

March 23, 2012

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Via US Mail and email

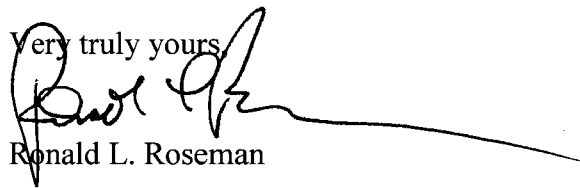
David Danner Executive Secretary
Washington Utilities & Transportation
Commission
P. O. Box 47250
1300 S. Evergreen Park Drive, S.W.
Olympia, WA 98504-7250

Re: WUTC v PSE UE-111048 and UG-111049(Consolidated)

Dear Mr. Danner:

Enclosed for filing are eighteen (18) copies of The Energy Project's Reply Brief in the PSE's general rate case.

Very truly yours,



Ronald L. Roseman

cc: Service List (via email) and US Mail

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**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

PUGET SOUND ENERGY

Respondent.

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)
) PSE GENERAL RATE CASE
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) DOCKET NOS.
) UE-111048 and UG-111049
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REPLY BRIEF OF INTERVENOR THE ENERGY PROJECT

March 26, 2012

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COMMUNICATIONS SECTION
UTILITY AND TRANSPORTATION COMMISSION

I. Introduction

The Energy Project appreciates Commission Staff's support for increased low-income rate assistance. Staff is incorrect, however, in asserting that The Energy Project's proposal was based *exclusively* on a comparison to other utilities with rate assistance programs and that it failed to account for factors affecting the need for increased assistance. See Commission Staff Initial Brief at 70. In fact, the bulk of John Howat's testimony addressed the need for low-income rate assistance in Washington, with a focus on customer demographics and economic conditions. Thus The Energy Project disagrees that any "warning" on the sufficiency of analysis is needed.

II. The Energy Project fully supported its proposal with an analysis of factors affecting need.

The Energy Project retained a nationally known expert on rate assistance programs in the United States, John Howat of the National Consumer Law Center in Boston to testify in this docket. Mr. Howat presented an analysis of customer demographics and economic conditions through a discussion of census data for low income customers in each county in PSE's service territory; the reduction in federal funding for rate assistance in Washington; and an analysis of the number of persons who are eligible for the HELP program as compared to the number who actually can receive rate assistance with the limited funding that is available. Mr. Howat reviewed the number of low income customers in PSE's service territory who are living at or below 150% of federal poverty and found that they numbered 255,000, which equates to approximately 20% of PSE's residential customers (JGH-1T p 9:10-13). But in the 2009 program year (October 2009 through September 2010) only 23,789 of PSE's residential customer received rate assistance through HELP (ExhibitJHT-1T p 7:19-20). At the greatest participation approximately 88% of low-income customers did not receive assistance. The program participation rate among income eligible customers was between 9.3% and 11.7% (Exhibit JGH-1T p 10: 5-6 footnote 21). There simply was not enough HELP funding to assist other low income customers.

Mr. Howat also demonstrated that the need for assistance among income-eligible customers goes far beyond the 12% who receive it. Mr. Howat demonstrated our state-specific need for assistance through a University of Washington School of Social Work report entitled “The Self Sufficiency Standard for Washington State 2011” which showed a wide range of families at 125% of the federal poverty level need income far above that level to meet the cost of basic necessities including, food, housing and utility expenses (Exhibit JGH-3). He also reviewed the 2011 National Energy Assistance Survey, which showed that in response to unaffordable energy bills, 23% kept their home at an unsafe or unhealthy temperature. The study also found that 31% of respondents did not make their full mortgage payment or rent payment and 6% were evicted from their home or apartment (JGH-5 p 5:8-17).

Further, it has been demonstrated that needs are increasing dramatically for two reasons: the percentage of the population at or below the poverty level is increasing just as other sources of low-income rate assistance are shrinking. The federal LIHEAP funding is also being reduced about 22% for the coming year at the same time the need for additional funding is so drastic during the economic downturn. Public witnesses and PSE both acknowledged in their testimony that the economic downturn in Washington continues See Clark (TR-74:3-23 and 75:8-19) and McLain (SML-1T p. 47).

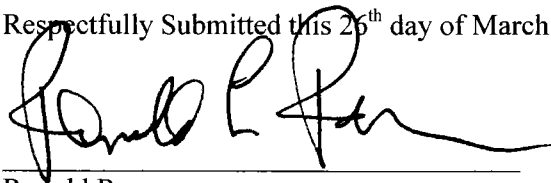
The comparison with investor-owned utilities, a PUD and a municipal utility in Washington as well as a sample from other states was not intended to provide an exclusive benchmark but to provide an overview of how other utilities are addressing the problem and their commitment to bill paying assistance across variations in utility size, structure and program design. The Washington utilities selected above were the most comparable to PSE’s service territory, customer demographics, rate assistance program and size.

III. Conclusion

The Energy Project believes the record provides both an economic and demographic examination of the justification for the requested increase in funding for HELP. We see no need to issue a warning

regarding addressing the approximately 88% of low income customers who currently can receive no assistance.

Respectfully Submitted this 26th day of March, 2012

A handwritten signature in black ink, appearing to read "Ronald Roseman", written over a horizontal line.

Ronald Roseman
Attorney for The Energy Project