

Exhibit No. ____ (JOINT-5)
Docket Nos. UE-060266/UG-060267
Witness: Joelle R. Steward
Jim Lazar
Donald W. Schoenbeck

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

EXHIBIT TO JOINT TESTIMONY OF

JOELLE R. STEWARD
JIM LAZAR AND
DONALD W. SCHOENBECK

*Joint Proposal of Commission Staff, Public Counsel and the
NW Industrial Gas Users on Natural Gas Rate Spread, Rate Design and
Low-Income Bill Assistance*

July 25, 2006

**PUGET SOUND ENERGY
GENERAL RATE CASE
Docket UE-060266 & UG-060267**

**Joint Proposal of Commission Staff, Public Counsel, NW Industrial Gas Users and
the Energy Project on Natural Gas Rate Spread, Rate Design and
Low-Income Bill Assistance**

Gas Rate Spread

Any natural gas revenue deficiency determined by the Commission in this proceeding, will be allocated across customer classes as follows:

1. Interruptible and Transportation Schedules 85, 86, 87 and 57 will receive a combined revenue increase of \$576,163. Allocation of this amount between these schedules is based on the changes to the rate components, described below in rate design.
2. Rental Schedules 71, 72 and 74 will receive an increase in proportion to PSE's proposed increase for the class; therefore, its increase will be 105% of the average percentage increase.
3. Residential Schedules 16, 23, 53 will receive 100% of the average percentage increase.
4. Commercial and Industrial Schedules 31, 36, 51, 61 will receive 105% of the average percentage increase.
5. Large Volume Schedule 41 will receive 85% of the average percentage increase.
6. Compressed Natural Gas Schedule 50 will receive 150% of the average percentage increase.
7. Any residual will be allocated proportionally to the Residential, Commercial and Industrial, Large Volume and Compressed Natural Gas classes.

Gas Rate Design

1. Residential Schedules: revenue increase allocated between schedules in proportion to current revenues.

A. Schedules 23/53

- i. Increase basic charge to \$7.00.
- ii. Remaining increase to delivery charge.

B. Schedule 16 (Gas Lighting)

- i. Increase mantle charges in proportion to PSE's proposal.

2. Commercial and Industrial Schedules: revenue increase allocated between schedules in proportion to current revenues.

A. Schedule 31 (General Service)

- i. Increase basic charge to \$17.50.
- ii. Remaining increase to delivery charge.

B. Schedule 36 (Heating Service)

- i. Increase basic charge to \$35.
- ii. Remaining increase to delivery charge.

C. Schedule 51 (Multiple Unit Housing)

- i. Increase basic charge to \$7.00.
- ii. Remaining increase to delivery charge. If basic charge increase is higher than allocated revenue increase, then delivery charge remains unchanged and residual basic charge revenue is subtracted from revenue allocated to other schedules in the class.

3. Large Volume – Schedule 41

- A. Increase basic charge to \$80.
- B. Increase demand charge to \$0.70.
- C. Remaining increase proportionally allocated to rate blocks.

4. Compressed Natural Gas – Schedule 50

- A. Apply increase to delivery charge.

5. Interruptible and Transportation - the rates for each schedule are as follows:

A. Schedules 85

- Customer charge - \$500
- Demand charge - \$1.02
- Procurement charge - \$0.0065/therm

Delivery charge -
1st 25,000 therms - \$0.1000
Next 25,000 therms - \$0.0715
Over 50,000 therms - \$0.0495

B. Schedule 86

Customer charge - \$100
Demand charge - \$1.02
Procurement charge - \$0.0065/therm
Delivery charge -
1st 1000 therms - \$0.2100
Over 1000 therms - \$0.1552

C. Schedule 87

Customer charge - \$800
Demand charge - \$1.02
Procurement charge - \$0.0065/therm
Delivery charge -
1st 25,000 therms - \$0.12512
Next 25,000 therms - \$0.08205
Next 50,000 therms - \$0.04950
Next 100,000 therms - \$0.03255
Next 300,000 therms - \$0.02405
Over 500,000 therms - \$0.01905

D. Schedule 57

Customer charge - \$800
Demand charge - \$1.02
Balancing charge (total) - \$0.00061/therm
Delivery charge -
1st 25,000 therms - \$0.12512
Next 25,000 therms - \$0.08205
Next 50,000 therms - \$0.04950
Next 100,000 therms - \$0.03255
Next 300,000 therms - \$0.02405
Over 500,000 therms - \$0.01905

6. Rentals

- A. Schedule 71 - Increase rates by 125% of class average increase.
- B. Schedule 72 - Increase rates by 25% of class average increase.
- C. Schedule 74 - Increase rates by 250% of class average increase.

Gas Rate Changes

Gas cost allocations will remain unchanged in this proceeding.

Low Income Bill Assistance

The funding for PSE's natural gas low-income bill assistance program will increase by \$525,000 (net of taxes and revenue sensitive items) for the program year. The Company will make a filing to implement this increase, prorated to the program year,¹ within 7 days of a Commission order adopting and approving this Settlement Agreement. Such filing will include a request by PSE for Commission approval on less than statutory notice. This increase will be derived from a uniform increase to the tariff rider in Schedule 129.

¹ A "program year" means the period October 1 through September 30. Therefore, this subsection of the Settlement Agreement means that the increased funding amount of \$525,000 will be prorated downward for the period beginning when new general natural gas rates become effective through September 30, 2007.