



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
TELEPHONE 509-734-4500 FACSIMILE 509-737-9803
www.cngc.com

Date

CNG/W22-xxx

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

Re: Advice No. xxx – Cascade’s Arrearage Management Program and Energy Discount

Dear Ms. Maxwell,

Cascade Natural Gas Corporation (Cascade or Company) submits the following tariff sheets to the Washington Utilities and Transportation Commission (Commission or WUTC) under Cascade’s Advice filing No. W22-06-01. This filing includes the following portion of the Company’s WN U-3 tariff for natural gas service stated to become effective with service on and after July 1, 2022:

Original Sheet No. 305

Original Sheet No. 306

However, both the program and funding will not become effective until October 1, 2022, to allow Cascade at least 90-days to set-up the back-office billing, accounting, and other administrative matters to have a successful kick-off of Cascade’s Arrearage Management Program and Energy Discount (AMPED). Also, this date aligns with the normal program year of Cascade’s Washington Energy Assistance Fund (WEAF) program, which AMPED is replacing due to its enhanced assistance, its comprehensive approach and reduce eligible and disparate energy burdens. Additionally, the Company herewith files the following revisions to its Tariff, WN U-3, stated to become effective with service on and after October 1, 2022:

- **Fifth Revision of Sheet No. 303 Canceling Fourth Revision of Sheet No. 303**
- **Fifth Revision of Sheet No. 303-A Canceling Fourth Revision of Sheet No. 303-A**
- **Third Revision of Sheet No. 303-B Canceling Second Revision of Sheet No. 303-B**
- **Second Revision of Sheet No. 303-C Canceling First Revision of Sheet No. 303-C**
- **Sixth Revision of Sheet No. 593 Canceling Fifth Revision of Sheet No. 593**
- **Twenty-Fourth Revision Sheet No. 2-A Canceling Substitute Twenty-Third Revision Sheet No. 2-A**

Background

On July 25, 2021, Washington State Senate Bill 5295 (SB 5295) became effective and established several new requirements for ratemaking consideration by utilities. This new law requires utilities to propose a low-income assistance program “comprised of a discount rate” in addition to other grants that would be made available to qualifying customers.

Given the new law expanded the Commission additional ratemaking authority regarding programs which address the individual energy burdens of low-income customers. The law states that eligibility for such low-income discounts or grants be based upon the verification of a customer’s receipt of any

means-tested public benefit or other verification of the customer's income to confirm that they would be eligible for energy assistance. The law also makes it clear that each utility must engage in "good faith efforts" to design such a program by working in coordination with community-based nonprofit organizations and other low-income program stakeholder groups. Additionally, a utility company must engage in "substantial" outreach efforts to inform customers about such programs and provide annual reports to the WUTC about such efforts.

In response to SB 5295, Cascade evaluated a new energy burden discount program proposal that would fulfill the requirements under the law. To perform the analysis and engage with the appropriate stakeholders who have a shared interest in the efficacy of the program, Cascade proposed increasing funding to its Big HEART program to aid customers most in need of billing assistance and provided a bridge until the AMPED program was implemented. Cascade discussed this proposal on October 11 with Commission Staff plus provided a timeline for the AMPED program as part of the modification to Big HEART. Later, Cascade filed modifications to its Big HEART program that increased funding on October 20 in Docket UG-210801 that became effective November 1.

On December 1, Cascade discuss its initiative to create a Community Based Organization (CBO) referral program. Cascade provided its proposed CBO referral program agreement prior to the meeting for stakeholders to review and welcome feedback. In addition, Cascade stated an openness to analyze energy burden metrics for discount rate program that would be the backbone of our proposed AMPED program. Cascade also provided an updated of its Disconnection Reduction Plan.

On December 21, Cascade followed up its December 1 meeting with Commission Staff and the Energy Project to discuss Cascade's proposed discount rate in greater detail. We also discuss the Cascade's CBO outreach plan and other marketing budget proposals, while asking for any initial feedback to help guide the direction of the proposal. Commission Staff suggested eligibility criteria up to 200% of Federal Poverty Level (FPL) or 80% of Area Median Income (AMI).

In January 2022, Cascade selected Forefront Economics Inc and H. Gil Peach and Associates to conduct a third-party study to analyze the energy burden of its current Washington customer base and to better determine the impacts and benefits of a low-income discount program for customers in Washington State. This analysis was used to determine what income tier categories based on FPL, State Median Income (SMI), or AMI were most appropriate for the program and which discount ratios would direct the most benefit to the customers groups most in need of support. This assessment of the proposed programs is provided as an attachment to this filing.

In February, Cascade provided Commission Staff with a preview of early energy burden study analysis to receive initial feedback and guidance to help direct the commissioned report. On April 29, Cascade provided its third-party low-income rate analysis report to the stakeholder group for review. Cascade convened a meeting on May 17, 2022, regarding its proposed low-income discount program with current partner Community Action Agency (CAA) representatives, Commission Staff, Public Counsel, the Energy Project, and other stakeholders. Stakeholders submitted written comments to Cascade on May 25.

Arrearage Management Approach

Since the inception of its temporary residential bill assistance program ("Big Heart" under Schedule 304) the Company has demonstrated the effectiveness and administrative efficiency of providing significant billing assistance relief by providing direct grants for outstanding past due or arrearage balances to

customer accounts. With this recent experience, the Company proposes including an arrearage management grant in addition to a low-income discount option, as described later in this filing.

Discontinuance of the current WEA program

As the Company moves toward a new holistic arrearage management and energy discount low-income program, the Company proposes discontinuing its current grant-based low-income billing assistance program known as the Washington Energy Assistance Fund program. The discontinuance of WEA means that all Company resources dedicated to it will be transferred to the AMPED program model, including resources, agreements, and training for CAA partners who help administer Cascade's low-income programs. The elimination of WEA means the associated program and cost recovery tariffs schedules, Sheets 303 and 593, respectively.

AMPED Program Overview

Cascade has identified the following essential goals for its proposed AMPED low-income program to help customers who are experiencing a significant energy burden:

- Reduce low-income customers' total energy burden.
- Increase the number of customers reached by Cascade's billing assistance programs.
- Keep customers connected to their energy service.

To support these essential functions, the Company proposes the following opportunities for customers to receive AMPED program assistance:

Arrearage Management

At the date of enrollment, or soon thereafter, the Company will reduce the qualifying customer's past due balance (arrearage) according to where the customer falls in the qualifying income percentage in the tiers listed below. The arrearage management instant grant is limited to once per program year per account and may not create a credit balance on the account.

Energy Discounts

Customers enrolled in AMPED, based on their qualifying household income and household size, will have their monthly natural gas bills discounted according to where the customer falls in the qualifying income percentage tiers listed below:

Tier Levels	Energy Discount	Arrearage Management
0-25% FPL, 0-15% SMI	95%	100%
26-50% FPL, 16-30% SMI	70%	100%
51-100% FPL, 31-45% SMI	45%	100%
101-150% FPL, 46-60% SMI	15%	90%

AMPED Enrollment with CAAs or the Company

Customers may apply for AMPED assistance by scheduling an appointment with their local CAA provider, at which time, the customer's household income level will be verified. Shortly after the CAAs provide the customer information to Cascade, the customer will be enrolled in the appropriate assistance tier and grants applied. Also, customers may enroll in AMPED by calling Cascade's customer service number and verbally providing income and household size information. Cascade

will perform an eligibility audit on up to three percent of accounts enrolled by self-attestation in AMPED.

Community-Based Organizational Outreach

Part of AMPED will fund Community-Based Organization (CBO) engagement that includes entities that serve marginalized communities, including but not limited to rural, immigrant, tribal, or people of color. Such organizations will focus on community-based outreach to target the hardest-to-reach customers with disabilities, language barriers, and limited access to communications. Funding for the community-based outreach would be up to three percent of the annual program budget with a floor of \$70,000 annually.

In addition, Cascade will independently promote and engage in program outreach efforts and administer the AMPED program. Also, Cascade is proposing as part of the AMPED program that CAAs receive an administrative fee of \$75 per household qualified for AMPED, which historically Cascade has paid CAAs under the WEAFF model. This means one fee per household will be paid per program year, to help assist the agencies in their mission.

Low-Income Advisory Group & Reporting

After the inception of its WEAFF billing assistance program, Cascade engaged with interested parties within a low-income advisory group. Cascade will continue to engage with interested stakeholders in an advisory capacity under the AMPED model. Cascade also plans to file with the Commission an annual report on its AMPED program performance by January 31 of each year.

Funding and Expenditures

Cascade estimates costs for the AMPED program for the first program year, which assumes 20% participation and the use of Federal Poverty Level Income percentages, will be approximately \$3,023,000. The breakdown of the AMPED program costs is as follows: 1) \$1,160,072 for arrearage management grants, 2) \$1,033,487 related to energy discounts applied to low-income customers bills, 3) \$175,485 for Cascade administration program and outreach, 4) \$70,000 in the first year for CBO outreach efforts, and 5) \$584,250 for payments to help assist CAA agencies. The summary table below shows cost components, amounts, and percentage of program:

AMPED Program Cost		
<i>Cost Component</i>	<i>Amount</i>	<i>Percentage</i>
Arrearage Management	\$ 1,160,072	38.4%
Energy Discount	\$ 1,033,487	34.2%
Administrative	\$ 175,485	5.8%
Community Based-Org	\$ 70,000	2.3%
Agency Fee	\$ 584,250	19.3%
Total (rounded)	\$ 3,023,000	100.0%

The AMPED program at full enrollment could reach a total program cost of \$31.2 million annually.

Cost Recovery and Bill Impacts

Cascade estimates that the average residential customer on Schedule 503 will experience a bill increase equal to \$0.63 per month based on initial program cost. An average core commercial customer on Schedule 504 will see a bill increase of approximately \$2.50 per month. Other industrial, large volume, interruptible and transport customer bill impacts are shown in the table below:

WA	Sch. 503	Sch. 504	Sch. 505	Sch. 511	Sch. 570	Sch. 663
AMPED Portion	\$1,484,799	\$806,500	\$72,744	\$59,410	\$4,548	\$594,998
Avg. Bills	\$54.08	\$242.11	\$1,563.89	\$12,368.41	\$16,075.99	\$12,940.93
\$ Increase	\$0.63	\$2.50	\$12.42	\$55.01	\$47.38	\$263.27
% Increase	1.2%	1.0%	0.8%	0.4%	0.3%	2.0%
\$ per Therm	\$0.01127	\$0.00864	\$0.00546	\$0.00469	\$0.00195	\$0.00093

The AMPED program at full enrollment could cost the average residential customer an additional \$6.54 per month.

Accounting Petition for AMPED Deferral Accounting Treatment

To properly track the costs associated with AMPED benefits and administrative costs, Cascade is submitting with this filing a Petition to the Commission for an accounting order authorizing the Company to defer associated AMPED costs.

Electronic Filing Summary

This filing submitted electronically includes the following files:

NEW CNGC Advice No. W22-06-01, CLtr, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01, Sch 305, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01, Sch 305 Leg, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01, Sch 306, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01, Sch 306 Leg, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01, Sch 303, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01, Sch 303 Leg, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01, Sch 593, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01, Sch 593 Leg, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01, Sch 2-A, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01, Sch 2-A Leg, 06.01.22.pdf
 NEW CNGC AMPED Petition, 06.01.22.pdf
 NEW CNGC Attachment A - WA Low Income Rate Analysis, 06.01.22.pdf
 NEW CNGC Advice No. W22-06-01 AMPED Program Funding, 06.01.22.xlsx

If you have any questions regarding this information, please feel free to contact Christopher Mickelson at (509) 734-4549 or myself at (208) 377-6015.

Sincerely,

/s/ Lori Blattner

Lori A. Blattner
 Director, Regulatory Affairs
 8113 W. Grandridge Blvd.
 Kennewick, WA 99336
 Lori.blattner@intgas.com

Attachments