BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. CASCADE NATURAL GAS CORPORATION, Respondent.	DOCKET UG-210755

POST-HEARING BRIEF OF THE ENERGY PROJECT

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I. Introduction

1 Cascade Natural Gas Corporation (Cascade) and Commission Staff (Staff) present a Settlement that purports to resolve all the issues in this general rate case. This Settlement, however, fails to address multiple important issues that these parties knew about, or should have known about, before they filed their Settlement. These include: how to meet the bill assistance needs of low-income customers not served by the Washington Energy Assistance Fund (WEAF), how to promote equity in utility ratemaking, proper application of the cost recovery mechanism, and how to fix an identified normalization violation.

2 The procedural decisions of the settling parties are also problematic. Cascade and Staff did not file the Settlement in a timely manner, impairing other parties' ability to respond. In addition, Cascade decided not to extend the suspension date in this proceeding to address its normalization violation, despite the repeated requests of the Commission. These two decisions, which Cascade controlled in whole or in significant part, impacted the time available for parties to file testimony and the time available for the Commission to consider all the material issues that will impact Cascade's rates. The Commission should hold customers harmless in the event there are any

negative impacts from Cascade's decision not to address certain issues, including its normalization violation, in a timely or efficient manner.

3 This Settlement is contrary to the public interest because it fails to properly address numerous issues in a timely manner and imposes an excessively large rate increase on customers. Instead of approving the Settlement's unjust and unreasonable rate increase, the Commission should carefully examine the evidence presented by Public Counsel and the Alliance of Western Energy Consumers. Public Counsel's witness Mr. Mark Garrett clearly demonstrates that, using actual revenues from 2021, Cascade cannot justify its claimed revenue deficiency.[1] The evidence concerning revenue requirement presented by Public Counsel and the Alliance of Western Energy Consumers is complete and thorough. As a result of their response testimony and Cascade's rebuttal testimony,[2] the Commission has a full record on which it can make the necessary findings to adopt the positions of the parties opposing the Settlement.

4 The Energy Project's (TEP's) witness, Mr. Shawn Collins, identified three areas where improvements in the design and administration of the WEAF program will promote equity. These improvements are the only proposals in this case designed to promote equity, are in the public interest, and are not opposed by any party; therefore, the Commission should adopt them in full.

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[1] Garrett, Exh. MEG-1T at 5-11.

[2] Chiles, Exh. MAC-4T.

II. The Commission should adopt TEP's improvements to Cascade's Washington Energy Assistance Fund.

A. Cascade's low-income customers have a substantial unmet need for bill assistance, and the Washington Energy Assistance Fund program has available funds.

5 There is a substantial gap between Cascade's low-income customers' bill assistance needs and the WEAF program's provision of bill assistance. For example, data available from an Eastern Washington University analysis of Cascade's Low-Income Heating Assistance Programs suggests that approximately 24 percent of the households served by Cascade live in poverty, defined as at or below 150 percent of the Federal Poverty Level (FPL).[3] Of these households, only 8.4 percent received support from the Company's assistance programs.[4] This means that 91.6 percent of eligible households at or below 150 percent of FPL need but do not receive energy assistance.[5] Further, the WEAF program had an unspent balance of approximately 25-40 percent of available funds at the end of the last three program years.[6]

6 The Commission should implement the three changes proposed in the testimony of Mr. Shawn Collins to improve the WEAF program's ability to reach more customers.[7] The first is raising the income eligibility threshold to 80 percent of area median household income (AMI) or

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[3] Dkt. UG-152286, Cascade General Rate Case, Eastern Washington University Institute for Public Policy and Economic Analysis, Analysis of Low-Income Heating Assistance Programs Administered by Cascade Natural Gas in its Washington State Service Area: Based on the 150% Federal Poverty Level (FPL) with Revisions to the 125% FPL at 8 (dated Nov. 2017) (filed Dec. 11, 2017) (using 2013-2015 customer data).

[4] The report calculated the penetration ratio across Cascade's service area, or the ratio of the number of households receiving heating assistance compared to the total eligible households (for households using methane gas as a primary heating source). *Id*. at 1.

[5] *Id*. at 1.

[6] Collins, Exh. SMC-1T at 7:1-10.

[7] Collins, Exh. SMC-1T at 8:16-17:12.

200 percent of the FPL, whichever is higher.[8] Making this change will increase the number of customers eligible for assistance, and align Cascade's WEAF program with the bill assistance programs provided by Avista and Puget Sound Energy.[9] The second is directing the low-income Advisory Group to annually review funding levels to ensure the WEAF program has adequate funds available. The third, establishing a trusted messenger outreach program, is described in more detail below.

7 No party contests the need for these improvements, or the process that TEP proposes to implement them. In fact, Cascade and Staff expressed support for these improvements in their rebuttal testimony.[10]

B. The Washington Energy Assistance Fund can reach more customers by building trust and investing in underserved communities.

8 In order to reach more customers, TEP proposes a partnership with organizations based in and trusted by vulnerable communities. Community-based organizations are well-positioned to promote the bill assistance programs to hard-to-reach customers. They have established relationships with other organizations and individuals. Employing these organizations to get the word out about the WEAF program can build trust in the program among customers with unmet need. Such outreach is often accomplished through person-to-person conversations.

9 This outreach will not only give customers the information about how to access bill assistance, but also provide customers the confidence that expending the time and effort necessary to apply for assistance will actually provide the advertised benefits. Put simply,

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[8] The current eligibility threshold is 200 percent of FPL. Cascade Natural Gas Corp., Schedule 303, Sheet No. 303 (Oct. 1, 2020).

[9] Avista Schedule 92; Avista Schedule 192; Puget Sound Energy Gas Tariff Schedule 129; Puget Sound Energy Electric Tariff G Schedule 129.

[10] Chiles, Exh. MAC-4T at 31:9-32:2; Huang, Exh. JH-1T at 7:9-11.

community-based organizations can build trust in the WEAF program among unserved customers.

1. Investing in underserved communities to promote programs that provide benefits to their neighbors is a proven model.

10 While the WEAF program is not currently promoted by community-based organizations, using such trusted messengers to promote programs that provide social benefits is not new. For example, literature discussing public health outreach strategies acknowledges the benefits of using community-based organizations to enroll customers in healthcare programs and studies.[11] More directly relevant to Cascade, Avista and Washington State University use similar programs.

11 The Commission authorized Avista's Community Partner Network (CPN) to increase customer engagement in hard-to-reach and underserved areas by enlisting the help of organizations with established representatives in those communities.[12] Through the CPN, the low-income assistance programs expanded their reach through nontraditional organizations that represent and support vulnerable populations.[13] This established program has proven to be

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[11] *See, e.g.,* Aida Giachello, *Making Community Partnerships Work: A Toolkit*, March of Dimes Foundation (2007), https://aapcho.org/wp/wp-content/uploads/2012/02/Giachello-MakingCommunityPartnershipsWorkToolkit.pdf; Oluwamuyiwa Winifred Adebayo et al, *A Systematic Review of Components of Community-Based Organization Engagement*, Health Soc. Care Community, 26(4): e474–e484 (July 2018), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6124309/pdf/nihms-986500.pdf.

[12] *See* Dkt. UE-210115, Avista Tariff WN U-29, Schedule 173, Cover Letter, Residential Debt Relief Program, at 6-7 (Feb. 19, 2021).

[13] Dkts. UE-210490 and UG-210491, Avista Tariff WN U-28, Schedule 92, Low-Income Rate Assistance Program Cover Letter, at 5 (June 29, 2021).

effective.[14] And as a result of its success, the Commission authorized Avista to make the program permanent and expand it.

12 In another example, since 2009 the Washington State University's Energy Program has run a Community Energy Efficiency Program that is based on community-based outreach.[15] It targets outreach for weatherization and energy efficiency upgrades to hard-to-serve customers, including low- to moderate-income households, as well as customers in rental units, manufactured housing, and homes heated with oil, propane, or wood.[16] The Community Energy Efficiency Program is funded by the Legislature and currently partners with Avista, PSE, Clark Public Utilities, the Opportunity Council, and Sustainable Living Center.[17]

2. The partnership program will begin as a limited pilot.

13 The established and successful programs described above provide a foundation for building community-based partnerships to promote WEAF. However, because the partnership program is new to Cascade and the Company's advisory group has not yet developed an implementation plan, it is reasonable to authorize the partnership as a limited pilot. The Avista CPN also started at a smaller scale as a pilot. The CPN was deployed at the start of the COVID-19 pandemic to address the associated financial crisis. TEP proposes a similar model to expand access to WEAF and low-income conservation, which are permanent programs. Accordingly, the

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[14] Dkts. UE-210490 and UG-210491, Avista Tariff WN U-28, Schedules 92 and 192, Open Meeting Memo, at 3 (July 29, 2021).

[15] Washington State University Energy Program, *Community Energy Efficiency Program*, https://www.energy.wsu.edu/BuildingEfficiency/CommunityEEProgram.aspx (accessed April 15, 2022).

[16] Washington State University Energy Program, *Community Energy Efficiency Program Update*, at 1 (2019), https://www.energy.wsu.edu/documents/Brief%20CEEP%20Update%202019.pdf.

[17] Washington State University Energy Program, *Community Energy Efficiency Program*, https://www.energy.wsu.edu/BuildingEfficiency/CommunityEEProgram.aspx.

WEAF trusted messenger program may need a slightly larger budget and more time to mature than Avista's CPN program.

14 For this reason, TEP proposes allowing a budget of up to 5% of the annual WEAF budget each year, or $73,000 in the first year. This is a limited budget representing only a small portion of the WEAF budget and an insignificant amount of total company revenues. Community-based organizations may not spend this small budget in the first year, as the advisory group must first establish the program design and it takes time for outreach activities to ramp up. The proposed budget is similar to Avista's CPN program budget of $65,000.[18]

15 Finally, the pilot should have a duration of at least three years. In these three years, the Company and its advisory group can 1) use a collaborative and deliberate process to design the program, 2) establish partnerships with community-based organizations, 3) administer the program long enough to see results, and 4) determine if any refinements are warranted. Establishing a partnership for a shorter duration will not provide sufficient time for program design and implementation.

16 The Commission should authorize this program, which will build trust in underserved communities by investing in local organizations.

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[18] *See* Dkt. UE-210115, Avista Tariff WN U-29, Schedule 173, Cover Letter, Residential Debt Relief Program, at 7 (Feb. 19, 2021).

III. The Commission should not approve the Settlement because it fails to address the needs of customers or promote equity.

A. Low-income customers cannot afford the significant rate increase proposed by the settling parties.

17 The Settlement increases company revenue by approximately $10.7 million.[19] Residential customers would see a $2.25 monthly increase in their average bill.[20] The pandemic continues to negatively impact low and middle-income households' finances; they cannot afford such unreasonable rate increases on top of increasing gas supply costs.

18 Moreover, it is clear that the Settlement does not adequately consider customers' interests. This is evident in the fact that no party which exclusively represents the interests of customers joined the Settlement or found that it promotes the public interest. The settling parties demonstrate disregard for the impacts on customers by not mentioning the rate or bill impact in the Settlement or their testimony in support of the Settlement.

B. The Settlement omits any action to promote equity and therefore is not reasonable or in the public interest.

19 The Commission must not approve this Settlement because it does not take any steps to address the disparate impacts of the rate increase on low-income customers, highly impacted communities, and vulnerable populations. TEP documented these disparate impacts. For example, the five zip codes in Cascade's service territory with the highest residential arrearages also contain areas designated as highly impacted communities (HIC) by the Washington Department of Health.[21] In addition, TEP's analysis shows that residential arrearages are

[19] Exh. JT-2 (this exhibit does not use coherent page numbering, so TEP is unable to provide a pinpoint citation).

[20] Exh. JT-2.

[21] Collins, Exh. SMC-2 at 13.

predominantly clustered in certain zip codes. Specifically, 45 percent of total residential arrearages and 56 percent of known low-income residential arrearages are from ten of Cascade's 76 zip codes. And, as described earlier, these zip codes contain HIC and vulnerable populations.

20 The Settlement's rate increase would present substantial unmitigated harm to these communities and therefore is not fair, just, or reasonable. Moreover, the Legislature recently clarified that the Commission, when determining the public interest, may consider "equity, to the extent such factors affect the rates, services, and practices of a gas or electrical company regulated by the commission."[22] The Commission should expect every Settlement presented to it in 2022 to take specific actions that promote equity; the Settlement in this proceeding falls short.

C. Throughout this case, Cascade's decisions have hampered the Commission's ability to efficiently consider and resolve the issues before it.

21 The Commission should take into account the impact of Cascade's actions and procedural posture in this proceeding. Cascade made it difficult for the non-company parties to respond to its Settlement and for the Commission to make holistic decisions in this general rate case.

22 First, as the Commission is aware, Cascade refused to extend the suspension date in this proceeding to accommodate the consolidation of Docket UG-220198, which corrects its normalization violation. Despite repeated requests by the Commission, Cascade refused to accommodate the review of this accounting change in the context of this general rate case, where such changes are most appropriately addressed. By effectively blocking the consolidation of the dockets, Cascade created more work for other parties and the Commission, who now must litigate and adjudicate both this general rate case and Docket UG-220198. Cascade's decision places additional administrative burdens on the Commission and the parties appearing before it.

[22] RCW 80.28.425(1).

23 Next, Cascade and Staff waited an unreasonably long time between reaching its Settlement and filing the terms of the Settlement, which unnecessarily compressed the timeline for the review of other parties and the Commission. On February 18, 2022 Staff notified the Administrative Law Judges that it had reached a Settlement with Cascade, but its term sheet was not filed until March 15, 2022. Cascade's decision to delay filing its Settlement unnecessarily compressed the time available for other parties, the Commission, and its advisory staff to review the Settlement, draft testimony, and make decisions.

24 Because Cascade decided not to file its Settlement in a timely manner or extend the suspension date in this proceeding, the Commission should hold customers harmless in the event there are any negative impacts from Cascade's decision not to address certain issues, including its normalization violation, in a timely or efficient manner.

IV. Conclusion

25 Cascade and Staff put forward a Settlement that neither acknowledges the needs of low-income customers as a vulnerable population nor takes any specific steps to promote equity. The Settlement is not in the public interest because it fails to advance equity and its rate increase will harm low-income customers, a vulnerable population. Instead of approving the Settlement's unreasonable rate increase, the Commission should examine the evidence presented by Public Counsel and the Alliance of Western Energy Consumers and adopt a revenue requirement based on their fair, just, and reasonable proposals. This proceeding presents the Commission a full record on which it can make the necessary findings to adopt the positions of the parties opposing the Settlement.

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