

CASCADE NATURAL GAS CORPORATION

Washington Energy Assistance Fund (WEAF)

Program Year 2021-2022 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 2021-2022 program year beginning October 1, 2021, and ending September 30, 2022.

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 (Cascade or the Company). 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 Commission 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 and the additional 5% soft cap, both of which were authorized by Commission Order No. 05 issued in UG-152286:

| 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 |
| 2021-2022 | \$1,276,000 | \$1,467,400 | \$1,531,200 |

Cascade agreed to carry over the 2020-2021 program year program year's budget as noted in Table 1. Total program spending for the 2021-2022 program year was \$1,076,825.69 which is \$199,174.31 below the initial budget cap.

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 \$1,237,518.82 which is \$38,481.18 less than the initial budget cap and \$160,693.13 more than the total amount spent. The WEAF fund began the program year on October 1, 2021 with a balance of \$392,789.24.

Program Promotion

In this program year, Cascade used various channels to inform customers of the WEAF program.

- **Bill Inserts:** Bill inserts notifying customers of the available low-income assistance programs were issued. A bill insert specifically for WEAF was issued in February 2022.
- **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. 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:** Cascade Natural Gas expanded WEAF digital outreach in 2022. JD Power Surveys, Chartwell surveys, and Cascade in-house research and survey results reveal customers prefer digital mediums to traditional media. The challenge comes from meeting our customers on an increasingly diverse number of digital channels.

In 2022, Cascade Natural Gas continued social media advertising through Facebook and Instagram garnering 83,722 unique impressions and 1,566 user engagements. Facebook and Instagram paid campaigns ran in October and December of 2022 targeting residents within the CNGC Washington service territory. In addition to social media advertising, Cascade employed paid display ads and streaming audio targeting Washington Cascade Natural Gas customers with an annual household income <\$50,000. Display ads have garnered 3,512,168 impressions and 9,259 clicks. Streaming audio ads have garnered 186,600 impressions with an average listen through rate of 98.7%.

2021-2022 Program Year Results

The program year results provided below are for October 1, 2021, through September 30, 2022.

Table 2 (below) summarizes the program dollars spent:

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

| TABLE 2 | |
|--|-----------------|
| WEAF Transactions on Accounts (includes grants, refunds to WEAF GL acct, and accounting corrections) | \$ 745,492.10 |
| Administrative Fees paid to Agencies | \$ 177,580.00 |
| Total Dollars Spent on Marketing | \$ 123,673.59 |
| By CNGC | |
| Facebook | \$ 1,266.59 |
| Google Adwords | \$ 506.73 |
| Twitter | \$ 665.27 |
| Radio | \$ 121,235.00 |
| By Agencies | \$ - |
| Forefront Economics (<i>Analysis of Special Rates</i>) | \$ 30,080.00 |
| Total Dollars Spent | \$ 1,076,825.69 |

Table 3 shows the pledge detail for each Agency:

| TABLE 3 | | | |
|---|---------------------|---------------|------------------|
| Agency | Pledges Submitted | Homes Pledged | Average Pledge |
| Blue Mountain Action Council | \$ 23,840.00 | 69 | \$ 345.51 |
| Community Action Connections | \$ 51,853.00 | 165 | \$ 314.26 |
| Community Action Council of Lewis, Mason, & Thurston Counties | \$ 5,000.00 | 14 | \$ 357.14 |
| Costal Community Action Council | \$ 8,573.81 | 23 | \$ 372.77 |
| Chelan-Douglas Community Action Council | \$ 3,797.00 | 12 | \$ 316.42 |
| Kitsap Community Resources | \$ 10,796.00 | 39 | \$ 276.82 |
| Lower Columbia Community Action Program | \$ - | 0 | \$ - |
| Northwest Community Action Program | \$ 20,481.45 | 67 | \$ 305.69 |
| Opportunities Industrialization Center of WA | \$259,632.32 | 610 | \$ 425.63 |
| Opportunity Council | \$231,862.00 | 577 | \$ 401.84 |
| Community Action of Skagit County | \$129,743.36 | 407 | \$ 318.78 |
| Snohomish County Human Services | \$ 11,797.00 | 26 | \$ 453.73 |
| Total | \$757,375.94 | 2009 | \$ 376.99 |

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

| TABLE 4 | |
|------------------------------|----------|
| Average Pledge per Household | \$376.99 |

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

| TABLE 5 | |
|---------------------------------|-----------|
| Average Annual Natural Gas Bill | \$ 894.50 |

Table 6 (below) 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 |
| 2021-2022 | 2009 | \$ 376.99 | \$757,375.94 |

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 | 1974 |
| LIHEAP Pledge Amount | \$580,188.99 |

Program Structure Results

The program’s performance over the course of the initial 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 shows grant spending did not exceed the initial program budget in any program year; the 15% budget increase and additional 5% soft cap allowed have not been needed. 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 (Table 2).

| WEAF Activity on Accounts | | |
|---|--------------|------------------|
| Including Agency grants, account refunds, and adjustments: | Total | PY Budget |
| 2021 - 2022 | \$745,492.10 | \$1,276,000.00 |
| 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 |
| Agency grant totals: | | |
| 2021 - 2022 | \$757,375.94 | \$1,276,000.00 |
| 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 |

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 2021-2022 program year is the sixth full year after the implementation of the changes adopted in the settlement agreement to UG-152286. Cascade has agreed to carry the structure of the 2021-2022 PY over to the 2022-2023 PY, and we anticipate 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.

In the 2022-2023 program year, the advisory group will increase the number of meetings from at least twice per program year to monthly. A second, smaller advisory group will be added comprised of members from the full group with the objective of in-depth discussions and planning of Cascade's bill payment assistance programs. All members of the full group will be encouraged to join. The small group will meet twice per month.