

Puget Sound Energy

Annual Report on Program Outcome of PSE's Low Income Program, HELP

**For 2008 Program Year
October 2008 – September 2009**

Filed May 28, 2010



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Introduction and Background

Puget Sound Energy's ("PSE's" or "Company's") low income bill assistance program, the Home Energy Lifeline Program ("HELP"), provides bill-payment assistance to qualified PSE customers. The funding of HELP is through PSE's electric and natural gas Schedules 129, Low Income Program. HELP benefits are supplemental to the Federal Low Income Home Energy Assistance Program ("LIHEAP") and are available year-round to eligible customers. Upon the approval of their qualification, the customers may receive up to \$750 per year in HELP credit to offset their electricity or natural gas bills.

Puget Sound Energy's HELP was first implemented in accordance with Exhibit G to Settlement Stipulation Agreement approved by the Commission in consolidated Dockets UE-011570 and UG-011571 Twelfth Supplemental Order dated June 20, 2002, which was amended by the Partial Settlement Agreement approved by the Commission on January 5, 2007, in Dockets UE-060266 and UG-060267.

On October 8, 2008, the Commission approved three changes to HELP in its Order 12: Final Order Approving and Adoption Settlement Stipulations; Authorizing and Requiring Compliance Filing in consolidated Docket Nos, UE-072300 and UG-072301 ("Order"). Appendix D to the Order ("Appendix D") set forth details of these three changes which had become effective on October 1, 2008, the beginning of the 2008 program year. The changes are:

1. HELP funding is to distribute to electric and natural gas customers at the fixed ratio of 75% and 25%, respectively.
2. The total annual HELP funding is increased from \$10.25 million to \$15 million.
3. Any HELP funds not distributed to customers in any single program year will be carried over to the next program year as supplemental HELP funding.

These changes are also affirmed as Commitments 22, 23, and 42 of Multiparty Settlement Stipulation approved by the Commission on December 30, 2008, in Docket No. U-072375. The Company has incorporated the changes in its annual update of low income program rates since the August 28, 2008, HELP filings.

Description of Help Funding

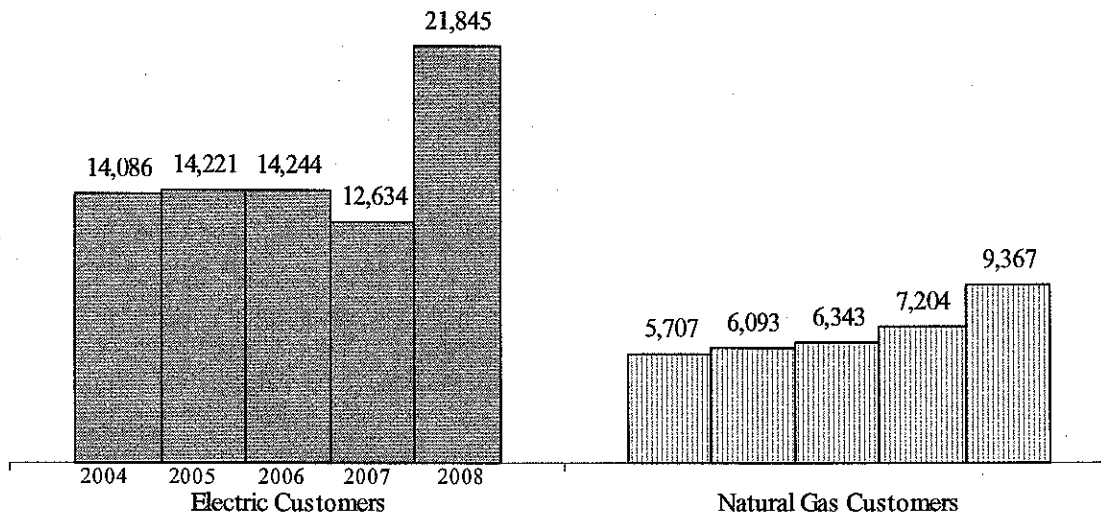
Funding by Fuel Type and Program Year

The following table shows the number of PSE residential customers who received funding from PSE's HELP during the 2008 program year, the 12-month period of October 2008 through September 2009.

Electric customers	21,845
Natural gas customers	9,367

The number of households that received funding is somewhat lower than the sum of the two numbers above since some households are both PSE natural gas and electric customers. The total number of households that received funding is 27,103. Of the electric customers who received funding, 19% were also natural gas customers. Of the natural gas customers who received funding, 44% were also electric customers. The chart below is a comparison of number of customers who received funding since the inception of HELP by fuel type and by program year. The large increase in the number of electric HELP customers is driven both by the increased funding (from \$10.25 million to \$15 million) and the revised funding allocation starting in the 2008 program year. Prior to this 2008 program year, the benefit allocation between electric and natural gas customers had been based on the annual Four Factor Allocator as prescribed in Docket Nos. UE-11570 and UG-011571, which had been around 70% electric and 30% natural gas. However, more natural gas customers were able to get help because of the funding increase.

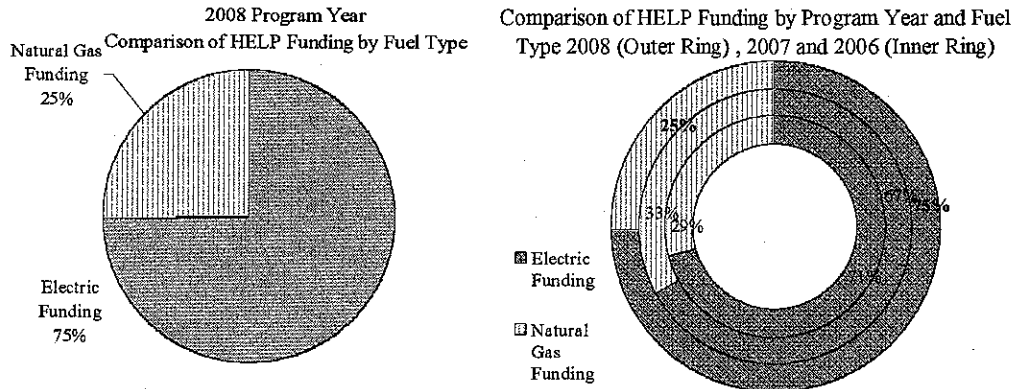
Comparison of Number of Customers Received HELP Funding by Fuel Type by Program Year



The total dollar amount of funding paid to customers during the program year is:

Electric	\$9,064,676
Natural Gas	\$3,053,412
Total	\$12,118,088

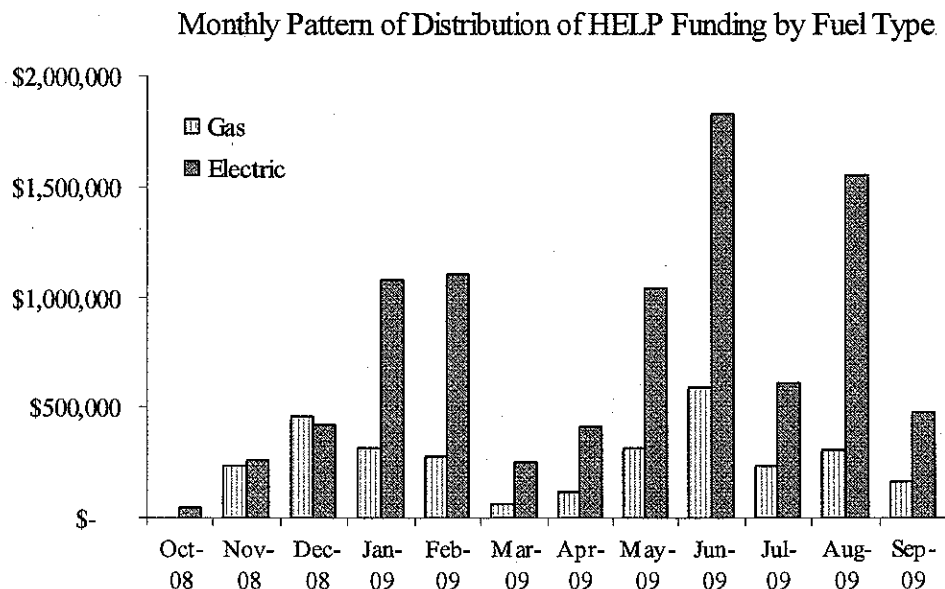
The charts below show the relative amount of funding awarded with respect to electric and natural gas residential customers by program year.



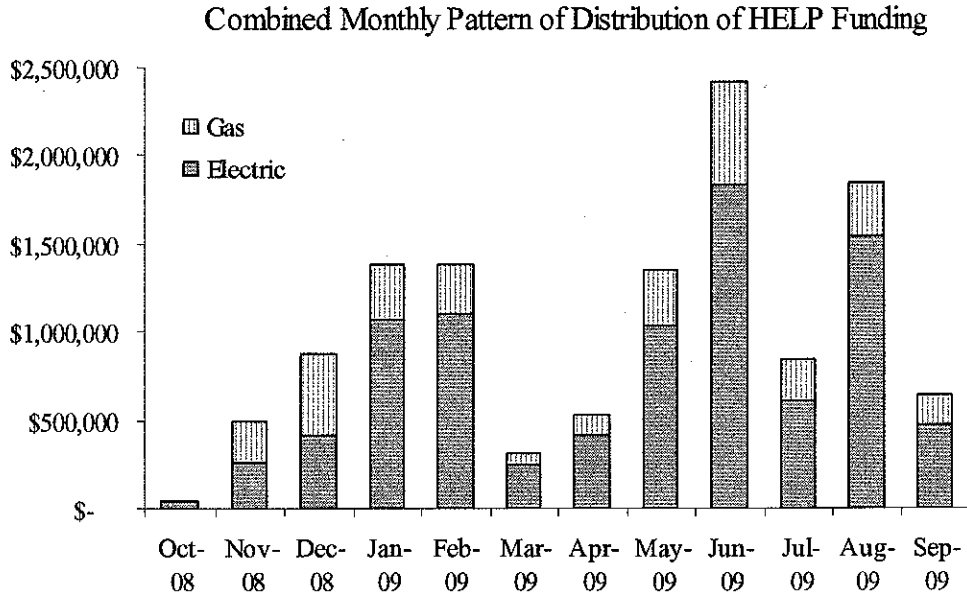
The actual percentages of funding awarded to each fuel are 75% electric and 25% natural gas, as prescribed in the Appendix D of the Order. The table below shows a comparison of the percentages of HELP funding allocated and awarded with the percentages of residential customers and of residential revenues. Electric customers were allocated relatively more HELP funding than that of natural gas customers based on the proportion of revenue and customer count percentages.

	% of HELP Funding Allocation per Docket Nos. UE-072300 & UG-072301	% of Actual Awarded HELP Funding	% of Residential Customers	% of Residential Revenues
Electric	75%	75%	58%	56%
Natural Gas	25%	25%	42%	44%

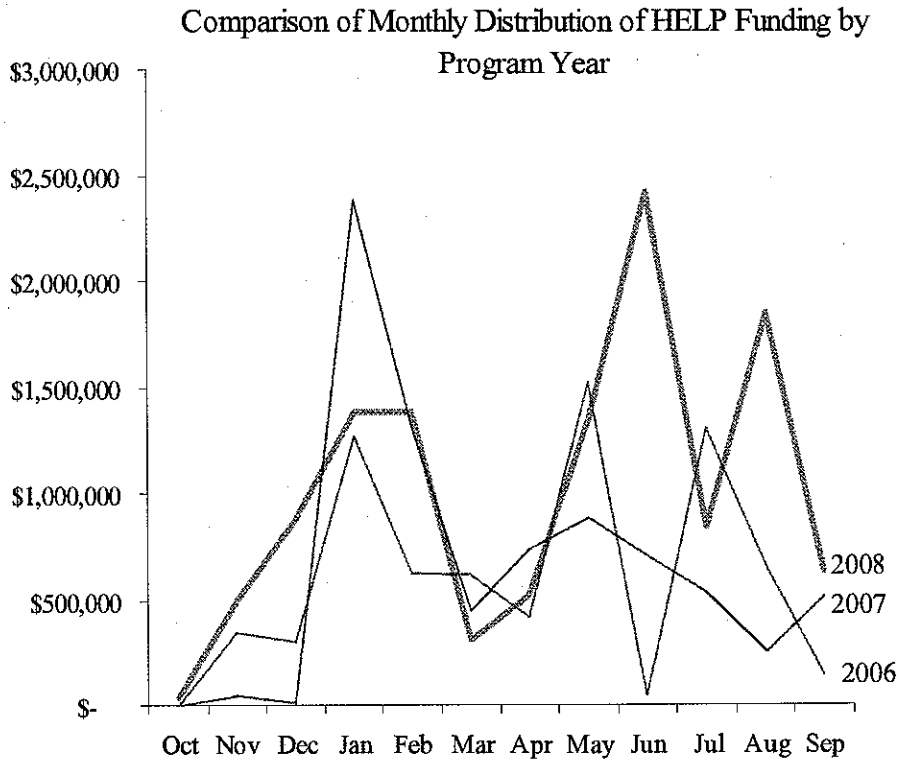
The following two charts show the monthly pattern of distribution of funding to PSE customers during the 2008 program year by fuel type. The first chart is a side-by-side bar chart with both the electric and natural gas funding.



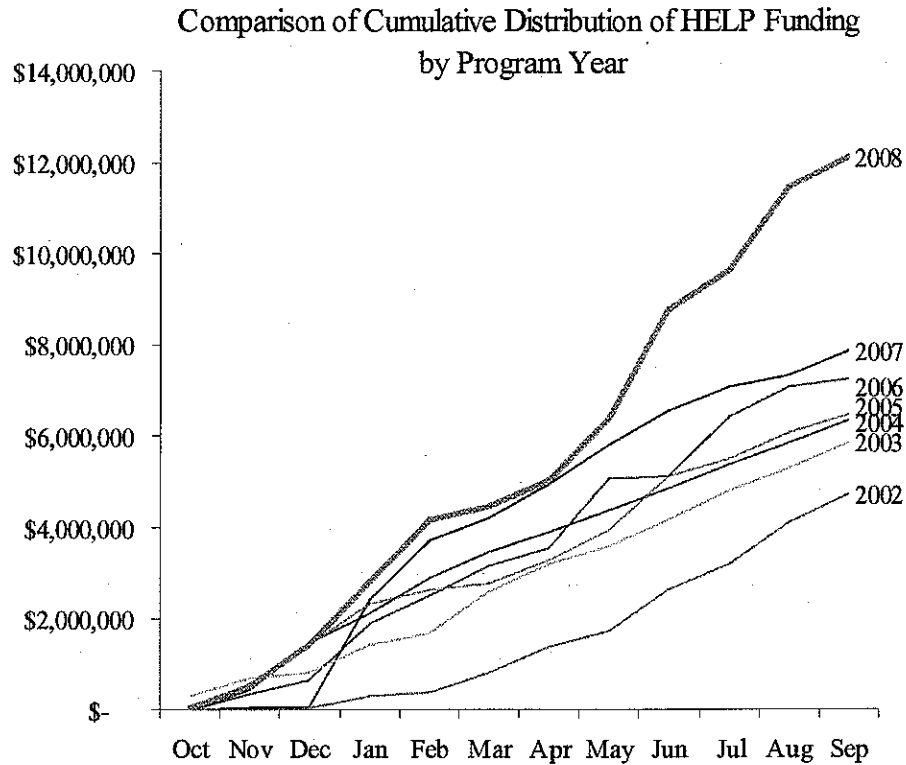
The second chart is a stacked bar chart with both the electric and natural gas funding by month.



The chart below shows the combined electric and natural gas awarded HELP funding on a monthly basis for the 2008 program year (depicted by the heavy line) and the previous two program years (in light lines).



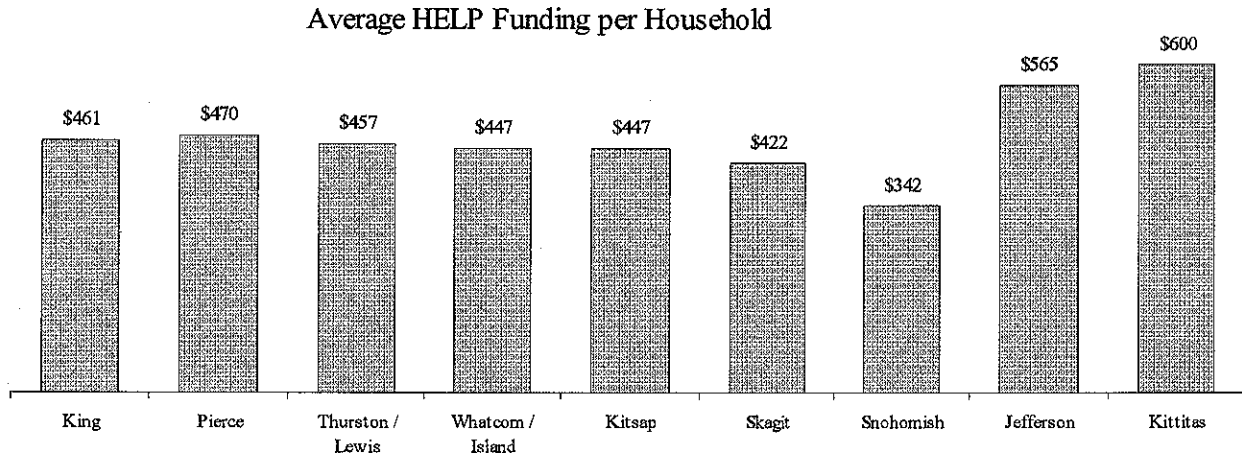
The chart below shows a comparison of the cumulative amount of awarded HELP funding on a monthly basis for the 2008 program year (shown in heavy line) and the previous five program years (in light lines). The overall funding increase since the inception of the program is 155% which is mainly due to the significant increase in HELP funding starting this program year.



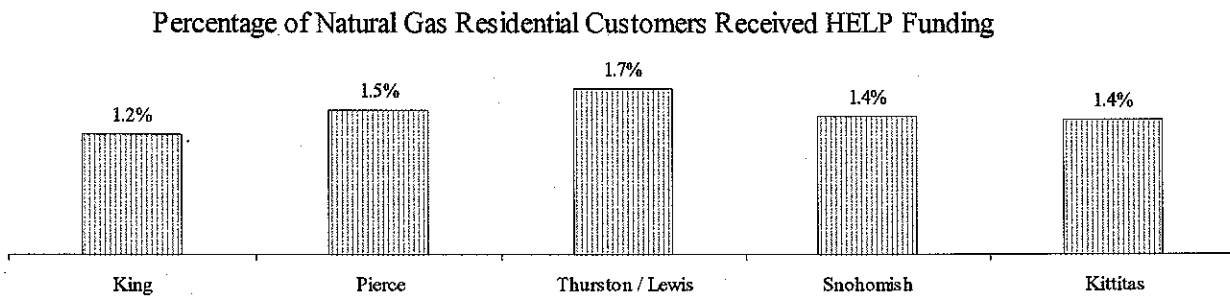
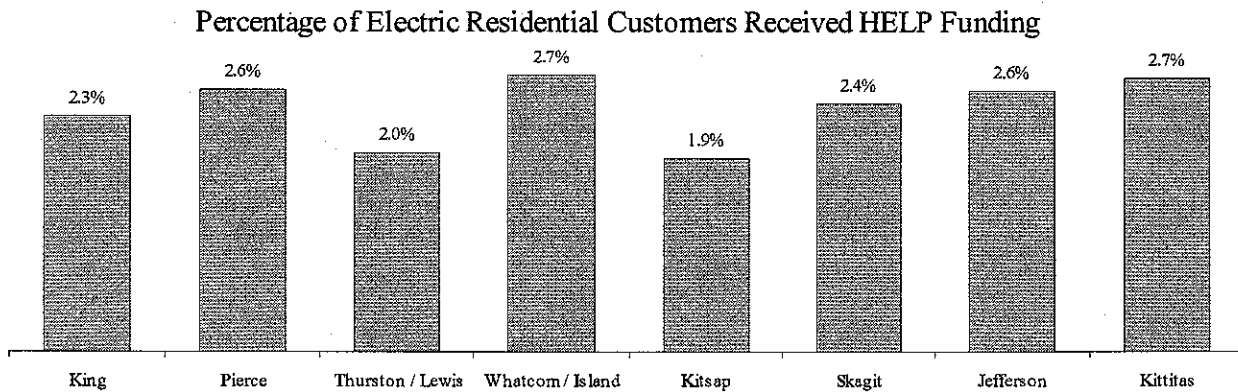
Demographics of Customer Households

HELP Funding by County

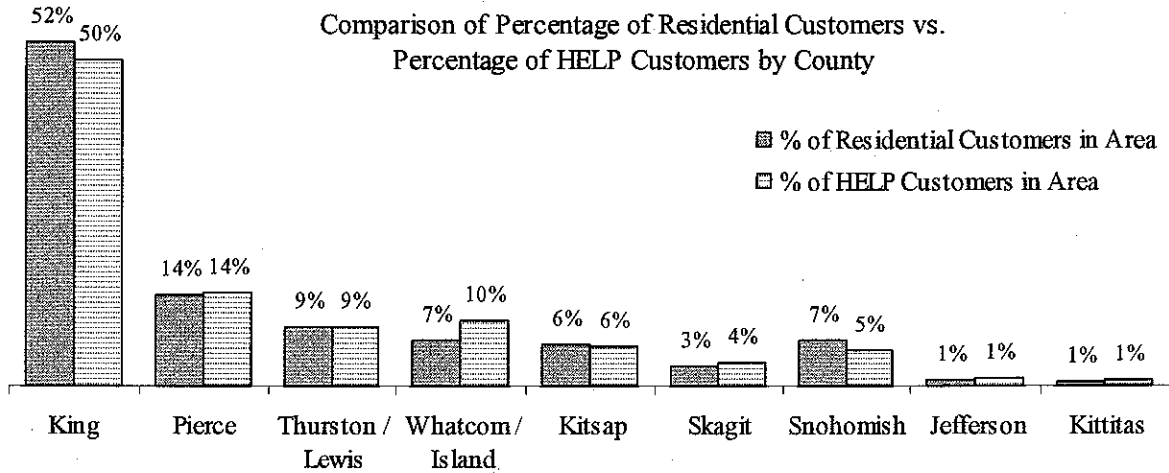
The average level of HELP funding to each qualifying low income household is \$453 for this program year. The chart below shows the average funding per household for the various counties in PSE's service territory.



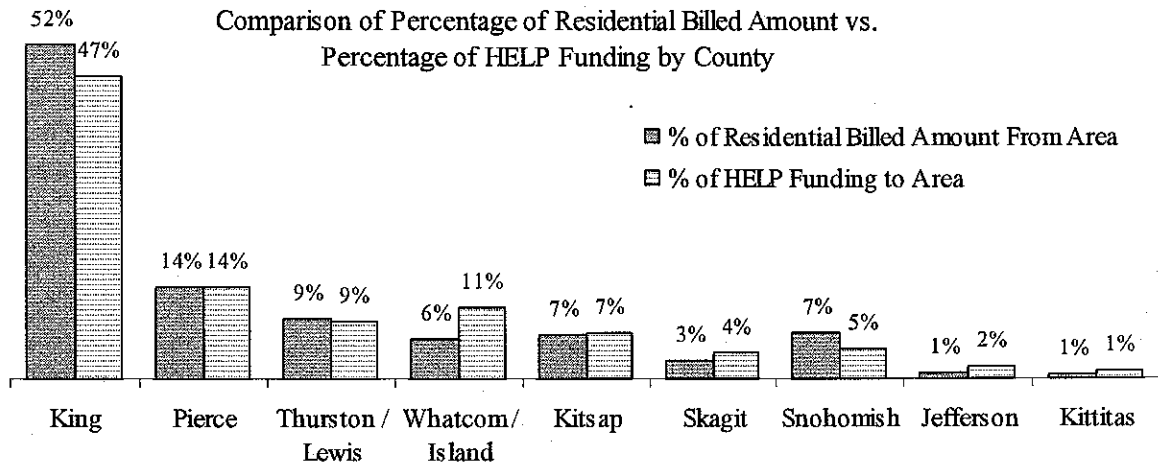
The following charts show the number of customers receiving HELP funding as percentage of the number of residential customers in a county area. The overall percentages for electric and natural gas are 2.3% and 1.4%, respectively.



The chart below shows the percentage of PSE residential electric and natural gas customers in a county area compared to the percentage of customers receiving HELP funding in that area. Five out of the nine areas received HELP funding proportionally to the percentage of total residential customers in each of those areas. The exceptions are King, Whatcom/Island, Skagit, and Snohomish Counties. King and Snohomish received less; Whatcom/Island and Skagit received more.

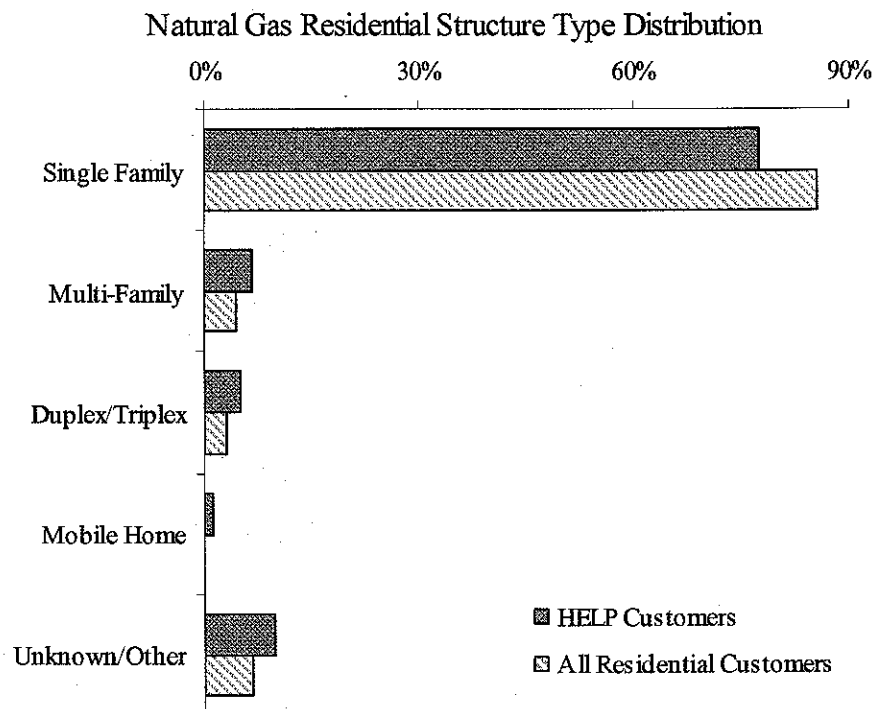
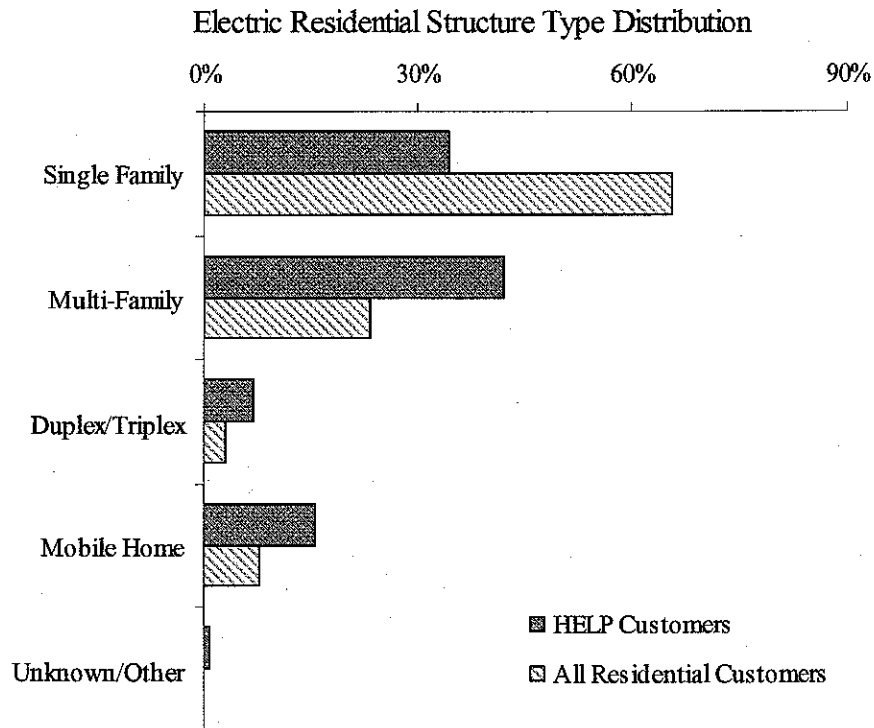


The chart below shows the percentage by county area of PSE residential electric and natural gas total billed amount in a county area compared to the percentage of HELP funding awarded to that area. Four out of the nine areas received HELP funding level similar to the percentage of total electric and natural gas billed amount from that area. The exceptions are King, Whatcom/Island, Skagit, Snohomish, and Jefferson Counties. King and Snohomish received less; Whatcom/Island, Skagit, and Jefferson received more.



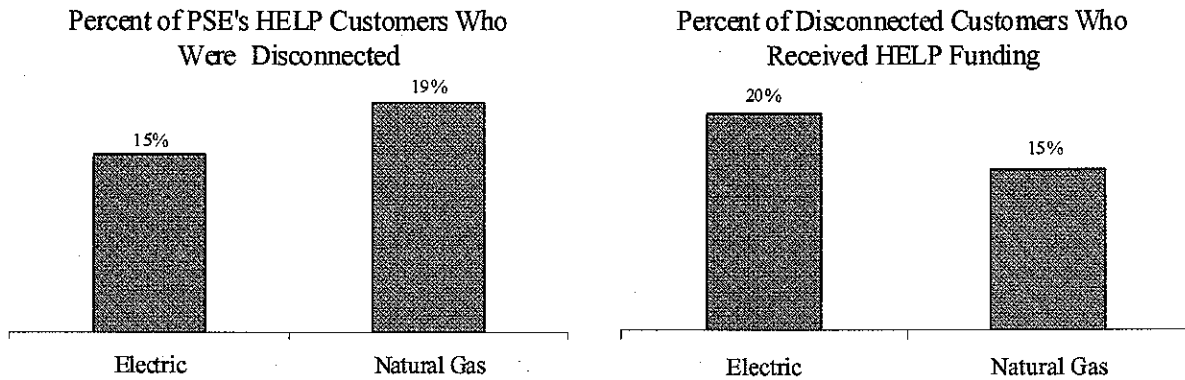
HELP Funding by Residential Housing Structure

The two charts below show comparisons by fuel type and residential housing structure type between PSE residential customers and the customers receiving HELP funding during the program year. Electric HELP customers were more likely to live in a multi-family structure, a mobile home, or a duplex but natural gas HELP customers were mostly to live in a single-family structure.

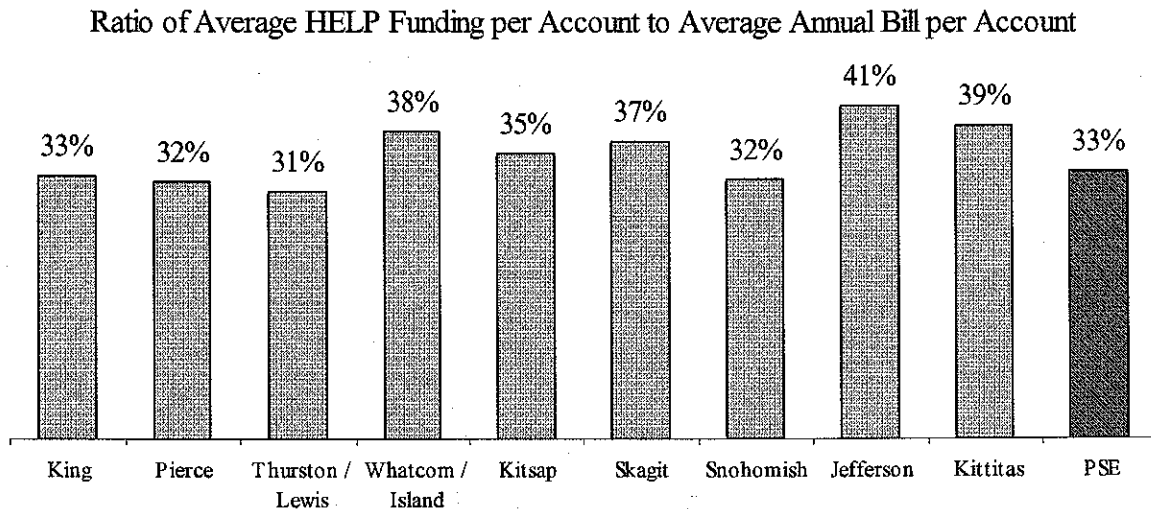


HELP Funding Impacts

The two charts below show the relationship between disconnection events and HELP billing assistance in the 2008 program. Keep in mind these charts only show what happened to customers during the program year and this data does not indicate which event occurred first, namely the receipt of billing assistance or the disconnection. The first chart highlights the percentage of customers who received HELP assistance but were disconnected. Overall, 16% of HELP customers experienced service disconnection. For electric customers it was about 15% and for natural gas customers it was about 19%. The second chart highlights the percentage of disconnection customers who received HELP assistance during the program year. For electric customers it was about 20% and for natural gas customers it was also about 15%. The combined percentage of the two fuel types is 18%.



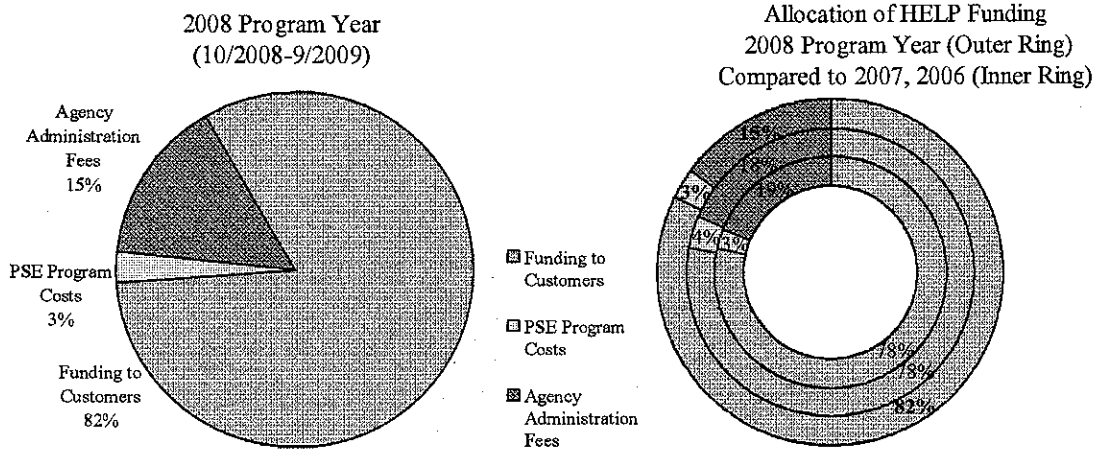
The chart below compares the ratio of average HELP funding per account to average annual bill per account for the 2008 program year by county area. It demonstrates, on average, how much of a residential electric or natural gas customer's energy bill could be mitigated by HELP funding. The overall PSE average ratio is 33%, i.e. the HELP funding alone would pay for 33% of a customer's annual energy bills. Among PSE service areas, Jefferson County has the highest ratio of 41% and the Thurston/Lewis area has the lowest ratio of 31%.



Administration of Program

During the 2008 program year, there were twelve qualifying low income agencies administering HELP and distributing funding to customers for PSE. These agencies received an additional allotment of funding from PSE for administrative fees to run HELP and related services such as customer education, eligibility evaluation, funding level determination and distribution, and other support services.

The charts below illustrate the allocation of the HELP costs and funding to customers by program year. For this program year, the overall agency administration fees comprised about 15% of the total funding of the HELP, which is a 3% decrease from the 18% of the previous program year. PSE's own program administrative costs were at 3%, a decrease of 1% from the 2007 program year.



Marketing of PSE's Home Energy Lifeline Program

The following are some highlights regarding the marketing of the HELP program during the program year, October 2008-September 2009:

- Multilingual brochures (English, Spanish, Russian, Korean, and Vietnamese) with information about income eligibility and assistance centers were available at low income agencies, in PSE customer service offices, and posted on PSE.com.
- The multilingual recorded telephone line (1-866-223-5425) about the program and options for local agency contact information (English, Spanish, Russian, Korean, and Vietnamese) was accessible 24/7.
- January 14, 2009, PSE news release, "PSE reminds customers low-income and other assistance is available for heating bills", provided utility-bill credit and bill assistance information. The news release was distributed throughout PSE service territory and posted on PSE.com. This news release generated several news stories.
- February 11, 2009, PSE news release, "PSE goes to Capitol Hill to push for full funding of low income heating assistance", provided utility-bill credit and bill assistance information. The news release was distributed throughout PSE service territory and posted on PSE.com. This news release generated several news stories.
- March 13, 2009, PSE news release, "\$13 million in bill-payment assistance still available to PSE customers", provided utility-bill credit and bill assistance information. The news release was distributed throughout PSE service territory and posted on PSE.com. This news release generated several news stories.
- June 3, 2009 PSE news release, "PSE offers payment plans, assistance and energy efficiency incentives to help customers manage energy costs", provided utility-bill credit and bill assistance information. The news release was distributed throughout PSE service territory and posted on PSE.com. This news release generated several news stories.
- September-October 2008 bill insert, "Energy-saving and bill-payment resources", listed the energy assistance agencies and was sent in PSE bill statements, linked to online PSE bill statements, and posted on PSE.com throughout year.
- November-December 2008 bill insert, "Energy-saving and bill-payment resources", sent in PSE bill statements, linked to online PSE bill statements, and posted on PSE.com throughout year.
- November-December 2008 EnergyWise customer newsletter article, "Bill payment assistance available", sent in PSE bill statements, linked to online PSE bill statements, and posted on PSE.com throughout year.
- January-February 2009 EnergyWise customer newsletter articles, "Energy assistance funds boosted" and "Help people in need this winter", sent in PSE bill statements, linked to online PSE bill statements, and posted on PSE.com throughout year.

- March-April 2009 EnergyWise customer newsletter article, “PSE and federal programs help customers”, sent in PSE bill statements, linked to online PSE bill statements, and posted on PSE.com throughout year.
- May-June 2009 EnergyWise customer newsletter article, “Bill payment assistance available”, sent in PSE bill statements, linked to online PSE bill statements, and posted on PSE.com throughout year.
- PSE field personnel were re-familiarized with the program and provided brochures for distribution.
- Frequently Asked Questions brochure was provided to all the twelve qualifying low income agencies and PSE customer service representatives. The brochure helps answer questions about payment of the PSE HELP grants and impacts on subsequent bills.
- All credit notice letters through July 2009 included the “Need Help Paying Your PSE Gas or Electric Bill?” insert and the “Energy Assistance for PSE Customers” insert.
- Year-round HELP promotion posted on PSE.com at “Home & Business Solutions” site.