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I. Introduction

Puget Sound Energy (PSE) currently provides a variety of energy efficiency services to their retail electric and natural gas customers in all market segments. These programs provide energy efficiency resources as part of PSE's resource portfolio and are consistent with PSE's Integrated Resource Plan (IRP). PSE is committed to ensuring that all customers have access to resources by offering a mix of programs and/or services that make energy efficiency available to all customer classes and that address all major end uses.

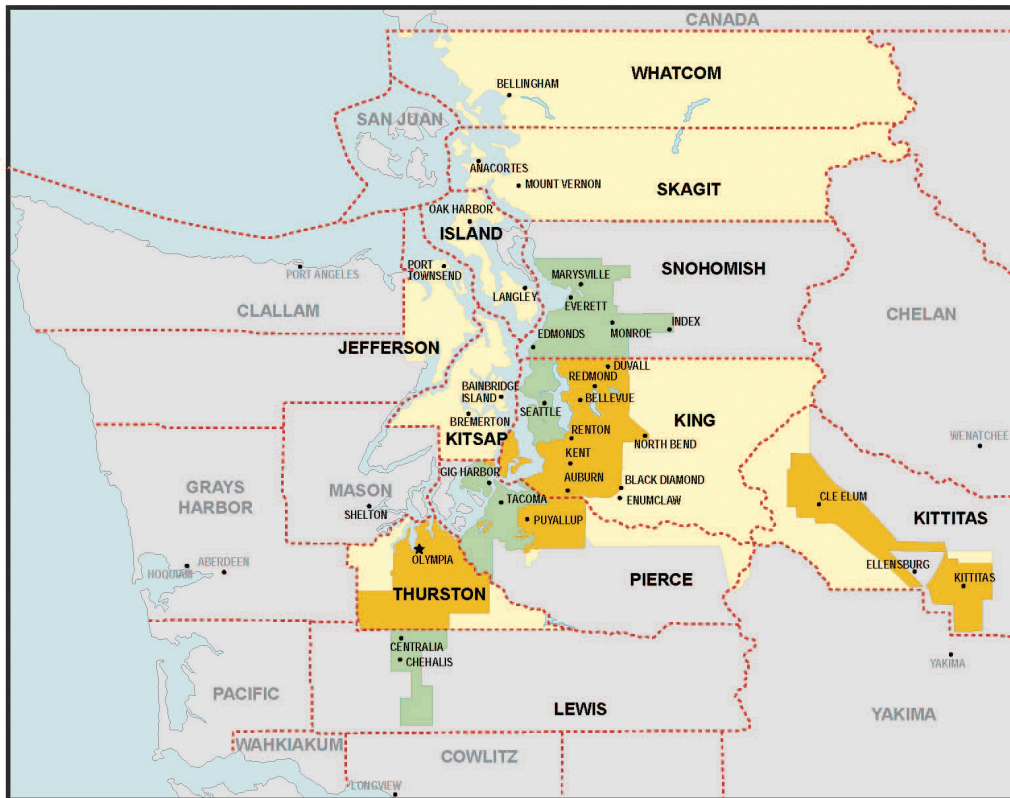
The goal of this Request for Proposal (RFP) is to identify resources and/or program support services that will enable Puget Sound Energy (PSE) to continue the upward trend of energy efficiency for the 2010-11 program years. This RFP is sponsored by Energy Efficiency Services division, the group chartered with delivering energy efficiency services. PSE is seeking proposals for programs and/or program support services that will enhance conservation of electric and gas from retail customers (business and residential) throughout our gas and electric service territory.

This RFP is intended to

- Comply with the requirements of WAC 480-107,
- Supplement and enhance PSE's ongoing energy efficiency efforts,
- Solicit proposed programs/services that can be delivered between January 1, 2010 and December 31, 2011.

1. About Puget Sound Energy

Puget Sound Energy (PSE) is Washington State's largest and oldest energy utility, serving more than one million electric customers and approximately 750,000 natural gas customers, primarily in the vibrant Puget Sound region. More than three million people reside within our 6,000-square-mile service area. We serve more than 100 cities and towns within 11 Washington counties, from South Puget Sound north to the Canadian border, and from Central Washington's Kittitas Valley west to the Olympic Peninsula.



- Combined electric and natural gas service
- Electric service
- Natural gas service

The approval of a merger/acquisition of PSE was recently announced by the Washington State Utilities and Transportation Commission (WUTC); this was the final in a series of regulatory review processes. This final approval means Washington's largest utility is now owned by Puget Holdings LLC, based in New York.

PSE employs a well-defined strategy for meeting its customers' energy needs in a reliable, low-cost way: focus on the traditional, regulated, vertically-integrated utility business model and focus on conservation which includes customer education, resources and promotions to generate energy savings as part of long term energy management. Purchase of energy efficiency resources is integral to PSE plans for the growing energy needs of our customers.

The region has experienced dramatic change during Puget Sound Energy's 134-year history, but one thing has remained constant: PSE's focus on safe, reliable, low-cost energy service. The company's commitment to serving communities and to helping make them better places to live and work is as steadfast as ever. This project shall maintain the tradition of continual evolution, high reliability, and cost effective service.

2. About Energy Efficiency Services

PSE's energy efficiency resources and customers' conservation actions taken in 2008-09 provide customers substantial annual savings on their energy bills through rebates, grants and discounts on energy-saving equipment. Our success to date can be attributed to our customers, employees and partnerships with program service providers. Together, we achieve a remarkable level of energy savings – the highest electricity and natural gas savings ever achieved by Puget Sound Energy. PSE is committed to helping our customers reduce energy costs in this challenging economy and helping to combat climate change.

Some highlights:

- Our savings targets for 2008-2009 are 53.3 aMW and 5.3 million therms. We expect to exceed these targets.
- Electric savings for 2008 exceeded the utility's previous record by 8 percent.
- Natural gas savings were similarly record breaking at more than 30 percent over 2007 savings.
- Based on recent industry studies, PSE estimates that its investments in conservation resources resulted in 450 new jobs throughout Western Washington. While other local employers were forced to cut jobs, the increased

customer interest in energy efficiency has generated new staff positions at the utility and the local contractors and distributors who support its programs.

The key EES stakeholders of this RFP include the:

- Business Energy Management (BEM) group that provides energy efficiency products and services to our Commercial and Industrial (C/I) customers. And the
- Residential Energy Services (REM) group that provides energy efficiency products and services to our residential customers. (This includes Multi-family and Low-Income market segments.)

We are proud of our commitment to energy efficiency and of our achievements.

3. Summary of Solicitation

PSE is seeking proposals for new demand side management products, resources and/or services that will result in direct and measurable gas and/or electric energy savings. This solicitation is intended to comply with the requirements of WAC 480-107 and is separate from the RFPs for specific targeted energy efficiency services issued in March and August 2009.

This Request for Proposals (RFP) is intended to supplement and enhance PSE's ongoing purchase of energy efficiency savings efforts. It is consistent with the electric and gas resource strategies in PSE's 2009 Integrated Resource Plan.

Requested services are to be delivered by year-end 2011.

4. PSE's Integrated Resource Plan (IRP)

This RFP is intended to be consistent with the guidance provided by PSE's most recent IRP. PSE filed its most recent IRP with the WUTC in July, 2009.

The July 2009 IRP may be found on the PSE web site at:

<http://www.pse.com/energyEnvironment/energysupply/Pages/pseIRPview.aspx>.

The IRP examines PSE's electric and gas resource needs over the next 20 years, and through technical analysis considers factors such as price, supply, demand and risk.

This analysis generally describes the mix of conservation programs and supply resources that might best meet electric or gas resource needs.

The overall IRP strategy with respect to electric resources is to develop a diversified, balanced electric resource portfolio that meets customer needs, results in reasonable energy supply costs and mitigates market risks. PSE's IRP indicates near-term electric and gas resource needs, which grow over time, due to growing load in its service territory, the loss of existing resources and the expiration of power purchase and non-utility generation contracts. PSE's electric and gas energy needs are greatest in the winter.

The 2009 IRP predicts that rising customer demand for electricity and PSE's expiring purchased-power contracts with other utilities will create a need for PSE to replace, renew and acquire approximately 676 megawatts (MW) of electric resources by 2012, 1,084 MW by 2016, and 2,453 MW by 2020.

In addition to the approximately 750,000 gas retail customers PSE serves, natural gas now fuels approximately 30% of electric generation. By 2029, it is projected to fuel 66% of electrical generation on an annual basis. Fuel for electric generation is now the primary driver of PSE's overall gas resource acquisitions, even though the total amounts required for generation remain lower than the total amounts needed for retail gas sales.

The lowest reasonable cost way for PSE to meet the growing needs of our customers will be to aggressively increase our customer energy efficiency programs, continue acquiring wind resources and meet the balance with natural gas fueled generation.

PSE's IRP provides the general strategic direction for demand-side program planning and resource acquisition targets, but does not commit to or preclude the Company from acquiring specific conservation measures, program types, or specific amounts of energy savings. Similar to supply-side resource acquisitions, specific determinations about actual conservation acquisitions will be based on specific opportunities and near-term implementation considerations.

This RFP seeks proposals for purchase of electric and natural gas energy efficiency resources from all customer classes and end uses, consistent with PSE's 2009 Integrated Resource Plan and the evaluation criteria discussed in Section 5 of this RFP. Proposals are to involve installation of equipment and technologies for any of a wide variety of electricity or gas end-uses. Projects are to be installed at PSE electric or gas

retail customer sites, and may be from any customer class, excluding retail wheeling sites where the customer is responsible for procuring their own power or gas supply (Electric Schedules 448 or 449; Gas Schedule 57).

5. Key Considerations for Bidders:

Although there are no restrictions imposed by this RFP on the size of the energy efficiency savings projects that may be proposed, PSE reserves the right to exercise its discretion to ensure a diverse program mix, reasonable cost levels, and appropriate program scale, and to ask bidders to consider changes to their proposal. Projects must satisfy all requirements of WAC 480-107-065:

- (1) Any conservation supplier may participate in the bidding process. A utility may allow a utility subsidiary to participate as a conservation supplier, on conditions described in WAC [480-107-135](#) Conditions for purchase of electrical power or savings from a utility's subsidiary or affiliate. A decision to allow a utility subsidiary to participate must be explained in the utility's RFP submittal.
- (2) All conservation measures included in a project proposal must:
 - a. (a) Produce electrical savings over a time period greater than five years, or a longer period if specified in the utility's RFP. A measure with an expected life that is shorter than the contract term must include replacements through the contract term;
 - b. (b) Be consistent with the utility's integrated resource plan; and
 - c. (c) Produce savings that can be reliably measured or estimated with accepted engineering methods.
- Definition of Conservation Supplier:
 - d. Conservation Supplier means a third party supplier or utility affiliate that provides equipment of services that save capacity or energy.
- Definition of Conservation:

- e. Conservation means any reduction in electric power consumption that results from increases in the efficiency of energy use, production or distribution, or from demand response, load management or efficiency measures that reduce peak capacity demand.
- f. <http://apps.leg.wa.gov/wac/default.aspx?cite=480-107-007>
- Eligibility requirements for the Company to purchase conservation savings:
 - g. (2) All conservation measures included in a project proposal must:
 - i. Produce electrical and gas savings over a time period greater than five years, or a longer period if specified in the utility's RFP. A measure with an expected life that is shorter than the contract term must include replacements through the contract term:
 - ii. Be consistent with the utility's IRP: and
 - iii. Produce savings that can be reliably measured or estimated with accepted engineering methods.
 - iv. <http://apps.leg.wa.gov/wac/default.aspx?cite=480-107-065>

In addition:

- Any products bid through this RFP should be available for implementation between January 1, 2010 and December 31, 2011.
- Renewable energy, fuel conversion (electric to natural gas), and demand response pricing programs are excluded from this RFP.
- Renewal of existing PSE programs are excluded from this RFP.
- Vendors submitting proposals under this RFP must ensure that their proposals are complimentary rather than competitive with existing EES resources and services.
- If there is potential for overlap with EES resources and/or services, vendor should address how proposed program will complement or augment existing programs.

- PSE will determine from the list of responding interested parties, those vendors and contractors with whom PSE, in its sole judgment, wishes to engage in further discussion and/or negotiate a contract.
- Eligible respondents must demonstrate experience in operating a utility-sponsored energy efficiency program, or significant experience participating as a contractor on utility program(s).
- PSE-affiliated subsidiaries are excluded from bidding on this RFP. Proposals from other utilities and/or their subsidiaries will be considered, since this may increase the number of qualified respondents and thus increase the overall creativity and competitiveness of responses to this RFP. Proposals from PSE retail customers will also be considered.
- PSE is under no obligation to select any proposal.
- For all awarded contracts, the PSE Program Evaluation group must approve any Measurement and Verification plans.

This RFP is not the sole method by which PSE may purchase new energy efficiency resources. PSE operates conservation programs to acquire the conservation savings from energy efficiency resources and may take other actions to satisfy our public service obligations.

6. Solicitation Timeline

The following represents our initial projected timeline.

Activity	Due Date
Draft RFP Filed with WUTC	October 12, 2009
Public Meeting on Draft RFP	October 29, 2009
60 day Public Comment Period Ends	December 11, 2009
WUTC Comments / Approval Expected	January 11, 2010
RFP Release	January 12, 2010
Proposal Conference hosted by PSE	January 28, 2010
Intent to Bid	February 12, 2010
Bidders Questions	February 12, 2010
PSE Responses to Questions	February 19, 2010
Signed Mutual Confidentiality Agreement	March 5, 2010
Proposal Submission	March 5, 2010

Activity	Due Date
PSE Internal Bid Evaluation	April 2, 2010
Short List Vendor Notification	April 5, 2010
Reference Checks	May, 2010
Short List Vendor Interviews	May 2010
Vendor Selections	May 2010
Scope & Pricing Finalization	June 2010
Contract Finalization	June 2010

- All times are for Pacific daylight time.
- This timetable is provided for planning purposes only and may be modified by PSE as required.

Bidder's Questions

- PSE requires questions on the RFP to be submitted in writing, electronically to EES_IRP_RFP@pse.com.
- All questions received will be scrubbed, answered and delivered to all Responders that have submitted an "Intent to Bid" response.
- All questions will be answered per timeline schedule.
- Bidders will also have the opportunity to ask questions at the Proposal Conference.

Quality

Project impact must match or exceed the quality of the customers' end-use processes or products, or customer satisfaction with equipment operation, comfort, or other amenities that result from using energy. Proposals should demonstrate that adequate quality assurance procedures will be implemented.

II. Potential Programs

This RFP seeks proposals for purchase of electric and natural gas energy efficiency resources from all customer classes and end uses, consistent with PSE's 2009 IRP and the evaluation criteria discussed in Section 5 of this RFP. Proposals are to involve installation of equipment and technologies for a wide variety of end-uses at PSE electric or gas retail customer sites. This excludes retail wheeling sites where the customer is responsible for procuring their own power or gas supply (Electric Schedules 448 or 449, Gas Schedule 57).

Key considerations for bidders:

- Renewable energy, fuel conversion (electric to natural gas), and demand response pricing programs are excluded from this RFP.
- Renewal of existing PSE programs are excluded from this RFP.
- Vendors submitting proposals under this RFP must ensure that their proposals are complimentary rather than competitive with existing EES resources and services.
- If there is potential for overlap with EES resources and/or services, vendor should address how proposed program will complement or augment existing programs.

1. Energy Efficiency Programs and/or Program Support Services

PSE programs and services are designed to meet both our conservation targets and the energy efficiency and energy management needs of our residential and business customers. In 2010-11, we are interested in identifying any program and/or program support services that will enable us to secure more savings or secure savings in more cost effective ways in a changing and dynamic marketplace.

PSE will consider proposals that generate electric and/or gas savings in the residential, commercial and industrial market segments. Serious consideration will be given to proposals that extend PSE program abilities at a competitive cost effective level or that offer unique opportunities outside the scope of present PSE programs.

2. Products of Specific Interest

Building Audit/Tune-up Program

In an effort to deliver comprehensive energy efficiency services to smaller (less than 50,000 sq.ft.) commercial buildings in our service territory, PSE is interested in program models that can identify appropriate buildings and deliver some or all of the following services:

- Basic system optimization services (HVAC & Lighting)
- Energy audits
- Provide energy efficiency guidance to customer and identify specific low cost opportunities
- Identify PSE efficiency service offerings that are appropriate for the site (e.g. rebates, custom grants)
- Provide energy savings estimates and cost estimates for proposed projects
- Assist customer with PSE incentive forms and procedures

This RFP solicitation will not consider:

- Pilot or technology demonstration projects that do not meet or exceed cost effectiveness thresholds.
- Social marketing, behavior modification, and/or marketing initiatives

PSE will consider proposals for any electric or gas energy efficiency projects that meet the general requirements of this solicitation.

III. Completing Your Proposal

The 3 steps involved in the bid process include the following:

1. Submit “Intent to Bid”

Puget Sound Energy requests that any Responder that intends to bid on this RFP, communicate that intention to:
Demand Side Management 2010-2011 IRP - RFP: via email at
EES_IRP_RFP@pse.com

Refer to timeline date and time.

2. Submit Bidder’s Questions

The release of the RFP begins a quiet period for Bidders participating in this project. Bidders shall not call PSE employees to discuss potential projects or ask questions regarding the RFP.

However, PSE realizes it is critical to provide Bidders with a vehicle to ask questions so that quality responses can be prepared. Responses to all questions will be provided in writing to all Bidders within 5 business days of closing. We will not identify companies or individuals that pose questions. Bidders will also have the opportunity to ask questions at the Proposal Conference.

Refer to timeline date and time.

Questions and requests regarding this RFP should be sent to
EES_IRP_RFP@pse.com.

3. Submit Proposals

All proposals must be sealed and received by no later than 5:00 PM Pacific Time on March 5, 2010. In addition, respondents are to provide two signed originals of the Mutual Confidentiality Agreement (Exhibit F) by February 15, 2010.

Bidders must deliver one electronic copy to:
EES_IRP_RFP@pse.com

Bidders must deliver two (2) hard copies to PSE
Proposals may be submitted via US Mail to the following address:

Puget Sound Energy
P.O. Box 97034, EST-10E
Bellevue, WA 98009-9734
Attn: Richard Hazzard

Proposals may be submitted via courier or hand-delivery to the following location:

Puget Sound Energy
355 110th Avenue NE, EST-10E
Bellevue, WA 98004
Attn: Richard Hazzard

All costs to participate in this RFP process are the responsibility of the bidder.

IV. Bidder's Response: Content

Your submission will adopt the following format for presenting bid information. Proposals that do not follow this format are at risk of being disqualified.

Completed Templates and/or Data sheets

Your submission will include:

- Signed Mutual Confidentiality Agreement (MCA) – Exhibit G
- Completed “Proposal Summary” document – Exhibit B
- Completed “Proposal Cost Summary” document-- Exhibit C
- Completed “Measure Metrics Summary” document – Exhibit D

Cover Letter

- Content for this document is included in Exhibit A

Section 1 Executive Summary

- Your executive summary will provide highlights of proposal and will be no more than 2 pages.

Section 2 Company Profile

Your company profile will include the following items:

- Company Overview
- Company
- Name
- Address
- Contact name, title, phone, email for this project
- Headquarters & number of branches
- Number of employees

History & Overview of Products and Services

- Provide a general description of the organization, background and experience in projects similar to your proposal.

Qualifications

- Provide a list of prior organizations for which key management team members have worked if such organizations have provided services similar to those in the proposal, and specifically note any services provided to PSE or its predecessors.
- Provide resumes of key personnel related to proposal (*1 page maximum per individual*)

Market Differentiation

- Highlight your company's distinguishing factors.
- Describe top 3 (or more) distinctions between your company and others.

Financial Qualification & Full Disclosure

- Provide form of business classification (i.e., sole proprietorship, partnership, or corporation) and Dun's number, if assigned.
- Quick ratio (current assets - current liabilities),
- Corporate Website address (including financial information)
- Identify pending litigation and the final resolution or present status of such matters.

References

- Provide three references from current customers for whom your company has provided similar programs in the last 3 years. (*References will be checked for short-listed bidders.*) References may also include customers for whom the respondent has provided services similar to those included in the proposal.
- Include:
 - Name of Reference Company
 - City/State
 - Type of Business

- Describe relationship to bidder
- Contact name/title
- Contact phone & e-mail
- Brief description of resources/services provided

Conflict of Interest Disclosure

- All respondents shall disclose in their proposal any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, or its customers.

Section 3 Proposal

Your proposal(s) will include the following items:

1. Completed “Proposal Summary” document. (Exhibit B)

To complete this section, you will need to input:

- Project Name
- Bidder organization and contact information
- Proposed start and end dates
- Technical information will include:
 - Targeted customer segments
 - Retrofit or new construction
 - Specific end-uses targeted
 - Type of energy efficiency measures to be installed
 - Target number of customers to be served
 - Target number of energy efficiency measures to be installed
 - Total annualized energy savings for all installed measures
 - kWh
 - therms
- If your proposal is similar to an existing PSE program or service, identify improvements, benefits, and/or synergies.

2. Completed “Proposal Cost Summary” document. (Exhibit C)

To complete this section, you will need to input:

- Measure Installation Costs
 - Measure/equipment costs
 - Labor costs
 - Other materials costs
 - Travel costs
- Program Implementation Costs
 - Incentive costs (e.g., grants, rebates)
 - Marketing/advertising costs
 - Customer Service and complaint resolution costs
 - Quality Assurance costs
 - Tracking and Reporting costs
 - Contractor Administrative costs (e.g., management labor and expenses)
 - Other costs

3. Completed “Measure Metrics Summary” document. (Exhibit D)

To complete this section, you will need to input:

- Measure name
- Measure life (refer to Exhibit E for inputs)
- Number of measure units to be installed
- Annual energy savings by measure
- First year proposal cost
- Anticipated customer cost
- Quantifiable O&M benefits
- Other quantifiable Non-Energy Benefits
- Include **both** hard-copy print out of “Measure Metrics Summary” document **and** completed Excel worksheets in your proposal submission.

4. Implementation Plan

A detailed implementation plan will include:

- Schedule
 - Key tasks, milestones and benchmarks for the proposed project from the point a contract is awarded through project completion.
 - Schedule Adherence: Indicate actions to be taken to ensure the schedule will be met.
- Implementation Team, Subcontractors, Licensing
 - Provide names and resumes of individuals who will be assigned to this project.
 - Include project roles for each individual,
 - Include any professional relationship with PSE customers.
 - If applicable, list and describe who is to install the measure (including any installation subcontractors) who is responsible for commissioning and verification of installation and/or quality assurance inspection.

5. Evaluation & Savings Verification Plan (1 pg.)

A summary of Evaluation and Savings Verification will include:

- Recommend procedures to verify measure installation, quality assurance and energy savings.
 - For all awarded contracts, final evaluation plans will be defined with, and approved by, the PSE Program Evaluation Group.

6. Marketing Plan (1 pg.)

This section will include:

- Recommended description of the marketing plan that will be used to recruit participants.
- Eligibility and how customers will be contacted and selected/rejected for participation.
- Defined marketing assistance the respondent expects PSE to provide. This may include customer lists, customer billing records, letters of introduction, or support by PSE's customer service representatives.
- PSE reserves the right to coordinate and/or implement all marketing activities.
- Specific and final Marketing Plans will be defined with PSE during contract negotiations.

7. Customer Obligations & Customer Service Plan

This section will include:

- Details of all PSE customer obligations necessary for participation. Include any share of the cost of the installed measure, and other fees or costs for participation, estimates of customer's time involvement, use of customer premises, etc.
- Description of
 - how participant complaints will be addressed
 - Any and all written or implied warranties that will be provided to customers regarding quality of materials and installation.
 - Process to track and report customer information to PSE.

8. Environmental Attributes & Non-Energy Benefits

Environmental Attributes and Non-Energy Benefits associated with the project will accrue to the ownership and beneficial use of PSE. All proposals must state that all kWh, therm and/or carbon savings associated with the project(s) will accrue to the ownership and beneficial use of PSE. *This section will include:*

- Detail the disposal of waste to be removed from customer facilities as part of energy efficiency projects, including the disposal of toxic and contaminated waste. Describe any recycling strategies to be incorporated into disposing of removed materials from the project.
- Detail specific environmental aspects of the project, including any planned utilization of recycled materials in equipment supplied to the project.
- Identify any non-energy benefits that will be realized from program participation over time. These could include benefits associated with quality of life, carbon mitigation, incidental benefits to businesses or customers.

9. Project Data Requirements

Please specify the data you will require of PSE in order for your proposed project to be successful. Include details regarding how data will be accessed and managed.

V. Bid Evaluation

Consistent with the requirements of WAC 480-107-070 and 480-107-165, as well as the Conservation Settlement, PSE will evaluate and rank energy efficiency proposals based on a structured evaluation process. Proposals will be expected to conform to all of the basic requirements in this RFP regarding content, format, and submittal. Any proposal that does not adhere to these requirements is at risk of being disqualified from consideration.

After initial screening for compliance with the basic requirements for this RFP, PSE will evaluate each proposal based upon the understanding of how the proposal meets the objective and satisfies the service requirements.

Criteria include:

Criteria	Value – 100 points
<ul style="list-style-type: none"> ▪ How well does proposal diversify, support, complement and/or improve PSE portfolio 	20
<ul style="list-style-type: none"> ▪ Value to customer <ul style="list-style-type: none"> ○ Energy savings ○ Cost ○ Public and/or Non-energy benefits ○ Commitment to Quality Assurance 	20
<ul style="list-style-type: none"> ▪ Cost 	20
<ul style="list-style-type: none"> ▪ Reliability, quality and/or persistence of energy savings 	20
<ul style="list-style-type: none"> ▪ Supplier <ul style="list-style-type: none"> ○ Industry experience and reputation ○ Service qualifications ○ Financial strength ○ Local presence and/or capabilities 	10
<ul style="list-style-type: none"> ▪ Innovation of program/service 	10

- Bid Evaluation Criteria may be changed at PSE's sole discretion.
- Compliance with RFP instructions is assumed. Failure to comply with instructions may result in disqualification.
- PSE will be evaluating proposals based on multiple evaluation criteria, as evidenced above.
- Proposals will be ranked and nominated to a short list of potential finalists. If any proposal is deemed unacceptable in any category during the process, PSE may, at its sole discretion, eliminate that proposal from further review. Conversely, PSE may, at its sole discretion, ask a respondent to correct minor deficiencies to their proposal.
- PSE may continue the evaluation analysis and additional due diligence throughout the evaluation and negotiation period based on more current market or financial information, direction from regulatory proceedings, or other guidance.
- At the completion of the evaluation, including any updated analyses, PSE will move forward with finalists from the short list on further discussions and, potentially, further negotiations of terms and conditions of a contract. Contracts are subject to regulatory consent.

VI. Dis-Allowed Programs

PSE will not accept proposals for the existing programs that PSE plans to continue to operate.

- Information regarding PSE Electric Efficiency Programs can be found at:
<http://www.pse.com/insidePSE/ratereginformation/pages/RatesElecTariffsRules.aspx?tab=3&chapter=1>
- Information regarding PSE Gas Efficiency Programs can be found at:
<http://www.pse.com/insidePSE/ratereginformation/pages/RatesGasTariffsRules.aspx?tab=3&chapter=1>

VII. Post Proposal: Negotiations, Conditions and Awarding of Contract(s)

- It is PSE's intent to negotiate both price and non-price factors during any post-proposal negotiations with a respondent whose proposal is selected to a short list.
- It is also PSE's intent to include in ongoing analysis of a proposal any additional factors that may impact the total cost of a project until such time as PSE and respondent might execute a contract.
- A contract, if any, would be based on the outcome of these continuing negotiations. PSE has no obligation to enter into a contract with any respondent to this RFP and may terminate or modify this RFP at any time without liability or obligation to any respondent.
- This RFP shall not be construed as preventing PSE from entering into any agreement that it deems appropriate at any time before, during, or after this RFP process is complete. PSE reserves the right to negotiate only with those respondents and other parties who propose transactions that PSE believes, in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed.
- PSE, with the mutual consent of the respondent, may elect to implement a proposal earlier than 1/1/2010.
- PSE reserves the right to issue subsequent RFPs for purchase of energy efficiency resources, including RFPs for specific, targeted energy efficiency programs.
- To the extent required by law, PSE will make available to the public a summary of all proposals received and the final ranking of all such proposals. (Proposal pricing will not be revealed.) PSE also may make summary information regarding proposals available to the Conservation Resources Advisory Group (CRAG), as necessary to enable this group to carry out its planning and review responsibilities. CRAG members will be required to agree to keep proposal information confidential in order to have access to individual proposal information. If an organization represented on the CRAG elects to bid on this RFP, that organization will resign from the CRAG through 12/31/2011.

- PSE may retain all information pertinent to this RFP process for a period of 7 years or until PSE concludes its next general electric and/or gas rate case, whichever is later.

VIII. Supplemental Information

1. Washington Utility and Transportation Commission (WUTC)

Funding for proposals under this RFP shall be provided by the Company's electric and gas ratepayers, through the *Electric Conservation Service Rider* (Electric Schedule 120) and *Gas Conservation Service Tracker* (Gas Schedule 120) approved by the WUTC. Limited additional funding for residential electric efficiency programs is provided as part of the Conservation and Renewable Discount pursuant to power purchase arrangements with the Bonneville Power Administration. PSE electric and gas tariff schedules may be viewed at <http://www.pse.com/InsidePSE/RatesElecTariffsRules.aspx>.

2. Current Conservation Programs

Puget Sound Energy, Inc. (PSE) currently provides a variety of energy efficiency services to their retail electric and natural gas customers. These programs provide energy efficiency resources as part of PSE's resource portfolio, and are consistent and complimentary to PSE's Integrated Resource Plans which projects PSE 20 year gas and electric needs and includes conservation as a key resource element.

PSE is committed to ensuring that all customers have access to resources by offering a mix of programs that make energy efficiency services available to all customer classes and that address most major end uses.

- Information regarding PSE Electric Efficiency Programs can be found at:
 - <http://www.pse.com/insidePSE/ratereginformation/pages/RatesElecTariffsRules.aspx?tab=3&chapter=1>
- Information regarding PSE Gas Efficiency Programs can be found at:
 - <http://www.pse.com/insidePSE/ratereginformation/pages/RatesGasTariffsRules.aspx?tab=3&chapter=1>

3. Project Funding

Funding for proposals under this RFP shall be provided by PSE's gas & electric ratepayers, through the Electric Conservation Service Rider (Electric Schedule 120) and Gas Conservation Service Tracker (Gas Schedule 120) approved by the WUTC.

PSE electric and gas tariff schedules may be viewed at

<http://www.pse.com/insidePSE/ratereginformation/Pages/Default.aspx>

4. Conservation Resource Advisory Group (CRAG)

Key to the development of PSE's overall energy efficiency targets is the participation of PSE's Conservation Resource Advisory Group ("CRAG"). The CRAG's specific purpose is to work with PSE in the development of conservation plans, targets and budgets and includes ratepayer representatives as well as representatives of select energy efficiency policy organizations.

PSE may consult with the CRAG as part of its process for analyzing proposals submitted in response to this RFP, although the Company retains the full responsibility for decision-making and selection of any successful proposals.

X. List of Exhibits

Exhibit A	Proposal Cover Letter
Exhibit B	Proposal Summary Document
Exhibit C	Proposal Cost Summary Document
Exhibit D	Measure Metrics Summary Document
Exhibit E	Measure Lives Documents
Exhibit F	Conservation Cost Effectiveness Standard (CCES)
Exhibit G	Doing Business with Puget Sound Energy Documents <ul style="list-style-type: none">▪ Mutual Confidentiality Agreement (MCA)▪ Agreement for Professional Services (sample)▪ Insurance Requirements▪ Exceptions