

**BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION
COMMISSION**

In the Matter of the Petition of)	DOCKET NO. UE-070725
PUGET SOUND ENERGY, INC.,)	
For an Order Authorizing the Use of)	Declaration of Charles Eberdt
the Proceeds from the Sale of)	in Support of the Energy Project's
Renewable Energy Credits and)	Answer to Staff's
Carbon Financial Instruments)	Petition for Reconsideration
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I, Charles Eberdt, make the following declaration:

1. I am the Director of the Energy Project, which is a joint undertaking between the State Department of Commerce and the Washington State Community Action Partnership. One of my duties is to advocate for funding and program designs that will enhance the provision of energy efficiency services to low-income households. The overall goal is to improve the efficiency of the buildings in which low-income households live, reduce their energy consumption, lower the burden that home energy bills put on their limited incomes, making it easier for them to pay for service, while at the same time improving the livability and durability of the dwelling.
2. In my role as an advocate for low-income energy efficiency programs, I engaged in conversations with representatives from PSE regarding the use of \$2 million from an Enron settlement that was offered to PSE by the Washington State Office of the Attorney General specifically for the benefit of low-income households. Neither PSE nor the Energy Project made the determination that these funds should

be used for low-income households' energy benefit. Our discussions considered two general options: should the money be used to further bill payment assistance such as PSE's HELP program; or should it be applied to further the implementation of energy efficiency measures in low-income homes? Because PSE has long been aware that the shortage of funds for energy-related repairs seriously impairs the serving agencies' installation of some energy efficiency measures or even treating some entire dwellings, we agreed to use the funds for energy efficiency and energy-related repairs.

3. Mr. Trotter is correct that this discussion did occur before we filed rebuttal testimony and the cross-examination hearing. We never thought we might be accused of failing to disclose material facts, however, because the material situation essentially had not changed from what we had originally stated in our Joint Testimony. That is, that the funding for low income energy efficiency repairs is still less than it was in past years, is subject to increasing competition, and is insufficient to address the need. The reasons are that the two dominant funding sources the agencies rely on for repair funding were significantly diminished, one of those funding sources is now accessible to more agencies than it had been previously, and the influx of additional energy efficiency funds has only increased the need for repair funds.

4. As to the first point, in the previous state budget biennium, the combined budgets of the HUD Home Repair and Rehabilitation Program (HRRP) and the state funded Energy Matchmaker (EM) program was previously about \$8.5 million/year, for the entire state. For the current biennium, the corresponding budget is \$4.5

million, and only through some quick fund swapping by the Department of Commerce. At one time the state Energy Matchmaker fund alone had a \$13 million budget for the biennium. The allocation of state funds to the Energy Matchmaker program, which has a twenty-four year history of being funded, was one of the casualties of the legislature's response to the state budget shortfall. The state legislature cut the entire Energy Matchmaker allocation in the 2009. The Department of Commerce then managed to trade funds from HUD HRRP for state Housing Trust Fund dollars and pulled together the funds that we currently have. Reports about exactly how much funding would be available to agencies varied up and down through the course of 2009. Commerce finally determined how those limited funds would be allocated only in the last couple of months. Furthermore, in previous years only some of the agencies could access the HRRP funds; now they are part of the pot divided amongst all twenty-six agencies.

5. Another reason it did not occur to us to "disclose" this temporary injection of funds is that we did not anticipate these funds being used at the same time. We had no indication when the Commission would rule on availability of the RECs funds. The Attorney General was very clear, however, that the Enron funds are available only through December 31, 2010. Our proposal for the RECs funds indicated the intent to use them over several years in order to use them most effectively and to smooth the vagaries of varying funding levels. Practical application directs that the Enron funds be used first. As of the end of May, \$1.24 million of the Enron funds have already been expended. The Commission's Final Order 03 in this docket was issued on May 20, 2010 when approximately \$750,000 remains from Enron funds to

be used for both gas and electric customers. While the benefits of the Enron funds are lasting, their availability is an evanescent experience. The existence of the Enron funding should not be seen as funds that displace other resources but as funds that can provide the same benefit and will allow agencies to apply them over a longer period of time, thus getting further benefit. At current production rates, the agencies will complete 36% more units in 2010 than they did in 2009 with PSE funding. Agencies have been working hard to increase production; we expect this to continue.

6. The one-time injection of the Enron funds, while very useful and immensely appreciated, does not solve the problem for the agencies nor reduce the benefit that the application of the RECs funds will bring. The agencies are familiar with sudden and sometimes dramatic changes in funding levels. It is part of our history to see federal and state annual budget allocations for low-income energy needs vary significantly from year to year or not be released at the time when the program is supposed to start. Changes in governmental agency rules may also effect how funding can be spent. We have recently seen the substantial addition of the American Recovery and Reinvestment Act funds followed by a decrease in the July 2010-June 2011 budget for the “regular” DOE Weatherization Assistance Program. In the past ten years we were fortunate enough to benefit from approximately \$6 million in funds from another Attorney General energy case settlement as well as the Governor’s request that several million dollars telephone penalty funds be allocated to pay energy bills. We acknowledge that the Enron money is very

beneficial, but it is not remarkable in terms of the budget changes we see, positive or negative.

7. The fact remains that looking at the overall picture, the available resources pale compared to the need. In 2009, agencies were able to provide energy efficiency to 1682 dwellings. In the counties PSE serves, the population living below the federal poverty level, which is lower than the income eligibility for participation in low-income energy efficiency programs, ranges from 8% to 17%. Even at the roughest estimate (1,000,000 electric customers, 8% in poverty), there are more than 80,000 PSE electric customers who would be income eligible. To our mind, the issue is not whether the money is needed or useful. There is no question about that. Rather the issue is whether the time allowed gives agencies sufficient flexibility to use the available funds in the most effective manner to provide the most benefit for low-income households and better facilitate energy efficiency that will benefit all ratepayers.

I declare under the penalty of perjury of the laws of the State of Washington that the foregoing is true and correct.

Dated this 15th day of June, 2010, at Bellingham Washington.

A handwritten signature in black ink, appearing to read "Charles Eberdt", written in a cursive style.

Charles Eberdt, Director of The Energy Project