

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

CASCADE NATURAL GAS,

Respondent.

DOCKET UG-200568

**RESPONSE TESTIMONY OF
SHAWN M. COLLINS (EXH. SMC-1T)**

**DIRECTOR OF
THE ENERGY PROJECT**

Low-Income Issues

November 19, 2020

RESPONSE TESTIMONY OF SHAWN M. COLLINS (EXH. SMC-1T)

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EXHIBIT LIST

Exh. SMC-2 *Professional Qualifications*

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I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Shawn Collins. My business address is 3406 Redwood Avenue, Bellingham, WA 98225.

Q: By whom are you employed and in what capacity?

A: I am the Director of The Energy Project (TEP), a program of the Washington State Community Action Partnership housed at the Opportunity Council in Bellingham, WA.

Q: How long have you been employed by the Opportunity Council.

A: I have been employed by Opportunity Council since 2006. I have served as the Director of TEP since 2015.

Q: Would you please state your educational and professional background?

A: Attached as Exh. SMC-2 is a statement of my professional qualifications.

Q: On whose behalf are you testifying?

A: I am testifying for TEP, an intervenor in this proceeding, on behalf of the Community Action Partnership (CAP) organizations that provide low-income energy efficiency and bill payment assistance for customers in the service territory of Cascade Natural Gas (Cascade). These agencies include Community Action Connections, Blue Mountain Action Council, Community Action Council of Lewis, Mason, Thurston Counties, Coastal Community Action Council, Chelan-Douglas Community Action Council, Kitsap Community Resources, Lower Columbia Community Action Program, Northwest Community Action

1 Program, Opportunities Industrialization Center of WA, Opportunity Council,
2 Community Action of Skagit County. Snohomish County Human Services
3 Department.

4 **II. PURPOSE AND SUMMARY OF TESTIMONY**

5 **Q: What is the scope of your testimony?**

6 **A:** My testimony is concerned with the impact of the proposed rate increase on
7 Cascade Natural Gas (Cascade) low-income customers and on the programs that
8 provide assistance to low-income customers in Cascade's service territory.

9 **Q: Could you please summarize your testimony?**

10 **A:** My testimony provides an overview of Cascade's low-income programs, looks at
11 what lies ahead for the Washington Energy Assistance Fund (WEAF) in light of
12 COVID-19, and comments on the overall impact of the Cascade rate filing,

13 **III. CASCADE'S'S LOW-INCOME PROGRAMS**

14 **Q: Please describe the background of Cascade's current low-income programs.**

15 **A:** Cascade's residential bill assistance program, WEAF, is established under
16 Schedule 303 of the Company's tariffs. The program is intended to help
17 customers stay connected to energy service by creating more affordable bills in
18 part through reducing arrearages. Additionally, it seeks to reduce the overall cost
19 of bad debt by preventing the accrual of large unpaid balances for all customers.

20 Under the tariff, WEAF funding is administered and delivered to qualifying
21 residential customers through agreements established with the following
22 Community Action Agencies that serve Washington counties in Cascade's service

1 territory, agencies that also deliver federal Low Income Heating Assistance

2 Program (LIHEAP) funding:¹

- 3 • Blue Mountain Action Council
- 4 • Chelan-Douglas Community Action Council
- 5 • Coastal Community Action Council
- 6 • Community Action Connections
- 7 • Community Action Council of Lewis, Mason, & Thurston
- 8 • Community Action of Skagit County
- 9 • Kitsap Community Resources
- 10 • Lower Columbia Community Action Program
- 11 • Northwest Community Action Program
- 12 • Opportunities Industrialization Center of WA
- 13 • Opportunity Council
- 14 • Snohomish County Human Services Department

15 The Company executes contracts with the delivering agencies establishing roles
16 and responsibilities, evaluates agency performance, and can terminate contracts
17 for failure to comply with contract requirements.²

18 The current WEAFF program structure was established as a result of an all-
19 party settlement in Cascade's 2015 General Rate Case. Parties to the settlement
20 were Cascade, Staff, Public Counsel, Northwest Industrial Gas Users, and The

¹ Schedule 303.

² *Id.*

1 Energy Project. The settlement adopted a five-year funding plan for Cascade’s
2 WEAFF, designed to gradually increase bill assistance funding over the term of the
3 plan. The settlement was approved by the Commission in its final order in the
4 case.³ The Schedule 303 tariff reflects the budgeted funding levels for each
5 program year of the plan.

6 Cascade also offers the Winter HELP program, a non-tariffed donation-
7 based emergency fund, targeted for low-income, senior, and disabled customers at
8 risk of disconnection.⁴

9 **Q: Please summarize the current status of the WEAFF bill assistance program**
10 **for low-income customers.**

11 A: In prefiled direct testimony in this docket, Cascade President and CEO Nicole
12 Kivisto discussed Cascade’s customer support programs, including bill assistance
13 through WEAFF and Winter Help. Ms. Kivisto testified that the “WEAFF program
14 has been successful and was updated to better serve low-income customers,”⁵
15 explaining that the Commission previously approved the Company’s request to
16 increase the program’s spending cap. She testified that Cascade “is prepared to
17 request an increase to the cap if the demand for assistance as a result of COVID-
18 19 exceeds the current cap.”⁶ In addition, based on discussions with its WEAFF
19 Advisory Group, the Company revised the WEAFF eligibility threshold from 150

³ *Washington Utilities & Transportation Commission v Cascade Natural Gas*, Docket UG-152286, Order 04, ¶ 12.

⁴ The Winter Help program is described on Cascade’s website.
https://www.needhelppayingbills.com/html/cascade_natural_gas_washington.html

⁵ Kivisto, Exh. NAK-1T at 7:15-8:6.

⁶ Kivisto, Exh. NAK-1T at 8:1-6.

1 percent of Federal Poverty Level (FPL) to 200 percent FPL, with the goal of
2 increasing the number of customers who can benefit from the WEAFF program.⁷

3 After the onset of the COVID-19 pandemic, based on dialogue with
4 agencies and the WEAFF Advisory Group, Cascade adopted more flexible income
5 determination requirements for qualifying applicants. These changes essentially
6 allow customers to qualify based on their most recent three months or 30 days of
7 income, better taking into account sudden income losses being experienced by
8 customers in this period.⁸

9 In results shared in late October by Cascade with agencies and WEAFF
10 Advisory Committee members, the Company reported that the 2019/2020 WEAFF
11 program year just ended has been the second-most successful year in distributing
12 funds to eligible customers. Advisory Group members, including Staff and Public
13 Counsel noted the strong results.

14 **Q: Has WEAFF been modified in other ways to respond to the COVID-19**
15 **pandemic?**

16 A: Yes. As Ms. Kivisto testifies, Cascade adopted The Hardship Economic
17 Assistance Receivable (HEART) as a temporary modification to WEAFF.⁹ The
18 HEART program allows customers having trouble paying their bills to apply for
19 one-time hardship grants of up to \$400 from current WEAFF funds. The existing

⁷ Advice No. W19-09-06 (September 30, 2019), approved in Docket UG-190826.

⁸ Advice No. W20-08-01 (August 31, 2020), approved in Docket UG-200769.

⁹ Schedule 303.

1 WEAF cap of \$500 assistance per household per program year was lifted so that a
2 customer can receive HEART assistance in addition to WEAFF.

3 For the HEART program, the low-income verification requirements have
4 been modified so that customers receiving a sudden loss of income can receive
5 aid quickly.¹⁰ A customer verbally expressing difficulty is eligible to receive
6 assistance up to \$200. Customers who provide “visual” verification such as
7 unemployment documents, are eligible for up to \$400.

8 Cascade reports that through August 2020, 493 HEART grants were
9 awarded. Approximately 90 percent of these, 439 customer grants were based on
10 verbal expression of difficulty, qualifying for grants up to \$200. The average
11 grant for the period was \$193.97. The remaining 52 grants were based on visual
12 proof such as unemployment verification.¹¹

13 The HEART program was initially in effect from April 24, 2020, until
14 September 30, 2020. The Company requested and the Commission approved an
15 extension of the program until March 31, 2021.¹²

16 **Q: Is bill and arrearage assistance affected in other ways by the COVID-19**
17 **response?**

18 A: Yes. Cascade’s WEAFF will likely be supplemented as a result of the
19 Commission’s COVID-19 Response order in Docket U-200281. The order
20 includes a requirement of additional funding for customer bill and arrearage

¹⁰ Kivisto, NAK-1T at 6:14-7:1.

¹¹ Cascade Response to TEP Data Request No. 2

¹² Advice W20-08-01, Schedule 303, approved in Docket UG-200769.

1 assistance of up to 1 percent of Company revenues. No specific proposals for
2 implementation of this plan have been presented at this point so the precise
3 impact is not known. The Commission’s COVID-19 Response Order anticipates
4 “flexible implementation of this additional funding, in conjunction with the
5 utility’s Low-Income or Energy Assistance Advisory Group [.]”¹³

6 **IV. LOOKING AHEAD FOR THE WEAFF PROGRAM**

7 **Q: Is Cascade proposing any changes to its low-income programs in this case?**

8 A: No. Cascade’s initial testimony does not propose any changes to its low-income
9 programs.

10 **Q: Does The Energy Project have any proposals to modify Cascade’s WEAFF bill
11 assistance program?**

12 A: No. I concur with Ms. Kivisto’s testimony that the WEAFF program is working
13 well. The Energy Project commends Cascade for its recent modifications to the
14 program, for example, increasing the eligibility threshold to 200 percent of
15 Federal Poverty Level to enhance participation, and for its commitment to support
16 increased funding as needed. Cascade has done a good job consulting with its
17 agencies and the WEAFF Advisory Group in developing program modifications
18 that improve the program. The Energy Project accordingly does not recommend
19 any program changes to WEAFF in this case.

20

¹³ *In the Matter of Response to the COVID-19 Pandemic*, Docket U-200281, Order 01, Extending
Suspension of Disconnection Of Energy Services For Nonpayment And Adopting Related Requirements,
¶ 19 (*COVID-19 Response Order*).

1 **Q: Can you comment on Cascade’s response to the COVID-19 pandemic?**

2 A: Yes. The Energy Project notes with approval the Company’s proactive response
3 to the crisis. Of particular note is the early adoption and later extension of the
4 HEART “hardship grant” program just discussed. A key feature of the HEART
5 program is the streamlining of eligibility requirements which allow verbal
6 qualification for a basic grant, with additional funds available with minimal paper
7 documentation (e.g. unemployment verification). This type of hardship grant
8 program allows faster delivery of additional funds to hard hit customers, and is
9 working in coordination with the existing WEAFF program, LIHEAP, and the
10 partner agencies.

11 The availability of additional funds under the Commission’s COVID-19
12 Response Order for the HEART program, as well as for the basic WEAFF program
13 with its own more flexible eligibility requirements, should make it possible to
14 substantially increase help to Cascade’s customers. Getting these funds out the
15 door to customers will be facilitated by the expanded outreach efforts of Cascade
16 and the agencies. This is consistent with the Commission’s statement in the
17 COVID-19 Response Order that it “expect[s] the utilities to work with the
18 advisory groups and within existing programs to ensure customers receive
19 complete and consistent information about assistance programs.”¹⁴

¹⁴ *Id.*

1 **Q: When does the current WEAFF five-year budget plan expire?**

2 A: The current five-year plan expires after the 2020/2021 program year (October 1,
3 2020-September 30, 2021). It is important to clarify that the WEAFF program
4 itself does not expire on that date. The program would continue but due to the
5 plan expiration would be frozen at the current funding level.

6 **Q: Why does TEP not propose an extension of the WEAFF funding plan?**

7 A: There is significant uncertainty created by the COVID-19 pandemic and the
8 implementation of the low-income and equitable transition components of the
9 Clean Energy Transformation Act (CETA). In addition, for the upcoming near
10 term program years, the Commission's COVID-19 Response Order provides for
11 temporary additional bill and arrearage assistance funding for Cascade and other
12 regulated IOUs. In light of these factors, it would be premature to extend the
13 five-year plan or fix a new multi-year plan in place at this point in time.

14 The Energy Project anticipates that the Company and WEAFF Advisory
15 Group will work together to discuss future funding levels, and any other
16 necessary program changes for WEAFF, needed after the end of the 2021/2022
17 program year. Therefore, TEP simply recommends that the Commission set a
18 date for a status report from Cascade regarding the program for April 1, 2022.
19 This will allow agencies and the companies approximately 6 months to implement
20 any changes for the 2022/2023 program year.

1 **Q: Does TEP recommend any changes to Cascade’s WIP low-income**
2 **weatherization program?**

3 A: No. No changes are necessary at this time. The program is working well. As
4 Ms. Kivisto indicates, funding for low-income weatherization has been
5 increased.¹⁵ In large part due to changes approved by the Commission in the
6 Cascade 2017 General Rate Case settlement,¹⁶ the low-income weatherization
7 program has been producing substantial increases in energy savings. From 2018
8 to 2019, therm savings increased by 159 percent, while the number of homes
9 served increased by 136 percent, from 28 homes in 2018 to 66 homes in 2019.

10 **V. DISCONNECTION REDUCTION PLAN RECOMMENDATION**

11 **Q: Does TEP have any additional recommendations to specifically address low-**
12 **income issues?**

13 A: Yes. The Energy Project recommends that Cascade be directed, in consultation
14 with the WEAFF Advisory Group, to develop a Disconnection Reduction Plan and
15 to file the Plan with the Commission within one year of the final order in this
16 docket.

17 **Q: What is the reason for this recommendation?**

18 A: Disconnection of utility service for non-payment is an important issue for TEP.
19 Before the COVID-19 pandemic, low-income ratepayers were facing continuous
20 upward bill pressure on rates from a range of factors including continuous utility

¹⁵ Kivisto, Exh. NAK-1T at 8:12-9:2.

¹⁶ *Washington Utilities & Transportation Commission v. Cascade Natural Gas*, UG-170929, Order 06, ¶¶ 73-76.

1 rate case filings, revenue support mechanisms such as decoupling, costs of new
2 technology, and costs of the transition to new energy.

3 On top of these trends has now been layered the economic, health, and
4 personal impacts of COVID-19 crisis. The crisis has emphasized the high value
5 in keeping customers connected to essential utility service. This has been
6 recognized by the implementation of disconnection moratoria in Washington,
7 voluntarily by companies initially, and subsequently by action of Governor
8 Inslee¹⁷ and this Commission. The conditions under COVID-19 have triggered
9 the need for a re-examination of Washington credit and collection practices,
10 including disconnection practices. The ultimate goal should be elimination of
11 disconnection from service to the maximum extent possible. These pressures on
12 affordability increasingly threaten the ability of customers to maintain a
13 connection to vital energy service.

14 **Q: Do other investor-owned utilities have Disconnection Reduction Plan**
15 **requirements?**

16 A: Yes. Puget Sound Energy (PSE), Avista, and PacifiCorp have all agreed to adopt
17 Disconnection Reduction Plans in their most recent general rate cases.¹⁸

¹⁷ Proclamation By The Governor Amending And Extending Emergency Proclamations 20-05 and 20-23, et seq., 20-23.11, Ratepayer Assistance and Preservation of Essential Services.

¹⁸ *Washington Utilities & Transportation Commission v. Puget Sound Energy*, Dockets UE-190529/UG-190530 et al., Order 08, ¶¶ 537, 714, 781; *Washington Utilities & Transportation Commission v. Avista Corp.* Dockets UE-190334/UG-190335, Order 09, ¶ 58 (adopting Settlement ¶ 14(c)); *Washington Utilities & Transportation Commission v. PacifiCorp*, Docket UE-191024 et al., Revised and Amended Settlement Stipulation, ¶¶ 38-39 (order currently pending).

1 **Q: Is this Plan necessary, given that there are other broad efforts under way?**

2 A: Yes, TEP believes so. The Energy Project advocacy for the adoption of
3 Disconnection Reduction Plans predated the onset of the COVID-19 crisis. The
4 Energy Project recognizes and applauds the subsequent initiation of broad related
5 efforts on this issue. In its COVID-19 Response Order, the Commission has
6 taken some significant steps to address disconnection and other consumer
7 protection issues. In addition to the total moratorium on disconnection and late
8 fees until April 30, 2021, the Commission has taken other steps that will help
9 customers stay connected including: additional bill and arrearage assistance
10 funding, more flexible payment plans, and others.¹⁹

11 The Commission approved some important steps that will also help
12 address these issues over the longer term, including : (1) the initiation of a
13 policy/rulemaking docket to address reform of credit and collection practices, (2)
14 a requirement to consider adoption of Arrearage Management Programs (AMPs);
15 and (3) reporting of detailed data regarding credit and collection activities;²⁰

16 The Energy Project's recommendation is complementary to these efforts.
17 Cascade and the members of the WEAFA Advisory Group will be participating in
18 the industry-wide credit and collection rulemaking, as well as the review of
19 Arrearage Management Plans. These discussions will inform the Cascade plan
20 development and avoid redundant activity. If new rules or policies are adopted,

¹⁹ *COVID-19 Response Order*, ¶¶ 18-19 (funding), ¶ 20 (long term payment arrangements).

²⁰ *Id.*, ¶ 17 (CR 101 re credit and collection), ¶ 21 (AMPs), ¶¶ 28-30 (data).

1 or if new AMPs are implemented, that could resolve some disconnection
2 reduction issues and be reflected in the Disconnection Reduction Plan. Data
3 provided pursuant to the new requirements of the Commission's COVID-19
4 Response Order will provide a key resource for the discussions. Establishment of
5 a company-specific plan requirement maintain symmetry with other IOUs and
6 will create a vehicle for addressing any WEAF or Cascade specific issues in
7 addition to those resolved in other forums.

8 **Q: Other company Disconnection Reduction Plan orders have included data**
9 **reporting requirements. Do you recommend that here?**

10 A: No. As noted, the Commission's COVID-19 Response Order adopts broad
11 reporting requirements for credit and collection information which adequately
12 address the need for data.²¹ If there is a need for additional information, Advisory
13 Group members can work with the Company to flesh out any gaps.

14 VI. OTHER ISSUES

15 **Q: Are there other issues in the General Rate Case of concern to TEP?**

16 A: Yes. The Energy Project is concerned about the general timing and impact of the
17 proposed rate increases on low-income customers in Cascade's service territory.
18 Residential customers can ill afford to provide Cascade with over \$ 6 million in
19 added annual revenue increases in the middle of a major economic crisis.
20 Cascade's decision to proceed with this rate case at this time, and its stated intent

²¹ *Id.* ¶¶ 28-30.

1 to likely continue sequential rate filings²² displays an apparent lack of concern for
2 current conditions experienced by customers in their service territory. The
3 Energy Project will review the analysis of the Company's rate request by
4 Commission Staff and other consumer representatives and may support or adopt
5 recommendations of other parties on revenue-requirement or other issues.

6 Consistent with this concern, TEP also does not support Cascade's request
7 for a substantial increase in its shareholder return on equity from the current level
8 of 9.4 percent to 10.3 percent. In light of current economic conditions, there is
9 not sufficient justification for increasing customer rates for this purpose.

10 **Q: Does TEP support any of Cascade's recommendations?**

11 A: Yes, TEP supports the Company's decision to keep its monthly customer charge
12 at the same level, with no increase, as it agreed in the 2017 GRC Settlement.
13 The Energy Project also agrees with Cascade's decision to not seek a multi-year
14 rate plan in this docket, due to the uncertainty related to the COVID-19 pandemic.

15 VII. CONCLUSION

16 **Q: Please summarize your recommendations.**

17 A: The Energy Project recommends that the Commission:

- 18 • Establish a status report date regarding the WEAFF program for April 1, 2022.
- 19 • Direct Cascade, in conjunction with its WEAFF Advisory Group, to develop a
20 Disconnection Reduction Plan and to file the Plan with the Commission
21 within one year of the final order in this docket.

²² Kivisto, Exh. NAK-1T at 5:4

1 • Deny Cascade's request to increase its return on equity.
2 The Energy Project reserves the right to support or adopt other party
3 recommendations which will benefit low-income customers.

4 **Q: Does this conclude your testimony?**

5 A: Yes.