

CASCADE NATURAL GAS CORPORATION

Washington Energy Assistance Fund (WEAF)

Program Year 2016-2017 Annual Report

Overview

In accordance with the terms established in Schedule 303, Washington Energy Assistance Fund (WEAF) Program, Cascade Natural Gas Corporation (Cascade or the Company) provides the following annual report for its 2016-2017 program year beginning October 1, 2016, and ending September 30, 2017.

Washington Energy Assistance Fund (WEAF) Program

The Washington Energy Assistance Fund (WEAF) program provides bill pay assistance to qualifying low income residential customers of Cascade Natural Gas Corporation (Cascade or the Company). The program is administered and delivered through the Community Action Agencies (Agencies) located throughout the Company’s service territory in Washington. Customers are qualified for WEAF assistance if their combined household income is less than or equal to 150% of the Federal Poverty Level. A qualified customer is awarded a grant of up to \$500 per household per program year. The WEAF grant is applied directly to that customer’s natural gas bill. The program helps customers stay connected by reducing arrearages and seeks to reduce the overall cost of bad debt by preventing the accrual of large unpaid balances for all customers.

Program Budget Cap

The settlement concluding the Company’s 2015 rate case established “not to exceed” spending caps for the five program years starting in 2016-2017 and ending in 2020-2021. The settlement agreement also contained a provision allowing Cascade to petition for additional funding if the spending caps proved insufficient to meet demand. On June 13, 2017, Cascade filed a petition with the Commission requesting authorization to increase the program year spending caps by 15%, allow an additional 5% soft cap buffer, and defer program costs that exceed the amounts collected in Schedule 593. The Commission approved this request. Table 1 below presents the program year budget as initially established in Commission Order No. 04 which adopted the UG-152286 settlement agreement, and the 15% increase and the additional 5% soft cap, both of which were authorized by Commission Order No. 05 issued in UG-152286.

TABLE 1			
Program Year	Initial Budget Cap	15% increase	Additional 5% soft cap
2016-2017	\$1,047,000	\$1,204,050	\$1,256,400
2017-2018	\$1,100,000	\$1,265,000	\$1,320,000
2018-2019	\$1,156,000	\$1,329,400	\$1,387,200
2019-2020	\$1,215,000	\$1,397,250	\$1,458,000
2020-2021	\$1,276,000	\$1,467,400	\$1,531,200

For the 2016-2017 program year, the budget cap was \$1,204,050. Total spending for the program year was \$1,011,826.75, which is \$192,223.25 below budget.¹

WEAF Program Funding

Program funding is collected from all customer through a charge established in Schedule 593 of the Company's Tariff. The rate is established annually to collect the program year's budget. Schedule 593 collections were \$1,222,616.36, which is \$18,566.36 more than budgeted and \$210,789.61 more than the amount spent.

Outreach

In the subject program year, Cascade used a number of marketing channels to inform of the WEAF program.

- *Bill insert.* A bill insert notifying customers of the available low income assistance programs including WEAF was issued in October and December 2017.
- *Customer Service Agents.* Customers who call Customer Service to request a payment plan are provided information about the available assistance programs as well as the contact information for the Agency in their area.
- *Cascade Website.* The Company maintains www.cngc.com which informs customers about the program and directs them to the appropriate Agency administering the program.²
- *Agency Handouts.* The Company also provided Agencies with program brochures and other Cascade logoed handouts to help inform customers about assistance programs.
- *Radio.* The Company worked with two companies, Cherry Creek Radio in the Tri-Cities and Cascade Radio Group in Mount Vernon, to place English and Spanish ads on their stations promoting the WEAF program. Cherry Creek radio ran between 20-40 English and Spanish messages on three stations per week throughout the program year. Cascade Radio Group ran 16 English ads with a Spanish tag on three stations per week for 12 weeks. Cascade also had expandable web site home page exposure on the Cascade Radio station's websites in Spanish to provide additional information.
- *Facebook.* The Company added four WEAF-themed posts to its Facebook page to explain and promote the program. The posts were Sponsored to increase reach and exposure.

2016-2017 Program Year Results

The program year results provided below are for the timeframe October 1, 2016, through September 30, 2017.

Table 2 summarizes the program dollars spent.

¹ Please note that 2016-2017 program year spending does not include amounts paid to Eastern Washington University for the Low-Income Needs Assessment Study (Study). The Study was performed and largely paid for in 2017 but was not considered a program-year expense as it was paid for using excess program funding available prior to the UG-152286 rate case. This was done in accordance with the rate case settlement agreement.

² See <https://www.cngc.com/customer-service/low-income-assistance-programs>

TABLE 2	
WEAF Transactions on Accounts (includes grants, refunds to WEAF GL acct, and accounting corrections)	\$813,911.05
Administrative Fees to Agencies	\$181,915.40
Dollars spent on Marketing By CNGC	\$16,000.30
Agencies	\$0
Total Dollars Spent	\$1,011,826.75

Table 3 shows the pledges submitted by Agency in dollars, the number of homes pledged, and the average grant in the subject program year.

TABLE 3			
Agency	Pledges Submitted	Homes Pledged	Average Pledge
Blue Mountain Action Council	\$ 77,075.00	180	\$ 428.19
Community Action Connections	\$ 49,597.00	178	\$ 278.63
Community Action Council of Lewis, Mason & Thurston Counties	\$ 10,724.00	33	\$ 324.97
Coastal Community Action Council	\$ 12,912.00	35	\$ 368.91
Chelan-Douglas Community Action Council	\$ 236.00	1	\$ 236.00
Kitsap Community Resources	\$ 69,688.00	333	\$ 209.27
Lower Columbia Community Action Program	\$ 500.00	1	\$ 500.00
Northwest Community Action Program	\$ 43,232.00	171	\$ 252.82
Opportunities Industrialization Center of WA	\$211,843.87	487	\$ 435.00
Opportunity Council	\$258,181.02	650	\$ 397.20
Community Action of Skagit County	\$ 93,351.00	276	\$ 338.23
Snohomish County Human Services Department	\$ 16,096.00	42	\$ 383.24
Total	\$843,435.89	2387	\$353.35

Table 4 provides the average pledge amount submitted by the agencies in the subject program year.

TABLE 4	
Average Pledge per Household	\$353.35

Table 5 provides the average annual natural gas bill for WEAf recipients in the subject program year.

TABLE 5	
Average Annual Natural Gas Bill	\$509.26

Table 6 compares 2016-2017 program year with prior program years.

TABLE 6			
Program Year	Homes Served	Average Grant	Total Grants
2012-2013	2341	\$298	\$698,935.57
2013-2014	2430	\$313	\$760,759.24
2014-2015	3207	\$254	\$813,338.35
2015-2016	2297	\$318	\$731,058.97
2016-2017	2387	\$341	\$813,911.05

Low Income Home Energy Assistance (LIHEAP)

The WEAf program supplements the Federal government’s Low Income Home Energy Assistance (LIHEAP) program that is also administered by the Agencies. Table 7 provides the number of LIHEAP pledges and the LIHEAP amount pledged to natural gas customers’ bills.

TABLE 7	
Number of LIHEAP Pledges	2353
LIHEAP Pledge Amount	\$513,054

Next Program Year

The WEAf program budget is \$1,265,000 for the 2017-2018 program year. The activities described in the Outreach section of this report will continue and WEAf logoed giveaway items for distribution by Agencies will be added. The Company will meet with its WEAf advisory group no less than two times to discuss program progress. A bill insert dedicated to WEAf program information only will be developed.

Conclusion

The 2016-2017 program year is the first full year after the implementation of the changes adopted in the settlement agreement to UG-152286. During this program year, more customers were served and the average grant amount has increased. Cascade anticipates continued improvement in 2017-2018 as the Company works with its advisory group and focuses on the following four program goals adopted as part of the settlement agreement:

1. Keep customers connected to energy service;
2. Provide assistance to more customers than are currently served;
3. Lower the energy burden of program participants; and
4. Collect data necessary to assess program effectiveness and inform ongoing policy discussions.