

CASCADE NATURAL GAS CORPORATION

Washington Energy Assistance Fund (WEAF)

Program Year 2020-2021 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 2020-2021 program year beginning October 1, 2020 and ending September 30, 2021.

Washington Energy Assistance Fund (WEAF) Program

The Washington Energy Assistance Fund (WEAF) program provides bill payment assistance to qualifying low-income residential customers of Cascade Natural Gas Corporation. The program is administered and delivered through the Community Action Agencies (Agencies) located throughout the Company’s service territory in Washington. Customers qualify for WEAF assistance if their combined household income is less than or equal to 200% of the Federal Poverty Guidelines. A qualified customer is awarded a WEAF grant of up to \$500 per household per program year and the grant is applied directly to the 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 Washington Utilities and Transportation Commission (“Commission” or “WUTC”) requesting authorization to increase the program year spending caps by 15%, allow an additional 5% soft cap buffer, and defer 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 as well as the additional 5% soft cap, both of which were authorized by Commission Order No. 05 issued in UG-152286:

TABLE 1			
Program Year	Initial Budget Cap	15% Increase	Additional 5% Soft Cap
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 2020-2021 program year, the initial budget cap was \$1,276,000. Total spending for the program year was \$1,084,253 which is \$191,747 below budget.

WEAF Program Funding

Program funding is collected from all customers 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 \$862,846.53 which is \$413,153 less than budgeted and \$221,407 less than the total amount spent. The WEAFFund began the program year on October 1, 2020 with a balance of \$428,906.

COVID-19 Pandemic Response

This was the second program year impacted by the COVID-19 pandemic and the Company continued to adjust as needed in order to meet the needs of customers and the requirements of the state.

- The suspension of disconnection for nonpayment continued as of the beginning of the program year and did not end until September 30, 2021 per the governor's moratorium which coincided with the final day of this program year.
- The Company continued to offer customers the Hardship Economic Assistance Receivable Temporary (HEART) instant grant which was an extension of WEAFFund and was approved by the WUTC in April 2020. This grant was a one-time benefit for customers who experienced financial hardship due to COVID-19 and provided up to \$400 to be applied to the past due balance. This grant was issued by the Company and Agencies in order to provide the most relief to the highest number of eligible customers. Agencies earned \$25 per qualifying household. This grant did not impact or interfere with traditional WEAFFund grant award amounts, processes, or policies. The HEART grant program ended on March 31, 2021. The Agency and Company's HEART grant totals for the program year:

HEART Distribution	Dollars	Qty	Avg Pledge
BMAC	\$ 200.00	1	\$ 200.00
CAC	\$ 4,326.00	24	\$ 180.25
CACLMT	\$ -	0	\$ -
CCAP	\$ 298.00	2	\$ 149.00
CDCAC	\$ 43.00	1	\$ 43.00
CNG Instant Grants	\$ 105,033.56	545	\$ 192.72
KCR	\$ 135.00	1	\$ 135.00
LCCAP	\$ -	0	\$ -
NCAC	\$ -	0	\$ -
OIC	\$ 8,062.05	40	\$ 201.55
OPPCO	\$ 13,361.41	66	\$ 202.45
SCCAA	\$ 400.00	2	\$ 200.00
SCEAP	\$ -	0	\$ -
Total	\$ 131,859.02	682	\$ 193.34

Program Promotion

In the subject program year, Cascade used various marketing channels to inform customers of the WEAFFund program.

- Bill Inserts: Bill inserts notifying customers of the available low-income assistance programs were issued. A bill insert specifically for WEAFFund was issued in February 2021.
- Bill Inserts: Energy assistance information was included on the monthly billing statements for Residential customers with a past due balance for the entirety of the program year.
- 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 regarding the

available payment options, bill payment assistance programs, and the contact information for the Agency in their area.

- Cascade Website: The Company maintains www.cngc.com which informs customers about the program and directs them to the appropriate Agency administering the program.¹
- Radio: The Company worked with three companies: Cherry Creek Radio in the Tri-Cities, Cascade Radio Group in Mount Vernon, and Crista Media internet radio based in northwestern Washington to place English and Spanish ads on their stations promoting the WEAf program. A total of 4,410 radio ads in English and Spanish were aired on seven stations which reached most of our service territory across the state. Some stations also provided space on their websites for additional promotion in English and Spanish.
- Digital Advertising: Using digital media to promote the program has been in place for several years and while it's a valuable tool that is inexpensive with a very wide reach, the changing rules imposed by platforms can create restrictions. Challenges presented by Facebook and Twitter who imposed strict guidelines for posts and ads featuring financial or housing assistance messaging can be found. The Company was able to promote WEAf and HEART through individual and combination campaigns.

Facebook, Twitter, and Google Ads campaigns combined to achieve 1,081,413 impressions with 9,563 of those leading to a user engaging with the ad. The campaigns ran in October and December 2020, and in April, May, and June 2021 with the ads targeting residents within the CNGC Washington service territory.

Facebook and Google Ads had above average performance. Twitter ads were dropped in June for poor performance and the remaining funding was split between Facebook and Google ads. The poor performance on Twitter was due to their strict policies regarding advertising to low-income households and restrictions on messaging pertaining to financial assistance.

2020-2021 Program Year Results

The program year results provided below are for October 1, 2020, through September 30, 2021. Pledge spending for the program year was the second highest total of the current program design due to additional pledges made through the HEART grant provided directly to customers by the Company. Without the Company's direct assistance, Agency spending alone resulted in the second lowest spending year of the four completed years of the design (see Table 6).

Table 2 summarizes the program dollars spent:

TABLE 2	
WEAF Transactions on Accounts (includes grants, refunds to WEAf GL acct, and accounting corrections)	\$ 806,816.94
Administrative Fees paid to Agencies	\$ 177,200.00
Total Dollars Spent on Marketing	\$ 100,236.43
By CNGC	
Facebook	\$ 2,276.30
Google Adwords	\$ 611.20
Twitter	\$ 143.93
Radio	\$ 97,205.00
By Agencies	\$ -
Total Dollars Spent	\$ 1,084,253.37

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

Table 3 shows the pledge detail for each Agency and the HEART instant grant totals for the Company:

TABLE 3						
Agency	Pledges Submitted	Homes Pledged	Average Grant	FPLs	FPL Completion Rate	FPLs over 150%
Blue Mountain Action Council	\$ 55,957.00	143	\$ 391.31	140	98%	17
Cascade Natural Gas HEART Instant Grants	\$ 105,233.56	546	\$ 192.74	135	84%	8
Community Action Connections	\$ 46,028.00	161	\$ 285.89	5	28%	1
Community Action Council of Lewis, Mason, and Thurston Counties	\$ 4,585.00	18	\$ 254.72	42	95%	3
Costal Community Action Council	\$ 15,072.00	44	\$ 342.55	9	90%	2
Chelan-Douglas Community Action Council	\$ 3,091.00	10	\$ 309.10	n/a	n/a	0
Kitsap Community Resources	\$ 23,787.00	98	\$ 242.72	68	69%	2
Lower Columbia Community Action Program	\$ -	0	\$ -	0	0%	0
Northwest Community Action Program	\$ 13,502.00	65	\$ 207.72	65	100%	14
Opportunities Industrialization Center of WA	\$ 263,831.32	649	\$ 406.52	532	82%	61
Opportunity Council	\$ 215,585.41	624	\$ 345.49	505	81%	74
Community Action of Skagit County	\$ 72,819.00	242	\$ 300.90	217	90%	20
Snohomish County Human Services	\$ 14,325.00	36	\$ 397.92	0	0%	0
Total	\$ 833,816.29	2636	\$ 316.32	1718	65%	202

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

TABLE 4	
Average Pledge per Household	\$ 316.32

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

TABLE 5	
Average Annual Natural Gas Bill	\$ 648.95

Table 6 compares the pledge totals for the program years in the identical five-year program structure:

TABLE 6			
Program Year	Homes Served	Average Grant	Total Grants
2016-2017	2387	\$ 353.35	\$ 843,435.89
2017-2018	2148	\$ 357.00	\$ 768,771.69
2018-2019	2049	\$ 326.00	\$ 668,360.21
2019-2020	2638	\$ 303.38	\$ 800,326.25
2020-2021	2636	\$ 316.32	\$ 833,816.29

Low-Income Home Energy Assistance Grant Impact

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:

TABLE 7	
Number of WA LIHEAP Pledges	2370
LIHEAP Pledge Amount	\$ 684,656.00

Five-Year Program Structure Results

The program’s performance over the course of the five-year program structure did not produce increases in the number or households served (Table 6) or grants issued year over year as desired. The fund’s activity can be shown in three groups which provide a clearer picture, and we can see that grant spending did not exceed the initial program budget in any program year; the 15% budget increase and additional 5% soft cap allowed were not used. The additional charges to the fund for administration fees or other program costs did not cause any program year to exceed the program year budget.

WEAF Activity On Accounts	Total	PY Budget
<i>Including Agency grants, account refunds & adjustments, and CNG instant grants:</i>		
2020 - 2021	\$ 806,816.94	\$1,276,000.00
2019 - 2020	\$ 783,299.38	\$1,215,000.00
2018 - 2019	\$ 643,570.62	\$ 1,156,000.00
2017 - 2018	\$ 742,581.97	\$ 1,100,000.00
2016 - 2017	\$ 813,911.05	\$ 1,047,000.00
<i>Including Agency grants and CNG instant grants but excluding refunds & adjustments:</i>		
2020 - 2021	\$ 833,816.29	\$1,276,000.00
2019 - 2020	\$ 800,326.25	\$1,215,000.00
2018 - 2019	\$ 668,360.21	\$ 1,156,000.00
2017 - 2018	\$ 768,771.69	\$ 1,100,000.00
2016 - 2017	\$ 843,435.89	\$ 1,047,000.00
<i>Agency grant totals:</i>		
2020 - 2021	\$ 728,782.73	\$1,276,000.00
2019 - 2020	\$ 718,764.77	\$1,215,000.00
2018 - 2019	\$ 668,360.21	\$ 1,156,000.00
2017 - 2018	\$ 768,771.69	\$ 1,100,000.00
2016 - 2017	\$ 843,435.89	\$ 1,047,000.00

Refunds include unused WEAF credits that were present on accounts after the final bill was issued.

Adjustments include grant amount corrections provided by the issuing Agency.

The Next Program Year and Conclusion

The 2020-2021 program year is the fifth full year after the implementation of the changes adopted in the settlement agreement to UG-152286 and marks the end of the structure. Cascade has agreed to carry the structure of the 2020-2021 PY over to the 2021-2022 PY, and anticipates program and performance improvement as the Company continues to work with its advisory group and focuses on the following four program goals adopted as part of the settlement agreement:

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.