

Puget Sound Energy

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

**For 2011 Program Year
October 2011 through September 2012**

Filed May 20, 2013



Table of Contents

Introduction and Background	2
Description of HELP Bill-Payment Assistance.....	4
HELP Bill-Payment Assistance by Fuel Type and Program Year	4
Monthly Pattern of Distribution of HELP Bill-Payment Assistance	7
Demographics of Customer Households	10
HELP Bill-Payment Assistance by County Area.....	10
HELP Bill-Payment Assistance Impacts	14
Administration of Program	15
Marketing of PSE Home Energy Lifeline Program	16

Introduction and Background

Puget Sound Energy's ("PSE's" or the "Company's") low income bill assistance program, the Home Energy Lifeline Program ("HELP"), provides bill-payment assistance to eligible PSE customers who are defined as "very low-income" per RCW 43.63A.510¹. The majority of the HELP funding is sponsored by all PSE customers through the Company's electric and natural gas Schedules 129, Low Income Program that set rates for the funding collection. Also, if the Company does not meet any of the service quality index ("SQI") benchmarks set forth in its Service Quality program and the total annual penalty dollars are less than the equivalent of \$12 per customer, the SQI penalty will then be allocated to the appropriate PSE HELP funding based upon the energy service affected by the missed SQI.

HELP benefits are supplemental to the Federal Low Income Home Energy Assistance Program ("LIHEAP"), which are available year-round to eligible households. For the 2011 program year, October 2011 through September 2012, eligible households may receive up to \$1,000 per year per customer in HELP credit to offset their electricity or natural gas bills, which is the same maximum as the 2009 and 2010 program years.

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. The HELP settlement terms allow eligible very low-income customers to receive bill-payment assistance and they do not limit how the benefits are applied to any amounts owed (past, present, and future) by these customers to PSE.

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 Dockets UE-072300 and UG-072301 ("Order"). Appendix D to the Order ("Appendix D") set forth details of these three changes which have been effective since October 1, 2008, the beginning of the 2008 program year. These changes are:

1. HELP funding is distributed 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.

In Docket U-072375, merger of PSE and Puget Holdings LLC, these changes are further affirmed as Commitments 22, 23, and 42 of the Multi-Party Settlement Stipulation approved by the Commission on December 30, 2008, in Order 8 of Docket U-072375, Approving and Adopting Settlement Stipulation; Authorizing Transaction Subject to Conditions.

¹ RCW 43.63A.510, Affordable housing — Inventory of state-owned land:

(1) (b) "Very low-income household" means a single person, family, or unrelated persons living together whose income is at or below fifty percent of the median income, adjusted for household size, for the county where the affordable housing is located.

More funding has been available to very low-income customers to mitigate especially the effect of PSE electric and natural gas rate changes since 2010. This supplemental HELP funding adjustment was described in PSE's Initial Brief in the Company's 2009 General Rate Case ("2009 GRC") under the consolidated Dockets UE-090704 and UG-090705, as follows:

The company proposed to increase the annual level of low-income electric and natural gas bill assistance funding by the corresponding percent increase to the residential class that are approved by this Commission. The amount of this percentage increase would be added to the low income tariff in the next program year.

This funding adjustment was put in place for PSE's annual electric and natural gas Schedules 129 filing in August 2010.

In summary, for the program year of October 2011 through September 2012, in addition to the \$15 million funds, the available HELP funding was increased by the following adjustments:

1. The 2009 GRC supplemental adjustment of \$465,951, \$426,823 (3.8%) and \$39,128 (1.0%) for electric and natural gas customers, respectively. The 3.8% and 1.0% are the corresponding 2009 GRC percentage increases to the residential class.
2. 2% increase (or \$74,686) to the natural gas HELP funding to offset the percentage increase to the residential class approved in Order 4 of UG-101664.
3. Carried-over funds of \$188,241 from the prior HELP year.

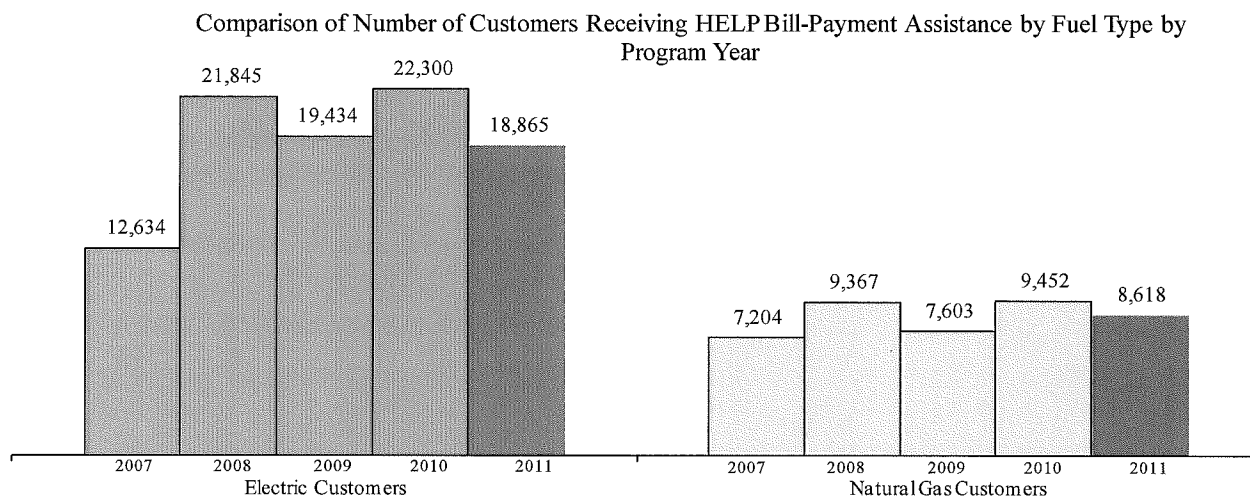
Description of HELP Bill-Payment Assistance

HELP Bill-Payment Assistance by Fuel Type and Program Year

The following table shows the number of PSE residential very low-income customers who received bill-payment assistance from PSE’s HELP during the 2011 program year, the 12-month period of October 2011 through September 2012.

Electric customers	18,865
Natural gas customers	8,618

The number of eligible very low-income households that received bill-payment assistance is lower than the sum of the two numbers above since some households are both PSE natural gas and electric customers. The total number of very low-income households that received bill-payment assistance is 24,381 i.e., there are 3,102 HELP households that received both PSE electric and natural services in the 2011 program year. Of the electric customers who received bill-payment assistance, 16% were also natural gas customers. Of the natural gas customers who received bill-payment assistance, 36% were also electric customers. The chart below is a comparison of the number of customers who received bill-payment assistance since 2007 by fuel type and by program year. The decrease in the numbers of electric and natural gas customers is due to less funding² and higher average HELP bill-payment assistance per customer (see the *Demographics of Customer Households* section).

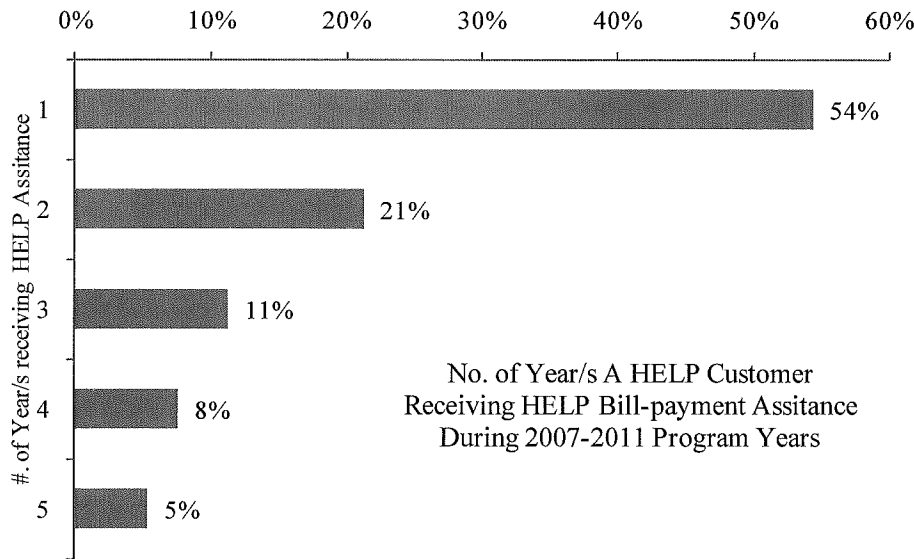


² The 10/2010-9/2011 program year included one-time contributions from PSE’s shareholders of \$1,140,074. PSE did not meet its SQI No. 3, System Average Interruption Duration Index (SAIDI) performance standard for 2009 which resulting a penalty of \$1,140,074. The entire amount is allotted to the electric low income customers as SQI No. 3 pertaining only to electric service.

The total dollar amount of HELP bill-payment assistance during the 2011 program year was:

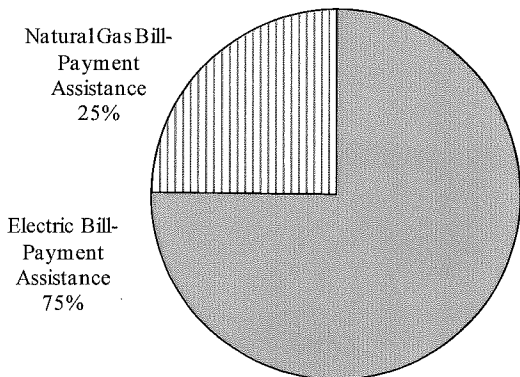
Electric	\$ 9,119,210
Natural Gas	\$ 3,009,432
Total	\$12,128,642

The chart below shows the distribution of the number of years a customer received HELP bill-payment assistance during the 2007-2011 program year. More than half (54%) of the HELP customers received only one bill-payment assistance during those years; while about 5% of customers received HELP assistance every year during that 5-year period.

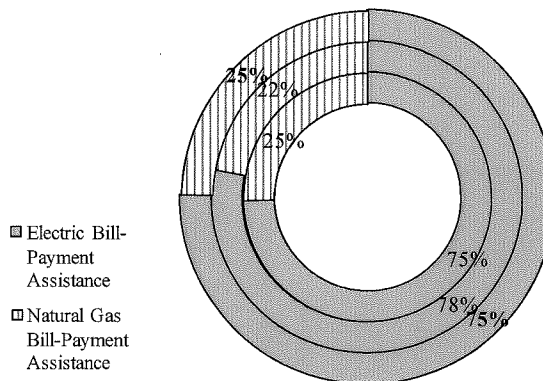


The charts below show the relative amount of payment assistance awarded to eligible very low-income electric and natural gas residential customers by program year.

2011 Program Year Comparison of HELP Bill-Payment Assistance by Fuel Type



Comparison of HELP Bill-Payment Assistance by Program Year and Fuel Type 2011 (Outer Ring), 2010, and 2009 (Inner Ring)



The percentages of HELP bill-payment assistance awarded to each fuel are 75% electric and 25% natural gas for the 2011 program year, which reflect the effect of the 75% electric and 25% natural gas allocation prescribed in the Appendix D of the Order.

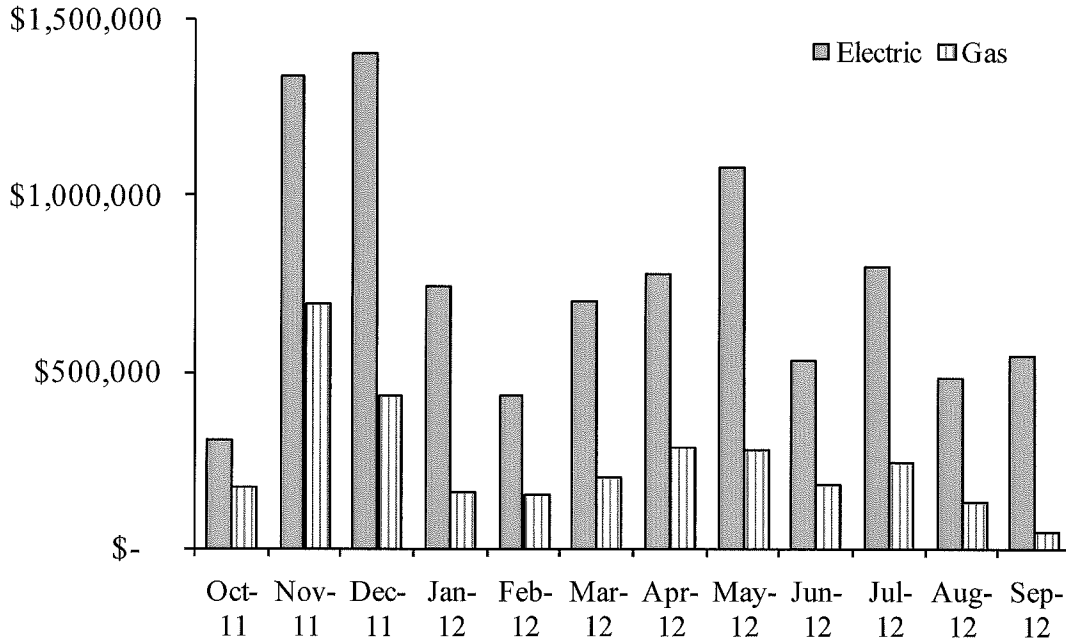
The table below shows a comparison, by fuel type, of the percentages of bill-payment assistance awarded with the percentages of residential customers and of residential revenues. Electric residential customers were allocated relatively more HELP payment assistance than that of natural gas residential customers based upon the proportion of residential revenue and customer count percentages.

	% of Actual Total Awarded HELP Bill-Payment Assistance	% of Residential Customers	% of Residential Revenues
Electric	75%	58%	61%
Natural Gas	25%	42%	39%

Monthly Pattern of Distribution of HELP Bill-Payment Assistance

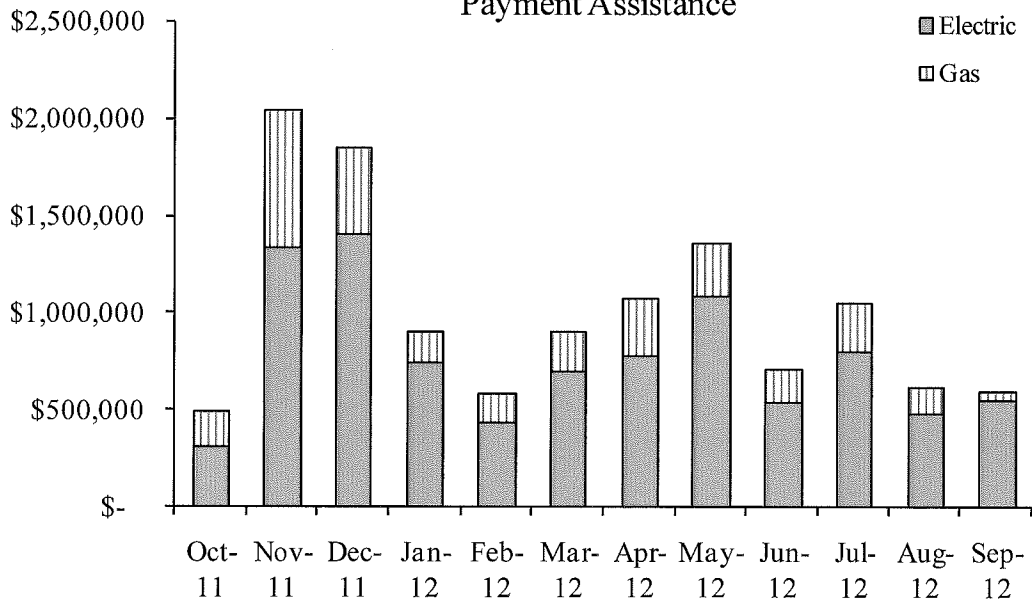
The following two charts show the monthly pattern of distribution of HELP bill-payment assistance to eligible very low-income PSE customers during the 2011 program year by fuel type. The first chart is a side-by-side bar chart with both the electric and natural gas payment assistance.

Monthly Pattern of Distribution of HELP Bill-Payment Assistance by Fuel Type

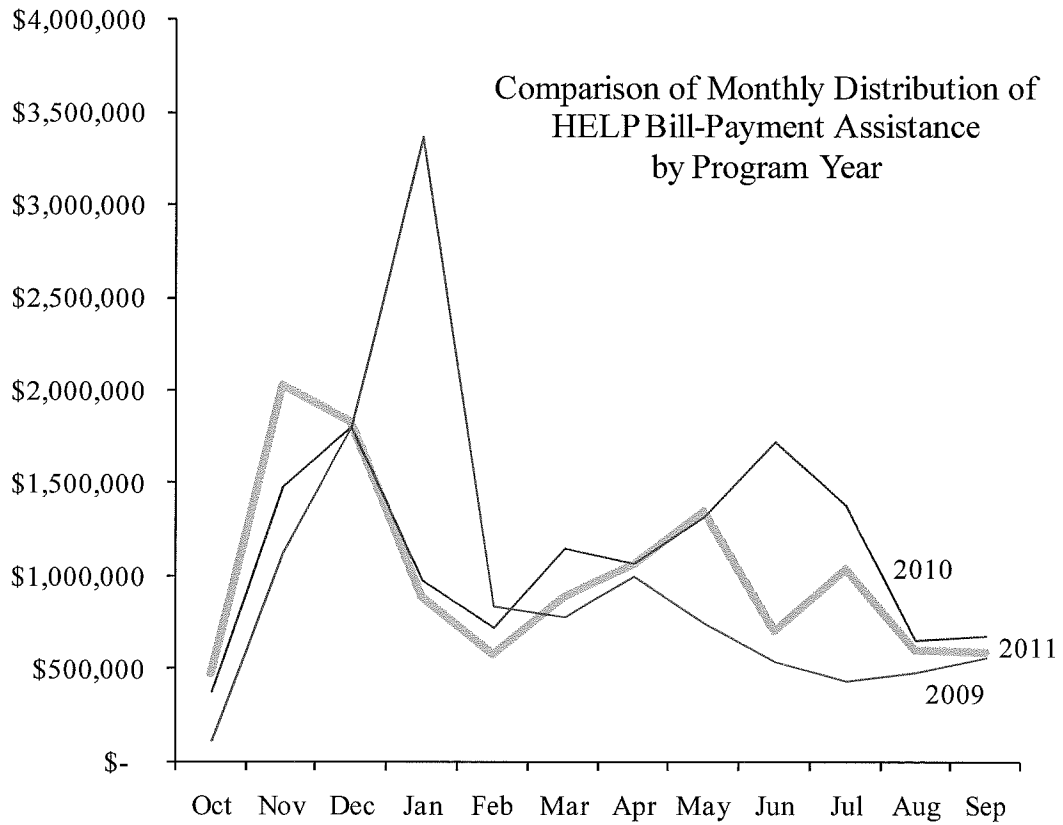


The second chart is a stacked bar chart with both the electric and natural gas payment assistance by month.

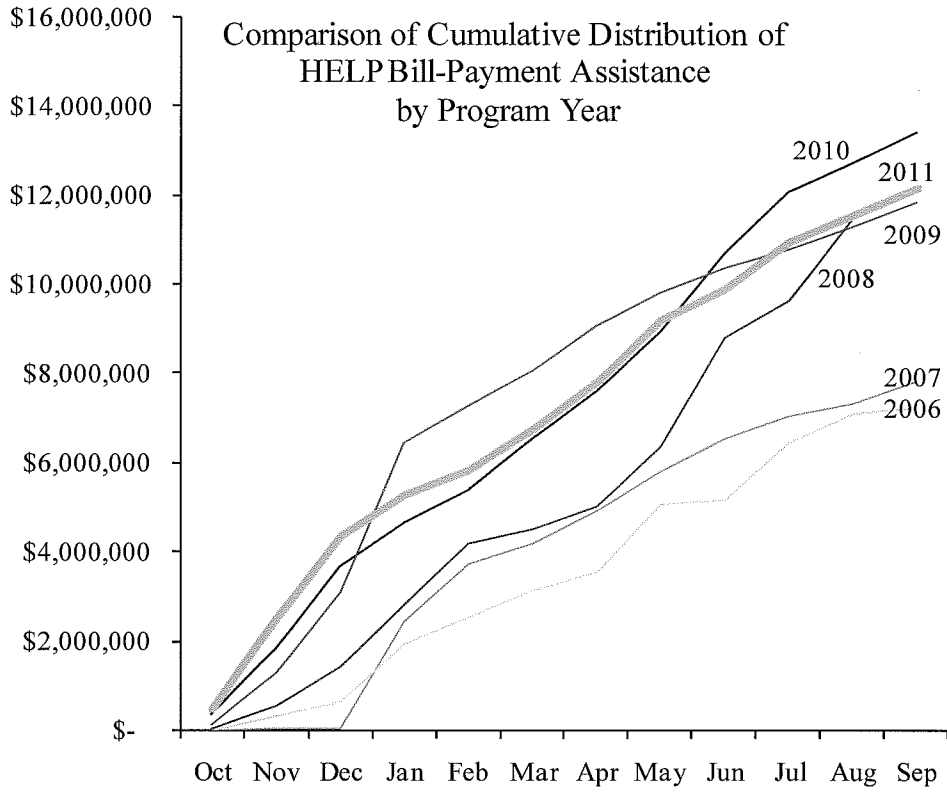
Combined Monthly Pattern of Distribution of HELP Bill-Payment Assistance



The chart below shows the combined electric and natural gas awarded HELP bill-payment assistance on a monthly basis for the 2011 program year (depicted by the heavy line) and the previous two program years (in light lines).



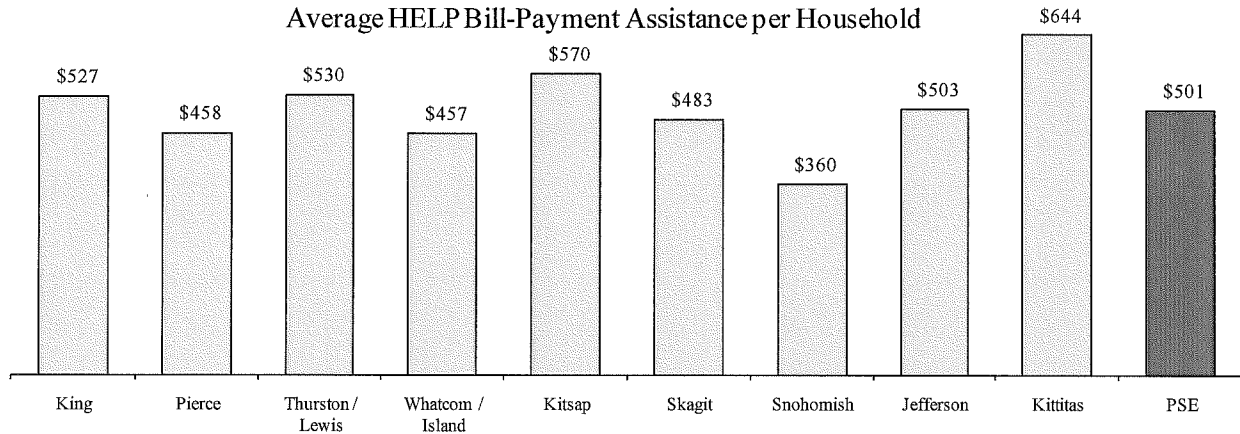
The chart below shows a comparison of the cumulative amount of awarded HELP bill-payment assistance on a monthly basis for the 2011 program year (shown in heavy line) and the previous five program years (in light lines). Less HELP payment assistance was awarded to eligible very low-income customers during the 2011 program year compared with the last program years due to the additional funding from PSE shareholders in the 2010 program year as discussed in the *Introduction and Background* section.



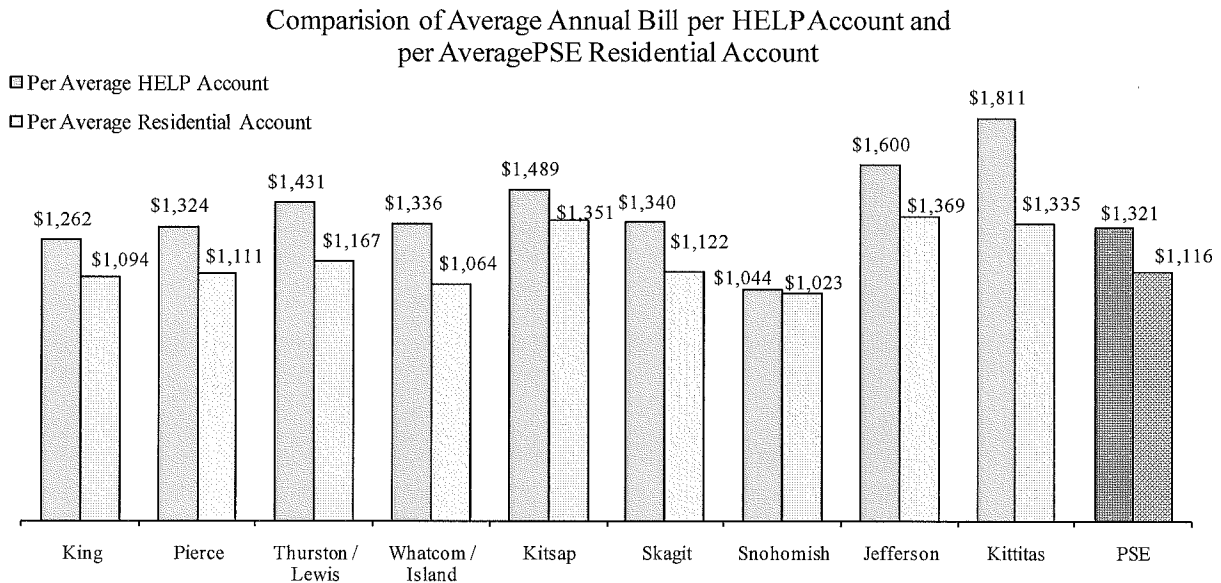
Demographics of Customer Households

HELP Bill-Payment Assistance by County Area

The average level of HELP bill-payment assistance to each eligible very low-income household is \$501 for this program year. It is a \$13 increase from the \$488 per household of the 2010 program year. The chart below shows the average HELP assistance per household for the various county areas in PSE's service territory. The average HELP assistance per PSE energy account that received HELP assistance is \$445 due to the fact that 3,102 households have both PSE electric and natural gas services.

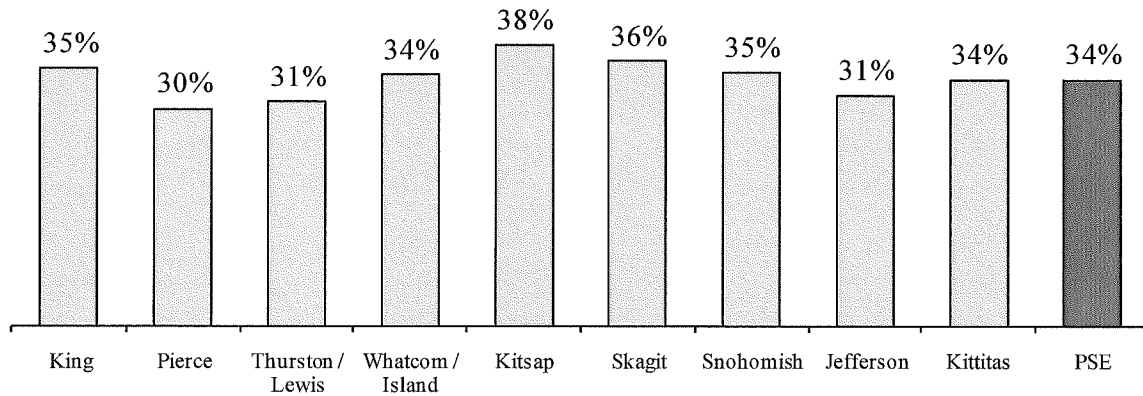


The chart below shows a comparison by county area of the average annual bill per HELP account and per average PSE residential account. For the program years of 10/2011-9/2012, the customers who received HELP bill-payment assistance had, on average, annual bills that were 18% higher than those of average PSE residential customers. The averages by county area show a similar trend.



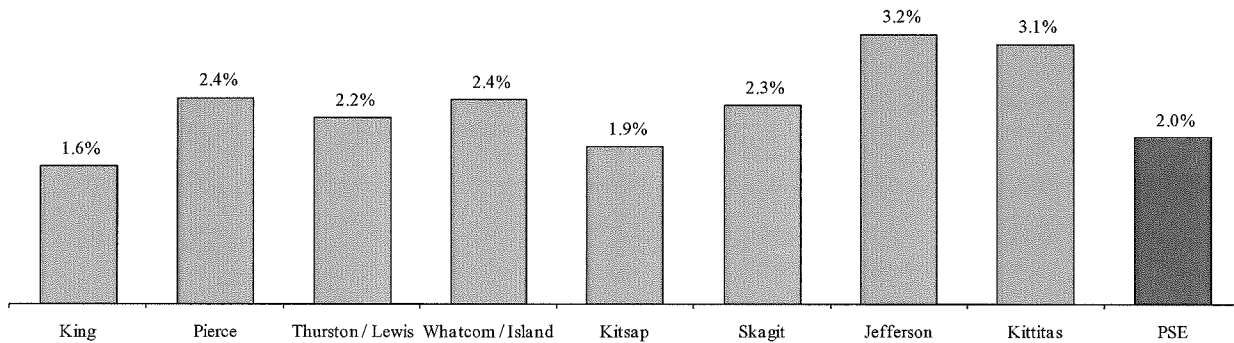
The chart below compares the ratio of average HELP bill-payment assistance per HELP account to the average annual bill per HELP account for the 2011 program year by county area. It demonstrates, on average, how much of an electric or natural gas HELP customer's energy bill was mitigated by HELP bill-payment assistance. The overall average ratio is 34%, i.e. the HELP bill-payment assistance alone paid for 34% of a HELP customer's annual energy bills. Among PSE service areas, Kitsap County has the highest ratio of 38% and Pierce County has the lowest ratio of 30%.

Ratio of Average HELP Bill-Payment Assistance per HELP Account to Average Annual Bill per HELP Account

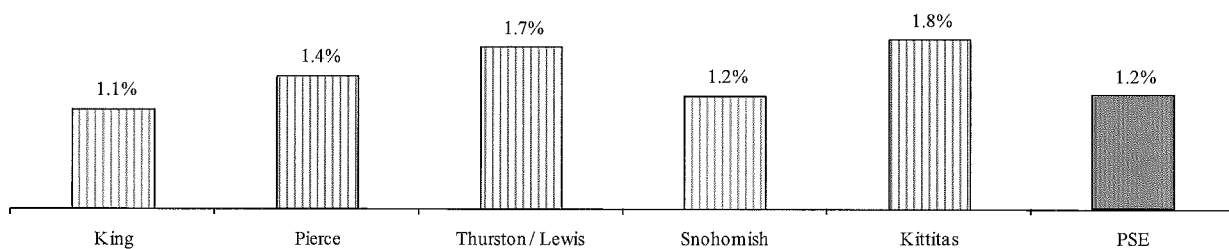


The following charts show the number of eligible very low-income customers receiving HELP bill-payment assistance as percentage of the number of residential customers in a county area. The overall percentages for electric and natural gas are 2.0% and 1.2%, respectively.

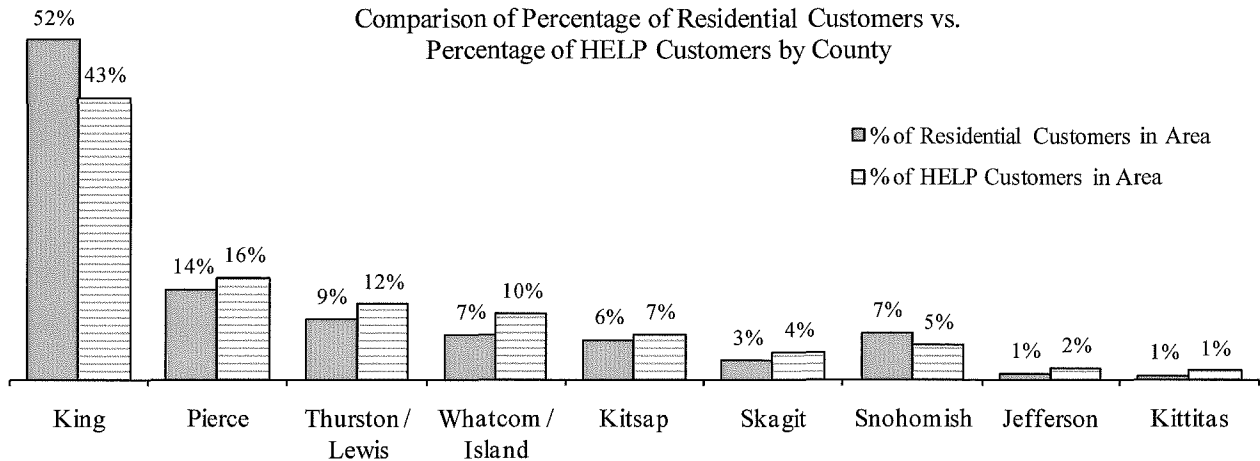
Percentage of Electric Residential Customers Received HELP Bill-Payment Assistance



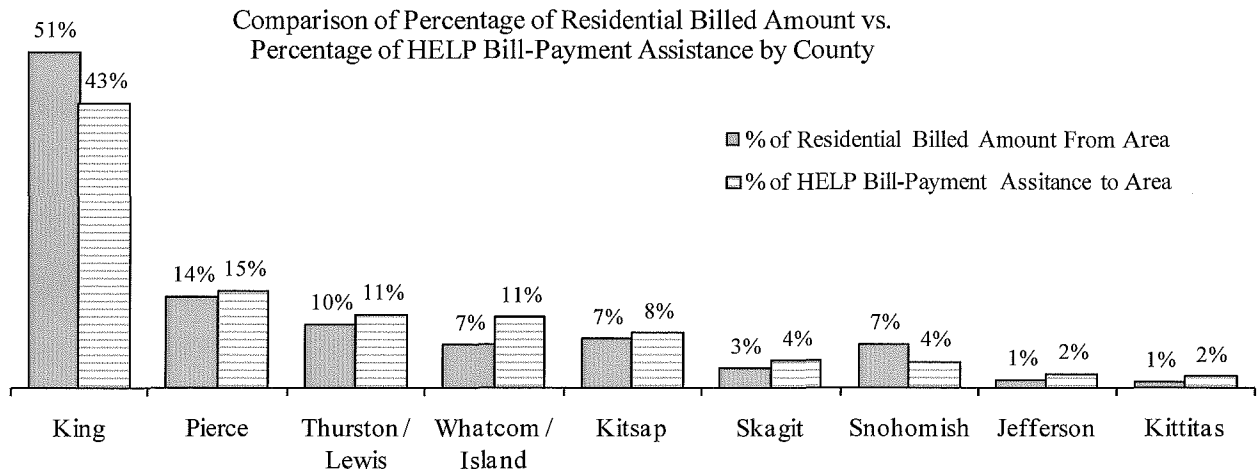
Percentage of Natural Gas Residential Customers Received HELP Bill-Payment Assistance



The chart below shows the percentage distribution of PSE residential customers, including both electric and natural gas, by county area along with the percentage of PSE HELP customers in that area. Snohomish County, where PSE provides only natural gas service, and King County, received proportionally significantly less HELP bill-payment assistance than the rest of the county areas. King County has 52% of the PSE's residential customers but in comparison only 43% of the PSE HELP customers are in King County. 7% of PSE residential customers are in Snohomish County but only 5% of the PSE HELP customers are in the county. The other county areas--especially Whatcom/Island, Jefferson, and Kittitas Counties--have much higher percentages of PSE HELP customers than that of PSE residential customers in the areas.

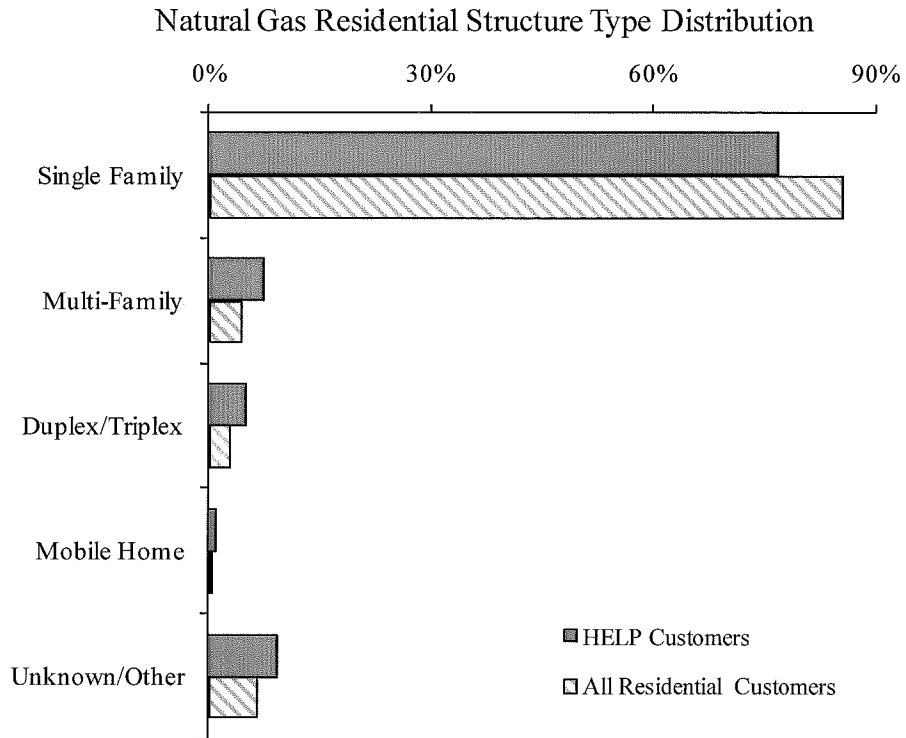
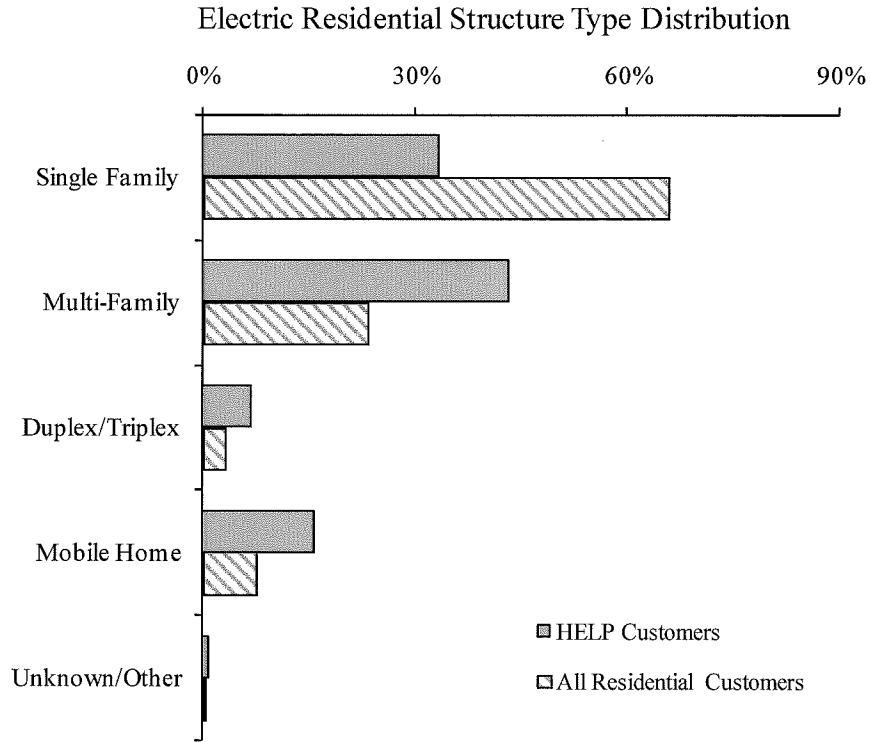


The chart below shows the percentage by county area of PSE total residential electric and natural gas billed amount in a county area compared to the percentage of PSE HELP bill-payment assistance awarded to that area. Similar to the customer count comparison above, Snohomish and King Counties received less HELP bill-payment assistance than the rest of the county areas in term of the residential billed amount. 7% of PSE residential billed amount came from Snohomish County but only 4% of the PSE HELP bill-payment assistance went to the area. The results for King County were 51% and 43%, respectively. Whatcom/Island, Kitsap, Jefferson, and Kittitas Counties received much higher percentages of PSE HELP bill-payment assistance than that of PSE residential billed amount from these areas. Pierce, Thurston/Lewis Kitsap, Skagit Counties have the comparable percentages of PSE HELP bill-payment assistance and the PSE residential billed amount from the areas.



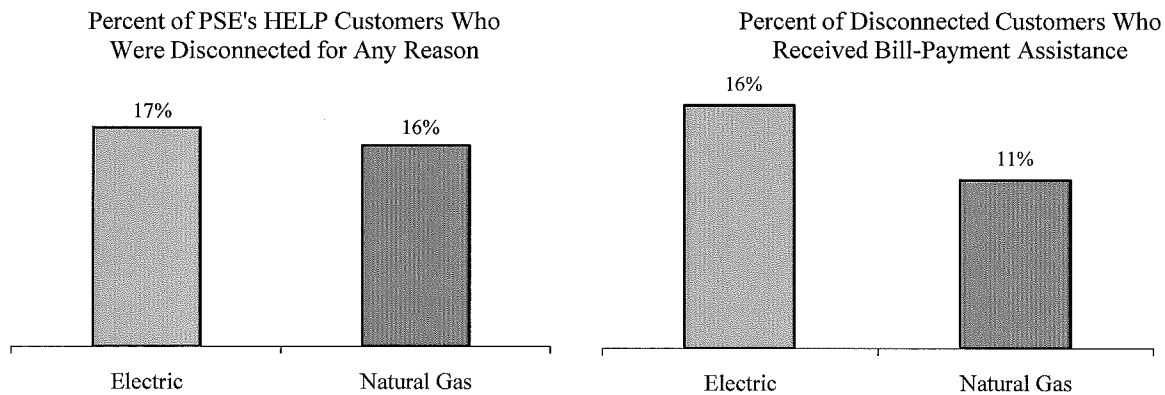
HELP Bill-Payment Assistance by Residential Housing Structure

The two charts below show comparisons by fuel type and residential housing structure type between PSE residential customers and the eligible very low-income customers receiving HELP bill-payment assistance during the program year. Electric HELP customers were more likely to live in a multi-family structure whereas natural gas HELP customers were mostly living in a single-family structure.



HELP Bill-Payment Assistance Impacts

The two charts below show the relationship between the HELP bill-payment assistance received during the 2011 program year and the disconnection events due to move-in/move-out, non-payment, or any other disconnection reasons occurred during the same period. These two charts only show what happened to customers during the program year and do not indicate which event occurred first, namely the receipt of HELP assistance or the disconnection. The first chart highlights the percentage of customers who received HELP payment assistance and were also disconnected by fuel. Overall, 17% of PSE HELP customers experienced any types of service disconnection. For electric customers it was about 17% and for natural gas customers it was about 16%. The second chart highlights the percentage of all types of disconnected customers who received HELP payment assistance during the 2011 program year. For electric customers it was about 16% and for natural gas customers it was about 11%. The overall percentage of the two fuel types is 15%.

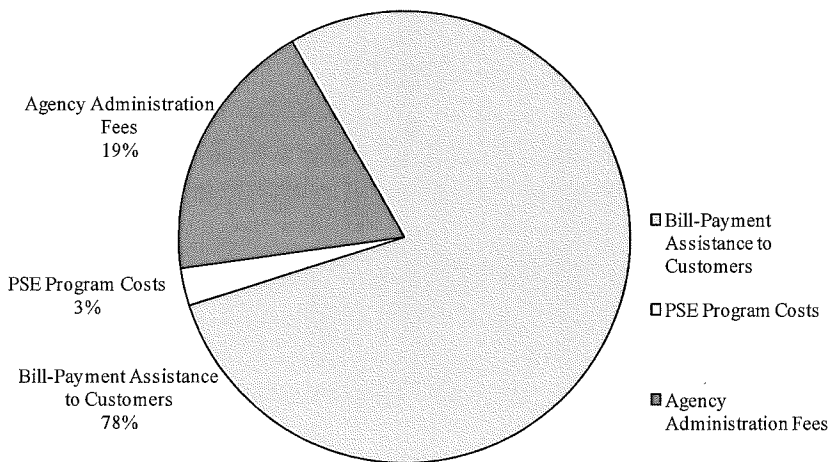


Administration of Program

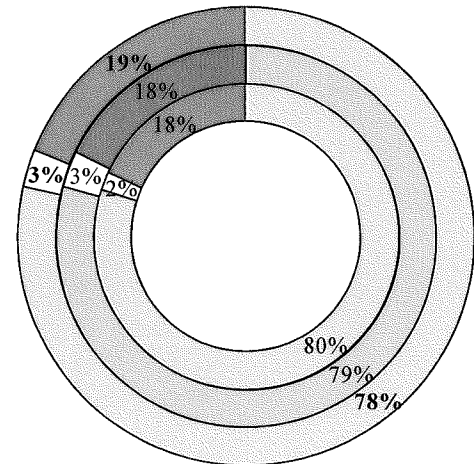
During the 2011 program year, there were twelve qualifying low income agencies administering HELP and distributing bill-payment assistance to customers for PSE. In addition to the funding for bill-payment assistance to eligible low-income customers, these agencies also received allotment of funds from PSE for administrative fees to run HELP and related services such as customer education, eligibility evaluation, grant determination and distribution, and other support services.

The charts below illustrate the allocation of the HELP administration costs and bill-payment assistance to customers by program year. For this program year, the overall agency administration fees comprised about 19% of the total funding of the HELP, 1% increase from the last program year of 18%. PSE’s own program administrative costs were a 3%, same as the previous program year.

2011 Program Year
(10/2011-9/2012)



Allocation of HELP Funding
2011 Program Year (Outer Ring)
Compared to 2010, 2009 (Inner Ring)



Marketing of PSE Home Energy Lifeline Program

The following are some highlights regarding the marketing of the HELP during the 2011 program year, October 2011 through September 2012:

- September-October 2011 EnergyWise customer newsletter articles, "Difficulty paying your bill?" and "Consider a gift to the Warm Home Fund," sent in PSE bill statements, linked to online PSE bill statements, and posted on PSE.com throughout year.
- November-December 2011 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.
- December 2012 bill package sent to all customers included the "Energy Assistance for PSE Customers" insert that provides information about Winter Moratorium, LIHEAP, PSE HELP, Warm Home Fund, Weatherization, and Energy Assistance Centers.
- December 22, 2011, KING5.com Local News, posted at 6:46 PM, "Energy assistance programs in Puget Sound region," article about donations to Warm Home Fund, PSE HELP, and additional PSE resources for energy payment assistance.
- January-February 2012 EnergyWise customer newsletter articles, "Energy assistance funds available," "Help us help you," and "Warm Home Fund helps those in need," sent in PSE bill statements, linked to online PSE bill statements, and posted on PSE.com throughout year.
- January 2012, all billing envelopes included messaging about payment options and payment assistance programs.
- March 2012, all billing envelopes included messaging about payment options and payment assistance programs.
- March-April 2012 EnergyWise customer newsletter articles, "Bill-payment assistance available," and "Help people in need," sent in PSE bill statements, linked to online PSE bill statements, and posted on PSE.com throughout year.
- April 2012, all billing envelopes included messaging about payment options and payment assistance programs.
- May-June 2012 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.
- September 28, 2012, PSE news release " PSE receives OK to increase energy assistance for low-income households, HELP fund expected to serve more than 31,000 eligible customers," provided HELP increase and bill assistance information. The news release was distributed throughout PSE service territory and posted on PSE.com.

- All credit notice letters sent out to customers from November 15, 2011, through March 15, 2013, included the "Energy Assistance for PSE Customers" insert that provides information about the Winter Moratorium, LIHEAP, PSE HELP, Warm Home Fund, Weatherization and Energy Assistance Centers.
- Multilingual HELP 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. Brochures were updated in October of 2012 and posted online in October 2012.
- 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.
- Year-round HELP promotion posted on PSE.com at "Accounts and Services" site.
- The multilingual recorded telephone line (1-866-223-5425) about the HELP and options for local agency contact information (English, Spanish, Russian, Korean and Vietnamese) was accessible 24/7.