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June 30, 2023

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

Re: NEW, CNGC Advice No. W23-06-02, Cascade Arrearage Relief Energy Savings (CARES) Program

Dear Amanda Maxwell,

In compliance with RCW 80.28.068, Cascade Natural Gas Corporation (Cascade or Company) hereby submits the following tariff sheets stated to become effective August 1, 2023.

Thirty-Ninth Revision of Sheet No. 2
Twenty-Sixth Revision of Sheet No. 2-A
Original Sheet No. 20
Original Sheet No. 20-A
Original Sheet No. 20-B
Original Sheet No. 20-C
Original Sheet No. 20-D

Original Sheet No. 302
Sixth Revision of Sheet 303
Seventh Revision of Sheet 303-A
Third Revision of Sheet 303-B
Original Sheet No. 592

Cascade's filing introduces Rule 20, Cascade Arrearage Relief Energy Savings (CARES) Program, which establishes the qualifying parameters for Cascade's low-income energy burden bill discount and arrearage relief program. The filing also introduces Schedule 302, Cascade Arrearage Relief Energy Savings (CARES) Discount Rates, which establishes the income percentage tiers and their associated discount levels for energy burden and arrearage relief within the CARES program. Next, the filing introduces Schedule 592, Cascade Arrearage Relief Energy Savings (CARES) Cost Recovery, the program funding recovery mechanism. Lastly, the filing revises Cascade's Schedule 303, Washington Energy Assistance Fund (WEAF) Program, to clarify that the current low-income program will not be offered after September 30, 2023.

Pursuant to paragraph 75 of Order No. 09 issued in UG-210755, Cascade has collaborated with its WEAF Advisory Group (Advisory Group) to revamp the distribution of assistance to eligible low-income customers. The Advisory Group includes Public Counsel, Commission Staff, the Energy Project, NW Energy Coalition, Cascade, and representatives from each of Cascade's Community Action Agencies.

Since October 19, 2022, Cascade has been conducting weekly meetings with its Advisory Group to establish the new program parameters for assisting low-income customers. In accordance with paragraph 78 of Order 09 in UG-210755, Cascade has filed with the Commission all meeting materials, including agendas, handouts, and transcripts, ensuring transparency and adherence to the decision-making process. The Advisory Group has reviewed this filing and, in general, agrees with its contents with the provision that the program's effectiveness will be reviewed before the start of the 2024-2025 program year.

Building upon the goals previously established for Cascade's energy assistance program design, the Advisory Group agreed to the following goals for the new program: reduce customers' energy burden, keep customers connected to energy service, provide energy assistance to more customers than are currently served, collect data necessary to assess program effectiveness and inform ongoing policy discussions, and maximize the use of funding for energy assistance from government sources, e.g., LIHEAP.¹

The CARES Program, as established in Rule 20 and Schedule 302, aims to provide qualifying low-income customers with an energy discount on their monthly gas bill for a 24-month term, plus arrearage relief, if needed. The program features five tiers of discounts with each tier offering a different discount rate based on the customer's cumulative household income and number of residents in their household. The tiers are designed to reduce the customer's gas energy burden to three percent (3%) and three and a half percent (3.5%) of their total income, aligning with the targeted 6% total gas and electric burden established by Clean Energy Transformation Act and codified in RCW 19.405.120.

Collaboration with the Advisory Group, consisting of representatives from various investor-owned utilities' advisory groups in Washington, has facilitated the alignment of Cascade's program with similar discount programs that will be offered by other utilities within overlapping service territories. This alignment in messaging about tiers and discounts will reduce the potential for customer confusion.

Complementing the energy burden discount program is the arrearage relief component. Qualifying customers who participate in the energy burden discount program with past-due balances will be offered a generous upfront grant applied directly to their arrearage. This grant of up to \$1,000.00, available once every two years, is immediate and irrevocable, allowing customers to alleviate their arrearage without a gradual credit-earning process typically associated with arrearage management programs. Customers in lower income brackets may receive up to 100% arrearage relief, while those with higher income may be placed on a time payment arrangement of up to 24 months for the remaining balance.

Cascade is asking for the tariff sheets to become effective August 1, 2023. However, the program will not be available until October 1, 2023, to allow timely implementation of the program for billing system changes, marketing materials, and other program design matters to be in place to allow for a trouble-free launch.

¹ Cascade Natural Gas 2015 General Rate Case, Dkt. UG-152286, Order 04, Exhibit A: Joint Settlement Agreement, ¶ 27 (July 7, 2016).

Removing Barriers to Enrollment

In response to Senate Bill 5295's requirement for enhanced low-income programs as codified in RCW 80.28.068, Cascade and its Advisory Group have taken measures to remove barriers to enrollment. Provisions include allowing customers to declare their income and household size for program qualification and acceptance of enrollment in state or federal low-income assistance program to qualify or verify declared income.

Also, the Company will automatically enroll 2022-2023 program recipients of Low-Income Home Energy Assistance Program (LIHEAP), WEAF, and Winter Help into the energy discount portion of CARES. These customers will be notified of their enrollment. Placement into the program tiers will be based on the customer's federal poverty level (FPL) or county's area median income (AMI) that was provided with 2022-2023 assistance application. If no FPL or AMI information was provided, then the default program relief will be Tier 4. These customers may contact Cascade or the agencies to unenroll or update their income status to possibly increase their discount assistance. Customers who are not auto enrolled may participate in the program by contacting one of the designated agencies which will function as a gateway to multiple assistance programs, providing information and enrollment opportunities for non-utility assistance programs when appropriate.

LIHEAP grants will be applied to customers' accounts before enrollment into Cascade's program, ensuring the utilization of both state and federal assistance programs and preventing a shift of energy assistance costs from either state or federal funds to ratepayer dollars.

Another means for reducing barriers to enrollment is the engagement of Community Based Organizations (CBOs) to provide program information to communities that may traditionally be difficult to reach. In compliance with paragraph nos.75 and 76 in Commission Order No. 09 issued in UG 210755, the Company will pilot the use of CBOs for three years (October 1, 2022, through September 30, 2025). The annual budget for CBO activities will be between \$73,000 and 5% of the program budget. At the end of the pilot period, the Advisory Group will assess the CBOs' work and determine if any refinements to CBO outreach are warranted.

The program design aims to be considerate of customers experiencing poverty or facing life crises. It offers generous discounts, simplifies the application process, and does not impose punitive measures typically found in arrearage management programs that make assumptions about customer behavior rather than considering hardship as the primary reason for non-payment.

Program Delivery Fees

Agencies will administer the CARES Program, qualifying customers and performing income verification as needed. The Company will compensate Agencies for the costs of CARES program delivery by paying an amount equal to 25% of the energy discount and arrearage relief provided in the prior program year and will allocate the payment to each agency based on the number of customers the agency enrolled in that prior year. However, in the first program year, the agency payment will be equal to 25% of forecasted customer benefits, assuming 10% of customers identified as income-qualified in the "Cascade Natural Gas Corporation: Low-Income Rate Analysis for Washington Report" (LINA Report) enroll in the

program.² The first-year annual payment will be allocated to agencies based on the number of qualifying customers in each county and will not be adjusted or trued up.

Program Costs

Cascade estimates that the total program costs for the first program year will be approximately \$3,321,000 or 1.3% increase in overall rates, assuming a 10% participation rate among eligible customers. The breakdown of program costs is detailed in Table 1 below:

Table 1 – Program Costs

Cost Component	Amount	Percentage
Arrearage Management	\$ 1,549,286	46.7%
Energy Discount	\$ 895,281	27.0%
Cascade Administrative	\$ 187,990	5.7%
CBOs	\$ 77,464	2.3%
Agency Payment	\$ 611,142	18.4%
Total	\$ 3,321,000	100.0%

If all customers identified as income-qualified per the LINA Report provided as Appendix A are enrolled in the program, the estimated total program cost would be \$32,272,000 resulting in a 12.4% increase in overall rates.

The first year program costs are projected to be below the revenue limit threshold within RCW 80.28.425(2) that states, “the commission may approve, disapprove, or approve with modifications any proposal to recover from ratepayers up to five percent of the total revenue requirement approved by the commission for each year of a multiyear rate plan for tariffs that reduce the energy burden of low-income residential customers including, but not limited to: (a) bill assistance programs; or (b) one or more special rates . . .”

The Company will utilize deferred accounting to track revenues and expenses associated with this program. An accounting petition, previously filed on April 14, 2023, in Docket UG-230243, to request authorization to defer program costs, is revised concurrently with the submission of this advice filing. The revised petition contains updated cost assumptions that are also included in the attached workpaper, NEW-W23-06-02-CARES-Program-WP-06-30-23.xlsx.

Schedule 592, CARES Cost Recovery

CARES Program costs will be recovered in Schedule 592, which allocates costs to each rate schedule based on customer class base revenue, as determined in UG-210755. Monthly per-therm charges are derived by dividing the allocations by the annual therm usage for each rate class. Further details are provided in the attached workpaper, NEW-W23-06-02-CARES-Program-WP-06-30-23.xlsx.

The average residential customer on Schedule 503 is estimated to experience a monthly bill increase of \$0.70 or 1% based on the initial forecasted program costs. Similarly, an average small commercial customer on Schedule 504 will see a monthly bill increase of \$2.75 or 0.9%. Estimated bill impacts for each schedule are outlined in Table 2 below:

² Forefront Economics, Inc., H. Gil Peach & Associates, LLC. “Cascade Natural Gas Corporation: Low-Income Rate Analysis for Washington Report,” May 31, 2022. (See Appendix A.)

Table 2 – Estimated Bill Impacts

	Sch. 503	Sch. 504	Sch. 505	Sch. 511	Sch. 570	Sch. 663
Program Costs	\$1,631,167	\$886,003	\$79,915	\$65,267	\$4,997	\$653,652
Average Bill	\$72.11	\$322.81	\$6,255.56	\$16,491.21	\$21,434.65	\$12,940.93
Increase/Month	\$0.70	\$2.75	\$13.65	\$60.43	\$52.05	\$289.23
% Increase	1.0%	0.9%	0.2%	0.4%	0.2%	2.2%
\$ per therm	\$0.01238	\$0.00950	\$0.00600	\$0.00516	\$0.00214	\$0.00102

If all customers identified as income-qualified per the LINA Report are enrolled in the program, the average residential customer will experience an additional \$6.76 or 9.4% per month on their bill.

Revise Schedule 303, Washington Energy Assistance Fund (WEAF)

Schedule 303, which outlines the WEAF grant program parameters, is revised to state that service under the Schedule is not effective after September 30, 2023. The decision to eliminate the WEAF grant program was made collectively by the Company and its Advisory Group, considering that this newly created, holistic low-income program already provides substantial ongoing assistance. LIHEAP and Winter Help will continue to be available for unforeseen crises that the newly proposed programs do not address.

WEAF Advisory Group Reporting

Cascade respectfully requests that the Commission discontinue the requirement stated in paragraph no. 78 of Order 09 in Docket UG-210755 that requires the Company to file all Advisory Group meeting transcripts and materials with the Commission. With the adoption of the CARES Program, this reporting requirement will no longer be necessary.

General

While the Advisory Group generally agrees with the program design presented in this filing, it is natural for parties to concede preferences to achieve consensus. The Company and its Advisory Group commit to monitoring the 2023-2024 program year and discussing potential modifications for the 2024-2025 program year.

As mentioned earlier, Cascade is asking for the tariff sheets to become effective August 1, 2023, however the program will not be available until October 1, 2023. This aligns with the current WEAF program year, aligns with the program years used by other energy assistance programs across the state (including LIHEAP), and allows timely implementation of the program for billing system changes, marketing materials, and other program design matters to be in place to allow for a trouble-free launch.

For any inquiries regarding this filing, please direct your questions to Chris Mickelson at (509) 734-4549.

This filing contains the following files:

- NEW-W23-06-02-CARES-Program-CLtr-06-30-23.pdf
- NEW-W23-06-02-CARES-Program-Trf-06-30-23.pdf
- NEW-W23-06-02-CARES-Program-Leg-Trf-06-30-23.pdf
- NEW-W23-06-02-CARES-Apdx-A-06-30-23.pdf
- NEW-W23-06-02-CARES-Program-WP-06-30-23.xlsx

Cascade appreciates the Commission's prompt review and consideration of its filing to provide energy discounts and arrearage relief to qualifying low-income customers in compliance with RCW 80.28.068.

Sincerely,

/s/ Lori A. Blattner

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Enclosures