BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant,

v.

CASCADE NATURAL GAS CORPORATION, Respondent.

DOCKET UG-210755

TESTIMONY OF SHAWN M. COLLINS

EXHIBIT SMC-1T

DIRECTOR OF THE ENERGY PROJECT

April 25, 2022
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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?


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

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

Q: Please state your educational and professional background.

A: Prior to joining TEP, I held several positions with the Opportunity Council including Associate Director of the Home Improvement Department, Community Energy Challenge Manager, and Community Services Outreach and Development Coordinator. I am a member of the Bonneville Power Administration Low-income Energy Efficiency Workgroup Steering Committee, the Washington State Low Income Home Energy Assistance Program Advisory Committee, and the Washington State Low-income Weatherization Advisory Committee. I earned a Bachelor of Arts degree from Eastern Illinois University in 2002 with a major in English and a minor in Philosophy. I have provided testimony on behalf of TEP in numerous Commission proceedings. Recently these included the General Rate...
Q: On whose behalf are you testifying?
A: I am testifying for TEP, an intervenor in this proceeding. TEP represents low-income customers and vulnerable populations in Washington state, as well as the Community Action Partnership (CAP) agencies that provide low-income energy efficiency and bill payment assistance for customers in Cascade’s service territory. 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 Program; Opportunities Industrialization Center of WA; Opportunity Council; Community Action of Skagit County; and Snohomish County Human Services Department.

Q: Are you sponsoring any exhibits?

II. Purpose and Summary of Testimony

Q. What is the scope of your testimony?
A. My testimony addresses programs that provide assistance to low-income customers in Cascade’s service territory and the impact of Cascade and Staff’s proposed settlement on low-income customers.
Q. Could you please summarize your testimony?

A. My testimony starts with an overview of the need for low-income assistance in Cascade’s service territory. Then I propose three improvements to the Washington Energy Assistance Fund (WEAF) program: (1) increasing the income eligibility threshold, (2) establishing a dedicated low-income outreach effort using trusted messengers and community-based outreach, and (3) requiring the low-income Advisory Group to annually review funding levels. Finally, I conclude that the settlement proposed by Staff and Cascade is not in the public interest because it fails to promote equity and harms low-income customers with a large rate increase.

Q. Does TEP propose any changes to the low-income weatherization program in Cascade’s service territory?

A. No. TEP is pleased with Cascade’s recent refinements to its low-income weatherization program. Cascade, TEP, Commission Staff, Public Counsel, and other stakeholders worked together to improve the low-income weatherization program so that it delivers more impactful energy efficiency projects to a larger number of eligible low-income households throughout Cascade’s Washington service territory. These changes, implemented via modifications to Schedule 301 in Docket UG-220136, will allow the low-income weatherization program, after a two-year COVID-related lull in completed projects, to improve its trajectory and serve an increased number of households annually. TEP appreciates Cascade’s dedication to serving low-income households and their collaboration with agencies delivering low-income weatherization services. Accordingly, TEP does
not recommend any changes to Cascade’s low-income weatherization program at this time.

III. Cascade’s Washington Energy Assistance Fund

A. Low-income customers in Cascade’s service territory have a substantial unmet need for bill assistance, and the Washington Energy Assistance Fund program has available funds to help them.

Q. How would you assess the level of need for low-income energy assistance in Cascade’s service territory?

A. There continues to be a substantial need to help Cascade's low-income customers meet their energy needs. While more current and accurate data is needed, estimates from a 2017 Eastern Washington University analysis of Cascade’s Low-Income Heating Assistance Programs suggest that approximately 24 percent of the households served by Cascade live in poverty, defined as at or below 150 percent of the Federal Poverty Level (FPL).\(^1\) Of these households, only 8.4 percent received support from the Company’s assistance programs.\(^2\) This means that 91.6 percent of eligible households at or below 150 percent of FPL need but do not receive energy assistance.\(^3\) Other Washington investor-owned utilities

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\(^2\) The report calculated the penetration ratio across Cascade’s service area, or the ratio of the number of households receiving heating assistance compared to the total eligible households (for households using methane gas as a primary heating source). Eastern Washington University Needs Assessment at 1.

\(^3\) Eastern Washington University Needs Assessment at 1.

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meet a greater share of their low-income customers’ need. For example, Avista estimates that its low-income assistance programs serve 21 percent of eligible customers, more than double Cascade’s 8.4 percent.4

The Eastern Washington University analysis likely underestimates the penetration rate for two reasons. First, the analysis, due to limited available data, assumes that low-income households use methane gas as a heat source in the same proportion as the overall population.5 According to the report, “this is not likely the case, as lower income neighborhoods do not enjoy equal access to this heating source as average or higher income ones do.”6 Second, the scope of the analysis was limited to customers with household incomes at or below 150 percent FPL.7 While this was the WEAF eligibility threshold in 2017 when the report was released, in 2019 the Commission raised the threshold to 200 percent of FPL.8

Q. Turning to the bill assistance program, how was the WEAF budget cap set?
A. The Commission set a WEAF budget cap in Cascade’s 2015 General Rate Case

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5 Eastern Washington University Needs Assessment at 2.


7 Eastern Washington University Needs Assessment at 1.


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(GRC).\(^9\) On June 28, 2017, the Commission increased the WEAF spending cap by 15 percent, and authorized an additional five percent soft cap.\(^{10}\) While the initial five-year period has passed, the WEAF budget remains unchanged.\(^{11}\)

**Q. Please describe the recent status of WEAF program expenses.**

**A.** Table No. 1 below depicts the last six complete program years of WEAF program expenses, as provided in Cascade’s annual reports. The table shows total WEAF expenses and the total available budget for each program year.

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\(^9\) Dkt. UG-152286, Cascade General Rate Case, Order 04, Final Order Approving Settlement Agreement, Exhibit A, Joint Settlement Agreement, ¶ 42 (July 7, 2016).

\(^{10}\) Dkt. UG-152286, Cascade General Rate Case, Order 05, Order Amending Order 04, ¶ 11 (June 28, 2017).

\(^{11}\) Dkt. UG-200568, Cascade Natural Gas Co. Washington Energy Assistance Fund (WEAF) 2021-2022 Year to Date Program Year Results at 1 (Mar. 25, 2022).
Q. How much of the available budget has the WEAF program used in the past three years?

A. The WEAF program has left a remaining unspent balance of approximately 25-40 percent of available funds for the last three program years. In its WEAF Program Year 2020-2021 Annual Report, Cascade observed that the WEAF program’s structure over the past five years did not produce increases in the number of households served or grants issued year over year as desired. TEP agrees that this data clearly shows a need for improvements to the WEAF

<table>
<thead>
<tr>
<th>Program Year</th>
<th>Total Expenses</th>
<th>Total Available Budget</th>
<th>Percent of Budget Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-2016</td>
<td>$873,268</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2016-2017</td>
<td>$1,011,827</td>
<td>$1,204,050</td>
<td>84%</td>
</tr>
<tr>
<td>2017-2018</td>
<td>$926,350</td>
<td>$1,265,000</td>
<td>73%</td>
</tr>
<tr>
<td>2018-2019</td>
<td>$815,912</td>
<td>$1,329,400</td>
<td>61%</td>
</tr>
<tr>
<td>2019-2020</td>
<td>$1,059,028</td>
<td>$1,397,250</td>
<td>76%</td>
</tr>
<tr>
<td>2020-2021</td>
<td>$1,084,253</td>
<td>$1,467,400</td>
<td>74%</td>
</tr>
</tbody>
</table>

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14 WEAF Program Year 2020-2021 Annual Report, at 5.

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While this trend predates the COVID-19 pandemic, it is important to acknowledge that over the past two years, Cascade addressed the burdens caused by COVID-19 by implementing other programs to provide bill assistance. For example, Cascade provided grants up to $2,500 to customers who lost income due to the pandemic via the Hardship Economic Assistance Receivable Temporary (Big HEART) program.\(^{15}\)

**Q.** Does TEP propose increasing the WEAF budget cap in this case?

**A.** No. Because WEAF program expenditures were well below the budget cap in recent years, TEP does not propose to increase the budget in this case.

**Q.** How can the WEAF program reach more customers?

**A.** TEP proposes three changes to increase the likelihood that the WEAF program will reach more customers: 1) raise the income eligibility threshold, 2) establish a trusted messenger outreach program, and 3) direct the low-income Advisory Group to perform an annual review of funding levels.

**B.** Customers with incomes up to 80 percent of area median household income (AMI) or 200 percent of the FPL, whichever is higher, should be eligible for the WEAF program.

**Q.** Please describe WEAF’s current household income eligibility threshold.

**A.** The current income eligibility threshold is less than or equal to 200 percent of FPL, adjusted for household size.\(^{16}\)

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\(^{15}\) Direct Testimony of Nicole Kivisto, Exh. NAK-1T, at 12:12-20.


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Q. **Does TEP propose to change WEAF’s household income eligibility threshold?**

A. Yes. Customers with incomes up to 80 percent of area median household income (AMI) or 200 percent of the FPL (the current threshold), whichever is higher, should be eligible for the WEAF program.

Q. **Why should the Commission adopt this proposal?**

A. Using both 200 percent FPL and 80 percent AMI will increase the number of customers eligible for assistance, expanding the program’s opportunity to help more customers experiencing financial hardship. As Cascade has previously noted, helping more customers aligns with the WEAF’s goal of “provid[ing] service to more customers than are currently served.”

Prior changes to the WEAF income eligibility threshold increased the distribution of funds to customers in need. For example, in response to the COVID-19 pandemic the Commission authorized the calculation of customer income using the most recent 30 days in addition to the previous method, a three-month average. Cascade indicates that this change provided assistance to applicants who would otherwise have been ineligible for WEAF and resulted in

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17 Dkt. UG-152286, Cascade General Rate Case, Petition for Approval (i) to Exceed its Washington Energy Assistance Fund Program Annual Budgets as established in Order No. 04 of UG152286 and (ii) to Defer Program Costs as Necessary, ¶ 4 (June 13, 2017).


19 Dkt. UG-200769, Cascade Advice No. W20-08-01, Cover Letter, at 2.

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Q. What is the household income eligibility threshold currently used by Avista Corporation and Puget Sound Energy?

A. Avista and PSE’s low-income assistance programs for electricity and methane gas customers serve customers with incomes up to 200 percent FPL or 80 percent AMI, whichever is higher. TEP proposes that all investor-owned utility low-income programs use this income eligibility threshold.

Consistency in income eligibility thresholds for low-income programs among methane gas utilities, and between methane gas utilities and electric utilities, is a reasonable goal. If a customer in a certain area and with a certain income is eligible for bill assistance for one type of energy, that customer should also have access to bill assistance for other types of energy. For electric utilities, the Clean Energy Transformation Act defines low-income customers using this eligibility threshold. Such consistency is more equitable for low-income customers who otherwise may have varying access to bill assistance depending on their location and utility. Finally, consistency simplifies agency messaging, streamlines outreach efforts, and reduces confusion, all of which will facilitate increased program participation.

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21 Avista Schedule 92; Avista Schedule 192; Puget Sound Energy Gas Tariff Schedule 129; Puget Sound Energy Electric Tariff G Schedule 129.

22 See RCW 19.405.020(25).
Q. How will the proposal be implemented?

A. Cascade and the low-income Advisory Group should work together to establish a detailed plan to implement this change. The Commission should require Cascade to revise its tariff to reflect this change within six months of its final order in this proceeding.

C. **WEAF program outreach should include community-based organizations.**

Q. What is the community-based outreach program proposed by TEP?

A. A community-based outreach program would connect low-income customers to WEAF and weatherization programs via trusted messengers and community-based organizations (CBOs). These CBOs could include entities that serve marginalized communities, including but not limited to rural, immigrant, tribal, or people of color, and are often recognized as trusted sources for information and support among their communities. Such organizations are typically established members of the communities they serve. The community-based outreach program would complement existing outreach programs, such as digital advertising, radio advertising, and bill inserts.

Q. What is community-based social marketing?

A. Community-based social marketing is based on the concept that behavior change is most effective when it involves direct contact with people and is carried out at

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the community level.\textsuperscript{26} In this “by the community, for the community” model, trusted messengers speak to their respective communities about opportunities to help community members meet their needs. Community-based social marketing has been proven to be effective at fostering sustainable behavior change.\textsuperscript{27} Community-based social marketing can be targeted to bring information about bill assistance and low-income conservation programs to the hardest-to-reach customers, including those with disabilities, language barriers, and limited access to telecommunications.

Q. Is community-based outreach used to promote low-income assistance programs in Washington State?

A. Yes, Avista and Washington State University have similar programs. The Commission authorized Avista’s Community Partner Network (CPN) to increase customer engagement in hard-to-reach and underserved areas by enlisting the help of organizations with established representatives in those communities.\textsuperscript{28} The focus of the outreach was to help customers pay off past due balances during COVID-19.\textsuperscript{29} As a result, the low-income assistance programs expanded their


\textsuperscript{27} Id.

\textsuperscript{28} See Dkt. UE-210115, Avista Tariff WN U-29, Schedule 173, Cover Letter, Residential Debt Relief Program, at 6-7 (Feb. 19, 2021).

\textsuperscript{29} Avista Low-Income Rate Assistance Program Annual Summary Report for Oct. 2020-Sept. 2021, at 25.

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reach through nontraditional organizations that represent and support vulnerable populations.  

This established program has proven to be effective. And as a result of its success, the Commission authorized Avista to make permanent and expand the program. Commission Staff supported this proposal:

Lastly, Staff supports the Company’s proposal to incorporate the CPN as an administration source for the [low-income assistance program] grant. The CPN has demonstrated its efficacy in the rollout of the temporary COVID-19 Debt Relief Program. With this proposal, the CPN entities can continue their work of supporting low-income program outreach and administration by engaging hard-to-reach and underserved customers.  

It is important to note that the CPN was deployed with urgency during the beginning of the COVID-19 pandemic at a smaller scale, focusing on addressing immediate financial crises. TEP proposes a similar model to expand access to WEAF and low-income conservation, permanent programs. Accordingly, the WEAF trusted messenger program may need more time to mature.

In addition, since 2009, the Washington State University’s Energy Program has run a Community Energy Efficiency Program that is based on community-based outreach. The program targets outreach for weatherization and energy efficiency upgrades to hard-to-serve customers, including low- to moderate-income households, as well as customers in rental units, manufactured

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housing, and homes heated with oil, propane, or wood. The Community Energy Efficiency Program is funded by the Legislature and currently partners with Avista, PSE, Clark Public Utilities, the Opportunity Council, and Sustainable Living Center.

Q. Why should WEAF include community-based outreach?

A. Community-based outreach is an effective way to raise awareness of WEAF and low-income conservation programs because CBOs are experienced in cultivating relationships and communicating with vulnerable communities that likely have more energy assistance need. CBOs are well-positioned to inform and assist customers in need because their staff are personally familiar with the communities where there is need. They can meet customers where the customers are, instead of having customers come to them. These trusted messengers may also be non-traditional entities that offer new opportunities to engage with customers.

Q. What is the role of Community Action Partnership agencies in this process?

A. CAP agencies would identify the qualified CBOs in each community and closely coordinate with them to implement the program. Selected CBOs would rely on CAP agencies to provide detailed, technical, and/or programmatic information and training.

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Q. How long will it take to establish and ramp up this program?

A. The program will likely need at least three years to mature. It will take time for Cascade and CAP agencies to establish the program, CAP agencies to identify and train CBOs, and then for outreach activities to occur. In addition, TEP does not expect every CAP agency to use the program in its early stages. However, some funding should be made available now so that CAP agencies can begin identifying and connecting with CBOs.

Q. What annual budget will this program need?

A. The available budget for the community-based outreach program should include at least five percent of the annual WEAF program budget and be made available for at least three years. Based on the 2020-2021 WEAF program budget, this amounts to at least $73,000 (five percent of $1,467,400) for the 2022-2023 program year. This is comparable to Avista’s annual budget of $65,000 for a similar program.  

Q. How should the community-based outreach program be implemented?

A. Cascade and the low-income Advisory Group would work together to determine the details of implementing this program.

D. The low-income Advisory Group should annually review funding levels.

Q. Should the WEAF budget remain at the same level for the foreseeable future?

A. No. Ideally, with the improvements recommended in my testimony, WEAF will


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provide assistance to more customers and approach or exceed its current budget

cap in the future. As I mentioned earlier, however, WEAF program expenses are
currently below the budget cap, so TEP does not propose increasing the budget at
this time.

Q. Does Cascade propose a bill discount program in this case?

A. No, however pursuant to RCW 80.28.425(2), Cascade may propose a bill discount

program as a part of its next general rate case.

Q. How can the Commission and stakeholders prepare for more successful bill

assistance programs in the future?

A. The low-income Advisory Group can annually review the sufficiency of funding

levels for the WEAF program and any future bill discount program to suggest any

necessary adjustments. The goal of requiring an annual review is to establish

regular monitoring of the budget for bill assistance programs. Cascade and the

low-income Advisory Group monitored the WEAF budget for the last five years.

As part of a settlement agreement, the low-income Advisory Group was directed
to annually “recommend the program’s budget for the next year” and “decide how
to use the current WEAF balance.”36 However, the five-year WEAF funding plan
has expired; thus TEP proposes extending this existing practice. The Commission
should additionally require Cascade to bring to the Commission’s attention

proposals for budget adjustments to bill assistance programs suggested by the

low-income Advisory Group.

36 Dkt. UG-152286, Cascade General Rate Case, Order 04, Final Order Approving
Settlement Agreement, Exhibit A, Joint Settlement Agreement, ¶¶ 29, 31, 35.

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Q. Do other utilities’ low-income advisory groups undertake a similar process?
A. Yes, the proposed annual review process is consistent with activities of other low-income advisory groups in the state. For example, in Docket UG-200994, the Commission ordered that Northwest Natural’s low-income “Advisory Group will annually review the sufficiency of funding levels for the [Gas Residential Energy Assistance Tariff] Program and suggest any necessary adjustments.”

Q. Why is this proposal necessary?
A. A formalized annual review allows an assessment of the budget outside of a GRC. This will be critical in the years Cascade decides not to file a GRC and an adjustment to the budget is necessary. Similarly, if in the future, Cascade institutes a multi-year rate plan or bill discount program, this proposal will allow an annual evaluation and adjustment of bill assistance program budgets, if needed.

IV. The Energy Project Opposes the Settlement
Q. Does The Energy Project have any concerns about the settlement between Staff and the Company?
A. Yes. The settlement increases company revenue by approximately $10.7 million. Residential customers will see a margin increase of 10.3 percent, a $2.25 monthly increase in their average bill. An increase of this magnitude will result in rate shock, especially for low-income customers. TEP is concerned that

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38 Exh. JT-2 (this exhibit does not use coherent page numbering, so TEP is unable to provide a pinpoint citation).
39 Exh. JT-2.

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the Settling Parties did not adequately consider the impact of such an increase on low-income customers. For example, the settlement, as well as the Settling Parties’ testimony in support of the settlement, do not mention the rate or bill impact on customers. This is a conspicuous omission.

Second, the settlement and Setting Parties’ supporting testimony do not acknowledge or take any steps to address the disparate impacts of the rate increase on low-income customers, highly impacted communities, and vulnerable populations. Over the past several years, TEP has consistently highlighted these disparate impacts. For example, when analyzing Cascade’s arrearage reporting, TEP identified that the five zip codes in Cascade’s service territory with the highest residential arrearages also contain areas designated as highly impacted communities (HIC) by the Washington Department of Health. This analysis, previously filed in Docket U-200281, is also provided as Exhibit SMC-2. In addition, TEP’s analysis shows that residential arrearages are predominantly clustered in certain zip codes. Specifically, 45 percent of total residential arrearages and 56 percent of known low-income residential arrearages are from ten of Cascade’s 76 zip codes. And, as described earlier, these zip codes contain HIC and vulnerable populations. The rate increase would represent substantial additional harm to these communities.

Q. Is the settlement in the public interest?

A. No. The settlement proposed by Cascade and Staff is not in the public interest

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40 Exh. SMC-2 at 13.
41 Exh. SMC-2 at 13. These figures are based on December 2021 data.
because it neither acknowledges the needs of low-income customers as a vulnerable population nor takes any steps to promote equity. The Legislature recently clarified that the Commission, when determining the public interest, may consider “equity, to the extent such factors affect the rates, services, and practices of a gas or electrical company regulated by the commission.”42 The Commission should reject the settlement because it fails to take any step to promote equity and its rate increase will harm vulnerable customers.

V. Conclusion

Q. Please summarize your recommendations.

A. There is substantial unmet need for low-income assistance in Cascade’s service territory. To meet this need, TEP proposes three improvements to the WEAF program: 1) increasing the income eligibility threshold, 2) establishing a community-based outreach program, and 3) requiring the low-income Advisory Group to annually review funding levels. The settlement proposed by Staff and Cascade is not in the public interest because it fails to promote equity and harms low-income customers with a large rate increase. The Commission should reject the settlement.

Q. Does this conclude your testimony?

A. Yes.

42 RCW 80.28.425(1).

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