

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Request of

CASCADE NATURAL GAS
CORPORATION

Petitioner,

To Approve Tariff Revisions Regarding the
Company's Low Income Bill Assistance
Program

DOCKET UG-230551

ORDER 01

APPROVING TARIFF REVISIONS
SUBJECT TO CONDITIONS

BACKGROUND

- ¹ On July 25, 2021, the Legislature enacted Engrossed Substitute Senate Bill 5295 (SB 5295), 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 SB 5295, among other things, 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." Additionally, the Commission is directed to review and approve, approve with modifications, or reject these low-income rates and programs.²
- ² On August 23, 2022, the Commission entered Final Order 09 in Docket UG-210755 (Final Order 09), resolving all disputed issues in the general rate case filed by Cascade Natural Gas Corporation (Cascade or Company). The Commission approved and adopted a multiparty settlement that, among other points:
1. Raised 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. Required Cascade's Low-Income Advisory Group to annually review funding levels to ensure the Washington Energy Assistance Fund (WEAF)

¹ See generally Laws of 2021, ch. 188.

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

program has adequate funds available; and

3. Established a “trusted messenger” community-based outreach program.

3 On June 30, 2023, the Company filed with the Commission proposed tariff revisions that would implement the Cascade Arrearage Relief Energy Savings (CARES) Program as required by Final Order 09. The Company’s filing proposes to do the following:

- Establish Schedule 302, which defines the discount assistance for customers who qualify for low-income bill payment assistance and arrearage relief and sets forth an income tier structure for discounted rates for customers receiving service through the CARES program.
- Create Rule 20, which establishes the criteria for customer eligibility to participate in the CARES program as long as the customer/customer household does not exceed 80 percent of the county’s area median income (AMI) or 200 percent Federal Poverty Level (FPL) for a household with the same number of occupants.
- Revise Schedule 303, Cascade’s WEAF Program, to include a cessation of service date on September 30, 2023. This will be followed by implementing the program replacement outlined in Schedule 302.
- Establish Schedule 592, CARES Cost Recovery, as a mechanism to recover the funds paid under Schedule 302.

4 Commission staff (Staff) reviewed the Company’s filing and notes that since October 2022, Cascade has engaged in weekly Advisory Group meetings to develop acceptable program thresholds and parameters. In addition to Staff, other participants include: the Public Counsel Unit of the Attorney General’s Office, the Company, multiple Consumer Advocacy groups, and each of the Company’s Community Action Partners. The Advisory Group’s goal is to develop ways for the CARES program to reduce customers’ energy burden, keep customers connected to vital energy service, expand the Company’s energy assistance program impact, and to maximize the use of federal funds such as LIHEAP. Staff observes that Cascade has placed significant effort into the development and design of the CARES program.

5 Other interested persons have provided input into preparing this filing, specifically, The Energy Project (TEP) and Northwest Energy Coalition (NWECC). Neither TEP nor NWECC raised any major concerns regarding the program design. TEP did, however, take issue with Cascade seeking approved tariff pages before completing work on its

system. TEP points out that Puget Sound Energy and Avista Corporation have similar pending Bill Discount Rate Program Tariff filings with the Commission. However, according to TEP, both companies have made more progress than Cascade with their system without any prior Commission approval.

6 NWECC proposes the following additional changes:

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*.” NWECC and TEP believe 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 of 3 percent used to develop the discount percentage in the tariff.

7 Staff observes that commencing July 6, 2023, the Company provided notice to its customers by mail regarding the proposed changes to its CARES program as well as the forthcoming rate increase. The Company will continue to provide notice to its customers regarding the changes to CARES and the rate increase until August 4, 2023. The notice informed Cascade customers that they could provide comments in response to the proposed changes to the CARES program and the Company’s rates. According to Staff, most of the customers were opposed to the proposed changes to the CARES program and proposed rates.

8 Staff supports the CARES program design, Tariff Schedule 302, as filed. Staff asserts

that it has been present for most Advisory Group meetings throughout Cascade's program design. Staff opines that Cascade's largest discount tier has the most inclusive income thresholds compared to the low-income programs of other regulated utility service providers. Staff concludes that this tier structure provides the best opportunity for the CARES program benefits to impact the greatest number of customers.

9 Turning next to Rule 20, Staff proposes the following changes to the qualifying parameters for Cascade's low-income energy burden bill discount and arrearage relief program:

Original Sheet No. 20-A

1. DECLARED INCOME VERIFICATION PROCESS

- a. "Customers may qualify for service under this rule by declaring that their household is low income The..."

Staff suggest adding a period after "low income" to clearly separate sentences.

2. TERM

- a. The proposed tariff currently states: "The Company will notify the customer prior to the end of their term of service in the CARES Program."

Staff recommends the Company replace the last sentence in this section with the following:

The Company shall make sufficient efforts 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.

Original Sheet No. 20-C

1. ENERGY DISCOUNT TERMS AND CONDITIONS

- a. 2. "...However, when state or federal financial assistance is applied (e.g., LIHEAP), the customer's enrollment in CARES will be temporarily suspended..."

Staff agrees with interested persons that temporary suspension, including receiving mailed notification of the same, is unnecessarily confusing to customers. Staff proposes changing the language to the following:

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 state or federal financial assistance is applied (e.g., LIHEAP). After state or federal financial assistance is applied, the customer's enrollment in CARES will extend 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.

Furthermore, Staff recommends the Commission make the following revisions:

1. 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.
2. Require the Company to continue working with the Advisory Group to make necessary revisions to improve customer benefits and ensure program effectiveness allowing the Advisory Group to evaluate the program's success in reducing customers' energy burden.
3. Require the Company to remove the table with detailed information on LIHEAP's current deductions as this may require frequent tariff updates as LIHEAP's methodology for calculating net income is subject to change.

Staff also recommends the Commission postpone reviewing and approving the Original Tariff Sheet No. 592 until a later date to allow the public an opportunity to comment.

10 The Commission heard this matter at its regularly scheduled open meeting on July 27, 2023. The Commission heard comments from TEP and NWECC. NWECC states it supports Staff's revised memo as written but would prefer that the CARES discount be applied the same month that other state and federal assistance is exhausted. Cascade responded to NWECC's concerns, explaining that its billing system has not been updated to allow the CARES discount to apply the same month other assistance is exhausted, but

that the Company will continue to work with the Advisory Group to find a solution to this issue. Cascade estimates its billing system will be updated six to nine months after the CARES program is implemented.

- 11 TEP also supports Staff's recommendation, but recommends the Advisory Group revisit the program structure in the future.

DISCUSSION

- 12 We approve Cascade's proposed tariff revisions to implement its CARES program subject to conditions recommended by Staff with minor modifications. We discuss each condition below.

- 13 First, we adopt Staff's proposed changes to Original Sheet No. 20-A to allow increased flexibility for low-income customers to enroll in the CARES program and to maintain their eligibility status by receiving adequate notice prior to the end of their term of service. Accordingly, we require Cascade to include in Rule 20, Original Sheet No. 20-A, the language that Staff recommends, as reflected in paragraph 9 of this Order.

- 14 We also agree with Staff that the language in Original Sheet No. 20-C is confusing on its face and requires modification for clarity. We adopt Staff's proposed language, with minor modifications, as follows:

A customer receiving a bill discount may be eligible to apply for other available financial assistance programs, such as LIHEAP and Winter Help. However, when state or federal financial assistance is applied (*e.g.*, LIHEAP), the customer's enrollment in CARES will be paused. After state or federal assistance is applied, customer's enrollment in CARES will resume for a 24-month term. These provisions are not applicable to non-governmental, third-party payments such as those from friends, relatives, or churches.

- 15 Third, we agree with the Company and Staff that it is appropriate to discontinue the reporting requirement for the Advisory Group minutes and materials imposed by Order 09 in Docket UG-210755. With the implementation of the CARES program, this reporting requirement is no longer necessary.

- 16 Fourth, we agree with Staff and the Advisory Group that the Company should be required to continue working with the Advisory Group to make any necessary revisions

to improve customer benefits and ensure program effectiveness. The Advisory Group should also evaluate 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.

17 Fifth, we adopt Staff's and NWECA's recommendation to remove the table with detailed information on LIHEAP's current deductions. Including the table may require frequent tariff updates because LIHEAP's methodology for calculating net income is subject to change. The Company should clarify that CARES' 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.

18 Finally, we adopt Staff's recommendation to postpone any decision on the Company's Original Tariff Sheet No. 592 until the Commission's August 24, 2023, open meeting to provide interested persons sufficient time to review and provide comments on that portion of the tariff. This timeline allows Original Tariff Sheet No. 592 to become effective September 4, 2023, as the Company requests.

19 We commend the Company and its Advisory Group for creating a program that will benefit the Company's low-income customers. We agree with Staff that Cascade's CARES program has the most inclusive income thresholds compared to other regulated utilities, and conclude that this structure is consistent with the statutory requirement for a "discount rate" for low-income customers.

FINDINGS AND CONCLUSIONS

20 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including gas companies.

21 (2) Cascade is a gas company and a public service company subject to Commission jurisdiction.

22 (3) Pursuant to RCW 80.28.068(1), "[e]ach 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 shall approve, disapprove, or

approve the program with modifications.

- 23 (4) Pursuant to WAC 480-109-060(22), the Commission defines “low income” as “household incomes that do not exceed the higher of eighty percent of area median income or two hundred percent of federal poverty level, adjusted for household size.”
- 24 (5) Cascade proposes to establish a tiered income structure Schedule 302 for discount assistance to customers of the CARES program, the low-income program established to provide assistance to low-income customers through a discount rate.
- 25 (6) Cascade proposes implementing Rule 20, which requires that low-income customers do not exceed 80 percent of the county’s area median income (AMI) or 200 percent Federal Poverty Level (FPL) for a household with the same number of occupants.
- 26 (7) This matter came before the Commission at its regularly scheduled meeting on July 27, 2023.
- 27 (8) After reviewing Cascade’s June 30, 2023, proposed tariff revisions, as revised on July 17 and July 20, 2023, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the proposed tariff revisions should be approved subject to the conditions discussed in paragraphs 13 through 18 of this Order effective August 1, 2023.

ORDER

THE COMMISSION ORDERS:

- 28 (1) Cascade Natural Gas Corporation’s proposed tariff revisions, filed in this Docket on June 30, 2023, and revised on July 17 and July 20, 2023, are approved subject to the conditions discussed in paragraphs 13 through 18 of this Order effective August 1, 2023.
- 29 (2) The Commission retains jurisdiction over the subject matter and Cascade Natural Gas Corporation to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective July 31, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner