

Agenda Date: April 10, 2025
Item Number: A1

Docket: U-210595

Companies: Avista Corporation d/b/a Avista Utilities
Cascade Natural Gas Corporation
Northwest Natural Gas Company d/b/a NW Natural
PacifiCorp d/b/a Pacific Power & Light Company
Puget Sound Energy

Staff: Corey Dahl, Section Manager – Energy Rates and Services
Corey Cook, Regulatory Analyst

Recommendation

Issue an Order in Docket U-210595 approving the Washington Participatory Funding Agreement (Agreement) reached between jurisdictional gas and electric companies and groups representing various customer interests. Approving this agreement will extend the authorization of funding for groups participating in the Commission’s regulatory proceedings as required by the Legislature.

Background

In 2021, the Legislature enacted Engrossed Substitute Senate Bill 5295 (ESSB5295), codified as RCW 80.28.430, to update the Washington Utilities and Transportation Commission’s (Commission) regulation of electric and natural gas utilities. Among other things, the bill requires electric and gas companies to “upon request, enter into one or more written agreements with organizations that represent broad customer interests in regulatory proceedings conducted by the Commission.”¹ The Legislature requires that any agreement prioritize funding for groups representing vulnerable populations or highly impacted communities (prioritized communities).²

The Commission is directed to review and approve, approve with modifications, or reject these agreements.³ To provide guidance on its interpretation of ESSB5295’s participatory funding provisions, the Commission issued a notice, gathered comments, held a workshop, and ultimately, issued a Policy Statement (Policy Statement) on November 19, 2021.⁴

On February 22, 2022, the Commission entered Order 01, approving with modifications the first participatory funding agreement (Washington Interim Participatory Funding Agreement). The initial agreement was set for a term of one year, expiring December 31, 2022.

¹ RCW 80.28.430(1).

² RCW 80.28.430(4).

³ RCW 80.28.420(2).

⁴ Docket U-210595, Policy Statement on Participatory Funding for Regulatory Proceedings (filed Nov. 19, 2021).

On February 9, 2023, the Commission entered Order 02, approving with conditions the second participatory funding agreement (Washington Extended Interim Participatory Funding Agreement). The second agreement was set for a term of two years, expiring December 31, 2024. In Order 02, the Commission stated that parties should “work toward a permanent agreement to take effect” at the expiration of the two-year term.⁵

On February 18, 2025, utilities and representatives from participating customer organizations filed a Petition requesting Commission approval of a new agreement (Petition). The Agreement is joined by all five Washington investor-owned utilities and customer representative and prioritized organizations including NW Energy Coalition, The Energy Project, Alliance of Western Energy Consumers, Small Business Utility Advocates, Sierra Club, Front & Centered, and Spark Northwest (collectively “Joint Parties”). The Petition and associated Agreement requests a three-year funding term. The Agreement includes several changes from the previously approved funding agreement that are described below.

Substantive Details in the Petition and Proposed Agreement

The Joint Parties began discussions regarding the proposed Agreement in Fall 2024. Commission Staff (Staff) was also in communication with representatives of the Joint Parties. The Joint Parties revised the Interim Extended Agreement and provided the following proposed revisions and several suggestions in the Petition filed on February 18:

Agreement Term

The Petition states that parties worked toward reaching a “permanent funding agreement with a specified term.”⁶ Parties propose a three-year term, ending December 31, 2027.

Increase to Puget Sound Energy (PSE) Funding

The Agreement includes a \$100,000 increase in annual funding available in PSE’s Customer Representation Sub-Fund. There is no proposed increase to PSE’s Prioritized Organization Sub-Fund. If approved, this brings the total annual funding available to \$500,000. PSE agreed to the increase in funding contingent upon approval of the third revised petition for deferred accounting filed in Dockets UE-220196 and UG-220197. Total funding amounts for the other utilities are proposed at the same level approved in the Extended Interim Agreement. Table 1 below, displays the funding amounts included in the Agreement for each utility.

General Outreach Fund

The Joint Parties propose the creation of the General Outreach Fund, a sub-fund accessible only to Prioritized Organizations. The Agreement sets aside 10 percent of the total funds available to Prioritized Organizations for the General Outreach Fund. See Table 1 below, for the General Outreach Fund allocations for each utility. The General Outreach Fund is proposed to reduce “administrative challenges with general outreach intended to facilitate engagement from new

⁵ Docket U-210595, Order 02 at ¶ 22.

⁶ Petition, ¶ 6 (filed February 18, 2025).

organizations that do not typically participate in Commission proceedings.”⁷ Prioritized Organizations would be permitted to request General Outreach funding in a similar manner to the process to request Consumer Access Fund grants.

Table 1. Utility Fund Grants for Washington Participatory Funding Agreement⁸

	PSE	AVISTA	PACIFIC	CASCADE	NW NATURAL	TOTAL
Consumer Access Fund (total)	\$480,000¹	\$290,000	\$290,000	\$256,662	\$70,311	\$1,386,973
• Prioritized Organizations Sub-Fund	180,000	90,000	90,000	79,654	21,821	\$461,475
• Customer Representation Sub-Fund	300,000	200,000	200,000	177,008	48,490	\$925,498
General Outreach Fund (total)	20,000	10,000	10,000	8,850	2,424	\$51,274
• Prioritized Organizations Sub General Outreach Sub-Fund	\$51,274					
Total Fund Grants	\$500,000	\$300,000	\$300,000	\$265,512	\$72,735	\$1,438,247

Program Evaluation

The Joint Parties support a formal evaluation of the participatory funding program, since no evaluation has been conducted to date. The Petition states support for an evaluation conducted by the Commission or a third-party evaluator before the proposed three-year funding agreement concludes.⁹

⁷ Petition, ¶ 7 (filed February 18, 2025).

⁸ Agreement, pages 4–5 (filed February 18, 2025).

⁹ Petition, ¶ 8 (filed February 18, 2025).

Resources for Participants

In the Petition, the Joint Parties request that certain resources become available to assist existing or prospective participants in requesting funds. Namely, the Joint Parties request that the Commission (1) create templates for interventions, budgets, payment requests, and other items that could assist organizations unfamiliar with the process¹⁰ and (2) a public-facing webpage or document with current fund balances.¹¹

Response Time to Fund Grant Requests

The Joint Parties request that the Commission rule on all filings under the Agreement “within 30 days of receipt, unless another process has been adopted for a particular proceeding.”¹²

Discussion

Agreement Term

The Joint Parties propose a funding agreement with a three-year term, though the Agreement is characterized as “permanent” in response to the Commission’s expressed preference for a permanent agreement to be proposed for the current term. In response to questions from Commission Staff, the Joint Parties indicate that the Agreement indeed has a set, three-year term, but it is permanent in the sense that the broad structure of the agreement and its processes have been established for three full years. However, the Joint Parties indicate that the “permanent” characterization of the Agreement does not preclude parties or the Commission from altering certain aspect of the Agreement. Staff does not agree that the Agreement is necessarily permanent, given that it has a three-year term. Approving a three-year term, in conjunction with a thorough review and evaluation of the program, is appropriate. Commission Staff respectfully requests that the Commission clarify Order 02’s request for a permanent funding agreement and what such an agreement entails.

Increase to PSE Funding

The Joint Parties agreed to a \$100,000 increase to PSE’s Customer Representation Sub-Fund, bringing the total Fund Grant amount available to \$500,000 if approved. The Joint Parties state that the requested increase in available funding is due to the increased complexity of PSE’s General Rate Case filings. The Commission’s Policy Statement on Participatory Funding states that at least one-third of all participatory funding be set aside for the Prioritized Organization Sub-Fund.¹³ If the Commission accepts the proposed increase to PSE’s Customer Representation Sub-Fund, more than one-third of total available funding will be allocated to the Prioritized Organizations Sub-Fund.

Table 2, below, shows PSE’s Participatory Funding allocations, requests, and payouts for each of the three completed program years. In 2022, total funds requested and fulfilled nearly reached the full \$300,000 budget allocation and the amount paid out of the Prioritized Organization Sub-

¹⁰ Petition, ¶ 15 (filed February 18, 2025).

¹¹ Petition, ¶ 16 (filed February 18, 2025).

¹² Petition, ¶ 17 (filed February 18, 2025).

¹³ Policy Statement, ¶ 21.

Fund exceeded the allocation. This resulted in the addition of \$100,000 to the Prioritized Organization Sub-Fund for 2023 and 2024. In 2024, requests for the Customer Representation Sub-Fund exceeded the \$200,000 allocation. As a result, the Joint Parties request an additional \$100,000 for the Customer Representation Sub-Fund in the proposed Agreement, even though the total amount requested in 2024 is significantly less than the total \$400,000 allocated to the Consumer Access Fund overall.

Table 2. PSE Participatory Funding Allocations and Payments, 2022-24

Program Year	Sub-Fund	Total Budgeted	Total Requested	Total Fulfilled¹⁴
2022	Customer Rep.	\$200,000	\$175,331	\$175,331
	Prioritized Org.	\$100,000	\$108,327	\$105,000
	<i>Consumer Access Fund (Total)</i>	\$300,000	\$283,658	\$280,331
2023	Customer Rep.	\$200,000	\$70,000	\$30,000
	Prioritized Org.	\$200,000	\$45,350	\$0
	<i>Consumer Access Fund (Total)</i>	\$400,000	\$115,350	\$284,650
2024	Customer Rep.	\$200,000	\$205,000	\$73,897
	Prioritized Org.	\$200,000	\$47,516	\$0
	<i>Consumer Access Fund (Total)</i>	\$400,000	\$252,516	\$73,897

Staff concurs that PSE's General Rate Case filings have grown in volume and complexity and that intervenors are likely to need additional resources to adequately evaluate and participate in general rate case filings, as well as other proceedings. Even though fulfilled requests for 2024 will not reach the overall \$400,000 allocated to the Consumer Access Fund, shifting more of the available funds from the Prioritized Organization Sub-Fund to the Customer Representation Sub-Fund, for example, would disadvantage Prioritized Organizations. Maintaining the current Prioritized Organization Sub-Fund allocation is appropriate based on previous program years and conforms with the Commission's desire for prioritized organization funding to be at least one-third of the overall program budget. However, Staff believes that the sufficiency of funding available for PSE and the other utilities should be closely monitored and evaluated, given the \$300,000 total budget cap contemplated in the Policy Statement.

¹⁴ For 2023 fund grant requests, a total of \$75,350 remain outstanding with \$40,000 in outstanding requests from the Customer Representation Sub-Fund and \$45,350 outstanding from the Prioritized Organization Sub-Fund. A total of \$178,619 of fund grant requests remain outstanding for 2024, including \$131,103 from the Customer Representation Sub-Fund and \$47,516 from the Prioritized Organization Sub-Fund. This is as of April 4, 2025.

General Outreach Fund

With the creation and implementation of the participatory funding program, the Commission sought to increase the level of participation among intervenors in Commission proceedings, particularly among organizations representing vulnerable communities and other organizations not presently engaged with the Commission. According to the Petition, the Joint Parties assert that basic administrative challenges are a barrier to engaging new organizations that do not currently interact with the Commission and its proceedings. The Joint Parties anticipate that Prioritized Organizations will request funds to conduct basic outreach and education about the Commission's business and how to participate with the goal of providing basic tools for new organizations to engage with the Commission. The type of outreach contemplated would supplement, not replace, the Commission's outreach related to Participatory Funding.¹⁵ Staff supports the creation of the General Outreach Fund. Furthermore, Staff supports a thorough review of the General Outreach Fund and its effectiveness in reaching new organizations.

Program Evaluation

The Commission's Policy Statement provided two overarching goals for the participatory funding program: (1) increase participation among groups that have not historically participated in Commission proceedings and (2) increase the effectiveness of organizations that currently participate in Commission proceedings.¹⁶ The Policy Statement also contemplated an evaluation of the program's success in achieving those goals.¹⁷ To date, the Commission has not conducted a thorough evaluation of the program as contemplated in the Policy Statement.

At this time, Staff does not provide a detailed or definitive evaluation of the program's success. Completing such an evaluation would require additional data that is not currently available or provided to the Commission. Based on the information provided in Exhibit A of Joint Parties' filing, however, there is anecdotal evidence that existing organizations have been able to increase the effectiveness of participation at the Commission. Exhibit A also indicates that the availability of participatory funding enabled participation from two new organizations, Front & Centered and Small Business Utility Advocates. However, the number of proceedings the two organizations have participated in is limited.

Staff supports the Joint Parties request for a thorough evaluation to be completed before the conclusion the three-year term of the proposed Agreement. The results of the evaluation should inform potential changes to the program. Staff believes that participants and other interested parties should be provided the opportunity to review and comment on the results of the evaluation to better inform any changes to the program that result. After an evaluation report is completed, a potential process could include a workshop involving interested parties to respond to the report's findings, comment on proposed program changes, or suggest additional program modifications.

¹⁵ For example, the Commission hosted "UTC 101" presentations in 2022.

¹⁶ Policy Statement, ¶ 14.

¹⁷ Policy Statement, ¶ 15.

Resources for Participants

Staff declines to weigh in on the Joint Parties request for templates and publicly available information on available funds. The Administrative Law Division of the Commission administers the program and would need to allocate resources to fulfill these requests.

Response Time to Fund Grant Requests

The Agreement provides that the Commissions best efforts to review and respond to requests within 30 days of receipt.¹⁸ Staff declines to respond to the Joint Parties request in the filing, as the Administrative Law Division is responsible for reviewing and responding to requests from intervenors.

Conclusion

The Agreement, as filed, aligns with the Commission's guidance in the Policy Statement based on Staff's review. Staff supports continued analysis of funding levels, particularly as it relates to increasing allocations to PSE's Consumer Access Fund in excess of the originally contemplated funding cap. Finally, Staff supports a thorough review of the Participatory Funding program in accordance with the Policy Statement before the conclusion of the proposed three-year agreement.

Staff recommends the Commission issue an Order in Docket U-210595 approving the Agreement.

¹⁸ See Agreement, Section 7.6.