UG-230551

ATTORNEY GENERAL OF WASHINGTON

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SENT VIA WEB PORTAL
Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
P. O. Box 47250
Olympia, WA 98504-7250

Re: ***Cascade Arrearage Relief Energy Savings Program Tariff Revision*, Docket UG-230551**

Dear Director Maxwell:

The Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel) respectfully submits these comments in response to Cascade Natural Gas Company's (Cascade or Company) proposed tariff revisions affecting its low-income bill assistance offerings. The filed tariff revisions replace the current Washington Energy Assistance Fund (WEAF) program with the Cascade Arrearage Relief Energy Savings (CARES) program, which will be effective August 1, 2023, if approved.

Beginning in fall 2022, numerous interested parties worked alongside the Company to develop the CARES program. Public Counsel, the NW Energy Coalition (NWEC), The Energy Project (TEP), and representatives from Cascade's partner Community Action agencies actively participated in weekly meetings of the Advisory Group to reach consensus on the various components of CARES program design and implementation included in this filing. Public Counsel sincerely appreciates Cascade's strong spirit of collaboration and cooperation throughout this process. As a result of this comprehensive process, Public Counsel is confident the proposed CARES program will more effectively serve income-eligible customers, deliver more affordable monthly bills, and offer critical arrearage relief. Through enrollment in the proposed programs, Cascade's customers will be more likely to stay current on their bills and remain connected to essential utility service.

Public Counsel's comments highlight a number of components of this filing that will reduce energy burden and barriers to enrollment in assistance programs. Generally, Public Counsel is very supportive of Cascade's proposal, but offers four minor recommendations to further improve the Company's low-income assistance offerings.

Public Counsel's Recommendation

The Commission should approve the Company's tariff filing. CARES represents an important step forward in providing more affordable bills to income-qualifying to better ensure they remain connected to utility service.

The proposed CARES program includes two primary components: a five-tier monthly bill discount and one-time arrearage relief grant. Both the discount and arrearage relief grants are based on customers' household income and deliver the most relief to customers with the greatest need. The filing replaces the current WEAF program, which is a one-time bill grant offered at the time of enrollment. Providing a monthly bill discount throughout the year will provide more consistently affordable bills, rather than providing a single grant that is likely to exhaust within the program year.

Participants in the Advisory Group agreed that a five-tier bill discount program would be effective in delivering the appropriate amount of support to customers based on need. Bill discounts range between eight percent and 90 percent,[1] depending on household income. Each of the tiers were designed with the intent to reduce customer energy burden to be three percent or 3.5 percent or less.[2] This target was set with the understanding that natural gas service would represent only a portion of a customer's energy burden since they also rely on electric service and other sources of energy.

Cascade's proposed arrearage relief proposal is an important program improvement that will aid in long-term affordability and energy security. Accrued arrearages pose a threat to energy security, as past-due balances place customers on a pathway to disconnection. Cascade proposes a one-time grant intended to relieve between 50 percent and 100 percent[3] of arrears up to $1,000 every two years. Based on an assessment of current customer accounts during discussions with the Advisory Group, grants of up to $1,000 should cover the vast majority of customers with past-due balances. For customers with a balance remaining after the arrearage relief grant is applied, a payment plan will be in place to put customers on course to eliminating arrearages. Cascade agreed to work with customers to establish an appropriate payment plan extending up to 24 months. A one-time arrearage grant departs from the type of arrearage relief program recently proposed by Puget Sound Energy (PSE) and Avista, both of which provide relief and requirement to pay a portion of the arrearage balance for 12 months. While Public Counsel preferred the PSE and Avista approach to arrearage relief, Cascade's proposal is acceptable.

[1] Cascade Revised Tariff, Original Sheet No. 302.
[2] Cascade Cover Letter, at 2 (filed June 30, 2023).
[3] Cascade Revised Tariff, Original Sheet No. 302.

Public Counsel agreed with the Company and other interested parties to assess the outcomes of this program design and make adjustments as determined necessary for future program years.

The CARES filing also includes provisions to reduce barriers to program enrollment. This is intended to enroll more eligible customers to meet more of the unserved need in Cascade's service territory. As soon as the CARES program is operational in October 2023, customers who were enrolled in bill assistance during the 2022–2023 will automatically be enrolled in the CARES bill discount. Importantly, the proposal allows customers to self-attest to their household income, rather requiring an appointment with Community Action agency representatives to provide income documentation. That process proves onerous for many customers and prevents income-eligible customers from enrolling. The filing also provides that Cascade, in partnership with Community Action agencies, may verify the income of up to five percent customers who have self-attested in the previous month. This provides assurance that income-qualified customers are enrolled and that enrolled customers are receiving the appropriate level of benefit. For customers removed from the program due to ineligibility, the Company will not clawback any previously administered benefits. Self-attestation for program enrollment has proven successful in California, finding that the vast majority of customers who self-attested to their income were eligible for program participation. This approach to post-enrollment income verification was also adopted in Oregon.[4] Once customers are enrolled in the CARES program, they are eligible to participate for two years. This further reduces the barriers to participation, since customers do not have to go through the enrollment process on an annual basis.

Public Counsel also appreciates Cascade's commitment to partner with Community Action agencies in administering the CARES program. Community Action agency staff are experts in verifying income and connecting Washingtonians with other forms of assistance. Every customer who enrolls through self-attestation will also be referred to Community Action agencies if their income establishes eligibility for the federal Low-Income Heating Energy Assistance Program (LIHEAP) and other types of assistance.

Finally, Public Counsel highlights the Company's proposal to provide outreach funding to Community Based Organizations (CBOs). If approved, the filing will provide between $73,000 and five percent of the annual CARES budget on a yearly basis to CBOs to conduct outreach and refer eligible customers for enrollment.[5] CBOs are an important partner in program administration, since they are often trusted resources within Highly Impacted Communities and Vulnerable Populations.

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[4] *Cascade Advice No. 022-08-01 Low Income Assistance Program Tariff Revision*, Docket ADV 1424, Pub. Util. Comm'n of Or., Letter Approving Tariff (Sept. 6, 2022) (approving Cascade's tariff revisions to allow for enrollment in energy assistance programs through self-attestation).
[5] Cascade Cover Letter, at 3 (filed June 30, 2023).

Public Counsel's Recommendation

Public Counsel supports the Company's CARES filing. However, Public Counsel further recommends that the Commission order four minor changes, including amendments to tariff language and administration of LIHEAP funds.

Public Counsel strongly urges the Commission to approve the Company's filing in this Docket. However, making four minor changes will further strengthen the program. In addition to approving the filing, Public Counsel recommends:

- Deleting the LIHEAP income adjustments table included in the tariff revisions;
- Removing "temporarily suspended" from the tariff revisions and replace it with more supportive language;
- Providing changes to the application of LIHEAP funding to customer accounts; and
- Including energy burden targets in the tariff to better define program intent.

First, the Commission should remove the table of income adjustments on Sheet No. 20, under the "Low-Income Definition" heading. Indeed, it is critical to establish that households with incomes equal to or less than 80 percent of the county area median income (AMI) or 200 percent of the Federal Poverty Level are eligible for enrollment in CARES. Furthermore, it is appropriate for gross deductions to household income to be made based on various sources of income in line with the administration of LIHEAP. However, including the table with the defined deductions based on income type presents potential complications and unnecessary administrative burden. The types of income subject to gross income adjustments and the amount deducted may change over time. As a result, Public Counsel recommends deleting the table of deductions from the proposed tariff and the text under the "Low-Income Definition" heading should read:

> A customer is considered low-income if their gross cumulative household income, inclusive of deductions used by the Low Income Home Energy Assistance Program, for a specific timeframe within the last twelve months, extrapolated for twelve months, does not exceed 80% of the county's area median income (AMI) or 200% Federal Poverty Level (FPL) for a household with the same number of occupants.

Public Counsel recommends removing the term "temporarily suspended" from the tariff and the language under the "Energy Discount Terms and Conditions" heading be amended. Public Counsel fully supports the intention to maximize federal LIHEAP funding in concert with bill discounts applied through the CARES program. However, the tariff stating that customers will be "temporarily suspended" from CARES program participation until LIHEAP funding is "fully utilitized" may prove confusing. Customers may misunderstand what is meant by "temporarily suspended" and incorrectly assume they are no longer enrolled in CARES if they receive a LIHEAP grant.

Furthermore, the current Energy Discount Terms and Conditions state that customers "will resume service in CARES at the beginning of the next full billing month and service will resume for a 24-month term" after the customer's LIHEAP grant is exhausted. Public Counsel supports resumption of service under the CARES program after LIHEAP funds are used, but resuming participation in CARES in the next full billing month could present an unnecessary burden. Under this scenario, customers participating in LIHEAP and CARES may receive credit for their full monthly bills for a period of time, depending on the amount of the LIHEAP grant, and then only have a small portion of their monthly bill covered by the LIHEAP grant as funds become exhausted. For that billing period, a customer may be left with a large, unaffordable bill and be at risk of incurring a past-due balance because the bill discount would not be applied until the next full billing cycle. As such, the CARES discount should be applied to the remaining balance of the bill after the LIHEAP grant is exhausted. Advisory Group participants, including Public Counsel, raised concerns about this and the Company was amenable to exploring the possibility of applying CARES discounts to remaining balances after LIHEAP funds are exhausted in the future. Both Avista and PSE intend to apply bill discounts in this manner. However, Cascade indicated that they would not be able to make the necessary software changes for the forthcoming 2023–2024 program year.

In order to address the two aforementioned concerns, the Energy Discount Terms and Conditions should be amended as follows:

> A customer receiving a bill discount may still be eligible to apply for other available financial assistance programs, such as LIHEAP and Winter Help. The CARES bill discount will be applied to participating Customer's bill after ~~However, when~~ state or federal financial assistance is applied (e.g., LIHEAP).~~, the customer's enrollment in CARES will be temporarily suspended until the grant is fully utilized~~. ~~Once the grant is exhausted~~ After state or federal financial assistance is applied, the customer's enrollment ~~will resume service~~ in CARES ~~at the beginning of the next full billing month and service~~ will extend ~~resume~~ for an additional 24- month term. These provisions are not applicable to non-governmental, third-party payments such as those from friends, relatives, or churches.

If the Commission does not order the Company to apply LIHEAP funds in the manner recommended by Public Counsel for the 2023–2024 program year, Public Counsel strongly recommends that the Commission order Cascade to make the necessary software and billing changes by the commencement of the 2024–2025 program year.

Finally, Public Counsel recommends that the tariff reflect the energy burden targets determined by consensus. As previously noted, the intent of the bill discounts was to reduce customer energy burdens to three percent or 3.5 percent or less, based on income. WAC 194-40-030 defines "energy assistance need such that assistance is provided to bring household energy burdens to 6% or less." The energy burden targets agreed through the collaborative process in this Docket were set with both knowledge of the definition in WAC and that natural gas service does not comprise 100 percent of household energy burden. As such, the intended energy burden reductions through CARES should be stated in tariff to clearly define the program's purpose and guide future changes to the program.

Public Counsel's Recommendation

Public Counsel supports increasing the WEAF program budget through the end of the 2022–2023 program year with less than statutory notice.

At the July 19, 2023, low-income Advisory Group meeting, Cascade informed participants that the current program budget would be exhausted in the immediate future. Without remaining funds budgeted, customers seeking assistance would not be able to receive a WEAF grant despite income eligibility. Increasing the program budget will allow customers to receive critical bill grants in the time between now and when the CARES program begins in October 2023. As a result, Public Counsel supports the Company's request to raise the budget cap to $1,800,000 with less than statutory notice.[6]

Public Counsel's Recommendation

Public Counsel recommends that the Commission affirm assessment of program outcomes and goal to make program revisions as deemed necessary through the Advisory Group process.

Public Counsel acknowledges that CARES is a program new to Cascade and is filed concurrently with PSE's and Avista's discount rate and arrearage management programs. Although all participants in this process endeavored to design the strongest possible program, there will be learning through the process of administering the program and assessing the performance of the program. As such, it is important that the Commission acknowledge the iterative nature of low-income assistance program design. Through the next year, Public Counsel commits to working

[6] Cascade Replacement Pages Cover Letter, at 2 (filed July 20, 2023).

closely with the Company and other interested parties to assess key program outcomes and collaborating to develop changes to improve program outcomes for future years.

Public Counsel further acknowledges that the proposed program revisions in this filing are not specifically intended to address entrenched inequities, particularly in terms of race. The improvements made to Cascade's low-income assistance will address some of the critical financial needs low-income customers face, but the numerous racial inequities perpetuated by credit, collections, and disconnection practices are more fully addressed in the ongoing rulemaking in Docket U-210800.

Public Counsel appreciates the opportunity to submit these comments. If you have any questions about this filing, please contact Lisa Gafken, (206) 464-6595 or Lisa.Gafken@ATG.WA.GOV, or Corey Dahl, (206) 464-6380 or Corey.Dahl@ATG.WA.GOV.

Sincerely,

/s/

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