



In the Community to Serve®

Disconnection Reduction Plan

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Disconnection Reduction Plan

In accordance with Order 05 in Docket UG-200568, Cascade Natural Gas (Cascade), in consultation with its WEAFA Advisory Group, has prepared a disconnection reduction plan with the objective of describing Cascade's three broad-based strategies to reduce disconnections. Cascade's first strategy revolves around payment options, arrangements, and alerts. The second strategy centers around preventative disconnection and collection process. The last strategy revolves around energy assistance, arrearage management, and energy burden discounts.

Payment Options

Cascade provides several payment options designed to take our customers' preferences into consideration. Cascade's customers may:

- pay by mail using a pre-addressed envelope included with their monthly bill.
- enroll in Auto Pay using their checking account with no fee.
- make a one-time electronic automated clearing house payment through our website at cngc.com with no fee.
- walk-in to a payment location (Western Union, Walmart, etc.) to make a one-time payment with no fee; see all payment locations by visiting Cascade's website at <https://www.cngc.com/customer-service/payment-locations/>.
- make a one-time payment through our third-party provider, Speedpay, using their website, text, or interactive voice response using debit or credit cards with a \$1.99 transaction fee.
- make a payment to our service technician at their door with no fee.

Payment Arrangements

As a result of the COVID-19 pandemic, Cascade has offered new payment arrangement options for residential customers. Payments may be extended for up to 18 months with no installment required to be paid up front. Two broken or renegotiated arrangements are allowed. Cascade will continue to provide this arrangement until further notice as determined by the Washington Utilities and Transportation Commission (Commission).

Budget Pay

The Budget Pay program levels out monthly energy expenses and removes seasonal payment fluctuations. The program removes the fear that can be associated with receiving a utility bill because the amount due is known beforehand. The payment amount is calculated by totaling the previous 12 months of energy use and averaged into even monthly payments. The Budget Payment amount is reviewed and adjusted periodically due to weather, price fluctuations, or consumption changes. If an account has a credit balance at the end of the program year, it will be included in the following year's payment amount. Customers who meet the program criteria may join at any time.

Opt-In Alerts

Customers have the option to opt-in to automatically receive important account notifications via email and text messages. Account notification types include:

- **Payment Reminders:** a payment reminder message will be sent two business days before the payment due date reflected on the monthly billing statement. Customers who have their payment automatically withdrawn from their checking account will receive a reminder two business days before the withdrawal date.
- **Payment Confirmation:** a payment confirmation message will be sent when a payment has been received for a customer's account.
- **Past Due Payment Reminder:** a past due payment reminder message will be sent when a payment has not been received by the due date reflected on the monthly billing statement. The notification will not be sent if the account has an active payment plan.
- **Bill Notification:** this notification will be sent when the monthly billing statement is available to be viewed on the Company's website. This applies to all accounts whether they have signed up for paperless e-Billing or continue to receive a paper billing statement.

In addition to the notifications described above, customers will also be provided information regarding energy assistance programs for which they may qualify.

Low-Income Advisory Group

The Low-Income Advisory Group was established per the 2016 settlement agreement in Order 04 in Docket UG-152286. The group meets at least twice per year and includes representatives of our Community Action agency partners, Commission Staff, The Energy Project, Public Counsel, and Cascade representatives. Meetings are conducted with both agenda items and an open forum for general discussion offered by any group member. Cascade has found these meetings productive and helpful to ensure all members are heard. Regular topics include program performance, ongoing concerns, evaluating the program's budget, and exploring alternative program designs. The settlement agreement established the following four program goals to guide decisions in all aspects of program design:

- a) Keeping customers connected to energy service.
- b) Providing assistance to more customers than are currently served.
- c) Lowering the energy burden of program participants.
- d) Collecting data necessary to assess program effectiveness and to inform ongoing policy discussions.

Community-Based Organization Engagement

In 2021, Cascade consulted with Avista Utilities regarding a Community-Based Organization (CBO) pilot program established as a COVID-19 pandemic response for low-income bill payment assistance. Additional information was obtained from Avista's Community Action partner who utilized the program for clients. Using both resources, Cascade created a CBO program which was presented to the Low-Income Advisory Group in December 2021. With the feedback from group members, the Advisory Group will continue to develop and implement a CBO program suitable for all parties as soon as practicable. These CBOs could include 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 has made independent efforts to establish new, informal partnerships with CBOs throughout the service territory. These efforts have been productive and will continue to share and promote the energy assistance options that are available to our customers who are their clients.

Preventative Disconnection Process

An extensive process is in place to prevent disconnection for nonpayment; automated calls, friendly reminder letters, multiple notices, manual agent-led outbound calls, and door knocks by Cascade service technicians are utilized to connect with customers. At every point in the process, the customer has the option to work directly with our representatives to learn about assistance options or enter into satisfactory arrangements that will cancel collection activity.

Multi-Path Collections Process

Cascade recently implemented a three-path approach to collections for residential customers. The intent is to determine the appropriate course of action for particular customers instead of applying a single approach for all customers. A multi-path collection process allows Cascade to analyze residential accounts based on risk factors, such as, time in service, account balance, time since the last payment, and percentage of the last payment made in order to determine an account's risk class based on a low, medium, or high path ranking. Additional risk factors are then applied that can advance or reduce an account's risk; these additional risk factors are:

- No home or cell phone number on file will cause an increase to risk.
- Accounts where no payments have been made will receive a high risk.
- If other debt is on file where the customer is financially responsible for the account that has a stopped service agreement (such as write off accounts owed or prior obligation), the account will receive a high risk.
- If a payment in the last 60 days was returned for any reason, then the account will receive an increase to risk.
- If an account has multiple service agreements, each will be evaluated with an average being used for its risk class.

- If a paid deposit is larger than the amount in arrears, the risk will be reduced.

An account's risk class activates one of three unique collection paths. Low and Medium risk accounts enter processes that offer an alternative to starting the severance process. Testing this alternative process approach resulted in a significant reduction in the number of customers receiving disconnect notices for Cascade. The three paths are:

- a) Low: customer receives an automated call.
- b) Medium: customer receives an automated call and a non-threatening reminder letter.
- c) High: customer receives an automated call, an appropriate letter of disconnection, and the severance process begins which may result in disconnection for nonpayment.

Senate Bill 5295 Considerations

Senate Bill 5295 allows a discount rate or grant upon verification of a low-income customer's receipt of any means-tested public benefit. This categorical eligibility will remove multiple barriers to customers in receiving benefits for which they are eligible. Cascade believes this will lead to significant program expansion. In addition, Senate Bill 5295 allows outreach to include establishing an automated program of matching customer accounts with lists of recipients of the means-tested public benefit programs and based on the results of the matching program, to presumptively offer a low-income discount rate or grant to eligible customers so identified. Cascade will consult with the state's Department of Commerce to determine best practices for implementation, plus create auto-enrollment for energy burden discount rates based on other energy assistance customers receive.

Types of Low-Income Assistance

Energy assistance is available to low-income residential customers through Cascade's current rate-based energy assistance program, called Washington Energy Assistance Fund (WEAF), and customer donation program like Winter Help, as well as the federal Low-Income Home Energy Assistance Program (LIHEAP).

Low-Income Assistance Programs

The established WEAFF program, which is in place for the current 2021-2022 program year, provides a cashless grant to customers who are qualified as low-income by our Community Action partners located throughout our service territory. WEAFF provides a \$500 maximum for qualifying customers up to 200% Federal Poverty Level (FPL). The grant amount is determined by Community Action agencies using a calculator created by Cascade, Commission Staff, and the remaining Low-Income Advisory Group stakeholders.

In June 2022, Cascade will file a request to modify its current WEAFF program. Modifications to the program are currently being discussed with the Low-Income Advisory Group stakeholders.

The proposed modifications to be recommended include:

- a) Restructure Cascade's WEAFF program into an Arrearage Management Program and an Energy Burden Discount Program, which will be known as Cascade's Arrearage Management Program and Energy Discount (AMPED). This will primarily help address past due balances and reduce future bills and balances to those in need of assistance.
- b) As part of the restructuring, add an 80% of State Median Income (SMI) as a method to qualify customers in addition to 200% FPL.
- c) In addition, Cascade will implement an energy burden discount program with an effective date of October 2022 to coincide with the beginning of the new program year and upcoming heating season. Customers who qualify for LIHEAP or WEAFF currently will automatically qualify for a discounted rate effective with the next billing cycle for a duration of 24 months under the new AMPED.
- d) Program details, including discount levels based on FPL and SMI, are still being finalized in coordination with the Low-Income Advisory Group and Commission Staff.

Low-Income Assistance Analysis

Cascade hired Forefront Economics Inc and H. Gil Peach & Associates, LLC, independent third-party evaluators, to conduct a study to assess the level of energy burden facing Cascade's customers within our service territory. The study also analyzes the impacts on low-income, and other customers, of a proposed rate discount program to equitably lower the energy burden for

those customers who may qualify. The final report, currently in draft form, is being circulated among Cascade’s low-income advisory group stakeholders and covers the following topics:

Energy Burden

Energy burden, as defined by law in the State of Washington, is the “share of annual household income used to pay annual home energy bills”.¹ The energy burden goal for a low-income customer enrolled in a rate discount program is six percent of household income. Within the forthcoming study, three groups of low-income customers have been identified within the maximum 200% FPL, or 80% SMI, allowed for energy assistance programs.

Average Customer Benefits

Customers with the lowest FPL or SMI percentage will receive the greatest benefit from Cascade’s arrearages management and energy discount programs under AMPED. While the exact energy discount percentages aren’t finalized, Cascade intends to lower the energy burden for qualifying customers to assist them in reaching the six percent energy burden goal.

Bill Impacts

The report will cover the impact of cost recovery on existing and future customers. Cascade is exploring a variety of funding models. The report covers scenarios for customer participation, resulting costs, and what the estimated bill impacts to customers would be to fund the program.

Cascade Arrearage Management Program and Energy Discount

The impact of Cascade’s energy assistance program, AMPED, is now two-fold. First, customers with a past due balance will be eligible to apply for an instant grant. The amount of the instant grant will be based on the customer’s FPL or SMI percentage. Second, an energy burden discount

¹ Revised Code of Washington 19.405.020, Definition 17

rate will be applied to a customer's account based on individual customer's FPL or SMI percentage and where they fall within the tiered discounts. The discounted rate will apply to future monthly bills, alleviating the need for customers to feel they must reduce energy use for their heat, hot water, or cooking sources. This two-fold approach will likely double the funding needed for AMPED compared to the current WEAF program. In addition, AMPED instant grant is applied before any LIHEAP or Winter Help, thus providing the customer with the maximum benefit possible.

Conclusion

Cascade prepared a disconnection reduction plan in accordance with Order 05 in Docket UG-200568. Cascade described its strategies to reduce disconnections that revolved around payment options, arrangements, alerts, preventative disconnection and collection process, arrearage management, and energy burden discounts.

In June 2022, Cascade will file its proposed AMPED and upon approval, will have the ability to offer immediate and long-term energy assistance that will help low-income customers with past due balances through an instant grant and reduce energy burden with a two-year rate discount, plus increase its outreach using CBOs. This program and the other tools described in this plan will enable Cascade to offer multiple options and resources for managing natural gas bills suited to customers' individual needs, a goal of reducing disconnections for non-payment, and creating a customer-driven environment.