

Agenda Date: July 27, 2023
Item Number: A3

Docket: UE-230551
Company: Cascade Natural Gas Corporation

Staff: Corey Cook, Regulatory Analyst
Jacque Hawkins-Jones, Deputy Assistant Director

Recommendation

Issue Orders in Docket UE-230551, approving Cascade’s filed tariff sheets to become effective, with the following changes:

1. Modify language in Tariff WN U-3, Rule 20, Original Sheet No. 20-A:

- a. **DECLARED INCOME VERIFICATION PROCESS**

- Add a period after “low income” in the sentence: “Customers may qualify for service under this rule by declaring that their household is low income The...”

- b. **TERM**

- Replace the last sentence in the section with the following:

- The Company shall make sufficient effort to notify the customer prior to the end of their term of service in the CARES Program. Customers will be provided with a mailed notice 60 and 30 days prior to the end of the customer’s CARES term of service. In addition, the utility must provide an electronic copy of the notice, if the utility has such contact information for the customer and the customer has consented to electronic delivery of notices from the utility, at the time the utility mails or delivers the paper copy of the notice. Upon sending the second notice, the Company will also make at least two attempts to contact the customer by telephone.

2. Modify language to Tariff WN U-3, Rule 20, Original Sheet No. 20-C:

- a. **ENERGY DISCOUNT TERMS AND CONDITIONS**

- 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.

3. Staff supports the Company’s request to discontinue the requirement stated in paragraph no. 78 of Order 09 in Docket UG-210755 that requires the Company to file all Advisory

Group meeting transcripts and materials with the Commission. Due to the adoption of the CARES Program, Staff agrees that this reporting requirement is no longer necessary.

4. Staff supports the recommendation of the Advisory Group to require the Company to continue working with the Advisory Group to make any necessary revisions to improve customer benefits and ensure program effectiveness. This work should also include the Advisory Group evaluating the program's success in reducing customers' energy burden to the established target, and beginning October 1, 2024, to list the target energy burden in tariff.
5. Staff supports the recommendation of the Advisory Group to remove the table with detailed information on LIHEAP's current deductions. Staff believes that including the table is counterproductive as it may require frequent tariff updates as LIHEAP's methodology for calculating net income is subject to change. Staff recommends the Company clarify that CARE's definition of income includes LIHEAP's deductions from gross income and omit any details of how those deductions are calculated to avoid unnecessary tariff revisions.
6. Staff recommends postponing the review and acceptance of the Company's Original Sheet No. 592 until the Aug. 24th Open Meeting to allow the Public the opportunity to comment.

Background

In 2019, the Legislature passed the Clean Energy Transformation Act (CETA), codified as RCW 19.405. RCW 19.405.020(25) defines "low income" as "household incomes as defined by the Department of Commerce or the Commission, provided that the definition may not exceed the higher of eighty percent of area median household income or two hundred percent of the federal poverty level, adjusted for household size."

In 2021, the Legislature enacted Engrossed Substitute Senate Bill 5295 (SB5295), codified as RCW 80.28.068, to update the Washington Utilities and Transportation Commission's (Commission) regulation of electric and natural gas utilities' rates.¹ Among other things, the bill includes requirements that "Each gas or electrical company must propose a low-income assistance program comprised of a discount rate for low-income senior customers and low-income customers as well as grants and other low-income assistance programs." The Commission is directed to review and approve, approve with modifications, or reject these low-income rates and programs.²

¹ See generally LAWS OF 2021, chg. 188.

² *Id.* at § 3, codified at RCW 80.28.068(1).

On August 23, 2022, in Docket UG-210755, the Commission issued Order 09, instructing the Company to execute three accepted settlement stipulations from The Energy Project (TEP).

These accepted proposals:

1. Raise the income eligibility threshold to 80 percent of area median household income (AMI) or 200 percent of the federal poverty level, whichever is higher;
2. Require Cascade’s Low-Income Advisory Group to annually review funding levels to ensure the WEAFF program has adequate funds available;
3. Establish a “trusted messenger” community-based outreach program.

In June 2023, in Docket UG-230551, Cascade Natural Gas Corporation (Cascade or Company) filed with the Commission its Cascade Arrearage Relief Energy Savings (CARES) Program in compliance with these proposals.

Discussion

Beginning October 2022, Cascade engaged in weekly Advisory Group meetings to develop acceptable program thresholds and parameters. This collaboration included Commission Staff (Staff), Public Counsel, the Company, The Energy Project, Northwest Energy Coalition, and each of the Company’s local Community Action Partners.

The Advisory Group developed goals for the CARES program of reducing customers’ energy burden, keeping customers connected to vital energy service, expanding its energy assistance program impact, and maximizing the use of federal funds such as LIHEAP.

Cascade has put significant effort into development and design of its low-income assistance program.

On June 30, 2023, the Company filed its original tariff revisions and filed two amended tariff revisions on July 17 and July 20, 2023. In its last amended tariff filing on July 20, the Company requests multiple updates and effective dates related to the implementation related to its CARES program.

New or Revised Tariff Sheets	Effective Date
Sixth Revision of Sheet 303	July 28, 2023
Seventh Revision of 303-A	July 28, 2023
Third Revision of 303-B	July 28, 2023
Thirty-Ninth Revision of Sheet No. 2	Aug. 1, 2023
Twenty-Sixth Revision of Sheet No. 2-A	Aug. 1, 2023
Original Sheet No. 20	Aug. 1, 2023

Original Sheet No. 20-A	Aug. 1, 2023
Original Sheet No. 20-B	Aug. 1, 2023
Original Sheet No. 20-C	Aug. 1, 2023
Original Sheet No. 20-D	Aug. 1, 2023
Original Sheet No. 302	Aug. 1, 2023
Original Sheet No. 592	Sept. 4, 2023

The Company requests to revise Schedule 303, its Washington Energy Assistance Fund (WEAF) Program, with a Less than Statutory filing and a waiver of WAC 480-90-194 and RCW 80.28.060 to increase to the program year budget cap of \$1,531,200 to \$1,800,000.

This will be followed by the implementation of an effective program replacement outlined in Schedule 302, its CARES discounted rates, which includes income percentage tiers and associated discount levels for energy burden and arrearage relief.

Additionally, Company requests to create Rule 20, which establishes the qualifying parameters for Cascade’s low-income energy burden bill discount and arrearage relief program.

The Company also requests to establish Schedule 592, CARES Cost Recovery, as a mechanism to recover the funds paid under Schedule 302.

Consumer Advocate Input and Customer Comments

The Energy Project (TEP) and Northwest Energy Coalition (NVEC) consulted on this filing and did not present any major concerns regarding the design of the program. TEP did not understand why the company imposed a requirement to have approved tariff pages prior to completing any work on its system. TEP mentions both Puget Sound Energy and Avista Corporation have similarly pending Bill Discount Rate (BDR) Program Tariff filings with the Commission; however, notes both companies have made more progress than Cascade without any prior approval.

Consumer advocates presented four specific concerns to the filing:

1. Delete the table with LIHEAP income adjustments under the subsection *Low-Income Definition* and instead say “inclusive of deductions used by the Low Income Home Energy Assistance Program.”
 - a. Proposed Language: “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.”
2. Remove the phrase “temporarily suspended” from the tariff subsection *Energy Discount Terms and Conditions*”. NVEC and TEP feel this language is hostile and potentially confusing to customers.

- a. Proposed Language: “[Bill Discounts] will be applied to the monthly net bill, after state or federal financial assistance is applied.”
3. In the month that the LIHEAP grant is used up, the discount does not apply to the remaining balance of the customer’s bill.
4. Specify the targeted energy burden used to develop the discount percentage in the tariff.
 - a. Advocates recommend specifying the targeted energy burden of three percent in the tariff.

Beginning July 6, continuing through August 4, the Company noticed its customers by mail of the proposed changes to its energy assistance programs and the associated rate increase. Customers were notified that they may contact Andrew Roberts with questions or concerns. Staff received 47 consumer comments, 44 opposed, two in support, and one undecided.

The most common themes in the comments included a desire from customers to not subsidize low-income customers and a preference for optional funding of energy assistance programs. Customers also expressed concern with the socialization of program costs. Other customers discussed recent large increases in natural gas costs and thought the Company should pay for the program, not the customers.

Staff consulted with the Commission’s Consumer Protection Division (CP). CP presented concerns about program access and suggested adding language to the tariff to make the methods by which a customer knows they may apply more holistic.

Tariff Schedule 302

Staff supports the design of the CARES program in its current state, as filed. Staff have been present for most advisory groups throughout Cascade’s program design. In comparison of programs from other regulated service providers, Cascade’s largest discount tier has the most inclusive income thresholds. Staff believes this provides the best opportunity for the benefits to impact the greatest number of customers.

Rule 20

Staff proposes the following changes to Rule 20, Original Sheet No. 20-A:

7. **APPLICATION FOR CARES**
 - a. ...may apply for the program by calling an Agency, meeting with an Agency, or completing the online application found on www.cngc.com, which can either be printed and mailed or submitted electronically...” is changed to read:
 - b. “...may apply for the program by calling an Agency, meeting with an Agency, or requesting a mailed application from an Agency. An online application can be found on www.cngc.com, which can either be printed and mailed or submitted electronically...”
8. **DECLARED INCOME VERIFICATION PROCESS**

- a. “Customers may qualify for service under this rule by declaring that their household is low income The...” Staff suggests adding a period after “low income” to clearly separate sentences.
9. **TERM**
- a. “The Company will notify the customer prior to the end of their term of service in the CARES Program.” Staff believes the Company should include the specific length of time prior to the end of the customer’s term of service. Staff also believes the Company should state the methods by which, and number of times, it will attempt to notify customers.

Amended Tariff Filings

Customer notices were sent between July 1, and August 4, 2023, for Cascade’s July 2023, billing cycle. From the onset of the filing, the Company was deficient in its customer notice. Upon identification of the deficiency from Staff, Cascade questioned Staff’s interpretation of WAC 480-90-194 and has continued to argue its interpretation through each step of the filing thereafter.

Staff finds the noticing to be significantly deficient as it regards Cascade’s notification to customers of its cessation of a service; however, due to the Company’s Tariff format, it is not possible for Staff to alleviate this issue without causing significant, real harm to consumers. This is in comparison to the low possibility of harm to consumers with the funding-related changes necessitating the Substitute Sheets submitted to Staff.

On July 19, 2023, Commission Regulatory and Consumer Protection Staff met with the Company. Due to the Company’s cessation of its current WEAFF program, Staff advised Cascade that notice is required at least 30 days in advance of the effective date of those changes. Cascade agreed to change its filing with the following revisions:

1. Extending the effective date to September 4, 2023, for the following tariff sheets:
 - a. Sixth Revision of Sheet 303
 - b. Seventh Revision of Sheet 303-A
 - c. Third Revision of Sheet 303-B
 - d. Original Sheet No. 592

This extension allows sufficient time, as required by rule, for the public to have opportunity to comment on the above revisions.

On July 20, 2023, Staff met with the Company again to discuss the Company’s WEAFF program. Cascade identified its approved Tariff did not allow it sufficient funding to offer its current BDR program through its September 30, 2023, cessation.

Cascade filed a subsequent revision of its Tariff filing, extending the following pages effective date made July 28, 2023:

1. Sixth Revision of Sheet 303
2. Seventh Revision of Sheet 303-A

3. Third Revision of Sheet 303-B

The filing of these subsequent revised pages includes a form requesting for Less Than Statutory Notice as it regards these three Sheets. While Staff originally requested the company extend its effective date to allow the public opportunity to comment, the exhausting of WEAFF funds prompts more immediate action. Staff believes it is more prudent to allow the Tariff Revisions to go into effect immediately. Allowing Cascade to continue offering WEAFF through its sunset and before the Company's CARES program is live provides the most benefit to customers and eliminates any transitional period in which BDR funding is not available.

The most recent revision includes an increase of \$167,800 to WEAFF funding to allow the program to serve through September 30, 2023. Without this approval, WEAFF funding will be exhausted by the end of July 2023.

With the addition of Cascade's CARES program which Staff supports as designed, serving as a handoff program from its WEAFF program; Staff supports these revisions being approved effective July 28, 2023. WEAFF will continue to serve customers through September 30, 2023, and on October 1, 2023, CARES will begin providing the BDR service to Cascade customers.

TEP and NWECA advocated to Commission Staff their desire was to have three currently pending BDR filings on the same Open Meeting end of August 2023. PSE and Avista were amicable to the change and willing to adjust their filings accordingly. Cascade was the only Company unwilling to work with Staff and the Consumer Advocates.

When CP Staff brought noticing concerns to the Company, its response was to argue interpretation of Commission Rules. CP Staff has been very clear with Cascade that removal of its existing WEAFF program, though spiritually succeeded by CARES, is a restriction of access to service requiring 30-day customer notice. Cascade ultimately elected to adjust its filing as originally requested by Staff.

Cascade has not provided any substantive reason as to why it is unable to make any progress towards its system change implementation surrounding CARES without approved Tariff Sheets. Staff contests this point; Puget Sound Energy and Avista Corporation, both of which have pending BDR program filings, do not have any requirement for advance approval prior to beginning their work on system implementation.

Additionally, while Staff agrees with the Company's LSN request for its WEAFF funding and sunset of the program, the Company elected to disregard Staff's suggestion to clearly detail the benefit to customers within this Memo.

Due to the design of Cascade's Tariff and the way these Sheets reference one-another, Commission Staff's decision is to either disallow WEAFF funding through August and September 2023; or, to approve the filing without sufficient time for notice and public comment. Staff believes the public interest of continued WEAFF funding through the program's sunset is more prudent than forcing the opportunity for public comment on a filing which has been thoroughly

discussed and vetted with all interested parties, including Commission Staff, Cascade, Public Counsel, CP Staff, Cascade's Community Action Agencies, The Energy Project, and Northwest Energy Coalition.

Conclusion

Approving this tariff with the proposed modifications will allow the Company ample time to implement its billing system changes, while keeping the Company compliant by putting rates into effect on the same day the Company can serve customers under its Bill Discount Rate program.

Commission Staff strongly suggests the Company pay more attention to its noticing efforts moving forward in similar filings. While Staff would also prefer the Company delay the effective date of its CARES Program to coincide with the program launch and allow customers and interested parties sufficient time to submit comment, Staff also understands Cascade's filed Tariff Sheets do not allow both.

The Orders and language changes as proposed by Staff will hold Cascade accountable to resolving the issues which it claims were insurmountable before implementation of its CARES program, including ensuring customers with small energy assistance balances are able to be availed of the CARES bill discount rate in the same billing month the energy benefits are exhausted, customers will not receive unnecessary notification of their suspension in CARES enrollment, and make clear all of the ways in which a customer can apply for energy assistance and/or CARES.