CASCADE NATURAL GAS CORPORATION®
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Jeff Killip
Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
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RE: U-210590, Alternatives to Traditional Rate Cost of Service Comments

Director Killip

On April 18, 2024, the Washington Utilities and Transportation Commission ("Commission") issued a Notice of Workshop and Opportunity to Comment ("Notice") in Docket U-210590, the Commission's proceeding to develop a policy statement on alternatives to traditional cost of service ratemaking. Below are the questions included in the Commission's Notice followed by Cascade's responses.

<u>Cascade's Responses to Notice Questions</u>

Goal 1

1. ***Equity in Reliability: length of power outages***
    a. **Please confirm your agreement that this metric is not applicable to gas. If you do not agree, please provide your rationale for including this metric for natural gas utilities.**
    b. **Please confirm your agreement that the metric will be provided with and without major event days. If you do not agree, please provide your alternative position and rationale.**

Cascade agrees that this metric is not applicable to natural gas utilities.

2. ***Historically Worst Performing Circuits***
    a. **Please confirm your agreement that this metric is not applicable to natural gas utilities. If you do not agree, please provide your rationale for including this metric for natural gas utilities.**

Cascade agrees that this metric is not applicable to natural gas utilities.

3. ***Customers Experiencing Multiple Interruptions (CEMI) for Named and Non-named Communities***
    a. **Please provide your supported range of values and why that range is supported and the benefit(s) of that data.**
    b. **Describe what can be interpreted from the values (*e.g.,* how long are the outages that are being measured, what is "multiple").**

c. Please confirm your agreement that this metric is not applicable to natural gas utilities. If you do not agree, please provide your rationale for including this metric for natural gas utilities.

Cascade agrees that this metric is not applicable to natural gas utilities.

Goal 2

4. Arrearages by Month

a. The Commission believes that participants intend to maintain the current reporting structure of both number of customers in arrears by period and total dollars in arrears for each period.
   i. If this is your understanding, please confirm that reporting by total number of customers per period is completed at the highest interval (*e.g.,* customer that is 61 days late is only reported in the 60+ data) and total dollars in arrears is reported in the actual interval (*e.g.,* customer that is 80 days late may have associated dollars in the 30+ and 60+ data).
   ii. If not, please provide your understanding for this metric calculation.

(a) Yes, Cascade is willing to continue its reporting on number of customers and total dollars in arrears. Cascade does report in accordance with both examples provided. A customer that is 61 days late in paying is reported once in the 60+ timeframe. Likewise, if a customer has failed to pay for 80 days, the appropriate portions of the associated unpaid balance are reported in the 30+ and 60+ data.

5. Percent of Customers in Arrears with Arrearage Management Plans

a. What time period(s) should be reported (*e.g.,* 30+, 60+, 90+) or should the metric be based on a singular value specific to each utility (*e.g.,* threshold for arrearage management plan eligibility)?
   i. Utilities: What are the threshold criteria for eligibility in your arrearage management plan?

b. If your response to 5(a) includes multiple reporting periods, what benefit(s) is gained from that more granular data?

(a) Cascade does not offer a traditional arrearage management program. Under the Cascade Arrearage Relief and Energy Savings ("CARES") program, any low-income customer, who has applied for the bill discount program and who has a past due amount, qualifies for an arrearage relief grant equal to a percentage of the customer's past due amount. Cascade's Schedule 302 offers five tiers of energy discounts and arrearage relief grants based on a customer's household area median income or federal poverty level percentage. The program has no punitive provisions to take back the arrearage relief grant based on the customer's ongoing payment patterns; rather, a grant not to exceed $1,000 per 24 months is offered in good faith to any qualifying customer. Cascade can report on arrearages per month, as discussed under question 4, and identify how many of those customers with arrearages have received a CARES grant within the past 24 months.

6. Average Energy Burden

a. More discussion is necessary related to calculating this metric for dual-fuel versus single-fuel utilities regulated by the Commission. Please provide a recommendation for how to temporarily determine an energy burden percentage for single-fuel utilities.

b. As the transition to renewable energy resources escalates, please describe the benefit(s) of requiring reporting by combined fuel source and separately for electricity and natural gas for dual-fuel utilities. If not supported, please describe why.

c. Please provide your recommendation for reporting by percentage, number, or both, and the rationale supporting this recommendation.

d. Should this metric be calculated before or after all forms of energy assistance are applied to customer accounts, or some variation? Please provide your rationale.

e. Is it feasible to require reporting on excess energy burden at this time? If so, please provide your recommended percentage to classify excess energy burden and your rationale for that recommendation. If not, please provide your rationale, and when you estimate such reporting would be feasible.

(a) Keeping low-income customers within a three to three and a half percent energy burden is the stated goal of Cascade's CARES program. (See Schedule 302.) This was selected as the gas portion of the total six percent energy burden as established in the Clean Energy Transformation Act and codified in RCW 19.405.120. In the Low-Income Needs Assessment ("LINA") report Cascade procured to assist it in designing its bill discount program, the natural gas energy burden is equal to a customer's annual natural gas costs divided by their annual household income. Cascade sees no reason to deviate from this guidance.

(b) This question is not applicable to Cascade as it is a single fuel utility.

(c) Cascade would prefer to report energy burden by percentage of total household income as this readily communicates the remaining economic wherewithal a household has, which is necessary to understand when parties are seeking to ensure needs are sufficiently met.

(d) Energy burden should be calculated after energy assistance. The goal of energy assistance is to reduce a customer's energy burden to a manageable level—for Cascade, this is three to three and a half percent. By reporting customer's energy burden for each income tier after assistance, it becomes clear if low-income customers are experiencing an equitable outcome.

(e) The CARES program is designed so that no participating customer has an excess energy burden based on the customer's self-reported income. Cascade does not have income data for customers who do not participate in the CARES program, and, therefore, is unable to report energy or excess energy burden broadly for all its customers. If the Commission believes income data is needed to determine metrics such as excess energy burden, Cascade prefers using a third-party source commonly used by all the utilities so that the data could be compared. Customers should not need to report household income to receive natural gas service, and if the Company asked customers to volunteer this information, it would likely be inaccurate as income could be reported as net or gross and various income streams may be inconsistently included or excluded. If income data is needed to measure the utilities' service to customers, Cascade reiterates its request that all utilities use the same commonly identified third-party resource.

7. Net Benefits of DERs and GETs

a. The Commission generally agrees with Renewable Northwest's (RNW) comment that Gride Enhancing Technologies (GETs) may require a separate metric but does not anticipate resolution during the May 28 workshop. This combination metric creates additional complexity when discussing a cost-effectiveness test to apply. Would other participants agree with removing the GETs portion of this metric at this time?

b. How should "benefits" be defined?

c. Is there a temporary cost-effectiveness test that can be relied upon until the Commission issues guidance in Docket UE-210804?

d. Should the metric be reported at the DER type, program, or aggregated for all DERs?

e. Please confirm your agreement that this metric is not applicable to natural gas utilities. If you do not agree, please provide your rationale for including this metric for natural gas utilities.

(e) Cascade agrees that this metric is not applicable to natural gas utilities.

8. DER Utilization

a. **Can you confirm agreement on the revised metric calculation (energy and capacity of all applicable distributed energy resources (DERs) and percentage of that energy and capacity utilized annually)? If not, please provide your rationale.**
b. **How should DERs installed for equity purposes be accounted for?**
c. **Should the metric be reported at the DER type, program, or aggregated for all DERs?**
d. **Do you agree with Northwest Energy Coalition's (NWEC) recommendation to revise the title to "DER Availability and Utilization" to better capture the intent of the metric design?**
e. **Please confirm your agreement that this metric is not applicable to natural gas utilities. If you do not agree, please provide your rationale for including this metric for natural gas utilities.**

(e) Cascade agrees that this metric is not applicable to natural gas utilities.

9. Percent of utility assistance funds dispersed

a. **Please confirm agreement with the revised language from "rate based" to "customer-funded" within the metric calculation. If not, please provide your rationale.**
b. **Please provide feedback on the recommendation to include a narrative discussing year-over-year variances.**
   i. **Is a threshold variance for the required narrative appropriate? If so, what is your recommendation?**

(a) Cascade recommends that the Commission use the term "ratepayer funded" as all utilities have donation funded programs which offer below-the-line, customer- and company-funded assistance. Donation programs are typically referred to as "customer- and company-funded" programs. "Ratepayer funded" refers to above-the-line, regulated programs for which each customer must pay through approved rates.

(b) Cascade is not opposed to providing a simple narrative on any year-over-year deviation in its CARES spending.

   (i) Cascade does not recommend a threshold variance for requiring a narrative on its spending deviations. Cascade's annual reporting for previous ratepayer funded assistance programs included a short comparative discussion about the current year's results and spending and the prior years.

10. Customers who participate in one or more bill assistance programs

a. **Should the metric be reported as an aggregate of all bill assistance programs or by program type (e.g., specific programs or customer funded programs)?**
b. **Should the metric be modified to better evaluate bill assistance program effectiveness rather than simply reporting a number of customers? If so, what is your recommended language?**

(a) Cascade believes utilities should only report the aggregate of all customers who receive service from one or more bill assistance programs. Cascade knows and reports the number of customers who take assistance under the ratepayer funded program (CARES). Customers who enroll in any other available bill assistance program (Low-Income Home Energy Assistance [LIHEAP] or Winter Help [Cascade's donation program]) are automatically enrolled into CARES. So, the CARES total enrollment number is the aggregate of customers enrolled in one or more programs.

(b) Cascade does not seek to modify this metric at this time. As the CARES program matures, the Company is confident that it will work in collaboration with its Advisory Group to define program effectiveness and to improve the programs' offering or reach, as appropriate.

11. Revenues associated with riders or other mechanisms outside of the Multi-Year Rate Plan (MYRP)

a. The Commission accepted this metric as drafted by The Energy Project in its interim policy statement to evaluate utility performance during MYRPs. This metric was also considered in the PacifiCorp 2023 general rate case. However, the Commission does provide here an opportunity for further comment as it was not explicitly discussed.

(a) Regarding "[t]otal revenue occurring through rider and associated mechanisms not captured in the Multi-Year Rate Plan ("MYRP") by customer class," Cascade does not object to this metric and believes it should be reported as part of the annual Commission Basis Report ("CBR"), where the revenues for riders and associated mechanisms outside of the MYRP could be tied to the annual numbers provided in that report.

Regarding "[p]ercentage of customers' rate increase that occurred outside the MYRP by customer class," Cascade believes this portion of the metric is confusing as an annual metric because it refers to incremental revenues for supplemental schedules divided by incremental base rate revenues; however, the effective dates for the rate changes would be different between the supplemental schedules and base rate revenues and the incremental revenues reported for the supplemental schedules and MYRP filings would not tie to the annual numbers reported in the CBR. As an alternative, Cascade offers the following clarifying edits:

> Percentage of supplemental schedule revenue to total revenue by customer class during a CBR year. This is calculated by summing the total supplemental schedule revenues reported during the CBR year by total revenues reported during the CBR year to show the relative relationship of supplemental schedule revenues to total revenues by customer class.

Goal 3 Equitable Utility Operations

12. Workforce Diversity

a. Please confirm your support for this metric as written.

(a) Cascade recommends revising this metric to state, "percentage of employees who identify as (i) a person of color, and/or (ii) a woman." As revised, this metric would align with data Cascade can track and report.

13. Supplier Diversity

a. Please confirm your support for the revised calculation of: "Percentage of total annual spend dollars to suppliers that self-identify as owned by people of color, other marginalized groups, and veterans." If not, please provide your alternative language and rationale for the revision.

(a) Cascade find the wording "other marginalized groups" too non-specific to be able to confirm its ability to comply with the intent. Also, the Company's vendors use the term "minority-owned" rather than "owned by people of color." For these reasons, Cascade recommends the phrase be restated as follows: "Percentage of dollars awarded to suppliers that are small businesses or that self-identify as being female owned, minority-owned, or veteran-owned." The Company is able to comply with the metric as revised.

14. Equity in DER Program Enrollment

- **a. Do you support the recommendation to change "electric vehicle" to "electric transportation"?**
- **b. Do you support changing "enrolled" to "directly benefiting from"?**
- **c. Please provide a definition for DER programs for gas and electric separately. This definition would be applicable to all metrics utilizing the term DER program.**

(a) This question is not applicable to natural gas utilities.

(b) No. Cascade believes "enrolled" achieves the intended purpose, while the phrase "directly benefiting from" does not. If conservation is considered a DER, and Commission policy, including WAC 480-90-238 (1), considers conservation an equivalent resource to natural gas supply for meeting demand, then all customers on the system directly benefit from conservation, but not all customers are enrolled to receive conservation program benefits.

(c) Cascade provides the following definition for DER programs for gas utilities:

> Natural gas distributed energy resources ("DERs") are any gas utility investment or program that meets the utility's customers natural gas demand through a network or infrastructure that is not directly connected to the utility's distribution system, including but not limited to thermal energy networks, or through programs that decrement demand, including but not limited to energy efficiency and weatherization programs, or other incentive offerings for products such as hybrid heating systems or geothermal heating. DERs are intended to provide customers with their end-use energy needs while reducing the overall cost of investing into the gas distribution system. Investments in renewable natural gas (RNG) and its production are <u>not</u> DERs if the utility's distribution system is used to transport the RNG where it will be consumed. Compressed natural gas and hydrogen fueled vehicle programs are also <u>not</u> DERs as these type of programs enable fuel switching and do not decrement gas demand.

15. Equity in DER Program Spending

- **a. Please confirm your support for this metric as written.**

(a) Cascade objects to this metric as written. For a gas utility, Cascade believes this metric would only apply towards its energy efficiency program, and Cascade is opposed to the inclusion of energy efficiency in an equity metric since it implies a false premise that program participation should be manipulated by the utility. Conservation programs offer incentives which are interventions in the free market to change the flow of consumption toward something that policy makers have deemed a greater social good than a less expensive product on the market. The market remains free, and while the program-offered incentives can influence a buyer to purchase a more efficient appliance, the incentive is not designed to make people participate in the economy for products they otherwise were not seeking. Also, cost effective conservation—the end result of the incentive—is supposed to be treated on par with least cost natural gas supplies for meeting demand. Cascade believes that forcing an equity lens on conservation is treating conservation incentives as a product, which it is not, and it will change conservation from being a cost-effective resource on par with natural gas supply contracts.

Cascade also believes the term “named communities” should be exchanged for a term that corresponds with a state or federal designation for identified vulnerable communities; for instance, disadvantaged communities are identified by the Council on Environmental Quality and the Washington State Department of Health identifies Highly Impacted Communities in Washington. Either term would provide clarification on how the utilities should comply in defining vulnerable populations.

Cascade appreciates the opportunity to provide comments in this docket. If you have any questions, please call me at (208) 377-6015.

Sincerely,

/s/ Lori Blattner

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