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SCHEDULE 75

DECOUPLING MECHANISM – ELECTRIC

PURPOSE:

This Schedule establishes balancing accounts and implements an annual rate adjustment mechanism that decouples or separates the recovery of the Company's Commission authorized revenues from kilowatt-hour sales to customers served under the applicable electric service schedules.

APPLICABLE:

To Customers in the State of Washington where the Company has electric service available. This schedule shall be applicable to all retail customers taking service under Schedules 1, 2,11, 12, 21, 22, 31, and 32. This Schedule does not apply to Extra Large General Service Schedule 25 or to Street and Area Light Schedules 41 through 48. Applicable Customers will be segregated into two (2) distinct Rate Groups:

Group 1 – Schedules 1, 2
Group 2 – Schedules 11, 12, 21, 22, 31, 32

MONTHLY RATE:

Group 1 – ($0.00116) per kWh (R)
Group 2 – $0.00054 per kWh (I)

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SCHEDULE 75D

DECOUPLING MECHANISM – ELECTRIC (continued)

EARNINGS TEST:

The Mechanism is subject to an Earnings Test. The Company will perform an annual earnings test as follows:

i. The earnings test will be based on the Company's year-end Commission Basis Reports ("CBR") stated on an average-of-monthly-averages ("AMA") basis, prepared in accordance with WAC 480-90-257 and 480-100-257 (Commission Basis Report). This report is prepared using actual recorded results of electric or natural gas operations and rate base, adjusted for any material out-of-period, non-operating, nonrecurring, and extraordinary items or any other item that materially distorts reporting period earnings and rate base. These adjustments have been consistently made by the Company when preparing past CBRs and are consistent with the adjustments described in paragraph (2) (b) of WAC 480-90-257 and 480-100-257 (Commission Basis Report). The CBR includes normalizing adjustments, such as adjustments to power supply-related revenues and expenses to reflect operations under normal conditions. For the earnings test, the decoupling accounting entries adjust revenues from a kilowatt-hour ("kWh") sales basis to a revenue per customer basis. The CBR will not include any annualizing or pro forma adjustments.

ii. Should the Company have a decoupling rebate balance at year-end, the entire rebate will be returned to customers.

1) If the CBR earned return exceeds 7.50%, the rebate will be (I)
increased by one-half the rate of return in excess of 7.50%. (I)

iii. Should the Company have a decoupling surcharge balance at year-end:

1) If the CBR earned return is less than 7.50%, no adjustment is (I)
made to the surcharge, if any, recorded for the year.

2) If the CBR earned return exceeds 7.50%, the surcharge (I)
recorded for the year will be reduced, or eliminated, by one-half the
rate of return in excess of 7.50%. (I)