

BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND	)	DOCKET NO. UE-121697
TRANSPORTATION COMMISSION	)	DOCKET NO. UG-121705
	)	DOCKET NO. UE-130137
Complainant,	)	DOCKET NO. UG-130138
	)	
v.	)	
	)	
Puget Sound Energy	)	
	)	
Respondent.	)	
.....)	)	

DIRECT TESTIMONY OF  
CHARLES M. EBERDT  
REPRESENTING THE ENERGY PROJECT  
Exhibit No. \_\_\_\_ (CME-1T)

## I. INTRODUCTION

Q. Please state your name, address, and employment.

A. My name is Charles Eberdt. I am the Director of the Energy Project, 3406 Redwood Avenue, Bellingham, WA 98225.

Q. Please outline your relevant background for this matter.

A. I have been working in the field of residential energy efficiency since the mid-1970's from being trained to install solar hot water systems and building houses to educating homeowners, code officials, and builders about energy efficient building construction and systems for the Washington State Energy Office. In 1993, I began working in energy policy as it affects low-income households on behalf of Washington's community action agencies in their provision of energy services funded by the Washington Department of Commerce and local utilities. I served on the Board of Directors of the National Center for Appropriate Technology from 1996-2012. I have also been a Board member of the A World Institute for a Sustainable Humanity (A W.I.S.H.) since 1996. I have participated in several proceedings before this Commission over the last nineteen plus years, including general rate cases for all the energy utilities that this Commission regulates. A brief resume is attached hereto as Exhibit No. \_\_\_ (CME-2).

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of the Energy Project, representing the interests of PSE's low-income residential customers.

Q. What is the purpose of the Energy Project's testimony?

A. We wish to address our concern about the increase in costs for low-income

households that the additional revenue recovery will require and the two elements in the proposed settlement that affect 1) the low-income bill assistance program (HELP) and 2) the energy efficiency services.

Q. Why Is The Energy Project concerned about the increase in costs?

A. Given the amount of the revenue that will be recovered through the ERF and decoupling agreements if the PSE-Staff-NWEC multiparty settlement is accepted, the Energy Project is concerned about the impact on rate payers, and particularly on the low-income customers. It is estimated residential ratepayers will contribute 75% of the \$200,000,000 that would be collected in the next two to three years.

Q. Has The Energy Project comprehensively evaluated the justification for this increase?

A. No, the Energy Project does not have the resources for in-depth financial analysis, but it is clear that there will be substantial impact on the Company's low-income customers. The Energy Party will have to rely on other non-settling parties financial analysis in these dockets.

Q. How many customers are eligible for PSE's rate assistance program?

A. In the previous rate case (UE-111048/UG-111049), the Company indicated that nearly 20% of their customers have incomes below the upper bound of income eligibility for HELP, the Company's bill assistance program.

Q. How much of this revenue increase will come from low income customers?

A. The simple math would indicate that the Company plans to collect an additional \$30,000,000 in rates from these already strapped households over

the next couple of years. If the stay-out agreement of the settlement is honored and no other venue is allowed to adjust the funding or program design, then we expect many more households to suffer disconnection or the need to resort to emergency assistance in that time. Over the last few years, agencies delivering LIHEAP and HELP services have seen a rising number of households coming to apply with disconnection warnings and actual disconnection crises. Some report that, while they try to reserve some appointments for emergencies, those slots are now used exclusively for customers who have been disconnected, leaving those with 10-day or 24-day warnings in the queue. Another agency has adjusted by dedicating one staff member to handle the disconnected and those with notices. At the same time, the federal funding for LIHEAP has been reduced as well.

Q. Will the increase in funding proposed for HELP in the multiparty settlement mitigate the impact on these customers?

A. No. Recognizing there would be an impact on these households, the settling parties proposed indexing an increase in HELP funding to the increase in rates that result from the ERF and decoupling mechanism. This might increase the amount of the HELP benefit, but the customer has to cover the increase on the rest of the bill. Since these households are already in dire financial straits, it's likely more of them will face disconnection even with HELP assistance.

Q. What is The Energy Project's recommendation regarding increasing funding for rate assistance?

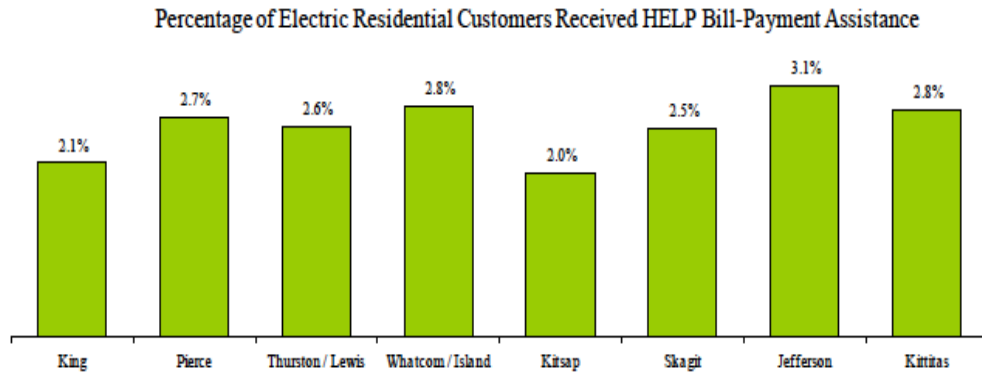
A. In an attempt to gauge the extent of the impact on low-income customers the Energy Project constructed the table below, based on our understanding from PSE of the year-to-year increases that would be added to the average residential bill. This table simply looks at the dollar impact that would result just for the number of customers who have participated in the program in the last two years. This table represents an absolute minimum that would be needed to cover a recent level of HELP participants only.

Table 1: Bill Impacts on HELP Participants

	Electric	Gas	Electric	Gas	Electric	Gas	Electric	Gas
ERF	\$1.75	(\$0.09)						
Decoupling	\$1.74	\$1.24	\$2.59	\$3.09	\$5.55	\$3.50		
Impact/ cust/yr	\$41.88	\$13.80	\$31.08	\$37.08	\$66.60	\$42.00	\$139.56	\$92.88
# served 2010-11	22300	9452	22300	9452	22300	9452	22300	9452
Annual impact	\$933,924	\$130,438	\$693,084	\$350,480	\$1,485,180	\$396,984	\$3,112,188	\$877,902
<b>TOTAL</b>							<b>\$3,990,090</b>	
# served 2012-13	18865	8618	18865	8618	18865	8618	18865	8618
Annual impact	\$790,066	\$118,928	\$586,324	\$319,555	\$1,256,409	\$361,956	\$2,632,799	\$800,440
<b>TOTAL</b>							<b>\$3,433,239</b>	
<b>Average</b>							<b>\$3,711,665</b>	

Q. What proportion of the eligible population does this represent?

A. As was indicated in the 2010-2011 HELP annual report (filed April 27, 2012), the need is much greater, as HELP reaches only a fraction of the eligible population, roughly a little over 10%.



While it may be tempting to assume more people can be served by simply reducing the benefit amount each receives, it is important to keep the goal of the program in the forefront. That goal is to keep people connected to vital energy services. The award levels that result from HELP are based on decades of experience providing the Low Income Home Energy Assistance Program through the Department of Health and Human Services. The funding levels result from a formula that considers consumption, income, and the size of the household as well as the need to serve vulnerable populations, like the elderly, the disabled, or households with small children. The award that results is the estimate needed to keep the household connected. A sufficient corresponding increase to the existing HELP funding to mitigate the impact of the increased revenue recovery is critical to keeping people connected to basic need in the modern era.

Q. Given these circumstances, what is your recommendation?

A. Given the likelihood of more households needs assistance as well as the increased cost to current program participants, we would request an additional \$5,000,000 for the three-year rate period, if the settlement is accepted. If the time period lengthens for any reason, the funding should be proportionately higher. This will allow the agencies to serve an increased number of additional households.

Q. What is your concern about the energy efficiency part of the proposal?

A. The settlement indicates PSE would increase the funding for low-income energy efficiency by \$500,000 per year. While we appreciate this gesture and previous years have shown our ability to spend twice as much as the current budgeted levels, the critical element that is missing is the companion funds to cover the costs for health and safety measures and repairs necessary to be able to use the utility's funding. This has been handled in the past by combining utility funds with federal DOE WAP funds or state Matchmaker funds. Unfortunately, both of those funding sources are facing sizable cuts from the previous biennium, such that it will be difficult to take advantage of PSE's offer. We have recommended that they contribute some shareholder funding in order to provide funds that can be used more flexibly and invest in the housing improvements that go hand-in-hand with the energy efficiency measures.

Q. Does this complete your testimony?

A. Yes it does.

