

Arrear Balance, Rate Spread, and Toggles Explanation

This document provides an explanation of the two methods Cascade used to calculate arrear balances in the model, along with Cascade's proposal for the recovery of program costs. Additionally, it includes a short description of each toggle within the model.

Arrear Balance

Cascade proposes using the "average" toggle to calculate the arrear balances for the program, instead of using a percentage basis. The two methods available are "percentage" and "average," both of which utilize historical data related to low-income individuals. The percentage method calculates the average arrear level forgiven during COVID, based on all Big HEART data applicable to customers at 200% of the Federal Poverty Level (6,221 customers). On the other hand, the average method takes the arrear balances from the Weatherization Energy Assistance Funding Program (WEAF) and Low-Income Home Energy Assistance Program (LIHEAP) for recipients (2,208 customers) and calculates the average past due balance.

Rate Spread

Cascade proposes using the same methodology currently used by WEAF. The initial rate spread used by WEAF has costs allocated based on customer class base revenue from the most recent general rate case. This allocation is controlled by the "Base Rev" toggle for the "RD Spread" indicator. This approach ensures that the program is allocated proportionally to each customer class. The allocation is then converted to a rate on a cost per therm basis using the annual therm usage for each customer class. After the initial implementation, annual program true-ups will be calculated as an equal percentage applied to all rates (cost per therm) based on the increase or decrease in the program's amount and percentage from the previous year.

Toggles

1. *Arrearage Frequency: An input field that represents the frequency at which recipients receive arrearage grants.*
2. *Enrollment Level: An input field that represents the level of participation within the program relative to the total number of eligible low-income recipients in the company's service area.*
3. *Assistance Received: A drop-down field that represents the average assistance provided to account holders, indicating the energy burden after receiving assistance.*
4. *Percentage Type: A drop-down field that switches the underlying data between income percentages, such as the Federal Poverty Level (FPL), Area Median Income (AMI), the greater of FPL or AMI (MAX), or the Avista approach of FPL for all tiers with AMI on the last tier (AVA).*
5. *Agency Fee: An input field that specifies the amount the agency receives for signing up a new recipient account into the program.*
6. *CBO Funding %: An input field that represents the percentage of funding community-based organizations receive based on arrearage management costs.*
7. *CBO Funding \$ (min): An input field that specifies the minimum amount of funds to be distributed to community-based organizations to increase program participation.*
8. *RD Spread: A drop-down field that switches between different types of rate spreads and allocation methods. This includes options such as allocating to residential only, applying an equal percentage, allocating based on customer count in each class, allocating based on therms in each class, allocating based on base revenues from the last general rate case for each class, allocating based on the cost of service results from the last general rate case, and an open field to create a custom allocator for each class.*
9. *Verification Fee: An input field that determines the amount the agency receives for verifying a self-certified recipient account.*
10. *Arrearage Mgmt: A drop-down field that switches between having an arrearage management program or not.*