

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS CORPORATION,

Respondent.

---

DOCKET UG-170929

CROSS-ANSWERING TESTIMONY OF COREY J. DAHL (CJD-1CT)

ON BEHALF OF PUBLIC COUNSEL

**MARCH 23, 2018**

**CONFIDENTIAL PER PROTECTIVE ORDER IN DOCKET UG-170929  
REDACTED VERSION**

CROSS-ANSWERING TESTIMONY OF COREY J. DAHL (CJD-1CT)

DOCKET UG-170929

**TABLE OF CONTENTS**

I. INTRODUCTION / SUMMARY ..... 1

II. SUMMARY OF THE COMPANY’S LOW-INCOME PROGRAMS..... 4

III. PROPOSALS TO MODIFY CASCADE’S LOW-INCOME PROGRAMS ..... 8

IV. PUBLIC COUNSEL’S RECOMMENDATIONS FOR CASCADE’S LOW-INCOME  
RATE ASSISTANCE PROGRAM..... 12

V. PUBLIC COUNSEL’S RECOMMENDATIONS FOR CASCADE’S LOW-INCOME  
WEATHERIZATION PROGRAM ..... 32

**INDEX OF TABLES AND FIGURES**

Table 1 (Confidential). Customer Bill Subsidization in 2016-17 Program Year ..... 15

Table 2 (Confidential). Customers Receiving Assistance with Year-end Bill Credits (2016-17) 18

Figure 1 (Confidential). Average Credit Balance vs. WEAFF Credit on Account (2016-17)..... 19

Table 3 (Confidential). Rate Discount Energy Burden (WEAF Only)..... 25

Table 4. Rate Discount Energy Burden (WEAF and LIHEAP) ..... 26

CROSS-ANSWERING TESTIMONY OF COREY J. DAHL (CJD-1CT)

DOCKET UG-170929

**EXHIBITS LIST**

Exhibit CJD-2	Cascade Natural Gas Response to Public Counsel Data Request No. 119 – REVISED
Exhibit CJD-3	Cascade Natural Gas Response to The Energy Project Data Request No. 4 (Attachment C, through page 2 only)
Exhibit CJD-4C	Cascade Natural Gas Response to Staff Data Request No. 96 – CONFIDENTIAL REVISED
Exhibit CJD-5C	Staff Response to Public Counsel Data Request No. 8
Exhibit CJD-6C	Staff Response to Public Counsel Data Request No. 1
Exhibit CJD-7C	Staff Response to The Energy Project Data Request No. 27 – CONFIDENTIAL REVISED
Exhibit CJD-8	Cascade Natural Gas Response to Public Counsel Data Request No. 125

1 **I. INTRODUCTION**

2 **Q: Please state your name and business address.**

3 A: My name is Corey J. Dahl and my business address is 800 5<sup>th</sup> Avenue, Seattle, WA  
4 98104.

5 **Q: By whom are you employed and in what capacity?**

6 A: I am a Regulatory Analyst for the Public Counsel Unit of the Washington State Office of  
7 the Attorney General (Public Counsel). Public Counsel is a statutory party to  
8 proceedings before the Washington Utilities and Transportation Commission (WUTC)  
9 under RCW 80.01.100, RCW 80.04.510, and RCW 81.04.500.

10 **Q: On whose behalf are you testifying?**

11 A: I am testifying on behalf of the Public Counsel.

12 **Q: Please describe your professional qualifications.**

13 A: I earned a B.A. in Economics and a B.A. in English from the University of St. Thomas in  
14 St. Paul, Minnesota in 2011. In 2016, I completed the course requirements and earned a  
15 Master of Public Administration degree from the Daniel J. Evans School of Public  
16 Policy and Governance at the University of Washington in Seattle. While completing my  
17 graduate studies, I worked on low-income and housing policy for a non-profit advocacy  
18 organization and worked as a legislative assistant for the Seattle City Council. My  
19 current employment with Public Counsel began in October 2016. Since joining the  
20 Attorney General's Office, I have worked on a variety of energy and telecommunications  
21 issues, including the 2017 Puget Sound Energy General Rate Case (Dockets UE-170033  
22 and UG-170034), the 2017 Avista General Rate Case (Dockets UE-170485 and

1 UG-170486), the Greenwood Explosion Complaint (PG-160924), the PacifiCorp  
2 Schedule 300 Tariff Revision case (UE-161204), and the CenturyLink-Level3 Merger  
3 (UT-170042). I testified on behalf of Public Counsel in support of the multi-party  
4 settlement regarding the merger of CenturyLink and Level3 Communications (Docket  
5 UT-170042) in May 2017. Beyond adjudications, I have worked on low-income rate  
6 assistance issues and energy conservation issues. Additionally, I completed Michigan  
7 State University and the National Association of Regulatory Utility Commissioners'  
8 Utility Rate School in May 2017.

9 I have regularly participated in the low-income rate assistance advisory groups for  
10 multiple Washington utilities, including Cascade Natural Gas Company (Cascade),  
11 Avista Utilities, and Puget Sound Energy. My participation includes attending quarterly  
12 meetings in-person or by teleconference, in addition to regularly weighing in on issues  
13 via email with stakeholders.

14 **Q: Have you testified previously in this proceeding?**

15 A: No, I have not.

16 **Q: What is the purpose of your testimony in this proceeding?**

17 A: I am responding to Commission Staff's (Staff) low-income rate assistance proposal  
18 presented by Ms. Jing Liu in Exh. JL-1CT. Additionally, I will respond to Mr. Shawn  
19 Collins's low-income weatherization proposal on behalf of The Energy Project in Exh.  
20 SMC-1T.

21 **Q: Please provide a brief outline of your testimony.**

22 A: In my testimony, I will address the following:

- 1           • A brief summary of Cascade’s low-income rate assistance and weatherization  
2           programs as they currently exist;
- 3           • Staff’s and The Energy Project’s proposals to modify Cascade’s programs; and
- 4           • Public Counsel’s recommendations to move forward for the continued and  
5           enhanced effectiveness of the Company’s programs.

6           **Q: Briefly explain Public Counsel’s recommendations for Cascade’s low-income**  
7           **programs.**

8           A: Public Counsel agrees that some customers are being over-subsidized through the three  
9           rate assistance programs available to income-qualifying customers. This represents an  
10          inefficient allocation of resources and prevents the Company and community action  
11          agencies from better addressing the need for assistance. As a result, changes to the  
12          benefits calculation and qualification process are appropriate. However, Public Counsel  
13          does not believe that the rate discount program proposed by Staff should be approved,  
14          nor should program design changes be adopted in this proceeding. Rather, the  
15          Commission should instruct parties to work within the standard process of discussing and  
16          implementing programmatic changes in Cascade’s Washington Energy Assistance Fund  
17          (WEAF) Advisory Group.

18                 While Public Counsel supports The Energy Project’s request to modify Cascade’s  
19          low-income weatherization program, the modification should be considered by the  
20          Company’s Conservation Advisory Group. Therefore, the Commission should instruct  
21          Cascade to discuss The Energy Project’s proposal with the relevant stakeholders in the  
22          Conservation Advisory Group.

1       **Q:     What exhibits are you sponsoring in this proceeding?**

2       A:     I will be sponsoring the following:

3           Exhibit CJD-2        Cascade Natural Gas Response to Public Counsel Data Request  
4                                    No. 119 – REVISED

5           Exhibit CJD-3        Cascade Natural Gas Response to The Energy Project Data  
6                                    Request No. 4 (Attachment C, through page 2 only)

7           Exhibit CJD-4C        Cascade Natural Gas Response to Staff Data Request No. 96 –  
8                                    CONFIDENTIAL REVISED

9           Exhibit CJD-5C        Staff Response to Public Counsel Data Request No. 8

10          Exhibit CJD-6C        Staff Response to Public Counsel Data Request No. 1

11          Exhibit CJD-7C        Staff Response to The Energy Project Data Request No. 27 –  
12                                    CONFIDENTIAL REVISED

13          Exhibit CJD-8        Cascade Natural Gas Response to Public Counsel Data Request  
14                                    No. 125

15                                    **II. SUMMARY OF THE COMPANY’S LOW-INCOME PROGRAMS**

16       **Q:     Please describe Cascade’s low-income rate assistance program.**

17       A:     Cascade’s primary rate assistance program is WEAFF, which is administered by  
18               community action agencies (CAAs) to income-qualifying customers. If customers meet  
19               income requirements of less than or equal to 150 percent of the federal poverty  
20               guidelines, they will receive a one-time grant totaling up to \$500.<sup>1</sup>

21               The program is funded through Schedule 593, which results in a small per-therm  
22               charge for Washington customers. The program, in its current form, resulted from the  
23               settlement in the Cascade’s last general rate case in Docket UE-152286 (hereinafter,

---

<sup>1</sup> Cascade Natural Gas, Schedule 303.

1 “2016 General Rate Case”).<sup>2</sup> Annual program budget increases were built into the  
2 settlement through the 2020-21 program year.

3 Pursuant to the settlement, the Commission approved a modification to Cascade’s  
4 tariff in 2016 to increase program funding.<sup>3</sup> In addition to the 15 percent annual increase  
5 to the planned program budget, the Company pays \$75 to the CAA’s for every household  
6 receiving a WEAF grant to defray administrative costs. The annual budget for the 2017-  
7 18 program year is \$1.265 million with a \$1.32 million soft cap.<sup>4</sup>

8 **Q: Are there any additional opportunities for income-qualifying Cascade customers to**  
9 **receive bill assistance?**

10 A: Yes, customers may also be eligible for federal funds through the Low Income Home  
11 Energy Assistance Program (LIHEAP), in addition to a WEAF grant. While CAAs also  
12 administer this funding, WEAF and LIHEAP have different standards for income  
13 qualification. LIHEAP is provided to customers who are at or below 125 percent of the  
14 federal poverty level, are delivered in the form of a block grant, and are administered by  
15 agencies through the winter heating season until they are depleted.

16 Customers may also be eligible for Winter Help funds, which are generally  
17 smaller in magnitude than LIHEAP or WEAF grants. These funds are collected from  
18 Cascade employees and customers through good-will donations and can be used to  
19 supplement bill assistance through other sources.<sup>5</sup>

---

<sup>2</sup> *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-152286, Order 04 ¶ 12 (Jul. 7, 2016).

<sup>3</sup> Direct Testimony of Nicole A. Kivisto, Exh. NAK-1T at 6:5-9.

<sup>4</sup> Cascade Natural Gas, Schedule 303.

<sup>5</sup> *Energy Assistance for Low-Income Households*, Cascade Nat. Gas Corp., <https://www.cngc.com/customer-service/low-income-assistance-programs> (last visited Mar. 21, 2018).



1 **Q: Are customers able to receive rate assistance through multiple programs?**

2 A: Yes. As discussed in the Response Testimony of Staff Witness Jing Liu, customers can  
3 receive benefits from LIHEAP, WEAF, and Winter Help in the same year.<sup>6</sup> As discussed  
4 above, the income requirements for LIHEAP and WEAF are different, but a customer  
5 could potentially receive funds from only one of the three programs, all three, or some  
6 combination. In total, 2,880 households received some type of bill assistance during the  
7 2016-17 program year.<sup>7</sup>

8 **Q: What are the goals of the Company's low-income rate assistance programs?**

9 A: The Commission's order approving the 2016 General Rate Case settlement followed the  
10 four low-income rate assistance goals established in Avista's 2014 general rate case:<sup>8</sup>

- 11 • Keep customers connected to energy service,
- 12 • Provide assistance to more customers than are currently served,
- 13 • Lower the energy burden of program participants, and
- 14 • Collect data necessary to assess program effectiveness and inform ongoing policy  
15 discussions.<sup>9</sup>

16 These four goals remain in place and should guide any ongoing discussions regarding  
17 program revisions.

---

<sup>6</sup> Testimony of Jing Liu (Revised), Exh. JL-1CTr, Figure 1 at 37:8-10.

<sup>7</sup> Cascade's Response to Public Counsel Data Request 119 (Revised) provided as Exhibit CJD-2.

<sup>8</sup> *WUTC v. Avista Corp.*, Docket UE 140177 and UG-140189 (*Consolidated*), Order 05 ¶ 43 (Aug. 18, 2014).

<sup>9</sup> *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-152286, Order 04 ¶ 12 (Jul. 7, 2016); and *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-152286, Joint Settlement Agreement ¶ 27 (May 13, 2016).

1 **Q: Does the Company seek stakeholder input for the low-income rate assistance**  
2 **programs?**

3 A: Yes. In addition to establishing the WEAFF program and goals, the 2016 General Rate  
4 Case settlement included provisions for the formation of a low-income advisory group.  
5 The advisory group includes representation from the Company, Staff, The Energy  
6 Project, Public Counsel, and the CAAs. Since that time, the WEAFF Advisory Group, as  
7 it has become known, meets approximately every quarter. The Commission's order  
8 approving the settlement established the ways in which the group would direct the  
9 program, including the "evaluation of program performance, program budget, alternative  
10 program designs, and the contents of the annual low-income assistance report."<sup>10</sup>

11 **Q: Please briefly describe the Company's low-income weatherization program.**

12 A: Cascade's low-income weatherization program targets customers similar to those who  
13 receive rate assistance, but the purpose of the program is to fund energy efficiency  
14 upgrades. Unlike middle- or high-income customers, low-income customers often cannot  
15 afford efficiency-related upgrades (insulation, appliances, etc.). As a result, these  
16 customers may see high gas bills despite their best efforts to conserve. This not only  
17 places a disproportionately high financial burden on customers who already face financial  
18 obstacles, but it diminishes conservation-related price signals.

19 Under the current program, income-qualifying customers can receive funds  
20 through the Weatherization Incentive Program (WIP) and Enhanced Weatherization  
21

---

<sup>10</sup> *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-152286, Order 04 ¶ 12 (Jul. 7, 2016).

1 Incentive Program (E-WIP). The funds for these programs are recovered through rates and used  
2 for energy efficient measures installed by CAAs, as approved in Schedule 301. Agencies  
3 are reimbursed up to \$550 for home audits and \$300 for inspections per household  
4 receiving benefits from WIP and E-WIP with funding capped at \$10,000 per household to  
5 cover all weatherization project expenses.<sup>11</sup>

6 Since this program falls under energy efficiency programming, Cascade's  
7 Conservation Advisory Group discusses low-income weatherization. Much like the  
8 WEAFF Advisory Group, this is the typical venue for stakeholders to discuss program  
9 status and proposed changes.

### 10 **III. PROPOSALS TO MODIFY CASCADE'S LOW-INCOME PROGRAMS**

11 **Q: Briefly explain Commission Staff's proposal to modify Cascade's low-income rate**  
12 **assistance programs.**

13 A: Ms. Liu proposed a major revision to the WEAFF program in her Response Testimony,  
14 Exhibit JL-1CT. She proposed revising the benefits calculation process undertaken by  
15 CAAs and changing how WEAFF benefits are administered to qualifying customers. No  
16 other parties, including the Company, proposed any changes to WEAFF or any other low-  
17 income rate assistance programs.

18 It appears that a few issues have motivated Staff's recommendations to overhaul  
19 the low-income rate assistance program to a uniform discount program, as opposed to the  
20 current grant-based approach. Staff identifies "at least four different methods" used by

---

<sup>11</sup> Cascade Natural Gas, Schedule 301.

1 CAAs to calculate benefit eligibility and amounts granted to qualifying customers.<sup>12</sup>

2 This lack of uniformity presents the possibility that a customer may receive differing  
3 amounts of benefit depending on which CAA is administering the benefit. Additionally,  
4 according to Staff, there is widespread over-subsidization.<sup>13</sup> As a result, Staff  
5 recommends that the Company require their CAA partners to “use a consistent  
6 formula...to calculate low income bill assistance,” which is consistent with Avista’s and  
7 PSE’s approach.<sup>14</sup>

8 Customers who earn 125 percent or less of the federal poverty guidelines may  
9 qualify for and receive both LIHEAP and WEAF benefits. LIHEAP benefits are intended  
10 to cover 50 to 90 percent of heating bills and, if CAAs use the same formula to calculate  
11 LIHEAP and WEAF benefits, the customer may receive a WEAF grant equal to LIHEAP  
12 benefits. According to Staff, the potential doubling of benefits can lead to total annual  
13 benefits that exceed the total amount of their annual bill.<sup>15</sup> The over-subsidization leads  
14 to inefficient allocation of “limited funding resources and potentially preventing other  
15 eligible customers from receiving support.”<sup>16</sup>

16 To address over-subsidization, Ms. Liu proposes a two-tiered uniform discount  
17 for WEAF. The program is designed as follows:

- 18
- Customers who receive LIHEAP will receive a 30 percent discount off of their  
19 bill before LIHEAP funds are administered.

---

<sup>12</sup> Liu, Exh. JL-1CTr at 34:13-15.

<sup>13</sup> *Id.* at 35:9-12.

<sup>14</sup> *Id.* at 35:3-4.

<sup>15</sup> *Id.* at 36:1-4; LIHEAP is intended to cover “50-90 percent of [a] customer’s heating bill”.

<sup>16</sup> *Id.* at 34:7-8.

- 1           • Customers who do not receive LIHEAP will get a 50 percent bill discount.<sup>17</sup>

2           Staff believes this program design “treats all similarly situated customers fairly”  
3 and “makes the benefit easier to explain and to understand.”<sup>18</sup> According to Ms. Liu’s  
4 estimation, the Company should also be able to administer this program within the  
5 current budgetary limitations<sup>19</sup> while making program administration more efficient<sup>20</sup> and  
6 maintaining reasonable customer energy burdens.<sup>21</sup>

7       **Q: Briefly explain The Energy Project’s proposals to modify Cascade’s low-income**  
8       **weatherization programs.**

9       A: Mr. Shawn Collins, testifying on behalf of The Energy Project in Exh. SMC-1T, proposes  
10 three changes to the Low-income Weatherization program. First, he proposes that the  
11 current \$10,000 individual project expenditure cap be lifted because it creates a barrier  
12 for CAAs to install necessary weatherization measures and, thus, complete projects.<sup>22</sup> In  
13 some homes, a number of safety- and health-related measures must be undertaken to  
14 completely weatherize an income-eligible customer’s home. These safety- and health-  
15 related measures must first be completed before weatherization begins a home.<sup>23</sup> Thus,  
16 health- and safety-related measure costs can cause the overall budget assessment to  
17 exceed the \$10,000 cap and prevents weatherization projects from starting. Lifting the

---

<sup>17</sup> Liu, Exh. JL-1CTr at 43:11-14.

<sup>18</sup> *Id.* at 43:9-10.

<sup>19</sup> *Id.* at 60:12-14.

<sup>20</sup> *Id.* at 59:15-17.

<sup>21</sup> *Id.* at 59:11.

<sup>22</sup> Response Testimony of Shawn M. Collins, Exh. SMC-1T at 9:7-8.

<sup>23</sup> For example, if a qualifying customer’s home has a rodent infestation in the attic, the infestation must be cleared before contractors can install insulation or other measures. This is both for the health and safety of the contractor and household residents.

1 cap should not change the program for most homes, but will only impact a limited  
2 number of cases.<sup>24</sup>

3 In addition to lifting the budget cap for weatherization projects, Mr. Collins  
4 proposes that CAAs should be able to recover project coordination expenses as a  
5 percentage of the overall project budget, rather than through the current flat fee  
6 reimbursed through Schedule 301.<sup>25</sup> Other Washington utilities allow a percentage  
7 reimbursement for administration costs related to project coordination costs. The Energy  
8 Project proposes allowance of 15-20 percent of total project budget to be dedicated to  
9 audits, inspections, and health and safety upgrades, which is in line with other utilities.<sup>26</sup>

10 Finally, Mr. Collins proposes allowing CAAs to recover their administrative and  
11 overhead costs (staff time, etc.) through an indirect rate of 10 percent.<sup>27</sup> Mr. Collins  
12 believes this will help remove another barrier to complete more weatherized homes in  
13 Cascade's service territory.

14 **Q: Did the Company propose any changes to the low-income rate assistance or**  
15 **weatherization programs?**

16 A: No, the Company did not propose any changes in their direct case. Rather, Company  
17 witnesses Mr. Michael Parvinen and Ms. Nicole Kivisto summarized the status of the  
18 programs in terms of the requirements set forth the 2016 General Rate Case settlement.

---

<sup>24</sup> Collins, Exh. SMC-1T at 9:8-9.

<sup>25</sup> *Id.* at 10:3-10.

<sup>26</sup> *Id.* at 10:9-10.

<sup>27</sup> *Id.* at 1:9-13.

1                   **IV. PUBLIC COUNSEL’S RECOMMENDATIONS FOR CASCADE’S LOW-**  
2   **INCOME RATE ASSISTANCE PROGRAM**

3           **Q: Does Public Counsel agree with Staff’s recommended changes to Cascade’s**  
4           **low-income rate assistance programs?**

5           **A:** In part. Public Counsel agrees that there should be uniformity in the way CAAs calculate  
6           benefits for qualifying customers. From an administrative and fairness perspective, this  
7           suggestion is valuable. Additionally, Public Counsel agrees that there is an issue with  
8           over-subsidization, but the prevalence and magnitude of the issue is not clear. Though  
9           my analysis reveals slightly different results in terms of the extent to which customers are  
10          being over-subsidized, the overall issue exists under the current benefits calculation and  
11          administration process.

12                           As shown in Eastern Washington University’s needs assessment study of  
13          Cascade’s service territory, an estimated 10.4 percent of customers at or below 125  
14          percent of the federal poverty line are receiving assistance and only 8.4 percent of  
15          eligible customers at the 150 percent federal poverty limit level are receiving low income  
16          assistance benefits.<sup>28</sup> In other words, there are many customers who would benefit from  
17          assistance but are not being reached. Given a finite program budget, resources that are  
18          currently being used to over-subsidize some customers could be better directed to assist  
19          other customers.

---

<sup>28</sup> Cascade’s Response to TEP Data Request 4, Attachment C at 1 provided as Exhibit CJD-3.

1           Public Counsel, however, does not agree that a uniform discount is the  
2           appropriate way to remedy over-subsidization while still maintaining the overall  
3           programmatic goals. Staff's rate discount program may have unintended consequences in  
4           terms of over-burdening the lowest income customers, while providing only marginal  
5           savings in administrative burden. Rather than overhauling the program in this  
6           proceeding, I recommend working with the WEAF advisory group to find a workable  
7           solution.

8           **Q: How does Public Counsel respond to Staff's proposal to modify the benefits**  
9           **calculation formula?**

10          A: I agree that using four or more methods to determine if a customer qualifies for rate  
11          assistance and at what level is problematic.<sup>29</sup> Without a standard method to administer  
12          benefits,<sup>30</sup> there is a significant risk that customers with the same income and household  
13          size could receive differing amounts of benefits depending on which community action  
14          agency they work with. Additionally, working with a standardized benefits calculation  
15          can best ensure that all qualifying customers receive benefits at an amount that drives  
16          their energy burden down to an acceptable level while also spreading available funds  
17          efficiently.

18                   Additionally, Cascade should follow the best practices of other Washington  
19                   utilities. Ms. Liu testifies that both Avista and PSE require their community action

---

<sup>29</sup> Liu, Exh. JL-1CTr at 34:15-21.

<sup>30</sup> *Energy Assistance for Low-Income Households*, Cascade Nat. Gas Corp., <https://www.cngc.com/customer-service/low-income-assistance-programs> (last visited Mar. 21, 2018).



1 agency partners to use a consistent, standardized benefits calculator.<sup>31</sup> Although every  
2 utility has unique needs, following this particular best practice will allow for efficient  
3 program administration and resource allocation.

4 **Q: Does Public Counsel have concerns with Staff’s proposal to amend the benefits**  
5 **calculation for low-income rate assistance?**

6 A: Yes, Public Counsel has concerns regarding process. Ms. Liu proposes six parameters to  
7 help ensure the health and success of WEAF. While Public Counsel does not object to  
8 much of the content, spirit, or substance of the parameters, one of the parameters raises  
9 concerns in terms of jurisdiction and process. The parameter in question states: “CAAs  
10 must provide customers with LIHEAP support if the customer is eligible and LIHEAP is  
11 applicable.”<sup>32</sup> This parameter addresses the benefits that customer is eligible to receive,  
12 which is based on the customers’ household income, the benefits calculation, and the  
13 availability of funds. Public Counsel agrees that customers should receive the benefits  
14 that are available to qualifying customers at their given income level. Although this  
15 parameter may be acceptable in principle, it is Public Counsel’s understanding that the  
16 Commission cannot order CAAs to change their processes. CAAs have a direct  
17 relationship with investor-owned utilities, but they do not fall under the Commission’s  
18 jurisdiction.

19 **Q: In Public Counsel’s view, what is the best way to address the benefits calculation**  
20 **issue?**

---

<sup>31</sup> Liu, Exh. JL-1CTr at 35:3-4.

<sup>32</sup> Liu, Exh. JL-1CTr at 50:12-13.

1 A: The most appropriate venue to address the benefits calculation issue is the WEA  
2 Advisory Group. The 2016 General Rate Case order approving settlement states under  
3 Program Modifications: “Cascade will consult with its low-income advisory group  
4 on...alternative program designs....”<sup>33</sup>

5 Not only is the advisory group the most appropriate venue to address this issue  
6 due to the Commission’s Order, it also allows all relevant stakeholders (including CAAs)  
7 to contribute and reach collective consensus. Having direct knowledge of Cascade’s  
8 customer base and the way benefits are currently calculated will be critical in setting a  
9 consistent formula that will maximize benefits, reduce the likelihood of  
10 over-subsidization, and be user-friendly for the individuals who actually assist customers  
11 with benefit administration.

12 **Q: Have you conducted analysis to assess the over-subsidization issue identified by**  
13 **Staff?**

14 A: Yes. My analysis confirmed that there are many customers who receive more assistance  
15 than their total annual bill or at least 80 percent of their annual bill is covered by  
16 assistance. Furthermore, the issue is more prevalent among those customers who receive  
17 both LIHEAP and WEA assistance at some point throughout the year. However, my  
18 numbers are different than those in Table 5 of Ms. Liu’s Testimony.<sup>34</sup> My results are  
19 below in Table 1 (Confidential).<sup>35</sup>

---

<sup>33</sup> *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-152286, Order 04 ¶ 12 (Jul. 7, 2016).

<sup>34</sup> Liu, Exh. JL-1CTr at 38:12.

<sup>35</sup> Cascade’s Response to Staff Data Request 96 (Revised), Attachment A (Confidential) provided as Exhibit CJD-4C.

**Table 1 (Confidential). Customer Bill Subsidization in 2016-17 Program Year**

	<b>Customers Receiving any Type of Rate Assistance</b>	<b>Customers Receiving WEAFF and LIHEAP</b>
<b>Customers with Assistance More than 100% of Annual Bill</b>	██████████	██████████
<b>Customers with Assistance Equal to or Greater than than 80% of Annual Bill</b>	██████████	██████████

**Q: Can you explain the difference between your analysis and Staff's analysis?**

A: Yes. My analysis only looked at customers who received assistance *and* had 12 months of bill history. Ms. Liu's analysis accounted for all customers who received assistance, other than those with canceled accounts. In conducting my analysis, I noticed that customers who received assistance and received less than 12 bills often had negative assistance balances. I was concerned that negative assistance balances would skew the results of whether assistance covered 100 percent or 80 percent of a customer's annual bill. Although my numbers appear to present over-subsidization as a problem of a smaller magnitude, the difference between my analysis and Ms. Liu's analysis can be explained by the differences in the way we prepared the data set for analysis.

**Q: Based on this analysis, what is your assessment of the over-subsidization issue raised by Staff?**

A: My analysis confirms Ms. Liu's conclusion that there are customers who are receiving more in benefit payments than their total annual bill. Any differences in the magnitude of the issue, as found in our respective analyses, can be explained through difference in analytical choices. However, it is appropriate for some customers to have 80 percent or

1 more of their annual bill covered through WEAFF, LIHEAP, or Winter Help. Individuals  
2 with very low incomes have the least capacity to cover their energy bills, but they are still  
3 subject to the same weather conditions as their neighbors who have the financial means to  
4 pay their entire bill. Put differently, our analyses of over-subsidization are directionally  
5 similar, there are reasonable explanations as to why some customers may have most or all  
6 of their bill covered by assistance funding.

7 Furthermore, the timing of the program year, choices in the way data is analyzed,  
8 the date of rate case filing, and the disbursement of rate assistance throughout the year makes  
9 it difficult to correctly state the magnitude of the problem with certainty.

10 **Q: Did you assess the issue of credit balances as the result of over-subsidization?**

11 A: Yes. In her testimony, Ms. Liu also assessed negative balances – or a credit to  
12 customers' bills – as the result of energy assistance grants exceeding annual bills. Her  
13 analysis determined that [REDACTED] of all customers who received energy assistance  
14 during the 2016-17 program year had a credit on their bill at the end of the program year  
15 (September 30, 2017) and [REDACTED] had a credit if they received both LIHEAP and  
16 WEAFF.<sup>36</sup> My analysis also revealed that a large share of customers had bill credits as of  
17 September 30, 2017. Table 2 (Confidential), below, shows the percentage of all  
18 customers receiving assistance who had a bill credit at the end of the program year and  
19 those who received WEAFF and LIHEAP. Again, my analysis includes only customers  
20 who received 12 bills in the program year.

---

<sup>36</sup> Liu, Exh. JL-1CTr at 39:1-9.

1 **Table 2 (Confidential). Customers Receiving Assistance with Year-end Bill Credits**

2 **(2016-17)<sup>37</sup>**

	<b>All Customers Receiving Bill Assistance</b>	<b>Customers Receiving WEAF and LIHEAP</b>
<b>Number of Customers with a Bill Credit at the End of Program Year</b>	■	■
<b>Percentage of Customers with a Bill Credit at the End of Program Year</b>	■	■

3 **Q: Did Staff provide alternative explanations for the prevalence of bill credits?**

4 A: Yes. Ms. Liu raised the possibility of timing as a reason for credit balances. She  
5 testifies, “Although customers received energy assistance in the early half of the program  
6 year, some customers did not get assistance until after April. It is also possible that  
7 customers paid a portion of the annual bills out of their own pocket.”<sup>38</sup>

8 **Q: How would you assess the alternative explanations?**

9 A: After analyzing the data, the timing of benefit disbursement could play a role in the  
10 prevalence and magnitude of credit balances at the end of the program year. I analyzed  
11 individuals who received WEAF and LIHEAP assistance<sup>39</sup> and compared it against the  
12 month in which the WEAF grant was disbursed. Figure 1 (Confidential), below, shows  
13 the number of customers who fall into this category and shows the average credit balance  
14 at the end of the program year.

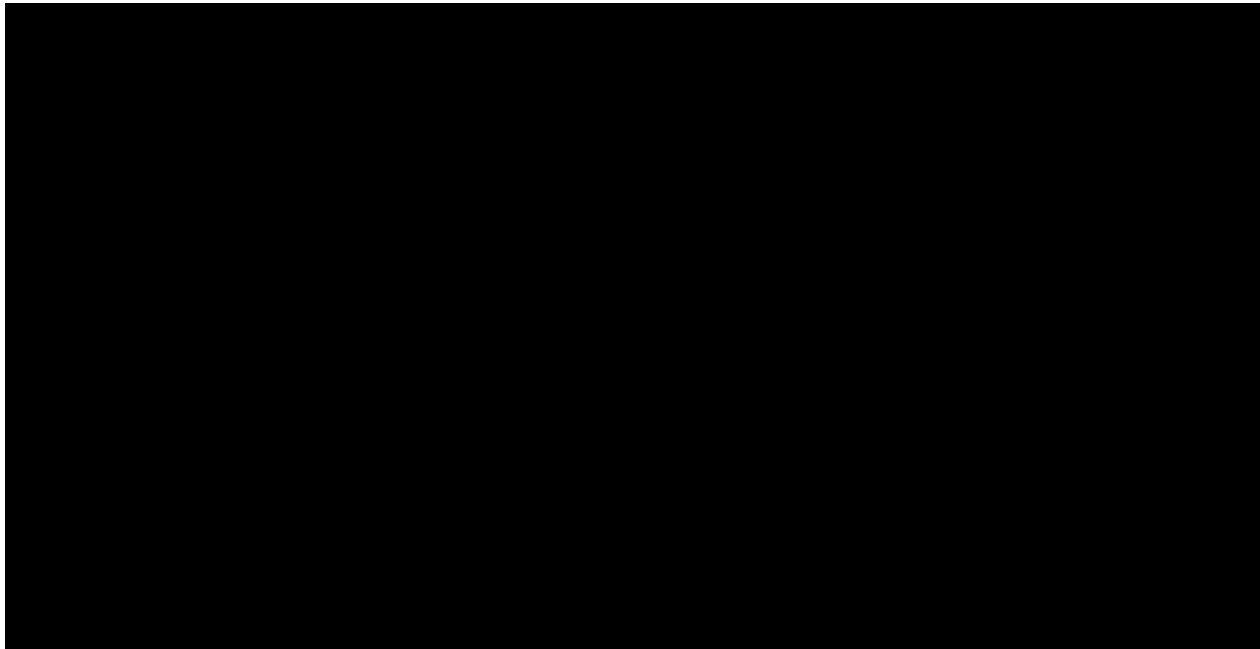
---

<sup>37</sup> Cascade’s Response to Staff Data Request 96 (Revised), Attachment A (Confidential) provided as Exhibit CJD-4C.

<sup>38</sup> Liu, Exh. JL-1CTr at 40:2-5.

<sup>39</sup> A relatively small number of these customers also received Winter Help benefits.

1 **Figure 1 (Confidential). Average Credit Balance vs. WEAFF Credit on Account (2016-17)**



2  
3 As the year progresses, the number of customers receiving WEAFF increases along  
4 with the average credit balance. In other words, a large share of LIHEAP beneficiaries  
5 received their WEAFF assistance well into the heating season. It follows logically that a  
6 customer who received assistance in the later months of the heating season would likely  
7 carry over a credit because they would consume less gas as temperatures rise.

8 Furthermore, many of the customers who received benefits later in the heating season  
9 may have been paying bills out of pocket until they could no longer afford to do so and  
10 applied for assistance.

11 The timing of benefit disbursement and customers paying bills out of pocket could  
12 explain the numerous instances of credit balances. Although my analysis does not  
13 provide conclusive or causal evidence, it illustrates a pattern.

1 **Q: Did Public Counsel conduct further analysis on the timing of WEAF grant**  
2 **disbursal?**

3 A: Yes. Figure 1, above, demonstrates an upward trend of customers who received WEAF  
4 benefits in the second half of the heating season (between January and March). Further  
5 analysis revealed that [REDACTED] of those customers who received WEAF and LIHEAP benefits,  
6 in addition to 12 bills, received their WEAF grant in April or later in the program year.<sup>40</sup>  
7 In other words, a large number of customers received assistance *after* they had already  
8 experienced the year's highest bills.

9 Of the customers who received a WEAF grant after the heating season, all but [REDACTED]  
10 had a credit balance at the end of the program year.<sup>41</sup> This follows logically because  
11 these customers received an additional benefit in the period after they received their  
12 highest bills.

13 This analysis also revealed that customers who receive WEAF benefits after the  
14 heating season were also paying significant bills out-of-pocket during the winter heating.  
15 By comparing the total winter bill to the amount received in LIHEAP benefits, it is  
16 possible to determine how much customers receiving WEAF after the heating season paid  
17 out-of-pocket. On average, these customers paid nearly [REDACTED] out of pocket during the  
18 heating season, with one customer paying more than [REDACTED] out-of-pocket.<sup>42</sup>

19 **Q: How does Staff address the bill credit issue?**

---

<sup>40</sup> Cascade's Response to Staff Data Request 96 (Revised), Attachment A (Confidential) provided as Exhibit CJD-4C.

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

1 A: Staff acknowledged the challenge posed by benefits being disbursed to customers  
2 throughout the year, even well after the heating season.<sup>43</sup> Staff analyzed bill data from  
3 customers who received WEAFF in October 2016 and LIHEAP at some point during the  
4 program year and assessed the credit remaining at the end of the program year –  
5 September 30, 2017. Staff’s method was an effort to get a full year’s worth of program  
6 data.<sup>44</sup> Staff also acknowledges that analyses were conducted for more than one month  
7 and months later in the program year.<sup>45</sup>

8 Ultimately, this analysis included a very small portion of the overall population of  
9 Cascade customers who receive low-income rate assistance. Staff’s analysis of  
10 customers receiving WEAFF benefits in October included only ■ customers, according to  
11 Ms. Liu’s testimony.<sup>46</sup> Of the ■ customers included in Staff’s analysis, ■ actually  
12 received their WEAFF benefit in November. So, only ■ customers should be included in  
13 the analysis according to Staff’s parameters. In effect, ■ customers represents only ■  
14 percent of all customers who receive energy assistance and only ■<sup>47</sup> percent of  
15 customers who receive WEAFF and LIHEAP.<sup>48</sup> Given the very small sample size, it is  
16 difficult to draw a definitive conclusion about the magnitude and prevalence of bill  
17 credits across all customers who receive energy assistance.

---

<sup>43</sup> Liu, Exh. JL-1CTr at 40:2-5.

<sup>44</sup> Staff’s Response to Public Counsel Data Request 8 provided as Exhibit CJD-5C.

<sup>45</sup> Staff’s Response to Public Counsel Data Request 1 provided as Exhibit CJD-6C.

<sup>46</sup> Liu, Exh. JL-1CTr at 40:8-9.

<sup>47</sup> Cascade’s Response to Staff Data Request 96 (Revised), Attachment A (Confidential) provided as Exhibit CJD-4C.

<sup>48</sup> Staff’s analysis of bill credits included customers who received WEAFF and LIHEAP. Among those customers, some also received Winter Help grants.



1 **Q: Please summarize your findings as it relates to over-subsidization for Cascade’s**  
2 **customers who receive energy assistance.**

3 A: There is an issue with many energy assistance beneficiaries receiving LIHEAP, WEAFF,  
4 and/or Winter Help payments that exceed their annual bill. However, it is difficult to  
5 accurately capture the prevalence and magnitude of this problem.

6 While bill subsidization at or near 100 percent may be necessary for some  
7 customers, it is not the best allocation of resources in all cases. CAAs throughout  
8 Cascade’s territory work with a limited pool of LIHEAP and WEAFF funds to provide to  
9 qualifying customers, and stakeholders in the process should take steps that ensure that  
10 CAAs and Cascade “provide assistance to more customers than are currently served,”  
11 consistent with the Commission’s order in the 2016 General Rate Case.<sup>49</sup>

12 **Q: Does Public Counsel believe that the rate discount program proposed by Staff**  
13 **should be adopted in this proceeding?**

14 A: No, I do not believe that the bill discount program should be adopted for three reasons:  
15 (1) the program, as proposed, may have unintended consequences rendering it  
16 inconsistent with the program goals outlined in Cascade’s 2016 General Rate Case, (2)  
17 the program would likely not provide a significant reduction in administrative burden,  
18 and (3) this general rate case is not the appropriate venue to make programmatic changes  
19 of this nature.

---

<sup>49</sup> *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-152286, Order 04 ¶ 12 (Jul. 7, 2016).

1       **Q: Does Staff's rate discount program proposal meet the four low-income assistance**  
2       **program goals?**

3       A: It is not clear. The proposed program may allow the program to meet some, but not all,  
4       of the goals. I will assess the program as it pertains to the four goals, below.

5       **Q: Does Staff's proposal likely satisfy any of the four low-income assistance program**  
6       **goals?**

7       A: Yes. Based on available data and analysis, I believe the program would provide the  
8       opportunity to (a) provide assistance to more customers than are currently served and (b)  
9       collect data necessary to assess program effectiveness and guide ongoing discussions.  
10       The proposed program would allow WEAf to operate within the currently approved  
11       budget and minimize over-subsidization, according to Ms. Liu's proposal.<sup>50</sup> As a result,  
12       funds would be available to improve program penetration and, thus, provide more eligible  
13       customers with rate assistance.

14               Furthermore, Staff's proposal does not change the Company and stakeholders'  
15       ability to gather data and assess program effectiveness. With that said, such a dramatic  
16       change, if approved, should be assessed. If the Commission determines that it is indeed  
17       appropriate to adopt this programmatic change in this proceeding, it would be beneficial  
18       to measure the effectiveness of the program against the four goals established in the 2016  
19       General Rate Case.

---

<sup>50</sup> Liu, Exh. JL-1CTr at 53:6, Table 8.

1 **Q: Which of the four low-income program goals might be negatively impacted by**  
2 **Staff's proposal?**

3 A: Based on my analysis, I believe that the rate discount program could inadvertently over-  
4 burden customers with the lowest incomes. Over time, an outsized energy burden could  
5 put certain customers at higher risk of going into arrears and disconnection from service.  
6 As a result, the program would fail to meet the goals to lower customer energy burden  
7 and keep customers connected to energy service. Satisfying two program goals is not  
8 sufficient to achieve the four goals outlined by the Commission in the 2016 General Rate  
9 Case Order.

10 **Q: Explain how the rate discount program could have an unintended consequence in**  
11 **terms of energy burden.**

12 A: Although the two-tiered rate discount is relatively simple to understand, it is too blunt of  
13 an instrument to effectively assist Cascade's low-income customers. A flat discount does  
14 not account for differences in income across customers who qualify for assistance.

15 While a 30 percent or 50 percent discount might adequately reduce some  
16 customers' energy burdens, it might not provide enough assistance to the lowest-income  
17 customers. To illustrate this point, I conducted a hypothetical energy burden analysis  
18 using actual 2016-17 customer bill data and federal poverty guidelines. My first  
19 example, as demonstrated below in Table 3 (Confidential), illustrates the potential effect  
20 of the 50 percent discount for customers who only receive WEAF benefits. I used the  
21 highest annual bill of a customer who only received WEAF in the 2016-17 program year  
22 and applied a 50 percent discount to the total bill. Selecting the highest annual bill helps

1 demonstrate the disparate effects of applying a uniform bill discount.<sup>51</sup> I used this  
 2 discounted bill to calculate the hypothetical energy burden for the lowest income group,  
 3 0-50 percent of the federal poverty line, for both 1-person and 4-person households.<sup>52</sup>  
 4 My analysis determined that a customer in a 1-person household experiences a [REDACTED]  
 5 percent energy burden and a customer in a 4-person household has a [REDACTED] percent. Even  
 6 with the 50 percent discount applied to their bill, individuals falling in the lowest income  
 7 could be severely burdened.

8 **Table 3 (Confidential). Rate Discount Energy Burden (WEAF Only)**<sup>53</sup>

Highest Bill	[REDACTED]
Staff Discount	[REDACTED]
After Discount	[REDACTED]
Average Income 0-50% FPL (1 person)	[REDACTED]
<b>Energy Burden</b>	[REDACTED]
Average Income 0-50% FPL (4 person)	[REDACTED]
<b>Energy Burden</b>	[REDACTED]

9 Similarly situated customers who received LIHEAP and a 30 percent pre-  
 10 LIHEAP bill discount are heavily burdened as well, according to my hypothetical

---

<sup>51</sup> This analysis is intended to demonstrate that a uniform discount might work for customers who consume an average or low amount of gas over the course of the year. However, applying a uniform discount across customers who have differing financial means and consumption patterns could lead to unintended consequences in the form of disproportionately high energy burdens.

<sup>52</sup> Customers who are in this income level generally qualify for LIHEAP benefits. However, there are some circumstances that prevent income-qualifying customers from receiving these benefits.

<sup>53</sup> Cascade's Response to Staff Data Request 96 (Revised), Attachment A (Confidential) provided as Exhibit CJD-4C.

1 analysis. Table 4 (Confidential), below, displays the results. I took the highest customer  
 2 bill from the 2016-17 program data, applied a 30 percent discount, and subtracted the  
 3 actual LIHEAP benefit provided to that customer. A 1-person household at 0-50 percent  
 4 of the federal poverty line faces an energy burden of [REDACTED] percent and a 4-person household  
 5 in the same income group faces an [REDACTED] percent energy burden. Even though the energy  
 6 burden in this hypothetical example are comparatively lower for the lowest-income  
 7 customer group under the 30 percent discount tier, the customers in this example would  
 8 still face a higher-than-acceptable burden.

9 **Table 4. Rate Discount Energy Burden (WEAF and LIHEAP)<sup>54</sup>**

Highest Bill	[REDACTED]
Staff Discount	[REDACTED]
After Discount	[REDACTED]
Average Income 0-50% FPL (1 person)	[REDACTED]
<b>Energy Burden</b>	[REDACTED]
Average Income 0-50% FPL (4 person)	[REDACTED]
<b>Energy Burden</b>	[REDACTED]

10 **Q: What is the significance of the analysis you conducted?**

11 A: Although individual customer income and household size was not available in the data  
 12 provided, my energy burden analysis above uses actual bill data, actual LIHEAP

---

<sup>54</sup> Cascade's Response to Staff Data Request 96 (Revised), Attachment A (Confidential) provided as Exhibit CJD-4C.

1 discounts, and customers with the highest bill who received low-income assistance.

2 Furthermore, customers falling into the lowest-income group are often least able to afford  
3 energy-efficient appliances and other weatherization measures that aid in conserving  
4 energy and, thus, driving down usage. Therefore, it is not unreasonable to expect that a  
5 customer with the highest energy bill among those participating in assistance programs  
6 may also be earning at 0-50% of the federal poverty line.

7 **Q: How does your energy burden analysis compare to Staff's energy burden analysis?**

8 A: Ms. Liu also looked at the energy burden experienced for average and high energy use  
9 customers with both the 30 percent and 50 percent discount in place. Her analysis  
10 involved the calculation of an average energy burden for customers in both energy-use  
11 groups, so it is different than the individual customer bill analysis that I performed. For  
12 customers who receive a 30 percent bill discount and LIHEAP funds, the cost burden was  
13 below █ percent for all income and consumption levels.<sup>55</sup> For customers in this situation,  
14 the burden is appropriately low.

15 On the other hand, Ms. Liu found that average-consumption customers who do  
16 not receive LIHEAP and a 50 percent bill discount, average cost burden is less than  
17 █.<sup>56</sup> However, she reaches the conclusion that the lowest income households  
18 in this group have the highest average burden: about █ for average  
19 consumption and █ for high consumption.<sup>57</sup> Ms. Liu justifies this high burden

---

<sup>55</sup> Liu, Exh. JL-1CTr at 47:1-3.

<sup>56</sup> *Id.* at 48:14-15.

<sup>57</sup> *Id.* at 48:19-20.

1 on the lowest income customers by comparing it to the 23 percent energy burden for  
2 Avista's customers in the same income tier.<sup>58</sup> Avista, however, is a larger dual-fuel  
3 utility with different customer demographics and overall climate.

4 Although looking at the average cost burden can provide some insight into the  
5 broad impacts of Staff's proposal, it fails to account for the impact on individual  
6 customers. A bill discount may work well for some customers and adequately reduce  
7 their respective energy burden, yet the goal of a successful low-income program is to  
8 lower the energy burden of all participants to a level that is reasonable.<sup>59</sup> Furthermore,  
9 the customers with the least ability to pay their monthly energy bills should not be  
10 saddled with the highest cost burden. That is unfair and inconsistent with the goals of a  
11 successful rate assistance program.

12 **Q: Did Staff provide additional analysis on the impact of their proposed rate discount**  
13 **program on WEAFF grants?**

14 A: Yes. In response to a data request, Staff indicates that [REDACTED] customers would receive a  
15 reduced WEAFF grant if their rate discount program were in effect for the 2016-17  
16 program year.<sup>60</sup> This equates to nearly [REDACTED] percent of WEAFF beneficiaries experiencing a  
17 decrease in benefits,<sup>61</sup> with customers seeing WEAFF grant reductions up to [REDACTED] percent.<sup>62</sup>  
18 In total, Staff's proposal would have the impact of reducing overall WEAFF benefits by [REDACTED]

---

<sup>58</sup> Liu, Exh. JL-1CTr at 48:20-49:2.

<sup>59</sup> An energy burden of 6 percent is widely accepted as a target for all utility customers, including those enrolled in a rate assistance program.

<sup>60</sup> Staff's Response to The Energy Project Data Request 27 (Revised) provided as Exhibit CJD-7.

<sup>61</sup> Liu, Exh. JL-1CTr, Table 3 at 30:8.

<sup>62</sup> Staff's Response to The Energy Project Data Request 27 (Revised) provided as Exhibit CJD-7.

1 percent if the rate discount program were in effect during the most recent program year.<sup>63</sup>

2 Although it follows logically that reducing over-subsidization would lead to some  
3 reduction in benefits on an individual customer and program-wide basis, Staff's own  
4 analysis proves to be drastic.

5 **Q: Do you believe that Staff's proposal would significantly reduce administrative**  
6 **burden?**

7 A: Likely not. Ms. Liu testifies that the "design of two discount levels is administratively  
8 simple" and, thus, is an advantage of implementing the proposed program.<sup>64</sup> This  
9 assessment may not be entirely accurate. If Staff's proposal is adopted, CAAs will still  
10 have to conduct outreach to customers, schedule appointments, gather income-related  
11 paperwork, and assess qualifications for a discount program. The same steps are required  
12 for a grant-based program. Although the two-tier discount might be simpler to explain,  
13 the difference in administrative time is negligible and CAAs would likely need to spend  
14 time explaining how and why the WEAFF program has changed.

15 **Q: Is the current proceeding an appropriate forum to make wholesale changes to the**  
16 **low-income rate assistance program design?**

17 A: No. The Commission Order approving the 2016 General Rate Case settlement  
18 specifically indicates that the low-income advisory group is the appropriate venue to  
19 address "alternative program designs."<sup>65</sup> The stakeholders identified in the Order (Public

---

<sup>63</sup> Staff's Response to The Energy Project Data Request 27 (Revised) provided as Exhibit CJD-7.

<sup>64</sup> Liu, Exh. JL-1CTr at 59:15-16.

<sup>65</sup> *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-152286, Order 04 ¶ 12 (Jul. 7, 2016).



1 Counsel, Staff, The Energy Project, and representatives from the CAAs that administer  
2 WEAFF funds<sup>66</sup>) are equipped to discuss alternatives to the current program design and  
3 determine if they are feasible in a constructive and collaborative manner. According to  
4 the Settlement terms, “Stakeholders should explore a rate discount program or percentage  
5 of household income program to complement the current WEAFF program.”<sup>67</sup> Thus, not  
6 only does the Commission order specify that the advisory group is the appropriate setting  
7 to discuss program design changes, but the settlement terms also indicate that the  
8 advisory group should discuss potential program design changes or pilots.

9 **Q: Did Staff address the 2016 General Rate Case Settlement?**

10 A: Yes. Staff indicated that a subcommittee of WEAFF Advisory Group members intended  
11 to meet and discuss alternative program designs, but “schedule conflicts and work load  
12 issues” prevented such meetings from happening.<sup>68</sup> In fairness, “Staff accepts its fair  
13 share of the responsibility for these discussions not taking place.”<sup>69</sup> Yet stakeholders  
14 should avail themselves of the process provided for in the 2016 General Rate Case  
15 Settlement and order adoption the Settlement.

16 **Q: What does Public Counsel recommend to discuss WEAFF program changes?**

17 A: Public Counsel believes that the Settlement and Commission order should be followed.  
18 Not only will this satisfy the parties’ and Commission’s intent, it will also allow all  
19 stakeholders to participate. Community action agency representatives who will be

---

<sup>66</sup> *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-152286, Order 04 ¶ 12 (Jul. 7, 2016).

<sup>67</sup> *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-152286, Joint Settlement Agreement ¶ 41  
(May 13, 2016).

<sup>68</sup> Liu, Exh. JL-1CTr at 44:5-6.

<sup>69</sup> *Id.* at 44:6-7.

1 implementing program changes should have the ability to offer their first-hand  
2 experience and insight. More voices at the table will likely lead to a more effective and  
3 mutually agreeable outcome. Implementing a programmatic overhaul through this  
4 general rate case prevents critical stakeholders from participating.

5 The Advisory Group should continue good faith efforts to schedule a  
6 subcommittee meeting to discuss potential pilots and program design changes. This  
7 group will be able to fulfill the terms of the 2016 General Rate Case settlement and  
8 simultaneously address the issues raised by Staff in this docket, including a standardized  
9 benefits calculation and over-subsidization.

10 **Q: Summarize your assessment of Staff's low-income rate discount proposal.**

11 A: First, based on my analysis, the rate discount is an overly blunt instrument to address the  
12 needs of low-income customers. Certainly, a bill discount could work well for some  
13 customers, but a uniform discount fails to address individual customers' ability to afford  
14 their monthly energy bill. A successful program should actively target individual burden  
15 and seek to reduce it to an acceptable, affordable level.

16 Second, the rate discount would only reduce administrative burden slightly.  
17 CAAs would still have to go through the outreach and income verification process.

18 Finally, the Advisory group is the appropriate venue to discuss and implement  
19 program design changes. Not only is this approach consistent with Commission Order, it  
20 is also more likely to lead to a constructive and collaborative outcome.

1           **V.       PUBLIC COUNSEL’S RECOMMENDATIONS FOR CASCADE’S**  
2                                   **LOW-INCOME WEATHERIZATION PROGRAM**

3       **Q:       Does Public Counsel agree with The Energy Project’s proposed changes to the low-**  
4       **income weatherization program?**

5       A:       Yes, Mr. Collins’ proposal is reasonable and is consistent with the goals of the low-  
6       income weatherization program and the settlement in Cascade’s 2016 General Rate Case.  
7       According to the settlement terms: “The Company shall, in concert with the conservation  
8       group and representatives from the Community Action Agencies (“CAAs”), investigate  
9       the barriers to low-income weatherization within its Washington territory and develop a  
10      proposal for overcoming those barriers.”<sup>70</sup>

11                   Health and safety upgrades found onsite during audits, in addition to  
12      administrative costs, are among the most common barriers to weatherizing low-income  
13      customers’ homes, according to the CAAs who participate in Conservation Advisory  
14      Group meetings. In other words, the Company has an obligation to entertain and discuss  
15      strategies to remove the barriers to weatherization and help ensure that the number of  
16      low-income customers who receive weatherization services is maximized.

17      **Q:       Are there apparent barriers to completing low-income weatherization projects in**  
18      **Cascade’s territory?**

19      A:       Yes, Cascade’s weatherization project completion numbers suggest that improvements  
20      need to be made in order to assist CAAs in providing services. Mr. Collins notes that his

---

<sup>70</sup> *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-152286, Joint Settlement Agreement ¶ 26 (May 13, 2016).

1 proposal is to help “bring [Cascade’s] program more in line with other investor-owned  
2 utility (IOU) weatherization programs in Washington and to increase penetration so that  
3 more eligible customers can benefit.”<sup>71</sup> In 2016, Cascade completed weatherization on  
4 24 homes.<sup>72</sup> For comparison, Northwest Natural Gas (the only other gas-only IOU  
5 operating in Washington) weatherized 16 homes in the same year.<sup>73</sup> To put the  
6 comparison in context, Cascade provides low-income weatherization services for one  
7 home per every 8,542 customers<sup>74</sup> and Northwest Natural provides low-income  
8 weatherization for one home per every 4,909 customers.<sup>75</sup> Northwest Natural Gas serves  
9 a much smaller number of customers in Washington than Cascade and provides a higher  
10 ratio of weatherization services to low-income customers. For additional context,  
11 Northwest  
12 Natural Gas provides their low-income programs with a lower budget cap than  
13 Cascade, a 15 percent budget for agency administrative costs, and a budget for health and  
14 safety work.<sup>76</sup>

---

<sup>71</sup> Collins, Exh. SMC-1T at 7:8-11.

<sup>72</sup> *Cascade Nat. Gas Corp. 2018 Annual Conservation Plan*, Docket UG-171159, 2018 Annual Conservation Plan at 33 (Dec. 1, 2017).

<sup>73</sup> *NW Natural Gas 2016 Annual Report on Energy Efficiency*, Docket UG-152349, 2016 Northwest Natural Gas Annual Energy Efficiency Report at 17 (Apr. 25, 2017).

<sup>74</sup> *Cascade Nat. Gas Corp. IRP*, Docket UG-160453, 2016 Final IRP at 2-2 (Dec. 14, 2016) (I divided Cascade’s 2016 Washington customer count, found in the cited IRP, by the number of completed weatherization projects.  $205,000 \div 24 = 8,541.67$ ).

<sup>75</sup> *NW Natural Gas 2016 IRP*, Docket UG-151776, 2016 Northwest Natural Gas IRP at 1.1 (Aug. 26, 2016). (I divided Northwest Natural’s 2016 Washington customer count, found in the cited IRP, by the number of completed weatherization projects.  $78,540 \div 16 = 4,908.75$ ).

<sup>76</sup> *NW Natural Gas 2018 Annual Conservation Plan*, Docket UG-171163, 2018 Energy Efficiency Plan at 18 (Dec. 1, 2017).

1           To bring the program in line with Washington’s other regulated natural gas  
2 utilities, in terms of performance, barriers should be removed.

3       **Q: Has the Company acknowledged the \$10,000 project cap as an issue?**

4       A: Not necessarily. The Company is “unaware of any projects that have not commenced as  
5 a result of the caps.”<sup>77</sup> However, the Company would not receive a request for  
6 reimbursement from an agency if a project could not be initiated due to budgetary  
7 constraints imposed by the \$10,000 cap.

8           On the other hand, the Company acknowledged that agencies have submitted  
9 reimbursement requests equal to or greater than \$10,000 since the EWIP program was  
10 initiated in February 2017. In total, seven rebate requests have equaled or exceeded  
11 \$10,000. Of those seven, two were exactly \$10,000 and only two were more than \$350  
12 over the \$10,000 cap. The Company provided \$10,000 for all seven projects.<sup>78</sup> To the  
13 extent that we have data on this issue, we know that some projects meet or exceed the  
14 \$10,000 cap and, among the reimbursed low-income weatherization projects, a large  
15 majority fall within budget limitations. In other words, the cap presents an issue in some  
16 cases, but not enough cases to put a severe strain on the program budget if the cap were  
17 lifted.

18       **Q: Will increasing the number of completed low-income weatherization projects assist**  
19 **in accomplishing other low-income program goals?**

---

<sup>77</sup> Cascade’s Response to Public Counsel Data Request 125 provided as Exhibit CJD-8.

<sup>78</sup> *Id.*

1 A: Yes. If low-income customers have a more energy efficient home and consume less  
2 energy, their monthly bills will likely decrease. In effect, this will reduce energy burden  
3 for customers in need. Additionally, if low-income customers who receive rate assistance  
4 have smaller bills as the result of conservation, additional budget capacity for WEAFF,  
5 LIHEAP, and Winter Help will be freed up. This could help the Company and CAAs to  
6 improve the program penetration rate.

7 Ms. Liu also addresses the relationship between over-subsidization and  
8 weatherization in her testimony: “over-subsidized customers are unlikely to have  
9 incentives to address any underlying weatherization issues in their home, which would  
10 save energy and money in the long run.”<sup>79</sup> Removing barriers to completing  
11 weatherization projects could also address an issue related to over-subsidization by  
12 appropriately incentivizing qualifying customers.

13 **Q: Has the Conservation Advisory Group addressed these issues?**

14 A: The Advisory Group has had initial discussions about the issue, but the Company has  
15 prevented the conversation from continuing or pursuing programmatic changes within the  
16 group. Mr. Collins testifies that “The Energy Project and agencies have raised these  
17 issues and the Advisory Committee,” but “no resolution has been reached with  
18 Cascade.”<sup>80</sup> More recently, Mr. Collins attempted to add the issue of low-income  
19 weatherization to a quarterly CAG meeting agenda, but the Company has not  
20 demonstrated willingness to discuss the issue.

---

<sup>79</sup> Liu, Exh. JL-1CTr at 42:16-18.

<sup>80</sup> Collins, Exh. SMC-1T at 11:6-7.

1       **Q:    Is the CAG the appropriate venue to discuss low-income weatherization program**  
2       **changes?**

3       A:    Yes. As indicated in my testimony above, the 2016 General Rate Case settlement assigns  
4       low-income weatherization program design and implementation to the Conservation  
5       Advisory Group. Unfortunately, to this point, the Company has not been willing to listen  
6       to the concerns as brought forth by community action agency personnel. Reimbursement  
7       for administrative costs is an issue regularly raised as a barrier during Conservation  
8       Advisory Group meetings, but there has been little movement on the issue. The  
9       Commission should order the Company to bring this issue to the members of the  
10      Conservation Advisory for discussion and resolution.

11      **Q:    Please summarize your overall recommendations.**

12      A:    Staff recommended making major changes to the Company's low-income rate assistance  
13      program. While inconsistency in benefit calculations and over-subsidization pose an  
14      issue, this proceeding is not the appropriate venue to address their concerns.  
15      Additionally, the extent of the over-subsidization issue is unclear. The Commission  
16      should direct these questions to be resolved by the WEAFF Advisory Group with all of the  
17      pertinent stakeholders present.

18                The Energy Project proposes three modifications to the Company's low-income  
19      weatherization incentive program. Barriers to project completion do exist and The  
20      Energy Project's proposal could help increase the number of weatherized homes.  
21      However, the Conservation Advisory Group is the appropriate venue to address this issue

1 as well. The Commission should order the Company to come to the table to discuss this  
2 proposal and other steps to reduce barriers.

3 Ultimately, the Commission's order in the 2016 General Rate Case designates  
4 specific responsibilities to both the WEAFF Advisory Group and Conservation Advisory  
5 Group. The advisory groups should be allowed to function as intended.

6 **Q: Does this conclude your testimony?**

7 **A:** Yes, it does.