BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant,

v.

CASCADE NATURAL GAS CORPORATION, Respondent.

DOCKETS UG-210755

ORDER 08

APPROVING PROPOSED BUDGETS

BACKGROUND

1 On September 30, 2021, Cascade Natural Gas Corporation (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-3, Natural Gas.

2 On October 25, 2021, the Commission convened a virtual prehearing conference, and on October 26, 2021, entered Order 03, Prehearing Conference Order and Notice of Hearing.

3 On February 18, 2022, counsel for Commission staff (Staff) notified the presiding Administrative Law Judges that Staff and Cascade had reached a full multi-party settlement in principle. Staff requested the Commission suspend the procedural schedule and convene a status conference to modify the schedule to accommodate the settlement.

4 On February 23, 2022, the Commission issued a Notice Suspending the Procedural Schedule and Notice of Status Conference.

5 On March 10, 2022, the Commission convened a virtual status conference and on March 11, 2022, entered Order 05, Second Prehearing Conference Order. Order 05 set the deadline for participating organizations to file a Request for Case Certification (Request) and Notice of Intent to Request a Fund Grant (Notice) by 5 p.m. on Friday, March 18, 2022. The Commission indicated that proposed budgets would be due 30 days after issuing a decision on Requests and Notices.
On March 14, 2022, the Alliance of Western Energy Consumers (AWEC) filed a Request for Case Certification and Notice of Intent to Seek Fund Grant, citing Sections 5.2.1 and 6.2 of the Interim Agreement.

On March 18, 2022, The Energy Project (TEP) also filed a Request for Case Certification and Notice of Intent to Seek Fund Grant, under Sections 5.2.1 and 6.2 of the Interim Agreement.

On March 26, 2022, the Commission issued Order 06, Granting Requests for Case Certification. The Commission granted case certification to TEP and AWEC. The Commission directed these parties to file Proposed Budgets within 30 days of Order 06. TEP and AWEC both timely filed Proposed Budgets for Fund Grants.

DISCUSSION

Pursuant to RCW 80.28.430, utilities must enter into funding agreements with organizations that represent broad customer interests. The Commission is directed to determine the amount of financial assistance, if any, that may be provided to any organization; the way the financial assistance is distributed; the way the financial assistance is recovered in a utility’s rates; and other matters necessary to administer the agreement.¹

On November 19, 2021, the Commission issued a Policy Statement on Participatory Funding for Regulatory Proceedings (Policy Statement) in Docket U-210595.² The Commission provided “high-level guidance regarding the amount of financial assistance that may be provided to organizations, the manner in which it is distributed to participants and recovered in the rates of gas or electrical companies, and other matters necessary to administer agreements.”³

On February 24, 2022, the Commission issued Order 01, Approving Agreement with Modifications (Order 01).⁴ The Commission approved the Interim Agreement filed by the parties on February 23, 2022, subject to certain modifications, and adopted the Interim Agreement as Appendix A to the Order. Among other points, the Commission clarified:

¹ RCW 80.28.430(2).
³ Id. ¶ 3.
⁴ In the Matter of the Petition of Puget Sound Energy, et al., Docket U-210595 Order 01 (February 24, 2022).
that it is not bound by the timeframes set forth in the Interim Agreement. The Commission also determined that of the amount authorized for funding, fully one third would be dedicated to organizations representing highly impacted communities and vulnerable populations.

Participating Organizations must submit to the Commission a Proposed Budget for a Fund Grant. The Commission has significant discretion when considering Proposed Budgets for Fund Grants. The Interim Agreement requires Proposed Budgets to include a statement of the work to be performed, a description of the general areas to be investigated, an identification of the specific sub-fund at issue, and a budget showing any estimated attorney fees or consultant fees. If the Commission receives one or more Proposed Budgets, it will “determine the amount, if any, of Fund Grants that will be made available . . . .” The Commission may make this determination based on:

(a) the breadth and complexity of the issues;
(b) the significance of any policy issues;
(c) the procedural schedule;
(d) the dollar magnitude of the issues at stake;
(e) the participation of other parties that adequately represent the interests of customers;
(f) the amount of funds being provided by the applicant intervenor, if any;
(g) the qualifications of the party and experience before the Commission;
(h) the level of available funds in the Fund account or accounts involved;
(i) other Eligible Proceedings for Funds in which stakeholders may seek additional Fund Grants from the same Sub-Fund; or
(j) any other factors the Commission deems relevant.”

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5 E.g., id. The Commission indicated that the Policy Statement was as an evolving document, saying “as we implement the first round of funding arrangements, we look forward to what we expect will be many lessons learned. These lessons will inform future iterations of Washington’s participatory funding program, including the possibility of a rulemaking to codify best practices into Commission rules.” ¶ 17

6 Id. ¶ 4

7 Interim Agreement at § 6.3.

8 Interim Agreement at § 6.5.

9 Id.
The Commission may deny, in whole or in part, a request for Fund Grant based on these factors.\textsuperscript{10} The Commission may place reasonable conditions on Fund Grants, and it may amend Fund Grants on a prospective basis.\textsuperscript{11}

\textsuperscript{13} Here, both of the case-certified parties filed Proposed Budgets. The parties’ requests would, if approved in whole, equal less than half of the $177,008 amount available in Cascade’s Customer Representation Sub-Fund this year. We determine that the Proposed Budgets for Fund Grants submitted by TEP and AWEC should be approved. We address each of the Proposed Budgets in turn.

\textsuperscript{14} TEP. On April 21, 2022, TEP filed a Proposed Budget and requested a Fund Grant pursuant to the Interim Agreement. TEP requests a total award of $30,250 from Cascade’s Customer Representation Sub-Fund based on estimated attorney fees.\textsuperscript{12}

\textsuperscript{15} After considering the various factors set forth in Sections 6.3 and 6.5 of the Interim Agreement, we determine that TEP’s Proposed Budget and $30,250 Fund Grant should be approved. TEP seeks only to partially offset the costs of its participation in this proceeding by only requesting funds for its estimated attorney fees. TEP is an “incumbent” organization with a history of appearing before the Commission.\textsuperscript{13} Also, TEP is investigating in this proceeding all matters that have an impact on low-income customers.\textsuperscript{14}

\textsuperscript{16} Accordingly, we approve TEP’s Proposed Budget and request for a Fund Grant in light of the funds contributed by the organization itself, the breadth and complexity of the issues

\textsuperscript{10} Id.
\textsuperscript{11} Id.
\textsuperscript{12} TEP’s Proposed Budget Exhibit A. The budget includes costs for an associate attorney and a fellow. As described below, when seeking reimbursement, the Commission expects TEP to describe fully what a fellow is and how they contributed.
\textsuperscript{13} Policy Statement ¶ 18.
\textsuperscript{14} TEP’s Proposed Budget at 1, ¶ 3. Specifically, TEP identifies a non-exclusive list of issues including the low-income assistance program funding and design, low-income weatherization, billing, credit and collection issues, arrearage management, COVID-19 impacts and costs, reporting requirements, and Cascade’s revenue requirement.
being investigated, the organization’s qualifications, its history before the Commission, and the organization’s unique expertise in low-income issues.

AWEC. On April 21, 2022, AWEC filed a Proposed Budget and requested a Fund Grant pursuant to the Interim Agreement. AWEC estimates a total of $37,200 for attorney fees and $26,070 for expert witness fees. While these amounts totaled $63,270, AWEC only requests a total award of $45,000 from Cascade’s Customer Representation Sub-Fund.

After considering the various factors set forth in Sections 6.3 and 6.5 of the Interim Agreement, we determine that AWEC’s Proposed Budget and $45,000 Fund Grant should be approved. AWEC seeks only to partially offset the costs of its participation in this proceeding. Its Proposed Budget indicates its estimates that it will contribute $18,270 of its own funds in addition to the Proposed Budget of $45,000 from the Customer Representation Sub-Fund. AWEC is an “incumbent” organization with a history of appearing before the Commission. It investigated all aspects of Cascade’s filing, but specifically identifies Cascade’s requested revenue requirement, capital structure, cost of debt, jurisdictional allocations, rate base, special contract revenues, working capital, billing determinants, MDU cross charges, memberships and dues, director stock awards, cost recovery mechanism, proposed capital additions, tax issues, and depreciation. No other party to the proceeding focuses on the interests of industrial customers.

Accordingly, we approve AWEC’s Proposed Budget and request for a Fund Grant in light of the breadth and complexity of the issues being investigated, the funds contributed by the organization, the organization’s history before the Commission, and its expertise in representing industrial customers.

Finally, we remind all parties that neither case-certification nor approval of a Proposed Budget for a Fund Grant is a guarantee of reimbursement. We may determine that a party’s request for reimbursement should be denied in part or in whole. The amount of funding in each Consumer Access Fund is limited, and it may be required for more than one Eligible Proceeding. These funds are also sourced from ratepayers, many of whom are faced with their own economic challenges. Thus, we expect all requests for reimbursement to contain great detail, including receipts, invoices, and any other documentation of costs for which recovery is requested. All requests must also include references to eligibility for expenses and any relevant portions of the Interim Agreement. To incentivize appropriate use and equitable distribution of Fund Grants, we will also carefully evaluate how recovered costs should be allocated to customers. For example, we will consider whether each case-certified party’s recovered costs should be allocated

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15 Policy Statement at ¶ 18.

16 AWEC’s Proposed Budget at 3, ¶ 8.
towards a specific customer class, a select group of classes, or across the entirety of customers.

ORDER

THE COMMISSION:

21 (1) APPROVES The Energy Project’s Proposed Budget for a Fund Grant for $30,250.

22 (2) APPROVES the Alliance of Western Energy Consumers’ Proposed Budget for a Fund Grant of $45,000.

DATED at Lacey, Washington, and effective June 13, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

/s/ Samantha Doyle
SAMANTHA DOYLE
Administrative Law Judge

NOTICE TO PARTIES: This is an Interlocutory Order of the Commission. Administrative review may be available through a petition for review, filed within 10 days of the service of this Order pursuant to WAC 480-07-810.