

# CASCADE NATURAL GAS CORPORATION

## Washington Energy Assistance Fund (WEAF)

### Program Year 2018-2019 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 2018-2019 program year beginning October 1, 2018 and ending September 30, 2019.

#### 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 qualified for WEAF assistance if their combined household income is less than or equal to 150% of the Federal Poverty Guidelines (FPL). The qualifying percentage has been increased to 200% FPL for the 2019-2020 program year. A qualified customer is awarded a WEAF grant of up to \$500 per household per program year and the grant is applied directly to that customer’s natural gas bill. The program helps customers stay connected to energy service 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%, allowing an additional 5% soft cap buffer, and deferring 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:

<b>TABLE 1</b>			
<b>Program Year</b>	<b>Initial Budget Cap</b>	<b>15% Increase</b>	<b>Additional 5% Soft Cap</b>
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 2018-2019 program year, the initial budget cap was \$1,156,000. Total spending for the program year was \$815,912.35, which is \$340,087.65 below budget.

## **WEAF Program Funding**

Program funding is collected from all customers, except those on special contracts, 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 \$836,298, which is \$319,702 less than budgeted and \$20,385 more than the total amount spent. The WEAF fund began the program year on October 1, 2018 with a balance of \$520,349.

## **Outreach**

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

- *Bill insert:* Bill inserts notifying customers of the available low-income assistance programs were issued. An insert called Programs to Help Keep Your Heating Bills Under Control providing an overview of WEAF and other assistance programs was issued in October 2018. A bill insert specifically for WEAF was issued in February 2019.
- *Customer Service Agents:* Customers who call Customer Service to request a payment plan or indicate they are having difficulty paying their bill 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](http://www.cngc.com) which informs customers about the program and directs them to the appropriate Agency administering the program.<sup>1</sup>
- *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 one English ad with a Spanish tag on five stations for four months, and this ad aired a total of 830 times. Cascade also had expandable website 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. See Appendix I titled *2019 WEAF Facebook and Google Ads Campaigns*.
- *Every Door Direct Mail:* A postal route for service addresses in Pasco, Washington was used as a test for this new outreach method. Flyers with WEAF program information and Community Action locations in English and Spanish were delivered to over 600 residential service addresses.

## **2018-2019 Program Year Results**

The program year results provided on the next page are for the timeframe October 1, 2018, through September 30, 2019.

<sup>1</sup> See <https://www.cngc.com/customer-service/low-income-assistance-programs>

Table 2 summarizes the program dollars spent:

<b>TABLE 2</b>	
WEAF Transactions on Accounts (includes grants, refunds to WEAF GL acct, and accounting corrections)	\$ 643,570.62
Administrative Fees paid to Agencies	\$ 153,225.00
Total Dollars Spent on Marketing	\$ 19,116.73
By CNGC	
Facebook	\$ 741.28
Google Adwords	\$ 307.92
Radio	\$ 17,906.59
Every Door Direct Mail	\$ 160.94
By Agencies	\$ -
Total Dollars Spent	\$ 815,912.35

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

<b>TABLE 3</b>			
<b>Agency</b>	<b>Pledges Submitted</b>	<b>Homes Pledged</b>	<b>Average Pledge</b>
Blue Mountain Action Council	\$ 61,484.00	159	\$ 386.69
Community Action Connections	\$ 54,141.00	170	\$ 318.48
Community Action Council of Lewis, Mason, & Thurston Counties	\$ 8,419.00	26	\$ 323.81
Costal Community Action Council	\$ 8,140.00	27	\$ 301.48
Chelan-Douglas Community Action Council	\$ -	0	\$ -
Kitsap Community Resources	\$ 53,870.50	235	\$ 229.24
Lower Columbia Community Action Program	\$ -	0	\$ -
Northwest Community Action Program	\$ 19,270.71	76	\$ 253.56
Opportunities Industrialization Center of WA	\$ 175,782.00	441	\$ 398.60
Opportunity Council	\$ 199,398.00	589	\$ 338.54
Community Action of Skagit County	\$ 76,294.00	265	\$ 287.90
Snohomish County Human Services	\$ 11,561.00	61	\$ 189.52
<b>Total</b>	<b>\$ 668,360.21</b>	<b>2049</b>	<b>\$ 326.19</b>

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

<b>TABLE 4</b>	
Average Pledge per Household	\$ 326.19

Table 5 provides the average annual natural gas bill for WEAF recipients in the subject program year:

<b>TABLE 5</b>	
Average Annual Natural Gas Bill	\$ 219.55

Table 6 compares 2018-2019 program year with prior program years:

<b>TABLE 6</b>			
<b>Program Year</b>	<b>Homes Served</b>	<b>Average Grant</b>	<b>Total Grants</b>
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
2017-2018	2153	\$357	\$768,771.69
2018-2019	2049	\$326	\$668,360.21

### **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:

<b>TABLE 7</b>	
Number of WA LIHEAP Pledges	1407
LIHEAP Pledge Amount	\$ 322,228.98

### **Next Program Year**

The WEAf program’s initial budget is \$1,215,000 for the 2019-2020 program year. The activities described in the Outreach section of this report will continue along with WEAf logoed giveaway items and flyers for distribution by Agencies which will be added. The Company will meet with its WEAf advisory group no less than two times to discuss program progress. Based on discussions with the Advisory Group the Company revised the WEAf income eligibility threshold from 150% to 200% of the Federal Poverty Level during its annual WEAf true-up process. It is hoped that this change will increase the number of Cascade customers eligible for the WEAf program. Additionally, Cascade has contracted with the firm Forefront Economics to analyze WEAf customer data and Yakima county assessor data to look for trends that will assist future WEAf outreach efforts and inform future policy discussions.

### **Conclusion**

The 2018-2019 program year saw a reduction in the number of homes served by the WEAf program while the average grant decreased slightly as compared to the last two program years. The Company has responded proactively, in consultation with the WEAf Advisory Group and its partner agencies, to increase the number of customers served through expanded outreach and adjusting eligibility thresholds. The company remains committed to achieving the stated goals of the program:

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.

## **APPENDIX I**

### **2019 WEAFF Facebook and Google Ads Campaigns**

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## Abstract

For the 2019 WEAFF program year, Facebook and Google Ads campaigns combined to achieve 84,237 impressions with 4,549 of those leading to a user clicking the ad for more information on how to apply to WEAFF. The campaigns ran in four months – November, December, February, and March, with a combined spend of \$1,055.49 and targeted residents within the CNGC Washington service territory. The average cost per click breaks down to \$0.41.

When comparing Facebook ads to Google Ads, Facebook has the advantage when it comes to reaching those interested in energy assistance. The WEAFF ads that were run on Facebook had a 21% conversion rate compared to Google Ads 7%. Conversions are measured by those who clicked on the ad to get more information. Another advantage of Facebook is the ability to include Instagram in the campaign. Instagram is a faster growing platform compared to Facebook.

It's important to note, the campaigns were setup a bit different from month-to-month. This was due to the newness of running WEAFF promotions on these platforms and experimenting to find the best combination of copy, creative, targeting, and budget. Both Facebook and Google Ads offer their own nuances when it comes to how campaigns can be run, and this requires a bit of experimenting to get right. For Google, it's mainly creating the best keyword list, and for Facebook it's assigning the right campaign goal – impressions, video views, conversions, etc. Overall, there are few platforms that offer the reach and audience of Facebook and Google for the price. As we move to 2020 and expand our platform advertising, it will be interesting to see how Facebook and Google perform against newer and faster growing platforms like Twitter.

## Facebook Campaigns

### November 2018 Facebook Ad:



The November WEAFF ad for Facebook was a video ad. Video ads can drive engagement and 8,694 unique people viewed the ad while 326 people clicked on the link to receive more information about WEAFF. The budget was \$250.00. (See table 1)

### December 2018 Facebook Ad:



The December WEAFF ad for Facebook was a still graphic. The number of unique views reached 13,032 with 260 people clicking on the link to receive more information about WEAFF. The budget was \$200.00. (See table 2)

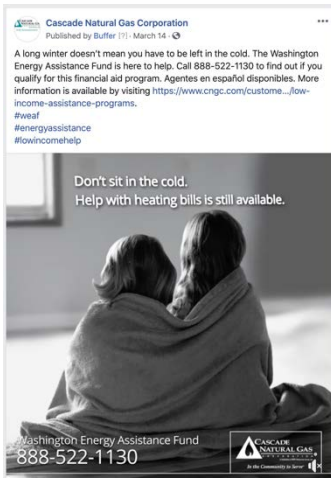


## February 2019 Facebook Ad:



The February WEAFF ad for Facebook was a video ad. For this ad, I changed the goal of the ad from maximum number of clicks to maximum number of people who watched the video. The change was meant to drive phone engagement. Although there is currently no way to measure this metric, I feel it is a good way to expose the program to the most people. The ad was shown to 8,491 unique people with 2,029 watching at least 10 seconds of the video. The budget was \$200.00. (See table 3)

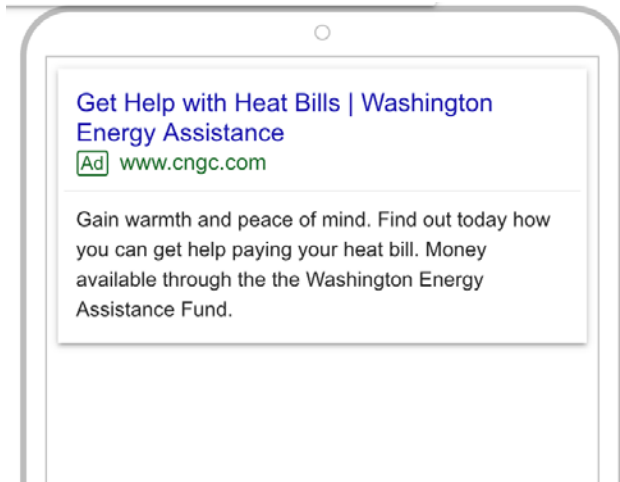
## March 2019 Facebook Ad:



The March WEAFF ad for Facebook was a video ad. The ad ran for 16 days with a \$100 budget, and the goal was maximum video views. The ad was shown to 4,921 unique people with 1,103 watching at least 10 seconds of the video. (See table 4)

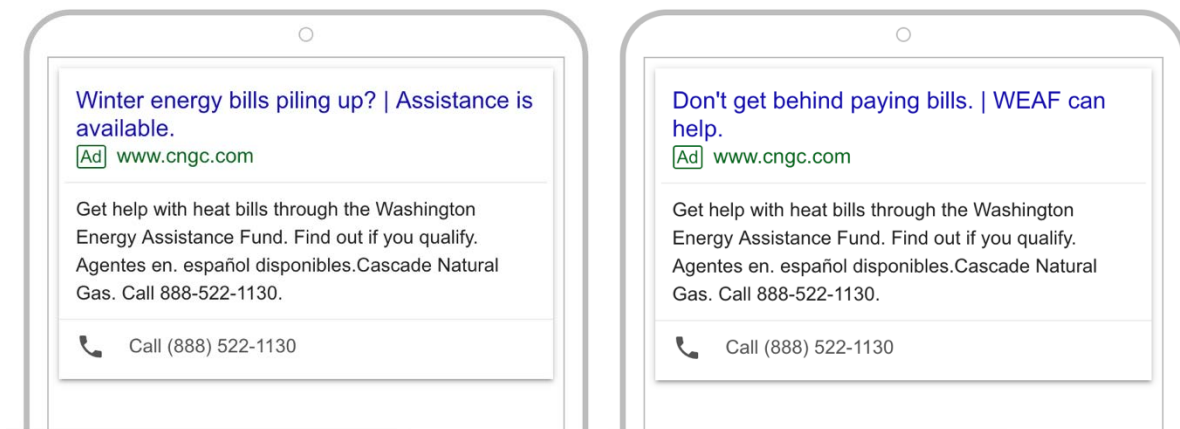
## Google Ads Campaigns

### December 2018 Google Ad:



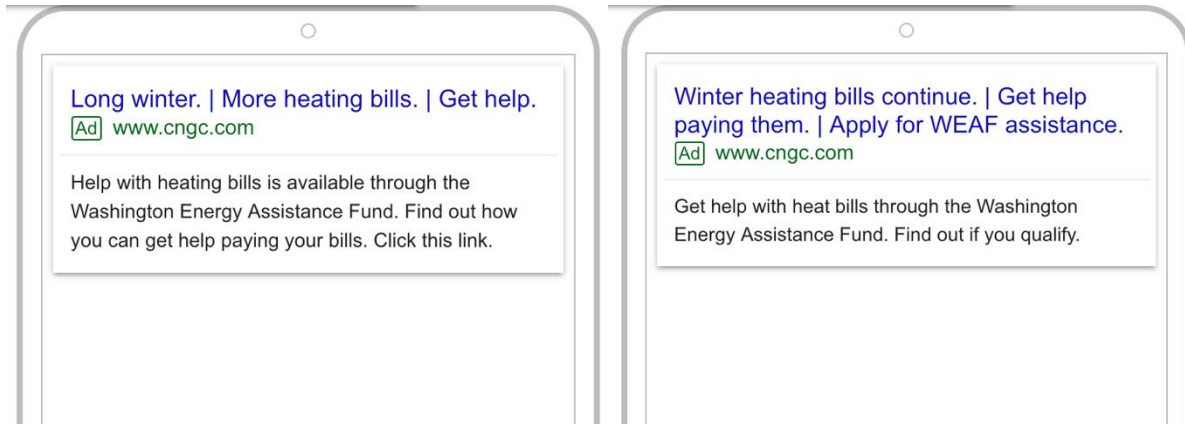
December 2018 was the first month we used Google Ads. With Google Ads, developing the right keyword list is key to the success of the campaign. At a cost of \$97.10 we were able to reach 2,160 people who specifically searched for words/terms in our keyword list – of which, 178 clicked to receive WEAFF information.

### February 2019 Google Ad:



In February 2019, the keyword list was adjusted to add more words and terms, and I created two ads with slightly different phrasing. Google Ads allows multiple ads to be created for the same campaign. As the campaign progresses, Google Ads will automatically shift more impressions to the ad with the best response. In this case the ad on the left, above, outperformed the ad on the right by 275 clicks to 33. The campaign proved to be fruitful with less impressions than December (1,770), but more click-throughs (308) at a cost of \$109.00.

## March 2019 Google Ad:



Campaign effectiveness continued to trend upward in March of 2019. Again, two ads were used, but this time the ads were a little more competitive with each other. The ad on the left, above, outperformed the ad on the right 256 clicks to 89 clicks. Impressions for the combined ads was at 1,890 with a cost of \$99.87.

Tables

Table 1

Ad Set Name	Ad Set Delivery	Bid Type	Ad Set Budget	Ad Set Budget Type	Results	Result Indicator	Reach	Impressions	Cost per Results	Amount Spent (USD)	Ends	Starts
ONGC_WFAE_May2018	completed	ABSOLUTE_OCPM	0	250 Lifetime	0	320 actions:link_click 320 actions:link_click		8694	27588	0.766871	250	2018-11-01
								8694	22588	0.766871	250	2018-11-30

Table 2

Ad Set Name	Ad Set Delivery	Bid Type	Ad Set Budget	Ad Set Budget Type	Results	Result Indicator	Reach	Impressions	Cost per Results	Amount Spent (USD)	Ends	Starts
ONGC_WFAE_Dec2018	completed	ABSOLUTE_OCPM	0	200 Lifetime	0	260 actions:link_click 260 actions:link_click		13032	24547	0.769231	200	2018-12-01
								13032	24547	0.769231	200	2018-12-31

Table 3

Ad Set Name	Ad Set Delivery	Bid Type	Ad Set Budget	Ad Set Budget Type	Results	Result Indicator	Reach	Impressions	Cost per Results	Amount Spent (USD)	Ends	Starts
ONGC_WFAE_Dec2018	completed	ABSOLUTE_OCPM	0	200 Lifetime	0	260 actions:link_click 260 actions:link_click		13032	24547	0.769231	200	2018-12-01
								13032	24547	0.769231	200	2018-12-31

Table 4

Ad Set Name	Ad Set Delivery	Bid Type	Ad Set Budget	Ad Set Budget Type	Results	Result Indicator	Reach	Impressions	Cost per Results	Amount Spent (USD)	Ends	Starts
Post - A long winter doesn't (completed)	completed	ABSOLUTE_OCPM	0	100 Lifetime	0	1103 video_10_sec:watched_action 1103 video_10_sec:watched_action		4921	7409	0.090662	100	2019-03-31
								4921	7409	0.090662	100	2019-03-31