

Exhibit No. ____ (JRS-7)
Docket Nos. UE-060266/UG-060267
Witness: Joelle R. Steward

**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 DIRECT TESTIMONY OF

JOELLE R. STEWARD

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Proposed Electric Energy Efficiency Incentive Mechanism

July 25, 2006

Puget Sound Energy General Rate Case
Commission Staff Proposed Electric Efficiency Incentive Mechanism

Incentive Range	A aMW Saved	B MWH Saved = A x 8760	C % of base target	D \$/MWH Incentive	E Shared Savings Incentive	F Per MWH Incentive = B x D	G Shared Savings Incentive* = B x 0.18 x E	H Total Incentive = F + G
140.0 - <150.0%	26.54	232,447	145%	\$ 20	100%	\$ 3,045,852	\$ 851,235	\$ 3,897,087
130.0 - <140.0%	24.71	216,416	135%	\$ 20	80%	\$ 2,725,236	\$ 562,681	\$ 3,287,917
120.0 - <130.0%	22.88	200,385	125%	\$ 20	40%	\$ 2,404,620	\$ 331,838	\$ 2,736,458
110.0 - <120.0%	21.05	184,354	115%	\$ 20	20%	\$ 2,084,004	\$ 216,416	\$ 2,300,420
100.0 - <110.0%	19.22	168,323	105%	\$ 20	10%	\$ 1,763,388	\$ 158,705	\$ 1,922,093
100% Baseline Target	18.3	160,308	100%	\$ 10	5%	\$1,603,080	\$144,277	\$1,747,357

Penalty Range	aMW Saved	MWH Saved = A x 8760	% of base target	\$/MWH Penalty	aMW Shortfall = base target - A	MWH Shortfall = E x 8760	Total Penalty = D x F
90.0 - <100.0%	17.39	152,293	95%	\$ 0.91	0.91	8,015	\$ -
80.0 - <90.0%	15.56	136,262	85%	\$ 2.75	2.75	24,046	\$ 1,803,465
70.0 - <80.0%	13.73	120,231	75%	\$ 4.58	4.58	40,077	\$ 3,085,929
60.0 - <70.0%	11.90	104,200	65%	\$ 6.41	6.41	56,108	\$ 4,448,547
50.0 - <60.0%	10.07	88,169	55%	\$ 8.24	8.24	72,139	\$ 5,891,319
<50.0%	8.24	72,139	45%	\$ 10.07	10.07	88,169	\$ 7,414,245

Note: The calculations in Columns F and G are performed for the increment difference from the prior range.

*Shared Savings Calculation (From PSE Exhibit (CBS-5))	
Avoided Cost	\$ 0.059
TRC Conservation	\$ 0.041
Net Shared Incentive	\$ 0.018