



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
TELEPHONE 509-734-4500 FACSIMILE 509-737-9803
www.cngc.com

September 13, 2024

Received
Records Management
Sep 13, 2024

Jeff Killip
Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: NEW, Cascade Advice No. W24-09-02, CARES Cost Recovery

Director Killip

Cascade Natural Gas Corporation ("Cascade" or "Company") herewith submits to the Washington Utilities and Transportation Commission ("Commission") the following revision to its Tariff WN U-3, stated to become effective with service on and after November 1, 2024:

First Revision of Sheet No. 592
Eighth Revision of Sheet No. 593

The purpose of this filing is to revise Schedule 592, Cascade Arrearage Relief and Energy Savings ("CARES") Program Cost Recovery, to collect CARES program costs and to set the rates in Schedule 593, Washington Energy Assistance Fund ("WEAF") Program Cost Recovery to zero.

CARES

On October 1, 2023, Cascade implemented CARES which offers low-income customers one of five tiers of generous ongoing bill discounts as well as grants to be applied to past due balances, if needed. The tier of service a customer receives is contingent upon the customer's household income and the number of residents living in the customer's home. CARES was developed in cooperation with the Company's CARES Advisory Group, and as of October 1, 2023, CARES replaced WEAF, which offered grants to qualifying customers.

To aid in the design and implementation of CARES, Cascade procured a third-party low-income needs assessment ("LINA") which established that Cascade likely has 59,909 low-income customers in its service territory.¹ In its filing to implement CARES, docketed as UG-230551, Cascade forecast that in its first program year ("PY") it would serve 10% or 5,909 of its assumed low-income customers. Midway through the first PY, Cascade agreed to increase its program participation target to twenty percent of its assumed low-income

¹ Cascade's LINA was provided as support for the filing that implemented CARES, UG-230551.

customers by December 31, 2024. This agreement is a stated requirement in Order No. 01 issued in UG-240141. Cascade expects to achieve this ambitious goal and to continue to grow enrollment in its 2024-2025 PY.

This filing seeks to collect \$5,837,089 to recover forecasted 2024-2025 CARES PY costs and to return \$1,284,670 in overcollections in the 2023-2024 PY. The over recovery can be attributed to incorrect assumptions in the Company's initial filing to implement CARES, most notably Cascade's overestimation of the number of arrearage relief grants that would be issued in year one. First year program participation data has demonstrated that arrearage relief grants are distributed a fraction of the time that customers qualify for energy discounts.

A summary of the Company's PY 2024-2025 forecasted cost assumptions is provided in the tab, "CARES Costs" of the attached workpaper, "NEW CNCGC-Advice-No.-24-09-02-CARES- Cost-Recovery-WP-09-13-2024.pdf." This workpaper also includes the summary of deferred CARES costs as well as the derivation of the Schedule 592 CARES Cost Recovery billing rates on tabs "CARES Summary of Def. Accts" and "Cost Recovery and Rates," respectively.

Cascade has redesigned how it is presenting the Schedule 592 CARES Cost Recovery billing rates to show the rate associated with forecasted PY costs separately from the costs associated with the true-up of actual costs and collected costs in the prior PY (referred to in the tariff as the Amortized Balance Cost Recovery Rate). Cascade believes this breakdown offers interested parties more transparency and a useful means for comparing year over year program costs. Customers will only see the total billing rate as one line item on their bills.

Washington Energy Assistance Program Cost Recovery

Schedule 593, Washington Energy Assistance (WEAF) Program Cost Recovery rates are set to zero as the WEAF program was replaced by CARES. In Cascade Advice No. W23-09-02, docketed as UG-230754, Cascade filed to recover the residual deferral balance of its WEAF program costs, as the WEAF program was replaced by CARES effective October 1, 2023. With this filing, Cascade seeks to set its Schedule 593, WEAF cost recovery rates to zero. Any minor residual balance remaining as of November 1, 2024, will be transferred to the CARES deferral account.

Bill Impacts and Net Effect on Revenue

While the CARES Cost Recovery rates are increasing for all customer classes except Rate Schedule 663 customers, the overall rate impact of this filing is a net decrease due to the removal of the Schedule 593, WEAF Program Cost Recovery charges. For the average residential customer using 54 therms, the net effect of the changes proposed herein will result in an average monthly bill of \$91.13 which is a decrease of \$0.54 or -0.58 percent. For the average commercial customer using 271 therms per month, the net effect of these changes is in an average monthly bill of \$424.16, which is a decrease of \$2.35 or -0.55 percent. Bill impacts for all customer classes are provided on the "Rate Impact" tab of the workpaper, "NEW CNCGC-Advice-No.-24-09-02-CARES- Cost-Recovery-WP-09-13-2024.pdf."

The changes proposed in this filing will affect all of Cascade's Washington customers. Cascade serves 232,561 Washington customers comprised of 204,189 residential, 27,578 commercial, 495 industrial customers, seven interruptible customers, and 192 distribution transportation customers in the state of Washington.

If approved, this filing will reduce Cascade's net revenues by \$3,671,332 or -0.98 percent. Revenue reductions by customer class are provided on the "Combined Amount Change" table of the workpaper, "NEW CNCGC-Advice-No.-24-09-02-CARES- Cost-Recovery-WP-09-13-2024.pdf."

Customer Notice

In compliance with WAC 480-90-194(3), the Company will mail customers a bill insert notifying them of the proposed rate increase. The issuance of bill inserts to customers will begin on September 16. In addition, Cascade will publish on its webpage the anticipated rate increase, provide copies of the notice to Community Action agencies and organizations within its service territory, and provide notice to the news media. The Company has provided a copy of the bill insert in Advice No. W24-09-01.

FILING

This electronically submitted advice filing is comprised of the following files:

- NEW CNCGC-Advice-No.-W24-09-02-CARES-Cost-Recovery-CLtr-09-13-2024.pdf
- NEW CNCGC-Advice-No.-W24-09-02-CARES-Cost-Recovery-Trf-09-13-2024.pdf
- NEW CNCGC-Advice-No.-W24-09-02-CARES- Cost-Recovery-WP-09-13-2024.xlsx

Please direct any questions regarding this filing to me at (208) 377-6015 or Jennifer Gross at (509) 975-9473 or jennifer.gross@cngc.com.

Sincerely,

/s/ Lori Blattner

Lori Blattner
Director, Regulatory Affairs
Cascade Natural Gas Corporation
8113 W. Grandridge Blvd.
Kennewick, WA 99336-7166
lori.blattner@intgas.com

Attachment