHEAT	CILTG	CIREF	FLAT
1	\$ 0.140	\$ 0.113	\$ 0.109	\$ 0.092	\$ 0.167	\$ 0.094	\$ 0.084	\$ 0.060	\$ 0.183	\$ 0.112	\$ 0.096	0.091
2	\$ 0.143	\$ 0.115	\$ 0.111	\$ 0.093	\$ 0.170	\$ 0.096	\$ 0.086	\$ 0.061	\$ 0.186	\$ 0.114	\$ 0.098	0.093
3	\$ 0.153	\$ 0.125	\$ 0.120	\$ 0.102	\$ 0.180	\$ 0.105	\$ 0.095	\$ 0.069	\$ 0.196	\$ 0.124	\$ 0.107	0.102
4	\$ 0.159	\$ 0.130	\$ 0.125	\$ 0.107	\$ 0.185	\$ 0.110	\$ 0.100	\$ 0.074	\$ 0.202	\$ 0.129	\$ 0.113	0.107
5	\$ 0.164	\$ 0.134	\$ 0.129	\$ 0.110	\$ 0.189	\$ 0.114	\$ 0.103	\$ 0.077	\$ 0.206	\$ 0.133	\$ 0.116	0.111
6	\$ 0.168	\$ 0.137	\$ 0.132	\$ 0.113	\$ 0.193	\$ 0.116	\$ 0.106	\$ 0.079	\$ 0.210	\$ 0.136	\$ 0.119	0.114
7	\$ 0.172	\$ 0.140	\$ 0.134	\$ 0.115	\$ 0.196	\$ 0.119	\$ 0.108	\$ 0.080	\$ 0.213	\$ 0.138	\$ 0.121	0.116
8	\$ 0.175	\$ 0.142	\$ 0.136	\$ 0.117	\$ 0.199	\$ 0.120	\$ 0.109	\$ 0.082	\$ 0.216	\$ 0.140	\$ 0.123	0.117
9	\$ 0.178	\$ 0.144	\$ 0.138	\$ 0.118	\$ 0.201	\$ 0.122	\$ 0.111	\$ 0.083	\$ 0.219	\$ 0.142	\$ 0.125	0.119
10	\$ 0.181	\$ 0.146	\$ 0.140	\$ 0.120	\$ 0.204	\$ 0.124	\$ 0.112	\$ 0.084	\$ 0.222	\$ 0.144	\$ 0.126	0.121
11	\$ 0.184	\$ 0.148	\$ 0.141	\$ 0.121	\$ 0.206	\$ 0.125	\$ 0.114	\$ 0.085	\$ 0.224	\$ 0.145	\$ 0.128	0.122
12	\$ 0.186	\$ 0.149	\$ 0.143	\$ 0.123	\$ 0.208	\$ 0.127	\$ 0.115	\$ 0.086	\$ 0.227	\$ 0.147	\$ 0.129	0.124
13	\$ 0.189	\$ 0.151	\$ 0.144	\$ 0.124	\$ 0.210	\$ 0.128	\$ 0.116	\$ 0.087	\$ 0.229	\$ 0.149	\$ 0.130	0.125
14	\$ 0.191	\$ 0.152	\$ 0.146	\$ 0.125	\$ 0.212	\$ 0.129	\$ 0.118	\$ 0.087	\$ 0.231	\$ 0.150	\$ 0.132	0.126
15	\$ 0.194	\$ 0.154	\$ 0.147	\$ 0.126	\$ 0.214	\$ 0.131	\$ 0.119	\$ 0.088	\$ 0.234	\$ 0.151	\$ 0.133	0.128
16	\$ 0.197	\$ 0.155	\$ 0.149	\$ 0.128	\$ 0.216	\$ 0.132	\$ 0.120	\$ 0.089	\$ 0.236	\$ 0.153	\$ 0.134	0.129
17	\$ 0.199	\$ 0.157	\$ 0.150	\$ 0.129	\$ 0.218	\$ 0.133	\$ 0.121	\$ 0.090	\$ 0.238	\$ 0.154	\$ 0.135	0.130
18	\$ 0.201	\$ 0.158	\$ 0.151	\$ 0.130	\$ 0.220	\$ 0.134	\$ 0.122	\$ 0.091	\$ 0.240	\$ 0.155	\$ 0.137	0.131
19	\$ 0.203	\$ 0.159	\$ 0.152	\$ 0.131	\$ 0.221	\$ 0.135	\$ 0.123	\$ 0.091	\$ 0.242	\$ 0.157	\$ 0.138	0.132
20	\$ 0.206	\$ 0.161	\$ 0.154	\$ 0.132	\$ 0.223	\$ 0.136	\$ 0.124	\$ 0.092	\$ 0.244	\$ 0.158	\$ 0.139	0.133
21	\$ 0.208	\$ 0.162	\$ 0.155	\$ 0.133	\$ 0.225	\$ 0.137	\$ 0.125	\$ 0.093	\$ 0.245	\$ 0.159	\$ 0.140	0.134
22	\$ 0.210	\$ 0.163	\$ 0.156	\$ 0.133	\$ 0.226	\$ 0.138	\$ 0.125	\$ 0.093	\$ 0.247	\$ 0.160	\$ 0.141	0.135
23	\$ 0.212	\$ 0.164	\$ 0.157	\$ 0.134	\$ 0.228	\$ 0.139	\$ 0.126	\$ 0.094	\$ 0.249	\$ 0.161	\$ 0.142	0.136
24	\$ 0.214	\$ 0.165	\$ 0.158	\$ 0.135	\$ 0.229	\$ 0.140	\$ 0.127	\$ 0.094	\$ 0.250	\$ 0.162	\$ 0.142	0.136
25	\$ 0.215	\$ 0.166	\$ 0.158	\$ 0.136	\$ 0.230	\$ 0.140	\$ 0.127	\$ 0.095	\$ 0.252	\$ 0.163	\$ 0.143	0.137
26	\$ 0.217	\$ 0.167	\$ 0.159	\$ 0.136	\$ 0.232	\$ 0.141	\$ 0.128	\$ 0.095	\$ 0.253	\$ 0.164	\$ 0.144	0.138
27	\$ 0.219	\$ 0.168	\$ 0.160	\$ 0.137	\$ 0.233	\$ 0.142	\$ 0.129	\$ 0.095	\$ 0.254	\$ 0.165	\$ 0.145	0.138
28	\$ 0.220	\$ 0.168	\$ 0.161	\$ 0.138	\$ 0.234	\$ 0.142	\$ 0.129	\$ 0.096	\$ 0.256	\$ 0.165	\$ 0.145	0.139
29	\$ 0.222	\$ 0.169	\$ 0.161	\$ 0.138	\$ 0.235	\$ 0.143	\$ 0.130	\$ 0.096	\$ 0.257	\$ 0.166	\$ 0.146	0.140
30	\$ 0.223	\$ 0.170	\$ 0.162	\$ 0.139	\$ 0.236	\$ 0.144	\$ 0.130	\$ 0.096	\$ 0.258	\$ 0.167	\$ 0.146	0.140

1. 2010 Start Year
2. Discount rate used is PSE after tax weighted cost of capital, 8.25%

Tariff: Low Income (E)

Responsible Manager: Sandy Sieg

Tariff Budget*		
Units	kWh	% of Total
3,790	2,992,800	
Revenue		
		\$0
Expenses		
Labor & OH	\$ 386,133	24.06%
Marketing	\$ 17,000	1.09%
Outside Services	\$ 781,876	48.71%
Misc.	\$ 420,000	26.17%
Contingency	\$ -	0.00%
Expense Total	\$ 1,605,011	
DBIC	\$ 3,612,504	
Net	\$ (1,605,011)	
Net with DBIC	\$ (5,217,515)	
DBIC per Unit	\$ 953	
Acquisition Cost/Unit	\$ (1,376,693)	
Acquisition Cost/kWh	\$ (1.74)	
DBIC/Admin Ratio	69%	
allocation	\$ 14,135	

*Includes labor overhead allocation

Measure Goal									
Measures	Units	Xpltr	kWh	% of Tariff	Budget*	% of Tariff	Life	C/E	TRC
Tariff - Multi Family	3,790		2,992,800		\$ (5,203,380)		25		0
Tariff - Multi Family	2,867	400	1,146,800	38%	(1,853,022)	36%	25		0
Tariff - SF, MH	923	2000	1,846,000	62%	(2,930,358)	56%	25		0
Tariff - Native American			0	0%	-	0%	0		0
Shareholder	0	0	0	0%	(420,000)	8%	0		0
Measure 5	0	0	0	0%	-	0%	0		0
Measure 6	0	0	0	0%	-	0%	0		0
Measure 7	0	0	0	0%	-	0%	0		0
Measure 8	0	0	0	0%	-	0%	0		0
Measure 9	0	0	0	0%	-	0%	0		0
Measure 10	0	0	0	0%	-	0%	0		0
Measure 11	0	0	0	0%	-	0%	0		0
Measure 12	0	0	0	0%	-	0%	0		0
Measure 13	0	0	0	0%	-	0%	0		0
Measure 14	0	0	0	0%	-	0%	0		0
Measure 15	0	0	0	0%	-	0%	0		0
Measure 16	0	0	0	0%	-	0%	0		0

*Does not include labor overhead allocation

Measure Budgets	Tariff - Multi Family	% of Total	Tariff - SF, MH	% of Total	Tariff - Native American	% of Total	Shareholder	% of Total	Measure 5	Measure 6	Measure 7	Measure 8	Measure 9	Measure 10	Measure 11	Measure 12	Measure 13	Measure 14	Measure 15	Measure 16
Units	2,867		923		0		0		0	0	0	0	0	0	0	0	0	0	0	0
kWh	1,146,800		1,846,000		0		0		0	0	0	0	0	0	0	0	0	0	0	0
Revenue	\$0		\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expenses																				
Labor & OH	\$ 148,800	9.27%	\$ 223,200	13.91%	\$ -		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ 8,000	0.50%	\$ 9,000	0.56%	\$ -		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outside Services	\$ 304,725	18.99%	\$ 477,151	29.73%	\$ -		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc.	\$ -		\$ -		\$ 420,000	26.17%	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	\$ -		\$ -		\$ -		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expense Total	\$ 461,525	28.76%	\$ 709,351	44.20%	\$ 420,000	26.17%	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DBIC	\$ 1,391,497	38.52%	\$ 2,221,007	61.48%	\$ -		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net	\$ (461,525)	28.76%	\$ (709,351)	44.20%	\$ (420,000)	26.17%	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net with DBIC	\$ (1,853,022)	35.52%	\$ (2,930,358)	56.16%	\$ -		\$ (420,000)	8.05%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DBIC per Unit	\$ 485		\$ 2,406		\$ -		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Cost/Unit	\$ (646.33)		\$ (3,174.82)		\$ -		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition Cost/kWh	\$ (1.62)		\$ (1.59)		\$ -		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DBIC/Admin Ratio	75%		76%		0%		0%		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%