Puget Sound Energy

Attachment A to Low Income Program Outcome Compliance Filing

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

of

Electric and Natural Gas Schedules 129

Home Energy Lifeline Program ("HELP")

For 2019 Program Year October 2019 through September 2020

Filed May 28, 2021



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Introduction and Background

Puget Sound Energy's ("PSE's") low income bill assistance program, the Home Energy Lifeline Program ("HELP"), provides bill-payment assistance to eligible PSE customers whose household is considered as a "very low-income household" per RCW 43.63A.510¹. The majority of HELP funding is collected from all PSE customers via rates that are set by PSE's electric and natural gas tariff Schedules 129: Low Income Program.

Also, if PSE does not meet its 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 applicable SQI penalty will then be allocated to the appropriate PSE HELP funding based upon the energy service affected by each missed SQI.

PSE's HELP bill-payment assistance is separate but supplemental to the Federal Low Income Home Energy Assistance Program ("LIHEAP"), which is available year-round to eligible households. For the 2019 program year, October 2019 through September 2020, eligible households may receive up to \$1,000 per year per customer in HELP credit to offset their PSE electricity or natural gas bills, which is the same maximum as the 2009 through 2018 program years.

PSE'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. HELP was further 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 with no limitation on how the HELP bill-payment assistances are applied to any amounts owed (past, present, and future) by these customers to PSE.

On October 8, 2008, the Commission approved three additional HELP changes in its Order 12 of the consolidated Dockets UE-072300 and UG-072301 (2007 Order 12). Appendix D to the 2007 Order 12 detailed of the three changes that became effective for program years starting 2008.

- 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.

With the merger of PSE and Puget Holdings LLC, these three changes above were 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.

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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.

Additional funding has been available to very low-income customers to mitigate the effect of PSE electric and natural gas rate changes (Supplemental HELP Funding Adjustment). This Supplemental HELP Funding Adjustment was described in PSE's Initial Brief in the PSE'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 Supplemental HELP Funding Adjustment had been incorporated into PSE's annual electric and natural gas Schedules 129 HELP funding requirement true-up for the HELP periods of October 1, 2010, through September 30, 2017.

On May 7, 2012, per Order 8 of the consolidated Dockets UE-111048 and UG-111049, the base funding for the low-income bill assistance program was increased to \$20.2 million, based on 0.665 percent of PSE's 2010 operating revenues. Prior funding level reflected about 0.51 percent of PSE's 2010 operating revenues. The base HELP funding is distributed to electric and natural gas customers at the fixed ratio of 75% and 25%, respectively, as set forth in 2007 Order 12.

On June 25, 2013, as a condition for the Commission's approval of PSE's Expedited Rate Filing ("ERF") and Decoupling mechanisms², the Commission ordered an increase of HELP funding of \$1.0 million per year during the three-year rate plan for the two mechanisms. The additional \$1.0 million per year became the base HELP funding to \$21.2 million for the program years starting from October, 1 2013. In addition, per paragraph 177 on page 76 in Order 7 of ERF and Decoupling dockets, HELP funding is increased in proportion to the residential bill impacts of decoupling.

In the low income filings for the 2016 program year, UE-161039 and UG-161047, the total annual funding cap became \$23.503 million, which was reflected in the total HELP funding for the 2017 program of October 1, 2017, through September 30, 2018.

For the 2018 program year of October 1, 2018, through September 30, 2019, additional HELP funding was made available and the associated allocation between electric and natural gas services became 80% and 20%, respectively. These funding changes were approved by the Commission in Order 08 of the consolidated Dockets UE-170033 and UG-1700340 ("Order 08"). Order 08 also adopted new HELP eligibility criteria that are based upon federal poverty level and approved a two-year eligibility certification process for certain income-qualified customers. Both eligibility changes became effective on October 1, 2018.

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² Order 7 of consolidated Dockets UE-121697 and UG-121705 (Decoupling) and consolidated Dockets UE-130137 and UG-130138 (Expedited Rate Filing)

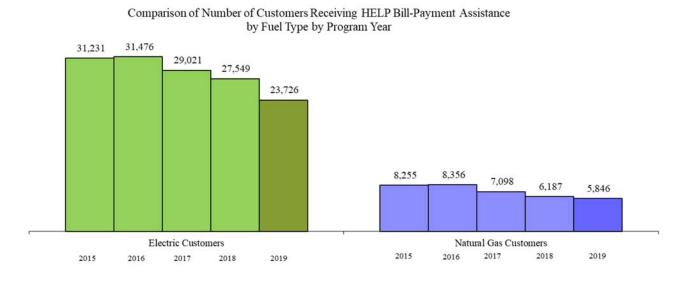
Description of HELP Bill-Payment Assistance

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 2019 program year, the 12-month period of October 1, 2019, through September 30, 2020.

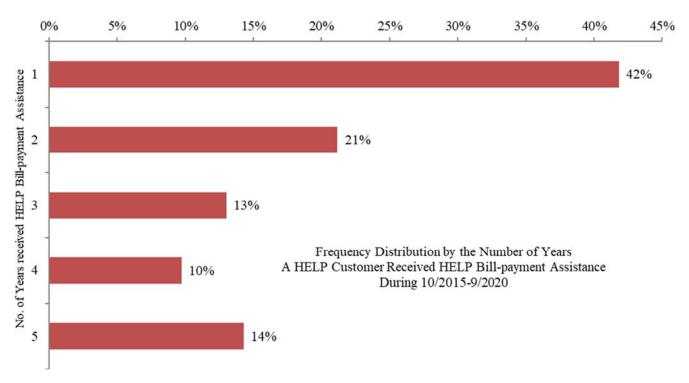
Electric customers: 23,726 Natural gas customers: 5,846

The number of eligible very low-income households that received HELP 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 26,398, i.e., there are 2,672 HELP households that received both PSE electric and natural services during the period of October 1, 2019, through September 30, 2020. Of the electric customers who received bill-payment assistance, 13% were also natural gas customers. Of the natural gas customers who received bill-payment assistance, 54% were also electric customers. The chart below is a comparison of the number of customers who received bill-payment assistance since 2015 by fuel type and by program year.



The number of eligible very low-income customers that received HELP bill-payment assistance as percentage of the total number of residential customers by electric and natural gas is 2.3% (23,726 out of 1,035,926) and 0.7% (5,846 out of 789,340), respectively. Overall 1.6% of PSE residential customers received either or both electric and natural gas HELP bill-payment assistance.

The chart below shows the distribution of the number of years a customer received HELP bill-payment assistance for either their PSE electric or natural gas service or both during the 2015-2019 program years. 42% of the HELP customers received only one HELP bill-payment assistance during those years; while 14% of HELP customers received at least one HELP assistance every year during that 5-year period.



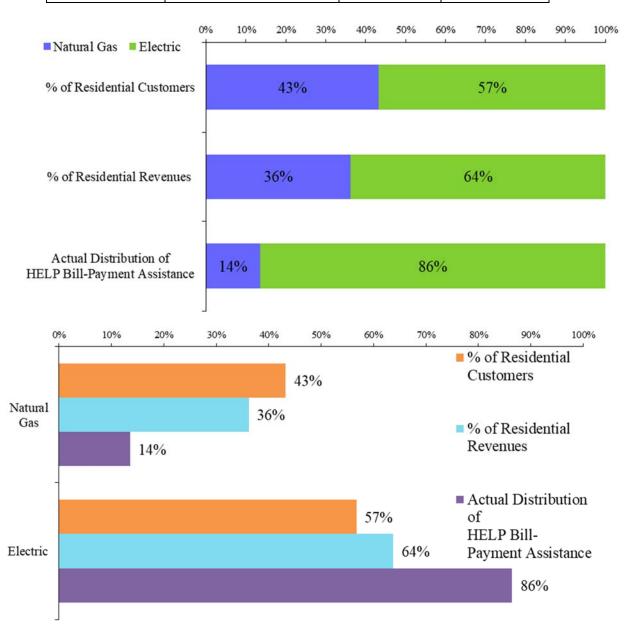
The total dollar amount of HELP bill-payment assistance distributed to customers during the 2019 program year was:

Electric \$9,510,776 Natural Gas \$1,529,018 Total \$11,039,794

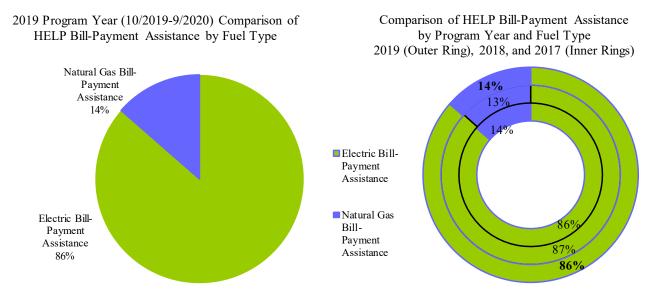
The total HELP funding provides for the bill-payment assistance to customers, PSE program costs, and the fees to agencies that administrate HELP as outlined in PSE's electric and natural gas tariff Schedules 129. The base 2019 program year HELP funding was allocated initial as 79% for electric and 21% for natural gas. The initial 79% and 21% allocation reflects the additional residential bill impact due to the rate increases became effective in the May 2018 natural gas Schedule 142 Revenue Decoupling Adjustment Mechanism update (UG-180283), the March 2019 natural gas Schedule 141 Expedited Rate Filing Rate Adjustment update (UG-180900, and the May 2019 electric Schedule 142 Decoupling Residential (UE-190231) update. These additional HELP funding adjustments are on top of the base application of the 80% for electric and 20% for natural gas as approved by the Commission in Order 08 of the consolidated Dockets UE-170033 and UG-170034. The actual percentages of HELP bill-payment assistance distributed to the customers of each fuel type are 86% electric and 14% natural gas for the 2019 program year.

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

2019 Program	% of Actual Total Distributed HELP Bill-	% of Residential	% of Residential
Year	Payment Assistance	Customers	Revenues
Electric	86%	57%	64%
Natural Gas	14%	43%	36%

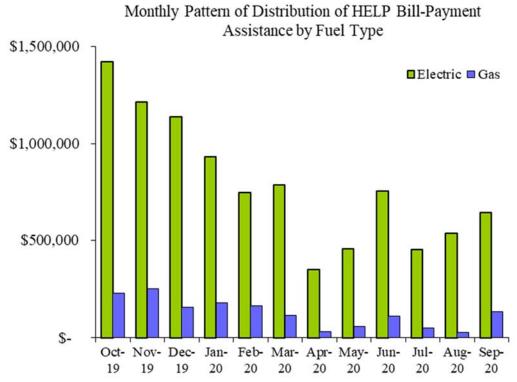


The following charts show the relative amount of bill-payment assistance distributed to eligible very low-income electric and natural gas residential customers by program year.

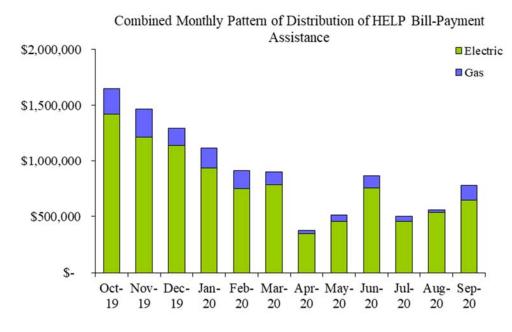


Monthly Pattern of Distribution of HELP Bill-Payment Assistance

The following two charts show the monthly pattern of distribution of HELP bill-payment assistance to eligible very low-income PSE customers during the 2019 program year by fuel type. The first chart is a side-by-side bar chart with both the electric and natural gas payment assistance.

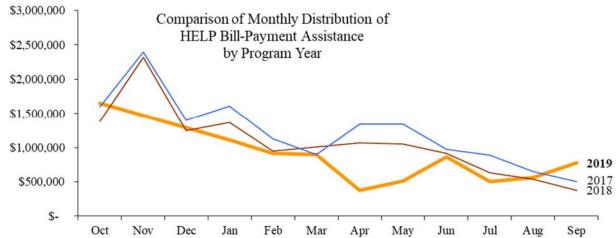


The second chart is a stacked bar chart with both the electric and natural gas payment assistance by month.

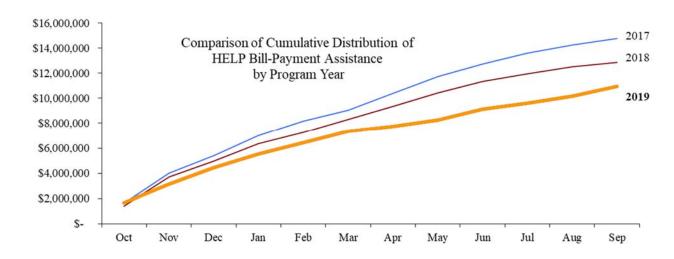


The chart below shows the combined electric and natural gas distributed HELP bill-payment assistance on a monthly basis for the 2019 program year (depicted by the heavy line) and the previous two program years (in light lines). As the qualifying low-income agencies exhaust the LIHEAP funding throughout the program year, the distribution of PSE HELP funding increased to make up the difference in the available low-income bill-payment assistance. The timing that the qualifying low-income agencies notified PSE of the eligible HELP customers also affected the monthly distribution pattern. For the 2019 HELP year of October 2019 through September 2020, almost half (49%) of the annual amount of HELP bill-payment assistance was distributed to the eligible very-low income customers in the first four months of, October through January, before and during the peak of winter heating season.

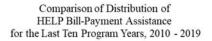
The chart below shows a comparison of the cumulative amount of distributed HELP bill-payment assistance on a monthly basis for the 2019 program year (shown in heavy line) and the previous two program years (in light lines).

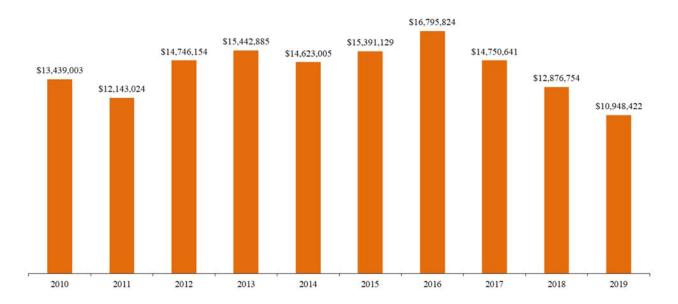


The 2019 program year has the lowest amount of HELP payment assistance among the three program years -- 15% decrease from the 2018 HELP year or 26% decrease from the 2017 HELP year.



Among the HELP bill-payment distribution results for the past ten program years, the 2019 program year had the lowest amount during the 2010-2019 program years.



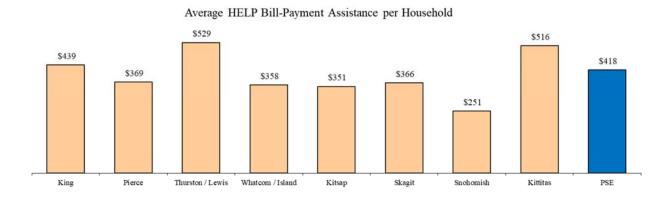


Demographics of Customer Households

HELP Bill-Payment Assistance by County Area

The average level of HELP bill-payment assistance to each eligible very low-income household is \$418 for the 2019 program year ending September 31, 2018. It is a \$5 or 1% decrease from the \$423 per household of the 2018 program year. The overall average HELP bill-payment assistance per PSE energy account that received HELP bill assistance is \$373 due to the fact that 3,174 households have both PSE electric and natural gas services.

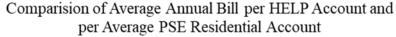
The chart below shows the average HELP bill-payment assistance per household for the various county areas in PSE's service territory. Thurston and Lewis Counties combined has the highest average of HELP bill-payment assistance per household whereas Snohomish County, where PSE provides mostly natural gas service, has the lowest average HELP assistance amount.

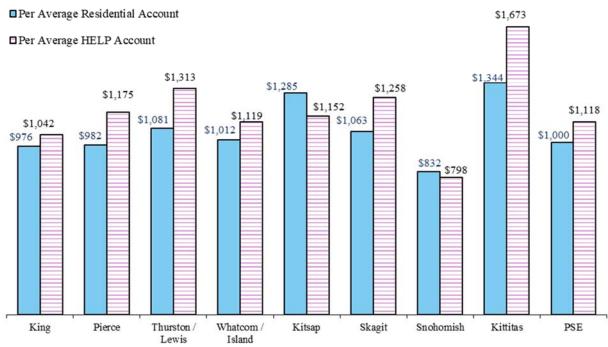


HELP Bill-Payment Assistance and Annual Bill by County Area

For the purpose of comparison among all the county areas, the average residential and the HELP customer annual bill information presented in the following charts and the customer count information used in the calculation is based upon 12 months ending September 30, 2019, to coincide with the HELP period.

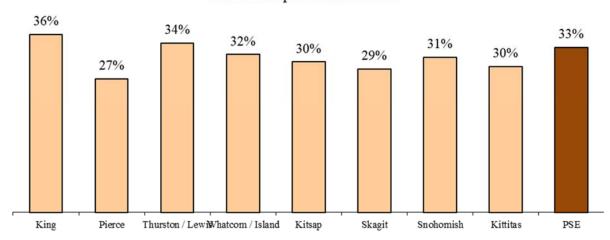
The chart below shows a comparison by county area of the average annual bill per HELP account and per PSE residential account, thus comparing the average bill of a HELP customer to the average bill a general residential customer. For the 2019 program year, the customers who received HELP bill-payment assistance had, on average, annual bills that were higher than that of average PSE residential customers. Most of the county areas show similar relationship except Kitsap and Snohomish Counties.





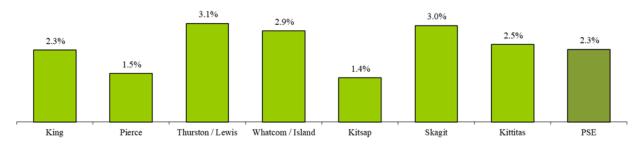
The chart below compares the ratio of average HELP bill-payment assistance per HELP account to the average annual bill per HELP account for the 2019 program year by county area. It demonstrates, on average, how much of an electric and/or natural gas PSE HELP customer's PSE annual energy bills was mitigated by PSE's HELP bill-payment assistance. The overall average ratio is 33%, i.e. the HELP bill-payment assistance alone could pay for 33% of a HELP customer's annual energy bills. Among the current PSE service areas, King County has the highest ratio of 36% and Pierce County has the lowest ratio of 27%.

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

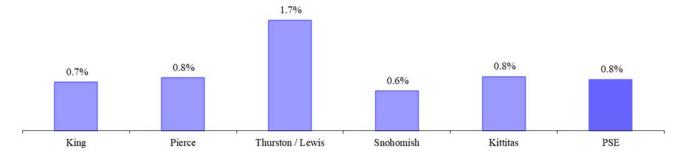


The following charts show the number of eligible very low-income customers receiving HELP bill-payment assistance as percentage of the number of residential customers in a county area. The overall percentages for electric and natural gas are 2.3% and 0.8%, respectively.

Percentage of Electric Residential Customers Received HELP Bill-Payment Assistance

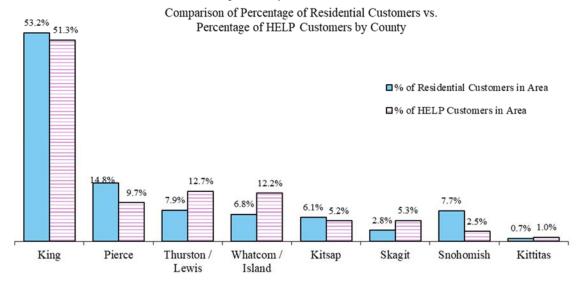


Percentage of Natural Gas Residential Customers Received HELP Bill-Payment Assistance



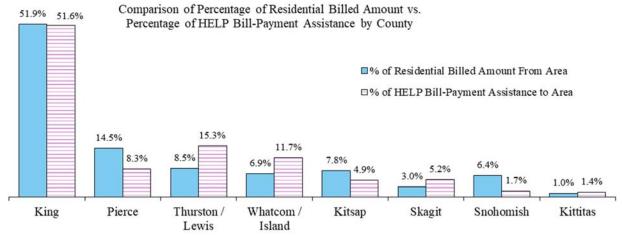
The chart below shows the percentage distribution of PSE residential customers, including both electric and natural gas, by county area along with the percentage of PSE HELP customers in that area. Snohomish County, where PSE provides only natural gas service, and King and Pierce Counties received proportionally significantly less HELP bill-payment assistance than the rest of the county areas.

- 7.7% of PSE residential customers are in Snohomish County but only 2.5% of the PSE HELP customers are in the county.
- Whatcom and Island Counties combined have 6.8% of PSE residential customers but 12.2% of the PSE HELP customers are in the county.
- King County has 53.2% of the PSE's residential customers but in comparison 51.3% of the PSE HELP customers are in King County.



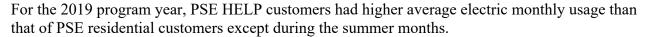
The chart below shows the percentage by county area of PSE total residential electric and natural gas billed amount in a county area compared to the percentage of PSE HELP bill-payment assistance distributed to that area.

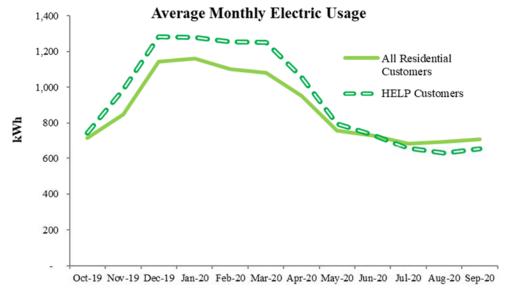
- Similar to the customer count comparison above, King, Pierce, Kitsap and Snohomish Counties received less HELP bill-payment assistance than the rest of the county areas in terms of the percentage of the residential billed amount.
- Thurston/Lewis, Whatcom/Island, and Skagit Counties received higher percentages of PSE HELP bill-payment assistance than that of PSE residential billed amount from these areas.



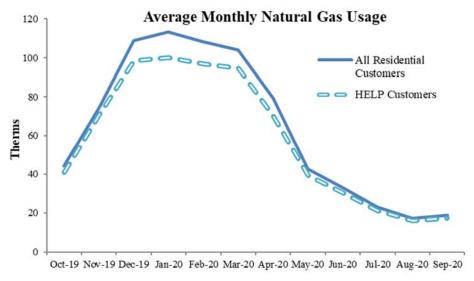
HELP Customers Average Monthly Energy Usage

The following charts show the patterns of the average monthly energy usage of PSE HELP customers in comparison with that of all PSE residential customers for the 2019 program year of October 1, 2019, through September 30, 2020, by electric and natural gas. These two charts are based upon the customers who received either electric and/or natural gas PSE HELP assistance/s during the 2019 program year. Both natural gas and electric usage of a PSE HELP customer are included in the analysis, e.g., the average natural gas monthly usage chart reflects the natural gas usage of both natural gas and electric PSE HELP bill-assistance customers.





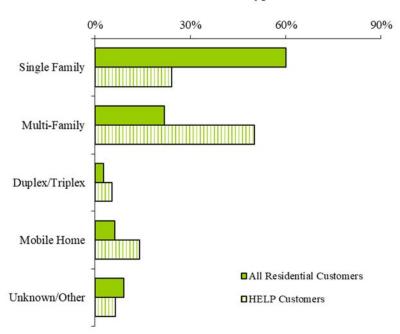
For the natural gas usage, the HELP customers' usage during the winter months was less than that of residential customers but about the same as that of PSE residential customers during the summer months.



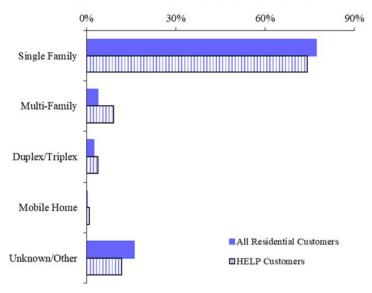
HELP Bill-Payment Assistance by Residential Housing Structure

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 who received HELP bill-payment assistance during the 2019 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.

Electric Residential Structure Type Distribution



Natural Gas Residential Structure Type Distribution

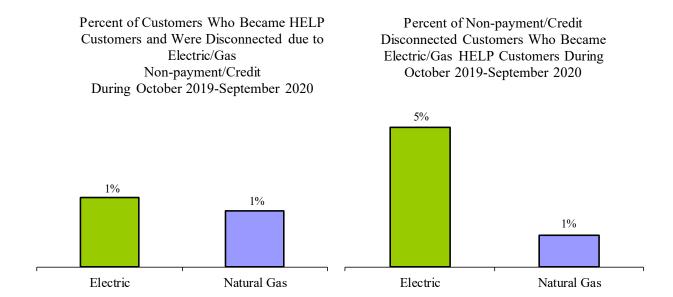


HELP Bill-Payment Assistance Impacts

The two charts below show the relationship between the very low income customers who became eligible HELP customers during the 2019 HELP period of October 2019 through September 2020 and the non-payment/credit disconnections associated with these customers that occurred during the same period. These two charts only show what happened to these customers during the period of October 2019 through September 2020 and do not indicate which event occurred first, namely the receipt of HELP bill-assistance or the non-payment/credit disconnection.

On February 29, 2020, Washington Governor Jay Inslee declared a state of emergency in response to the COVID-19 pandemic. On April 17, 2020, Governor Inslee issued Proclamation 20-23.2, which prohibits all energy, water, and telecommunications providers from disconnecting residential service due to nonpayment, (2) refusing to reconnect residential customers who were disconnected due to nonpayment, and (3) charging late fees or reconnection fees. Prior to the April 17, 2020 Proclamation, PSE had suspended all service disconnections and late payment fees. On October 20, 2020, the Commission issued Order 01 in Docket U-200281 to extend the suspension of the disconnection of energy services for nonpayment at least until after April 30, 2021. Because of these COVID-19 pandemic related measures, for the 2019 HELP year, overall about 1% of PSE HELP customers experienced non-payment/credit disconnection (the chart on the left). Whereas the percentage for the 2017 HELP year was 4% and for the 2018 HELP was year 5%.

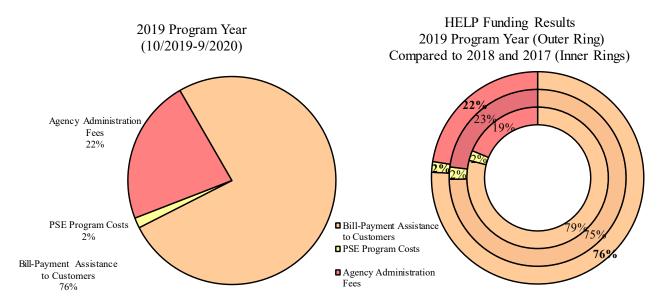
The combined percentage for both electric and natural gas non-payment/credit disconnected customers who were also HELP customers is 4%.



Administration of Program

During the 2019 program year, there were eleven qualifying low-income agencies administering PSE's HELP and distributing bill-payment assistance to PSE customers. In addition to the distribution of the HELP bill-payment assistance to eligible low-income customers, these agencies also received allotment of funds from PSE as administrative fees to run the HELP and related support services such as customer education, eligibility evaluation, bill-assistance amount determination, and other services.

The charts below illustrate the amounts of the HELP administration costs and bill-payment assistance to customers by program year. For the 2019 program year, the overall agency administration fees comprised 22% of the total actual spending of the HELP and PSE's own administrative program costs were 2%.



Marketing of PSE Home Energy Lifeline Program

During the 2019 program year, October 2019 through September 2020, Puget Sound Energy made customers aware of the HELP and through bill inserts, bill mailing envelopes, bill-print messages, and in-person conversations.

The samples below illustrate some of the communications used to raise awareness about PSE's Home Energy Lifeline Program.

1. November 2019: Bill insert newsletter, also posted on pse.com:



2. November 2019: Digital Bill Message

November 2019 bill print messages Summary page

Get Help with your heating bill

Depending on income and household size, you may be eligible for free weatherization assistance as well as payment assistance. pse.com/assistance

3. December 2019 Encouraging donation to low income programs (Warm Home Fund)

Help those in need

Consider donating to The Salvation
Army Warm Home Fund, which
provides short-term, emergency
bill payment assistance to PSE
customers facing financial difficulties.
To donate, include a little extra in
your next PSE bill payment and
specify the donation amount on your
payment stub or when you pay online.

4. December 2019: Bill envelope, also posted on pse.com:



5. January 2020: Lead article in Voice







PSE offers bill assistance and free upgrades to make your home more comfortable this season

Our Home Energy Lifeline Program (HELP) provides funds to help you pay your energy bill.

Our Weatherization Assistance Program can provide you with free home upgrades and repairs that will keep your bills low and your home healthy year-round.

You don't have to have a balance or be behind on your bill to qualify
You may qualify for both programs even if you already receive LIHEAP
You can apply anytime and can reapply every year for HELP
Begin the process by going to pse.com/help and click on GET STARTED.

January 2020 EnergyWise



6. January 2020: Billing Envelope



7. February 2020: Voice Articles



8. February 2020: Digital Bill Message

February 2020 bill print messages Summary page

We're here to help

If you're having difficulty paying your bill, please call us or go to your myPSE account for payment arrangements.

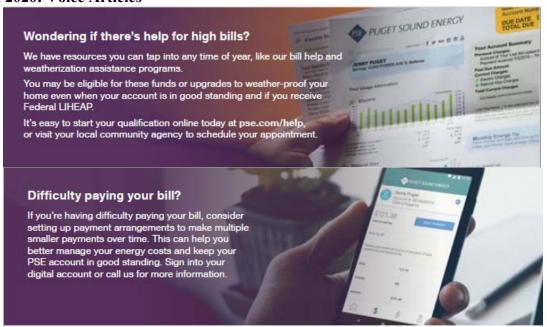
pse.com/mypse

9. February 2020: Billing Envelope PRESORTED FIRST-CLASS MAIL U.S. POSTAGE PAID PSE PSE PUGET SOUND ENERGY P.O. Box 97034 Bellevue, WA 98009-9734 YOUR PUGET SOUND ENERGY BILL ENCLOSED 1101 02/20 PSE PUGET SOUND ENERGY This envelope is recyclable **PUGET SOUND ENERGY** Help others stay warm Donate to The Salvation Army Warm Home Fund via your payment stub or online payment page. (S) This envelope is recyclable. PLACE STAMP HERE We'll work with you to help manage your bills, Visit pse.com/lower to make payment arrangements.

BELLEVUE, WA 98009-9269

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10. March 2020: Voice Articles



11. March 2020: Digital Bill Message

March 2020 bill print messages Summary page

Get Help with your heating bill

Depending on income and household size, you may be eligible for free weatherization assistance as well as payment assistance.

pse.com/assistance

12. March 2020: Billing Envelope



13. Help Brochure: Distribution of the HELP brochures through agencies



14. Events/Outreach: Targeting hard to reach areas

