

**EXHIBIT NO. ___(JAH-9)
DOCKET NO. UE-060266/UG-060267
2006 PSE GENERAL RATE CASE
WITNESS: JAMES A. HEIDELL**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-060266
Docket No. UG-060267**

**EIGHTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF
JAMES A. HEIDELL
ON BEHALF OF PUGET SOUND ENERGY, INC.**

REVISED JUNE 7, 2006

WN U-60

Original Sheet No. 121

**PUGET SOUND ENERGY
Electric Tariff G**

**SCHEDULE 121
ELECTRICITY CONSERVATION INCENTIVE MECHANISM**

(N)

APPLICABILITY:

To all bills for Electric Service calculated under all schedules contained in this tariff and all retail contracts for Electric Service except where explicitly exempted.

PURPOSE:

This schedule implements surcharges or refunds based on the amount of energy savings achieved through the services and programs offered under Schedule 83 and schedules numbered between 200 and 299.

CALCULATION:

The first annual calculation will be a projection of the incentive amount based on a projection of the amount of conservation the Company expects to achieve in excess of the annual Baseline Target set by the Company in a manner approved by the Commission. For 2007, the Baseline Target is 16.5 average megawatts of electricity savings from energy efficiency programs.

All subsequent annual calculations will include a similar projection and a true-up to actual of the past year's projected incentive or penalty. The resulting differences are grossed up for federal taxes and for revenue sensitive items and then multiplied by the incentive and penalty bands and factors below to determine the dollar amount of incentive or penalty for the year.

INCENTIVE/PENALTY BANDS:

Incentive Band Ranges

- Band A – More than ~~425~~130% of Baseline Target
- Band B – More than ~~440~~115% through ~~425~~130% of Baseline Target
- Band C – More than ~~95~~100% through ~~440~~115% of Baseline Target

Dead Band Range

- Band D – More than 80% through ~~95~~100% of Baseline Target

Penalty Band Ranges

- Band E – More than 65% through 80% of Baseline Target
- Band F – More than 50% through 65% of Baseline Target
- Band G – 50% or less of Baseline Target

INCENTIVE/PENALTY FACTORS:

- Band A – 20% of the total eligible program costs of conservation included in tariff rider
- Band B – 15% of the total eligible program costs of conservation included in tariff rider
- Band C – 10% of the total eligible program costs of conservation included in tariff rider
- Band D – None
- Band E - \$0.04 per kWh deficit from the Baseline Target
- Band F - \$0.05 per kWh deficit from the Baseline Target
- Band G - \$0.06 per kWh deficit from the Baseline Target

(N)

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Issued By Puget Sound Energy

By: _____ Tom DeBoer

Title: Director, Rates & Regulatory Affairs

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