

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**CASCADE NATURAL GAS
CORPORATION,
Respondent.**

DOCKET UG-170929

CROSS-ANSWERING TESTIMONY OF

SHAWN M. COLLINS (EXH. SMC-3T)

**DIRECTOR OF
THE ENERGY PROJECT**

Washington Energy Assistance Fund

MARCH 23, 2018

1 I. INTRODUCTION

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

3 A: My name is Shawn Collins. My business address is 3406 Redwood Avenue,
4 Bellingham, WA 98225.

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

6 A: I am the Director of The Energy Project (TEP), a program working in association
7 with the Washington State Community Action Partnership and housed at the
8 Opportunity Council in Bellingham, WA.

9 **Q: How long have you been employed by the Opportunity Council.**

10 A: I have been employed by Opportunity Council since 2006. I have served as the
11 Director of TEP since 2015.

12 **Q: Would you please state your educational and professional background?**

13 A: I previously filed Exh. SMC-2, a statement of my professional qualifications.

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

15 A: I am testifying for TEP, an intervenor in this proceeding, on behalf of the
16 organizations that provide low-income energy efficiency and bill payment
17 assistance for customers in the service territory of Cascade Natural Gas
18 Corporation (Cascade), which include Community Action Partnership (CAP)
19 agencies. These agencies are Community Action Connections, Blue Mountain
20 Action Council, Community Action Council of Lewis, Mason & Thurston
21 Counties, Coastal Community Action Council, Chelan-Douglas Community
22 Action Council, Kitsap Community Resources, Lower Columbia Community

1 Action Program, Northwest Community Action Program, Opportunities
2 Industrialization Center of WA, Opportunity Council, Community Action of
3 Skagit County, and Snohomish County Human Services Department.

4 **Q: Have you previously filed testimony in this case?**

5 A: Yes, I filed Response Testimony of Shawn M. Collins, Exh. SMC-1T, on
6 February 15, 2018.

7 **II. PURPOSE AND SUMMARY OF TESTIMONY**

8 **Q: What is the scope of your testimony?**

9 A: My testimony responds to the testimony of Staff witness Jing Liu, Exh. JL-1CT,
10 regarding Cascade's Washington Energy Assistance Fund (WEAF). While The
11 Energy Project appreciates Ms. Liu's examination of important low-income
12 program issues, I have some concerns with her specific recommendations in this
13 case.

14 **Q: Could you please summarize your testimony?**

15 A: My testimony reviews the Joint Settlement in the Cascade 2015 General Rate
16 Case regarding the WEAF program and the subsequent history and status of the
17 program. The Joint Settlement updated the WEAF program with a broad set of
18 revisions and a framework for considering future changes, working through a
19 newly established Advisory Group. This framework has been in place a little over
20 18 months. Although Staff signed the Joint Settlement launching the revised
21 WEAF program, Staff now recommends a major program revision as the solution
22 to concerns with the lack of uniformity in WEAF benefit calculations between

1 CAP agencies and the related potential for over-subsidization. The Energy
2 Project sees merit in addressing these issues, but I point out that the issues raised
3 by Ms. Liu are properly addressed in the Advisory Group, as contemplated by the
4 terms of the Joint Settlement. The Advisory Group includes participation by the
5 agencies and Company Staff with expertise in delivering the WEAFF program who
6 can help develop practical solutions to the issues raised here.

7 Cascade's agencies can resolve any concerns with over-subsidization of
8 individual customers simply by moving to adopt uniform WEAFF benefit
9 calculations, and discussions about this have already begun in Cascade's
10 Advisory Group. There is no need for the far-reaching full scale replacement of
11 the current program as proposed by Staff. Such a major change in program
12 design needs to have full consideration, and if possible, input and support from all
13 members of the Advisory Committee, as contemplated by the Joint Settlement.
14 That has not occurred with the proposal put forward in this docket. With the
15 newly revised WEAFF program only recently taking effect, Staff's proposal to
16 replace it with a bill discount program, the first company-wide program for any
17 Washington regulated natural gas utility, would be premature and disruptive to
18 delivery of bill assistance to low-income customers.

19 **III. CASCADE'S WASHINGTON ENERGY ASSISTANCE FUND**

20 **Q: Please describe the background of the current WEAFF program.**

1 A: The WEAFF program in its current form originated in the Joint Settlement
2 Agreement resolving Cascade’s 2015 General Rate Case (Joint Settlement).¹
3 The settling parties were Cascade Natural Gas, the Staff of the Commission
4 (Staff), Public Counsel, Northwest Industrial Gas Users (NWIGU), and The
5 Energy Project. The Commission approved the Joint Settlement on July 7, 2016.
6 The new rates under the Order took effect on September 1, 2016.

7 **Q: Please summarize the main points of the settlement addressing the WEAFF**
8 **program.**

9 A: The Joint Settlement included substantive commitments to improve the WEAFF
10 program and to better align the program with other companies’ low-income
11 assistance programs.² The Joint Settlement adopted a five-year funding plan,
12 starting in program year 2016-2017, and running through program years 2020-
13 2021, with 5.1 percent increases in the program each year. In addition, the
14 parties crafted a detailed framework of improvements to the WEAFF program,
15 including the following elements:

- 16 • Adoption of four policy goals: (1) keep customers connected; (2) assist
17 more customers; (3) lower energy burden for participants; and (4) collect
18 data to assess program effectiveness
- 19 • Establishment of a Low-Income Energy Assistance Advisory Group
20 (WEAFF Advisory Group)

¹ *Washington Utilities & Transportation Commission v. Cascade Natural Gas Corp.*, Docket UG-152286 (Cascade 2015 GRC), Order 04 (July 7, 2016), Exhibit A, Joint Settlement Agreement.

² Cascade 2015 GRC, Order 04, ¶ 12.

- 1 • Company filing of new program and cost-recovery tariffs for WEAF
- 2 • Clarification of the WEAF funding source
- 3 • Rules for use of the WEAF balance
- 4 • Conduct of a needs assessment survey by Eastern Washington University
- 5 • A mechanism for program evaluation
- 6 • Annual reporting
- 7 • Set a maximum grant for each household at \$500
- 8 • Establishment of a credit balance threshold of \$300
- 9 • Adoption of WEAF eligibility criteria
- 10 • Removal of the spending cap for CAP agencies (CAAs)
- 11 • Planning to strengthen outreach
- 12 • A provision for stakeholders to explore alternative program designs to
- 13 complement the current WEAF grant program.³

14 The current form of the WEAF program, with these revisions in place, has been in
15 effect a little over 18 months, with one full program year (2016-2017) having
16 been completed.

17 **Q: Did the Joint Settlement provide a framework for improving WEAF over**
18 **time?**

19 A: Yes. As Staff stated in its testimony supporting the Joint Settlement:

20 Staff supports the Agreement on Cascade's WEAF. Cascade established
21 the WEAF to provide bill assistance to qualified low-income customers
22 in 2006 in compliance with Commission Order 5 issued in Docket UG-

³ Joint Settlement, ¶ 27-42.

1 060256. The Agreement will formalize the program process by adopting
2 explicit program goals, establishing an advisory group, publishing a
3 tariff, implementing annual true-up mechanism and requiring annual
4 reports. *The Agreement also specifies key components of program*
5 *design including funding cap, maximum grant, and reimbursement of*
6 *program delivery cost. Staff believes the Agreement addresses all*
7 *Parties' concerns with the existing WEAf and lays a foundation to*
8 *improve the program in a collaborative manner in the future.*⁴
9

10 **Q: What components of the Joint Settlement in your view established a**
11 **foundation for improving the WEAf program in a collaborative manner?**

12 A: There are several. The establishment of the WEAf Advisory Group is a major
13 component, involving key stakeholders, including Commission Staff, The Energy
14 Project, Cascade and CAP agency representatives. Topics identified for
15 consultation between Cascade and its Advisory Group include evaluation of
16 program performance, addressing ongoing concerns, determining budget, and
17 exploring alternative program designs.⁵ As the Commission summarized in its
18 Order approving the settlement:

19 Cascade will consult with its low-income advisory group on *the*
20 *evaluation of program performance, program budget, alternative*
21 *program designs, and the contents of the annual low-income assistance*
22 *report.*⁶
23

24 **Q: Are there other terms that are part of the foundation for collaborative**
25 **improvement?**

⁴ Cascade 201 GRC, Joint Testimony Supporting Settlement Agreement, Exh. JT-1T at 34 (emphasis supplied).

⁵ Joint Settlement, ¶ 25.

⁶ Cascade 2015 GRC, Order 04, ¶ 12.

1 A: Yes. In its “Program Evaluation” term, the agreement committed Cascade to
2 conduct an evaluation if customer participation remained low early on in the
3 implementation of program modifications and provided that the Advisory Group
4 could consider using part of the WEAFF balance to hire a third party evaluator to
5 conduct a program evaluation. This evaluation would at a minimum, “identify the
6 key areas for improvement and align the program design with the program
7 goals.”⁷

8 In its “Program Design – Alternative Form of Discount” term, the Joint
9 Settlement stated aspirationally that “[s]takeholders should explore a rate discount
10 program or a percentage of household income program to complement the current
11 WEAFF grant program.”⁸

12 Under the “Annual Reporting” term, Cascade files an annual report on the
13 WEAFF program and makes it available to stakeholders. The members of the low-
14 income Advisory Group are provided the opportunity to “specify additional
15 contents for the report.”

16 **Q: Please review the history of the WEAFF program since the Joint Settlement.**

17 A: The first year of the five-year plan went into effect for the 2016-2017 budget year.
18 In June 2017, Cascade petitioned the Commission for permission to increase the
19 annual budget caps in the five-year plan, based on its expectation that it would
20 exceed the original caps. It shared and discussed a draft of the petition with the

⁷ Joint Settlement, ¶ 33.

⁸ Joint Settlement, ¶ 41.

1 Advisory Group prior to filing and the Advisory Group supported the petition.⁹
2 Commission Staff participated in the Advisory Group negotiations and filed a
3 response in support of the petition.¹⁰ The Commission, “encouraged by the
4 apparent heightened success in the WEAFF program” approved the petition, noting
5 with approval that the Advisory Group would continue to be involved in
6 consultation prior to any further request for additional funds.¹¹

7 In January 2018, Cascade filed its WEAFF Annual Report for the 2016-
8 2017 program year, the first under the revised program design, reporting on grants
9 disbursed, amounts pledged by agencies, grant sizes, outreach efforts and other
10 general matters.¹² The report concluded that during the program year, “more
11 customers were served and the average grant amount has increased.”¹³ The
12 Annual Report did not reference the issues raised in Staff’s testimony.

13 IV. UNIFORM BENEFIT CALCULATION

14 **Q: What is your reaction to Staff’s testimony regarding the lack of uniform**
15 **benefit calculation?**

16 **A:** The Energy Project agrees with Staff that having a uniform benefit calculation for
17 the different agencies providing WEAFF is a desirable goal. This issue has been a
18 matter of interest for The Energy Project and other stakeholders, and has been one
19 of the topics discussed by the WEAFF Advisory Group, as further explained below.

⁹ Cascade GRC, 2015, Order 05, ¶ 6.

¹⁰ Cascade GRC 2015, Staff Letter, June 23, 2017.

¹¹ Cascade GRC 2015, Order 05, ¶ 9.

¹² UG-152286 Replacement Filing, Washington Energy Assistance Fund (WEAF) Program 2016-2017 Annual Report, January 25, 2018 (2016-2017 Annual Report).

¹³ 2016-2017 Annual Report at 4.

1 **Q: Can you provide some additional perspective on the uniformity issue?**

2 A: An initial point to make for clarification is that the uniformity issue does not
3 involve basic eligibility for the WEAFF program. Cascade's WEAFF tariff
4 provides that an applicant for WEAFF must demonstrate that his or her household
5 income is less than or equal to 150 percent of Federal Poverty Guidelines (FPL).¹⁴
6 The issue discussed by the Advisory Group, and addressed in Ms. Liu's
7 testimony, is what WEAFF formula is best to determine the benefit level, once a
8 household is eligible for assistance with their energy bills.

9 In Cascade's service territory, WEAFF is administered by twelve different
10 agencies located in many different counties and geographic areas of the state.
11 Cascade has not required the agencies to adopt uniform WEAFF benefit formulas.
12 Many of these agencies work with multiple utilities and bill assistance programs
13 and have developed some differences in how to calculate household benefits
14 under WEAFF.¹⁵ This is not impermissible, nor does Staff make that argument.

15 **Q: Do you have any comments about Staff's discussion of over-subsidization?**

16 A: While each agency is operating appropriately within its own rules, The
17 Energy Project agrees with Staff that this variety of approaches can raise
18 legitimate concerns about differential treatment of Cascade customers across its
19 service territory, and create the potential for over-subsidization of some

¹⁴ Cascade Schedule 303.

¹⁵ WEAFF grants are calculated in a consistent manner for eligible households served by a particular CAP agency.

1 customers. However, I have a concern with some aspects of Staff’s analysis and
2 conclusions in testimony and with the proposed remedy.

3 Much of Ms. Liu’s analysis focuses on credit balances. She expresses the
4 opinion that credit balances are “a problem” and that they are “inconsistent with
5 the principles of fairness and equity,” at first blush, appearing to equate the
6 existence of a credit balance with over-subsidization.¹⁶ Staff and the other
7 settling parties, however, specifically incorporated a provision in the Joint
8 Settlement allowing a customer to carry a credit balance of up to \$300, now
9 included in Cascade’s WEAFF tariff. This makes sense from an operational
10 perspective. Credit balances are a way to accommodate differences in the timing
11 of when an eligible customer receives benefits and pays energy bills. For
12 example, a credit balance can result when a customer receives a benefit later in
13 the heating season. Ms. Liu acknowledges in her testimony that the existence of
14 credit balances could be attributed to other causes besides over-subsidization,
15 including lump sum payments late in the heating season, or customer payment of
16 part of the bill out of their own pocket.¹⁷

17 The Energy Project has concerns about the data used to support Staff’s
18 conclusions, to the extent it represents a single point in time. For a major portion
19 of her analysis, Ms. Liu looks at account balances for all WEAFF recipients as of
20 September 30, 2017.¹⁸ In response to discovery, Staff states “a credit balance

¹⁶ Liu, Exh. JL-1CT at 41:3-4.

¹⁷ Liu, Exh. JL-1CT at 40:1-2.

¹⁸ *Id.* at 38:3. This data set also represents just one year of program operation, the first year in the agreed five-year plan.

1 gives a snapshot of a customer’s account at a given time. Since LIHEAP and the
2 current WEAF are both lump-sum payments, a customer could carry credits for
3 some time depending on the amount of their payment due at the time of grant
4 approval and their gas bills in the following months.”¹⁹ Staff acknowledges that
5 “Staff does not think a customer’s credit balance on a given day necessarily
6 indicates over-subsidization.”²⁰ Further, Staff clarifies that it does not argue it is
7 impermissible for a customer to have a credit balance.²¹

8 Staff’s chief concern appears to be that a customer might have a prolonged
9 credit balance.²² It is not clear from Staff’s testimony what time period
10 constitutes a prolonged time period, however. Customers are not permitted to
11 receive additional WEAF payments if they have an existing \$300 credit balance,²³
12 which acts as a check on over-subsidization. As Staff acknowledges, customers
13 are permitted under the WEAF program to use WEAF credit amounts to pay
14 natural gas bills in the following program year.²⁴ Since those amounts will be
15 used by customers who have a need there would not appear to be over-
16 subsidization in such cases. The Energy Project does agree there appear to be
17 cases where grants are awarded that exceed a households yearly gas bill. TEP

¹⁹ Staff Response to TEP Data Request 11.

²⁰ Staff Response to TEP Data Request 13.

²¹ Staff Response to TEP Data Request 10.

²² Staff Response to TEP Data Request 12.

²³ Cascade Schedule 303 (The Company will not accept a WEAF grant or grants when the customers account has a credit equal to or greater than \$300.).

²⁴ Staff Response to TEP Data Request 12. Staff argues this may be evidence of over-subsidization.

1 agrees with Staff that WEAFF formulas should to be adjusted to address this issue
2 and ensure better distribution of benefits.

3 Seeking to “more accurately evaluate” the credit balance issue, Staff
4 examined September 2017 data for October 2016 WEAFF enrollees. The number
5 of customers in this group constituted a very small percentage of Cascade’s bill
6 assistance customers for the 2016/2017 program year, again a “snapshot” view.
7 For this small group, the average credit balance was substantially below the
8 permitted level of \$300.²⁵

9 Staff also appears to be concerned with households receiving benefit
10 payments of of \$450-\$500, close to the maximum allowed. The Joint Settlement,
11 however, expressly adopted a provision reflecting that “the WEAFF maximum
12 annual grant award cap is currently \$500 for each household.”²⁶ If an agency
13 determines that an eligible household has a need, based on household size and
14 high heating costs for example, that household is permitted to receive bill
15 assistance grants up to \$500. TEP agrees that maximum grants should not be
16 given arbitrarily, and should not result in oversubsidiation. However, the fact that
17 Staff might prefer a different distribution formula for benefits than that employed
18 by an agency, is not necessarily a basis to modify the program. It is a matter is
19 for discussion in the Advisory Group where experienced service providers can

²⁵ Liu, Exh. JL-1CT at 40:6 – 41:2 and Table 7.

²⁶ Joint Settlement, ¶ 35.

1 participate. The Joint Settlement indeed states that “the low-income advisory
2 group will evaluate the per-household cap going forward.”²⁷

3 **Q: Do you believe that the existing WEAFF program needs to completely**
4 **replaced in order to address uniformity and over-subsidization concerns?**

5 A: No. While benefit consistency and over-subsidization are issues that should
6 certainly be addressed, The Energy Project does not agree with Staff’s
7 recommendation to replace the current program design in its entirety in favor of
8 Staff’s preferred discount proposal. As Ms. Liu herself points out, both Puget
9 Sound Energy and Avista bill assistance programs have adopted uniform benefit
10 calculations for their CAP agencies. Neither company has a bill discount
11 program, except for Avista’s small Percentage of Income Payment Plan pilot,
12 currently in development, which contemplates the use of a bill discount for a
13 small subsection of eligible low-income customers.²⁸ There is no company-wide
14 bill discount program in use in Washington by any regulated gas company.²⁹

15 Program redesign is a separate issue from the uniform benefit formula
16 question. Staff concedes in response to discovery that its proposal is not the only
17 formula suitable for determining WEAFF,³⁰ that the WEAFF formula could be
18 standardized, and the over-subsidization issue addressed, using a formula or
19 method other than Staff’s bill discount proposal.³¹

²⁷ *Id.*

²⁸ Avista does have a small discount rate pilot for seniors and disabled, as noted.

²⁹ Liu, Exh. JL-1CT at 56:4-11.

³⁰ Staff Response to TEP Data Request 9.

³¹ Staff Response to TEP Data Request 8.

1 **Q: How would The Energy Project propose that the uniform benefit**
2 **methodology issue be addressed?**

3 A: The Energy Project is confident that the members of the Advisory Group,
4 working with the CAP agencies can develop a consensus approach to resolve this
5 issue, building on work done to date. TEP recommends that the Commission
6 refer the uniform benefit/over-subsidization issue back to the Advisory Group,
7 request that the parties work collaboratively and develop an approach, with a
8 report back to the Commission by a date certain, for example, August 1, 2018,
9 prior to the next program cycle, which starts October 1.

10 **IV. BILL DISCOUNT PROPOSAL**

11 **Q: What is your overall response to consideration of alternative program**
12 **designs for bill assistance?**

13 A: As a general proposition, The Energy Project is open to consideration of rate or
14 bill discount proposals as one of several alternative ways of providing energy
15 assistance to low-income customers. The Energy Project has supported Avista's
16 rate discount pilot for senior and disabled customers³² and has experience with the
17 Pacific Power discount program for electric customers.³³ In the case of Cascade,
18 The Energy Project agreed in the Joint Settlement that stakeholders "should
19 explore a rate discount program or a percentage of household income program to
20 *complement* the current WEAf grant program."³⁴ The Energy Project continues

³² Avista Corporation, Schedule 102 (Fixed-Income Senior & Disabled Residential Service) (The pilot is limited to 800 electric and natural gas customers).

³³ Pacific Power & Light Company, Schedule 17.

³⁴ Joint Settlement, ¶ 41. (emphasis added).

1 to be ready to explore these options with Staff, the Company, and other
2 stakeholders, as part of work of Cascade's WEAF Advisory Group. The Energy
3 Project also believes that major program design changes require thorough
4 analysis, careful planning, in-depth involvement by stakeholders, and, to the
5 extent possible, support from those stakeholders.

6 **Q: Does The Energy Project have any concerns with the Staff bill discount**
7 **proposal in this case?**

8 A: Yes, The Energy Project has several areas of concern. First, there are questions
9 about whether the proposal as designed will be helpful or harmful to Cascade's
10 low-income customers. Second, TEP is concerned that the Staff presentation of
11 its proposal in this case has bypassed the WEAF Advisory Group. This is not the
12 approach contemplated in the Joint Settlement. Third, the proposal is premature
13 in light of the fact that the newly redesigned WEAF program, agreed to by all
14 stakeholders, itself has only been in effect a little over 18 months and for only one
15 program year. Staff's proposal to completely replace, rather than to complement,
16 the current WEAF program has the potential to be quite disruptive to delivery of
17 energy assistance by the agencies and Cascade. Finally, as discussed above,
18 adoption of a bill discount proposal is not necessary to address the essentially
19 administrative issue of uniformity of WEAF benefit calculation practices at the
20 agencies.

21 **Q: Can you elaborate on any issues you see with the Staff's bill discount**
22 **program design?**

1 A: Even without a full review by stakeholders in the WEAF Advisory Group, some
2 issues are apparent upon initial review. Staff itself points out that “average
3 spending on direct benefit for each customer would go down.”³⁵ In response to
4 discovery, Staff provided additional information indicating that, based on
5 backcasts, very large numbers of Cascade customers would have seen reduced
6 WEAF grants, and that the overall percent reduction would have been very
7 substantial.³⁶ While Staff suggests this is the result of addressing over-
8 subsidization, the dramatic impact on WEAF recipients requires that Staff’s
9 proposal and analysis have more careful review.

10 Another matter of primary concern is the negative impact on very low-
11 income customers. Under the proposal, as Staff acknowledges, the plan creates
12 substantially higher energy cost burdens and reduced benefits for customers
13 between 0 and 50 percent of the Federal Poverty Level.³⁷ The 0-50 percent
14 cohort, represents a household income \$12,169.50 or less for a family of 4 with
15 two children. This is defined as “deep poverty.”³⁸ Thousands of households in
16 Cascade service territory fall into this income category, including 12,800 in
17 Kitsap County, over 19,000 in Yakima County, and 4700 in Chelan County.³⁹

³⁵Liu, Exh. JL-1CT at 60:14-15.

³⁶ Staff Response to TEP Data Request 27.

³⁷ Liu, Exh. JL-1CT at 48:13-20.

³⁸ Center for Poverty Research, University of California Davis (2016 data)
<https://poverty.ucdavis.edu/faq/what-deep-poverty>.

³⁹ United States Census, American Fact Finder, Community Facts
<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF> (population divided
by percent below 50 percent FPL).

1 Increasing the energy burden on a substantial number of the most
2 vulnerable customers is in direct conflict with one of the four WEAFF goals
3 adopted in the Joint Settlement – to “lower the energy burden of program
4 participants.”⁴⁰ If there is a consensus on moving forward with a bill discount, a
5 more desirable approach would be to create a third tier for the 0-50 percent FPL
6 level so as to increase the amount of discount for this income category. This is
7 the type of program design issue that can be worked out in the Advisory Group
8 with input from stakeholders.

9 A further drawback is that Staff’s bill discount program does not address
10 the customers who have past due balances at the time of applying for assistance.
11 This is a critical issue. Staff admits arrearage is an area of need and that the
12 proposal “does not provide additional support to reduce customers’ unpaid bills
13 accumulated prior to the energy assistance application.”⁴¹ Staff states it is open
14 to working with other stakeholders on an Arrearage Management Program, but
15 suggests waiting before implementing something for Cascade.⁴²

16 Staff argues one of the major advantages of its proposal is that it is
17 “administratively simple” for agencies. This likely overstates the benefits.
18 Most of the administrative cost for program delivery is incurred in the process of
19 “getting people in the door” (conducting outreach) and in collecting necessary
20 documentation including verification of all income sources and utility bill history.

⁴⁰ Joint Settlement, ¶ 27.

⁴¹ Liu, Exh. JL-1CT at 57:19-21.

⁴² *Id.* at 58:3-4.

1 The step of applying the WEAFF benefit formula to determine support is a simple
2 calculation, whether a bill discount or a specific lump sum grant amount.
3 Adoption of a discount program would not offer significant economies in this area
4 for the agencies.

5 Staff's proposal also raises concerns about consistency with federal
6 requirements. Staff recommends that if a customer uses both electricity and gas
7 in the winter months, the CAP agency "should properly" split federal LIHEAP
8 support between the electric and gas bills.⁴³ This issue, however, is governed by
9 the federal guidelines for LIHEAP and not subject to modification by state
10 regulatory action.⁴⁴

11 **Q: What other concerns do you have?**

12 A: In The Energy Project's view, Staff's proposal in the context of this case is
13 premature. As detailed above, with the participation of Staff and all the other
14 stakeholders, the WEAFF program was fully reviewed and "revamped" in the Joint
15 Settlement, approved by the Commission in July 2016. The revised WEAFF
16 program has only been operating for 18 months total, and for only one full
17 program year (2016-2017). The funding was expanded with Staff support
18 approximately 9 months ago on the basis of the apparent early success of the
19 program. The WEAFF Annual Report reflects an increase in the grant amount and

⁴³ *Id.* at 50:21.

⁴⁴ <https://fortress.wa.gov/com/liheappolicy/Page.aspx?hid=204>. This discussion is related to one of Staff's "key parameters" for the discount plan, that LIHEAP support must be provided if the customer is eligible. Staff acknowledges, however, that it is "not sure of the CAA's current practice." Liu, Exh. JL-1CT at 50:12-21.

1 number of customers served, and reports no major problems under review. Given
2 this background, even without the other issues identified in my testimony, it
3 seems quite premature to recommend comprehensive replacement of the current
4 WEAFF program, particularly without the support of the Advisory Group.

5 To support its recommendation, Staff testimony points to the language in
6 the Joint Settlement under which parties agreed to consider alternative program
7 designs.⁴⁵ The settlement, however, states that “stakeholders should explore a
8 rate discount program or a percentage of household income program to
9 complement the current WEAFF grant program.”⁴⁶ This language does not require
10 adoption of a rate discount program but mentions it as one of two options to be
11 considered along with a percentage of income program. Both are to be
12 considered as complements, not as complete replacements for the WEAFF grant
13 program approved in the same Joint Settlement.⁴⁷

14 VI. THE ROLE OF THE WEAFF ADVISORY GROUP

15 **Q: Please review the WEAFF Advisory Group process as it relates to the Staff**
16 **proposals.**

17 **A:** At the time of the April 2017 WEAFF Advisory Group meeting, Staff raised for
18 discussion some concerns about the desirability of a uniform WEAFF formula and
19 the potential for over-subsidization.⁴⁸ Members agreed to form a subcommittee
20 to gather more information and report back to the full group. Although parties

⁴⁵ Liu, Exh. JL-1CT at 43:19-21.

⁴⁶ Joint Settlement, ¶ 41.

⁴⁷ This parallels the approach of the Avista senior and disabled rate discount pilot.

⁴⁸ Staff Response to TEP Data Request 17.

1 were interested in exploring the issue, there was not a consensus about the nature
2 of problem or the need for or choice of program responses. There were questions
3 about the preliminary data analysis that Staff presented to illustrate to its
4 concerns. Staff shared via email its ideas about alternative program designs, but
5 they were not discussed in depth.⁴⁹ As Ms. Liu states in her testimony, workload
6 concerns and schedule conflicts made it difficult to continue the discussions.⁵⁰
7 Staff acknowledges its share of responsibility for the lack of progress in pursuing
8 the issues which it had initially raised with the group.⁵¹

9 The bill discount proposal and the supporting analysis currently before the
10 Commission in Staff testimony were not brought to the WEAF Advisory Group.
11 This is also the case for the detailed over-subsidization analysis presented in Ms.
12 Liu's testimony.⁵² As a result, the proposal is being reviewed by stakeholders for
13 the first time in this proceeding beginning February 15, under the short time
14 frames of a litigation schedule.

15 **Q. What is The Energy Project's view of the role of the WEAF Advisory**
16 **Group?**

17 Under the Joint Settlement, the Advisory Group was established by
18 Cacade and its stakeholders, including Commission Staff, expressly for the

⁴⁹ Liu, Exh. JL-1CT at 44:5-6.

⁵⁰ *Id.* Major cases ongoing in the mid- and late- 2017 included this Cascade General Rate Case, filed initially in July and refiled in August, the PSE General Rate Case, Docket UE-170033/UG-170034, the Avista General Rate Case, Docket UE-170485/UG-170486, and the Avista Hydro-One merger application, Docket U-170970.

⁵¹ *Id.* at 44:6-7.

⁵² Staff Response to TEP Data Request 19 and 20. Staff states the over-subsidization analyses and discount proposal were developed during the GRC, based on discovery conducted in the docket.

1 purpose of considering in a collaborative fashion a range of issues identified in
2 the Joint Settlement, including program design. Collaborative efforts such as the
3 Advisory Group process offer real benefits to the parties and the Commission.
4 The experience of the low-income collaborative process for Avista is an example.
5 Settling parties committed to a facilitated collaborative process that increased
6 participants understanding of the needs of the various stakeholders engaged in
7 serving low-income households with energy assistance. Empowered by the
8 increased understanding and utilizing data driven discussions, stakeholders
9 implemented a variety of program modificaitons that not only allowed for more
10 eligible customers to be served, but also helped to streamline program
11 operations.⁵³ For this reason, alternative dispute resolution is favored by the
12 Commission when ever possible.⁵⁴

13 The WEAFF Advisory Group is intended to provide a forum to deal with
14 the kinds of operational and administrative issues that come up with the program,
15 rather than bring them to the Commission in litigation. The avenue chosen by
16 Staff of bringing the proposal forward in Cascade’s general rate case, without
17 prior consultation, is not consistent with the intent of the settlement in creating the
18 Advisory Group.

19 A major benefit of the Advisory Group process is the opportunity for
20 Company and agency experts who work directly with the low-income programs

⁵³ *Washington Utilities & Transportation Commission v. Avista Corp.*, Dockets UE-140188/UG-140189, Order 07, ¶ 2.

⁵⁴ Order 03, Prehearing Conference Order, ¶ 12.

1 to bring their experience to bear on technical operational and administrative
2 issues, ideally bringing a joint solution to the Commission for approval. This
3 forum can frequently be much more efficient than litigation for problem solving
4 on program issues that reflects all stakeholder input and interests. Bypassing the
5 newly created WEAFA Advisory Group risks undermining its value and
6 effectiveness at the outset of its existence.

7 **Q: Does the existence of the Advisory Group mean that no issues should ever be**
8 **brought to the Commission for resolution?**

9 A: No. However, when an Advisory Group is established, working out issues
10 collaboratively, if possible, is the first choice. Where parties have been unable
11 after good faith efforts to resolve issues, it may be reasonable to request a
12 Commission decision or guidance. For example, in this case The Energy Project
13 has provided testimony on two administrative proposals that were raised and
14 discussed in the Conservation Advisory Group, but where progress has not been
15 made in terms of Company adoption.⁵⁵

16 **Q: Is The Energy Project open to a discussion of alternative program designs in**
17 **the Advisory Group?**

18 A: Yes. As I noted earlier, The Energy Project is willing to discuss Staff's interest
19 in a bill discount program in the Advisory Group and to hear the views and
20 analysis of agencies, Cascade, and Public Counsel. The proposal put forward
21 here can provide a basis for further discussion. Other program design alternatives,

⁵⁵ Collins, Exh. SMC-1T at 11:5-21.

1 such as the percentage of income programs can also be discussed, as
2 contemplated in the Joint Settlement.

3 **VI. CONCLUSION**

4 **Q: Please summarize your recommendations with regard to WEAf.**

5 A: The Energy Project shares Staff's interest in addressing operational and design
6 issues for the WEAf program. TEP is willing to commit to addressing these
7 questions in the Advisory Committee, as intended by the Joint Settlement, in an
8 effort to reach collaborative solutions.

9 Adoption of a uniform WEAf grant formula will address the Staff's
10 concern with oversubidization, with no need for wholesale WEAf program
11 replacement. The Energy Project recommends that the Commission refer this
12 issue to the Advisory Group, with a report due by August 1, 2018.

13 The Energy Project respectfully requests that the Commission decline
14 Staff's recommendation for approval of its bill discount proposal in this docket as
15 a replacement for the current WEAf program design. Commission should direct
16 Staff to bring its proposal to the WEAf Advisory Group for further consideration
17 of this and other alternative program designs.

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

19 A: Yes.