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August 13, 2018

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S Evergreen Park Drive SW
PO Box 47250
Olympia, WA 98504-7250

Re: UG-170929, Washington Energy Assistance Fund Benefit Calculation Status Report

Cascade Natural Gas Corporation (Cascade or the Company) herewith provides a status report on how the Washington Energy Assistance Fund (WEAF) Advisory Group has addressed the issues of over-subsidization and benefit calculation uniformity by adopting a uniform WEAF benefit matrix which the Community Action Agencies (Agencies) will utilize in administering WEAF funds in the 2018-2019 program year. This status report is required by paragraph 35 in Parties' Partial Joint Settlement Agreement filed in Docket No. UG-170929 and adopted by Commission Order No. 06, paragraph 77.

Background

On August 31, 2017, Cascade filed a general rate case docketed as UG-170929. Commission Staff in testimony raised the issue of a lack of a consistent formula in determining WEAF benefit amounts and the resulting customer over-subsidization.¹ Staff proposed a discount rate program to replace the lump sum grant applied to qualifying customer bills. In rebuttal testimony the Company supported the idea of a discount rate program². The Energy Project (TEP) stated that over-subsidization could be addressed without a new discount program by utilizing a uniform benefit formula in the current WEAF framework.³ Public Counsel accepted the notion of a uniform WEAF benefit formula but did not support the rate discount proposal.⁴

¹ Testimony of Jing Liu, Exh. JL-1CT

² Response Testimony of Jennifer G. Gross, Exh. No. JGG-4T

³ Cross-Answering Testimony of Shawn M. Collins, Exh. SMC-3T

⁴ Cross-Answering Testimony of Corey J. Dahl, Exh. CJD-1CT

In the Parties Joint Settlement Agreement a distinction was made between benefit calculation uniformity and program redesign issues:

Washington Energy Assistance Fund (“WEAF”) Program. The low-income advisory group (“Low-Income Energy Assistance Advisory Group” or “low-income advisory group”) will address the issues of over-subsidization and benefit calculation uniformity and will file a status report with the Commission in this docket by August 15, 2018 for program updates to be implemented in the 2018-2019 Program Year. The over-subsidization and calculation uniformity issues will be addressed before program design issues (i.e. rate discount, etc.) in order to ensure a timely filing with the Commission on August 15, 2018. In addition, the Parties agree that the issues related to the proposed redesign of the WEAFF low-income funding program should be sent to the low-income advisory group for consideration within three months of the date of the Commission’s final order in this matter.⁵

In Order 06 of UG-170929 the Commission affirmed the importance of addressing over-subsidization issues as well as engaging the WEAFF Advisory Group on potential program redesign:

The modifications to the WEAFF program in the Settlement advance the Commission’s goal of providing consumers who have insufficient means with financial assistance to meet their energy needs. Addressing the issues of over-subsidization and benefit calculation uniformity will help ensure that benefits are distributed equitably and reach a larger segment of customers in need. Moreover, the Parties agree that issues related to the potential redesign of the program, such as the rate discount proposed by Staff, will be sent to the Advisory Group for consideration with three months of the date of this Order. We appreciate that the parties are willing to engage in discussions about how the program can be improved to better serve low-income customers, including increasing customer participation.⁶

Discussions with the WEAFF Advisory Group

On May 17, 2018, Cascade emailed the WEAFF Advisory Group the settlement language related to the WEAFF program and two WEAFF benefit calculation proposals developed by Jing Liu of Commission Staff. One method used percentage of income and the other used percentage of energy burden. For the percentage of income approach, a benefit curve between 40% to 80% was initially proposed.

The WEAFF Advisory Group discussed the two options at their May 29, 2018 meeting. Shawn Collins from TEP proposed that the benefit be based on the total bill and not just the heating portion of a bill. TEP proposed a benefit curve ranging from 40% to 90%.

⁵ UG-170929 Partial Joint Settlement Agreement ¶ 35

⁶ UG-170929 Order 06 ¶ 78

Representatives from the Company, Public Counsel and Staff all expressed support for the percentage of bill approach. Staff confirmed that the original proposal was based on the total bill, not just the heating portion. Staff agreed with the goal of providing an adequate amount of benefit to qualified customers, yet expressed some concern that a 40% to 90% benefit curve may not sufficiently address the issues of over subsidization. Public Counsel supported the 40% to 90% benefit curve as some customers cannot access Low Income Home Energy Assistance Program (LIHEAP) and may need additional funding from WEAFF. The program still has the parameters that limit over-subsidization; the \$300 credit limit cap and the \$500 maximum annual benefit.

Conclusion

At the end of May 29, 2018 meeting, parties unanimously agreed to the following:

- Adopt a uniform WEAFF benefit matrix to be used by all agencies starting October 1, 2018;
- The benefit will be determined using percent of bill approach. The customer bill is considered total annual bill reduced by LIHEAP benefit; and
- The benefit curve will be 40% to 90%, with lower income customers receiving more financial support.

If you have any questions, please contact Isaac Myhrum at (509)734-4684

Sincerely,

/s/ Michael Parvinen

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