

# WEAF Advisory Group

## Agenda

May 24, 2023

**KEY TOPICS: Maximizing LIHEAP Funds, AMP Design, Rate spread and spreadsheet toggles**

**GOALS FOR MEETING OUTCOME: Finalize decisions on approaches to maximizing LIHEAP Funds, AMP upfront relief vs. 12-month installments for relief, review rate spread and toggles email**

### Agreements

Account credits created by LIHEAP must be utilized before BDR discounts are applied.  
AMP applications will go through the CAAs.

TPAs will be offered up to 24 months.

1. Exhaustion of LIHEAP funds before EDP applied – Dan
2. Requirement of LIHEAP application before AMP – Dan

Tillis, Daniel

We left off from the last full group full advisory group on the discussion about the decision we previously made to apply LIHEAP before bill discount rate. I have EDP on here which stands for Energy Discount Program which is what we call it in Oregon and still want to call it, and we can talk about that. If a LIHEAP pledge creates a credit on an account, then we don't allow the bill discount rate to apply until that credit is exhausted on normal monthly charges. Previously we decided to take the approach of exhausting all LIHEAP created credits before the BDR was applied, so we want to determine if we should hold on that decision and whether or not we should be required to see if a customer qualifies for LIHEAP before we see if they qualify for an AMP again to maximize the use of federal funds first. The third topic is the support that Public Counsel provided for the arrearage forgiveness approach of forgiveness upfront versus spread over 12 months with 1/12<sup>th</sup> being forgiven each month. We all agreed that we would try that approach for Cascade's program and then evaluate it later. When Public Counsel sent an e-mail with their support, they listed these conditions, so we wanted to talk about those even though I replied in e-mail but finalize that discussion and if we have time go back to the rate spread and toggle email Chris sent and then talk about topics for next week. Just a reminder that we're trying to file by July 1<sup>st</sup>, which in reality is probably July 3<sup>rd</sup>, so if we hold our full advisory group meeting in June, then that would mean we really only have five meetings including today with this small group to get all the decisions we need to make before that filing actually occurs. So, we definitely have some urgency here to make these decisions.

For the first agenda item, I want to open it up to the group to continue the discussion from last week and Misty was sharing some concerns about the approach of exhausting the LIHEAP credit first. Yochi or anyone else, do you want to jump in and open up the discussion and see how it goes?

Yochi Zakai

Sure, I can start. Misty and I had a chance to have some follow-up conversations offline last week, and I think I'll let her speak for herself in a little bit, but one of the things that really struck me coming out of that conversation is that it's going to be important for us to check in on this issue after a year or two, because I want to acknowledge the concerns that she had and we heard Cascade say that if we go forward with pausing the BDR while there's a LIHEAP credit that would be a manual process. And so, first of all, can I just confirm that is correct, Dan?

Tillis, Daniel

I believe it will be partially manual, partially automated. There will be some manual steps because there's just no way for our system to fully recognize, stop, and reapply BDR in those situations.

Sovak, Teri

Yeah, that is the one piece that the CC&B team has stated. They would work on automating that. If there's a payment that's posted, and it's noted to be from LIHEAP sitting as a credit on the account, they would actually stop the discount and then have to restart it once the credit has been exhausted, they are working to automate that piece.

Yochi Zakai

What does working mean? Does that mean it might get done in time for rollout or it might get done after rollout or it might never get done? What does that mean?

Sovak, Teri

I was still under the impression that would be something they would be able to automate.

Tillis, Daniel

It is a lot of work for them, and they feel like there's a lot of risk with the automation, I think, but it sounds like they're at least going to give it a shot.

Sovak, Teri

Yeah, we don't know what will fall out of the testing or what issues they'll run into, but as far as planning for that and having an idea what to do, they are working towards that date.

Misty Velasquez

If a person gets put on the BDR and then is taken off for LIHEAP are they going to be put in for verification and then they're taken off for LIHEAP, and then they get put back on? Where does the verification happen if they get chosen at that point?

Tillis, Daniel

I believe it should happen only once in the early stages of being put on the BDR, so what we've talked about so far is that when someone is approved for the BDR, then in the next bill cycle they are subject to random selection for income verification at that point. They would not be subject to

that if they have the BDR removed due to a LIHEAP credit and then added back once that LIHEAP credit exhausts.

Misty Velasquez

So if a person comes in or applies online for the BDR and is approved for it and by chance gets in the same month they have a LIHEAP appointment with us; they get put on LIHEAP and they're BDR is stopped. Is that going to take them out of the pool at that point for verification because they received LIHEAP and essentially, it's going to be considered done?

Tillis, Daniel

You could just use that data to say income verified.

Misty Velasquez

Right. OK.

Tillis, Daniel

Now that's a good question and I think that's one of those things we'll probably have some scenarios we'll have to work out after we get started. I don't know that we can think of every scenario.

Misty Velasquez

But other than that, I'm on board with Yochi and everything as well. As long as in the future we can revisit it if it's not working out with taking them off, putting them back on if it's not an automated thing. I'm just worried that clients are going to fall within the cracks and they're not going to get put back on.

Tillis, Daniel

It doesn't sound like we'll have that issue based on what Teri is saying, and I would imagine that there might be some fallout reports that we could end up working. Yochi – while you were signing back in, Misty just confirmed that she's good with the previously agreed on approach with exhausting LIHEAP credits before LIHEAP pledges that create a credit and LIHEAP pledges, in general, before applying the bill discount rate discounts. So, it sounds like everybody is in alignment now, but I will give one more opportunity - anybody object to that approach or want to comment additionally on it?

Yochi Zakai

That's the only other thing I'll say is I'm open to reevaluating after a year or two and seeing how things are going. I think that's true with everything, but I'll call it out for this in particular topic.

Tillis, Daniel

We can add that specifically to our list of future evaluation items and the discussion of requiring at least a review of customer's eligibility for LIHEAP before we attempt to qualify them for AMP. I use those words because if someone has a citizenship issue, they may not be able to apply for LIHEAP, but that makes them potentially unqualified, and so they would then go through the application process.

Misty Velasquez

I just wanted to mention here that I think we still should have them come through the agency

because even if they don't qualify for the federal LIHEAP. From my understanding, our state is going to have a state LIHEAP program for people and I'm not sure yet on the rules of that if people who are undocumented will qualify for that because it is a state program and not a federal program.

Tillis, Daniel

Does anyone else know about the state program?

Yochi Zakai

For the most part I think we should have folks go through the agency so they can evaluate them for the entire suite of federal funding and other sources of assistance that are available.

Tillis, Daniel

I think generally we're OK with that. I think the only concern we expressed in prior meetings was the potential bottleneck as far as the number of resources available at the agencies to qualify customers for an AMP compared to the number of resources available combined with the agencies and the company. I think Corey Dahl had mentioned that as a potential concern as well, so we can open that up for discussion. We're trying to avoid creating additional barriers and trying to remove barriers, and I believe someone expressed that as potential concerns with adding a barrier.

Corey Dahl )

I don't really have anything to add. I'm still curious if that is a valid concern or not? If it is a concern, would it be one to rise to the level of not proceeding this way. Some agency folks and maybe others that might have more direct experience with that might be able to provide some insight.

Tillis, Daniel

I've tried to continue thinking about this a little bit over the last couple of weeks because I think it came up for the first-time two weeks ago. We have the BDR, we have AMP, and then you have LIHEAP in there, and if customers are required to go through the agencies for AMP but not BDR then you'll have customers who don't have arrearage who qualify for BDR, and that's great; we can get them set up on that and we can refer them to the agencies for additional assistance, LIHEAP and other assistance. Customers with an arrearage, if we go through the BDR qualification process, our prior recommendation had been that we would use one calculator that would qualify the customer for both BDR and AMP and so in that situation I think we would be saying we qualify the customer for a BDR and then refer them to the agencies to see if they qualify for arrearage assistance and we can do that for sure. It'll be interesting if we go that direction to see what the fall out rate is between BDR and AMP. They may say I received BDR so I'm not going to bother trying to get help with my arrearage. It almost makes me wonder, should all qualification for BDR, AMP, and LIHEAP continue to go straight through to the agencies? I think the good of that is it's the one-stop shop. The agencies can qualify customers for everything and send the pledges over to the company via the portal. It actually helps with the LIHEAP EDP issue as well because we'll know up-front if that LIHEAP credit is going to create a credit on the account. The negative to me is a potential bottleneck of resources and it led me through that train of thought to wonder if we should try a different approach, where maybe out of the energy assistance funds, we directly fund staffing for the agencies, whatever amount they think they need to handle what will likely be an increased volume. Direct all customers over to the agencies for qualification and just fund that resource rather than pay on a per pledge basis. I know it's out of the blue a little bit but as I've been thinking about this,

it's just a thought that came to my mind. I say all of that without really knowing how much additional headcount you would need. Obviously it's going to vary by agency and in some cases that might be a full head count or more and for some it may only be a partial and we'd have to figure all that out. It may just be a terrible idea, and that's OK if that's your opinion. I'm not sure how I feel about it entirely either, so any thoughts?

Yochi Zakai

I can start out; I am open to the idea of moving away from a per pledge payment model and would be open to doing that. It's something that I would like to explore and I'm interested in hearing from the agencies what they would be able to do in terms of enrollment via self-attestation, a streamlined appointment, or a different process, because that would require agencies to change their processes so that they can get people enrolled without the full intake appointment that they have now, that includes income verification. As Marie's message says now, it's something that I think they might need some time to think about. What does that reorg look like to make that possible?

Tillis, Daniel

That's fair. It's a kind of a big idea that you weren't already thinking about already or not too much. What are the thoughts on whether a customer should go through agencies for all assistance or the split between the company and qualify for BDR, and then refer for AMP and LIHEAP to the agencies?

Yochi Zakai

I would really love to get some agency input, even if you need more time.

Marie Stangeland

I like the idea, but I'm just not sure how it would work. I feel like the agencies are the experts on doing all this kind of work but not sure how bombarded we would be. We're trying to get people signed up for the BDR right away.

Misty Velasquez

I like the idea as well. I've already been thinking about our process going forward with PSE and all that with clients calling us, we're going to be doing the self-attestation for PSE and doing that, I'm hoping at the time when the client calls us without an appointment and then schedules an appointment for LIHEAP the way that we normally schedule an appointment, I'm hoping to be fully staffed and possibly have a few more staff just as backup at the beginning of the season so I can have teams like one for Cascade Natural Gas and they can just be directed to that team of mine and then PSE can just be sent directly to the PSE team that's focusing directly on those self-attestation ones and then when clients get scheduled, an appointment for LIHEAP. They're going to see a completely different group of staff members of mine. That does require a little bit more funding to come in, so I can be fully staffed to have all of that by separating their job duties. Right now everybody does all of it, but I can't have my receptionist doing three different appointments while I have someone on the phone and doing different things. That's where I need to look at it a little bit more and be able to plan and see what I'm capable of doing come October. I do have a good amount of staff at the moment, and I am hiring for a couple of more positions so I could possibly do it that way where we could be taking the phone calls and they just get directed to people who can do it instantly.

Tillis, Daniel

I don't have any idea what you all pay your intake folks and what their titles are even, but I was just doing some math last week as I was thinking about this, and it would be a higher administrative cost that versus the per pledge fee that you earn today, so the agencies would receive more funding. And we want it to be enough staffing to not be a bottleneck so that would be an important goal in my opinion. We wouldn't want to understaff for sure. And I think if we overstaff a little then that could give those individuals some time to qualify for the other assistance those customers might need. I think there's a lot of advantages for the agencies. There's also advantages for the company if we're not doing any qualification outside of receiving website applications and maybe referring those over to the agencies. We could figure out the process for that, but if we're not doing any qualification at all, then we're not collecting the data we've talked about collecting, some of the timing of things for LIHEAP and AMP and EDP isn't fixed, but it's better.

Misty Velasquez

It also gives us the opportunity to screen at the same time for LIHEAP for any other programs that we may have in our pot of money that we currently have, and I think the clients are served a little bit better at that point.

Tillis, Daniel

While it may cost more out of the ratepayer funds to staff the agencies, it would likely result in maximizing the use of LIHEAP, so that would that would be offset by making sure we're using those LIHEAP funds first before AMP and before the EDP bill discount rate and not have that process where the company qualifies for part and then refers for the other part, and have that possible dropout in between with the customers who don't follow up because they don't have time or they don't perceive it as worth their effort.

Yochi Zakai

I shouldn't go too far into speculation, but I wouldn't be surprised if the agency staffing costs were lower than Cascade's staffing costs. I don't know if it would be a one-for-one comparison there. It probably wouldn't be, but it will be different costs.

Misty Velasquez

I don't know what Cascade Natural Gas pays their staff, but I can say my intake staff are paid from a range of \$18-21 but that's covered by multiple different programs that feed into that.

Tillis, Daniel

That's good to know. It's very comparable to what we pay our CSR's and our other frontline employees. And I'm assuming you give them benefits, which means you'd have a loaded labor rate in there, which is what we use as well since the company's paying for the majority of the benefits, so very comparable. And to your point, Yochi and it's a great point, whether we paid out the ratepayer Energy Assistance Fund or we have to staff more and pay labor costs that go into rates, it's a wash. In this case, we'd be paying people who have experience in this field, they do it every day, all day. The resource is probably going to be more efficient and more effective at the job.

Sylvia Schaeffer

I think we would be fine with doing the intake for the BDR. We don't start our appointments until January. We do crisis starting October 1<sup>st</sup>, but as far as qualifying people for the BDR, we can do that

as well as OLIBA and all those other programs that aren't tied to LIHEAP, starting October 1st. I think that would work out good for us.

Yochi Zakai

Interesting. So, I can understand better what you're saying is that you do OLIBA enrollment all year, but you don't do enrollment for LIHEAP between October and December, but only for crisis?

Sylvia Schaeffer

We do, if it's a crisis. We won't turn somebody away if they're in danger of getting shut off. But we do have a process where we register people first and then from that we do a random selection and then we schedule our appointments starting in January all the way through whenever we run out of people that have registered. But definitely we do LIHEAP starting when our contract starts in October. But based on the way our process is here at BMAC, we do not start seeing actual LIHEAP appointments until January, but crisis LIHEAP starting October 1st.

Yochi Zakai

OK, great. I know we've already said this, but I'm just going to repeat it again so that I'm 100% clear, because I'm learning about this process for the first time, but for OLIBA and for what you could do for Cascade you would be able to do that year-round, right?

Sylvia Schaeffer

Blue Mountain Action Council, correct.

Tillis, Daniel

And just to give you a little bit of additional data, I talked to Chris about this a little bit last week, too, and the current estimate is about 500 BDR qualified customers per month, which really comes out to about 25 a day and spread across agencies. I know it's not all equal, but you know, a couple per agency per day so that's the volume in the forecast. That doesn't mean that's going to be the actuals; we're hopeful that it's higher, but just to give you some data to think about it a little bit as far as staffing goes. I don't think we're talking about a few resources per agency or anything like that, and my estimate of one to two per agency would still be in line with what we might be paying in fees or even a little higher, but not drastically higher.

Yochi Zakai

I'm sure everybody or most people probably already know this, but of course the distribution of service within the past year or two has been very much focused on three large agencies: Opportunity Council and Skagit and OIC, I think, was the third., The other agencies are much smaller and have a much lower throughput of pledges.

Misty Velasquez

I can see us qualifying the customer for Cascade, if they have gas, we're going to qualify them for PSE all at the same time so that client could potentially be served with all of the programs with the BDRs at the same time instead of having to call Cascade Natural Gas, then call PSE and then call us. They're getting it all at one time instead of individual areas. If I were a client, I would much rather call one location and get everything than having to make three separate phone calls and sit on hold, potentially, at three different places.

Tillis, Daniel

That's a great point that I hadn't thought of for sure. We haven't talked about agency fees at all in this discussion yet; it's \$75 per WEAFF pledge today and \$25, I think, for Winter Help and if you do the math on that you're talking about a \$500,000 dollars per month if we keep them there, and if we gave each agency 1 FTE, and I'm just throwing it out there, talking about \$750K. So, it's, you know, it's 50% higher potentially, but all those other benefits are in there and Cascade doesn't have to add staffing necessarily to process those calls and applications so it's probably a wash with what we were anticipating and probably three to four headcount, which is going to be a few hundred thousand dollars so it's pretty close to a wash. This is a little off agenda and I guess feels like maybe first thing we should do is see if we can make a decision. It sounds like Yochi and Misty, and I don't want to put words in anybody's mouth, but it sounds like you're supportive of the direction to require customers to go through the agency for an AMP. Anybody object to customers being required to go through the agencies for an AMP application? OK, I'm not seeing any hands up or any comments in chat, so I'll take silence as agreement.

Tillis, Daniel

The first two items on the agenda we had decisions and on, the third topic is whether or not there should be direct funding to the agencies for staffing for all energy assistance from Cascade going through the agencies. I'm not saying we need to make a decision on the staffing levels today, but is there an opportunity to make a decision on that approach today?

Yochi Zakai

I guess my recommendation here was because we heard from a couple of folks that they'll need some time to think about it and make sure it works and I think that this would also be related to the change in funding, since it would be an increase in work. Could Cascade come back with a more thought-out proposal on funding and then we can consider that and then folks will have a chance to think about kind the overall approach? I'm leaning towards 'yes,' but I do want to give people time to think about it, it feels premature to ask for an answer today.

Tillis, Daniel

That's fair. I think Charlee and Jenn are not with us today, that will give them some opportunity to consider it as well. We'll make sure we encourage them to either watch the recording or read the minutes to get the insight on the discussion. We'll list it as one of the first items on the next agenda and pick it up from there. Chris and I can discuss putting together a recommendation based on the forecast and if somebody at the agencies could share with us what you use for a loaded labor rate with all of the benefits and everything because we want to make sure we fund it at that level and not just the hourly rate level, so your true cost, that would be helpful for our calculations. We use about \$65,000 per CSR as an example, even though they're hourly and would only put them at about \$40K. So, if somebody could share via e-mail or something that would help us. Otherwise, based on your hours, we'll make an assumption that is similar to our CSR.

3. AMP – Discuss PC's conditions for Upfront relief for all tiers vs. 12-month relief period for tiers 3



- a. Discussion and adjustment of the percentage of arrears relieved upfront for customers with incomes >50% FPL. We would like to make sure that the percentage amounts are meaningful enough to ensure that customers will indeed be able to pay the monthly additions resulting from payment arrangements of their remaining arrears.
- b. Future assessment of program outcomes after implementation and discussion with the advisory group to make any needed adjustments to the program.
- c. Availability of payment plans >12 months to align with what customers know they will be able to pay. Additional discussion of payment plan terms (i.e., if customers miss a payment, are unable to pay in full, etc.)
- d. Evaluation and revision, as appropriate, of how the Company communicates with customers about payment plan options (i.e., customers are presented with options, rather than being enrolled in a “default” payment plan through IVR or other means).

I'm going to move on to item 3 unless anybody has anything else on that topic. As I opened with, we have the agreement on the upfront, arrearage forgiveness approach for our program and then Public Counsel's agreement on that was with conditions. If you all will indulge me, I'm going to go through 3B through D first and then come back to 3A because that's a big topic that may take us the rest of the meeting. I totally agree that this is on the list of future assessment of program outcomes as far as how the upfront forgiveness for tiers 3 through 5 is working. In fact, it might be on the top of the list, and then as far as availability of payment plans, payment arrangements, we're in on greater than 12 months. We typically use up to 18 months and I think we'd be willing to go up to 24 months. In general, if a customer tells us they need extended months, then we work with them on that, so we have no objection to that. I think with this group we just need to see where we are comfortable with the update 18 months or up to 24 months, does anybody have a preference of using up to 18 months or up to 24 months for TPA time payment arrangement?

Misty Velasquez

I know that clients right now are given 18 months through some utilities. They're being given up to 18 months to pay on payment arrangements, so I think that's beneficial to the client and they would possibly be able to make their payment and keep current on their regular bill. I would vote for 18 months.

Yochi Zakai

And what's your thinking and not going up to 24, Misty?

Misty Velasquez

I think people move out of their homes very quickly. They'll possibly end up going to collections. I don't know what your policies are at Cascade. If a customer goes on a payment arrangement and they're living in a home, and then they happen to close but they moved to a new residence, they get a new bill account number because they have a new residence. Does that old stuff follow them, or would that go away?

Tillis, Daniel

I'm going to defer immediately to Teri.

Sovak, Teri

It doesn't automatically transfer to the new account. There would have to be conversation with a CSR to ask to do that. If they're stopping and starting service online, it wouldn't automatically happen.

Tillis, Daniel

We do have prior obligations in Washington which means a customer can move and not pay their past due balance and really not suffer any consequences because we're currently not charging deposits; that moratorium still exists. The only possible hit would be if it's a credit report hit, and frankly, we don't report to credit reporting agencies, so there's not even that. If they voluntarily move and aren't turned off for nonpayment, then the prior obligation doesn't apply so they would fall in the scenario of us trying to figure out what to do with that. The longer the payment arrangement, the less likely it is that the customers honor it so I think that could be one argument against going beyond 18 months to continue extending that out, and I think it's kind of what Misty was saying. Life changes a lot in 18 months, good or bad. During the COVID moratorium in Washington, the requirement was up to 24 months for TPA.

Sovak, Teri

We're still at 18 months for Washington, but I'd have to go back and check.

Tillis, Daniel

OK, maybe in Oregon that was 24 months.

Sovak, Teri

Oregon was 24 months.

Tillis, Daniel

If Oregon was 24, Washington was 18, so we used 18 during COVID and we really still use 18 honestly. Again, if customers say I need 18 months, we'll set it up and hopefully they honor it. This is one of the items that was on Public Counsel's list, so do you have any preference for 18 or 24 months?

Corey Dahl

I prefer 24 just to maybe gather some data on where customers land and customer success, at least in the first year or two, and then we can maybe tailor it from there.

Yochi Zakai

But I'd like to prompt the other agencies to see if they have thoughts on the timeline for the payment plan. We welcome hearing more input from the agencies on this.

Sylvia Schaeffer

Can they have a choice? To me, it doesn't really make a difference. I think it's all depending on what the client or the customer is able to pay.

Tillis, Daniel

Yeah, absolutely. It's really tailored for the customer and the conversation. There are a couple of ways it could work: you all could qualify a customer for LIHEAP and/or an AMP or BDR and then if they have an arrearage that's not fully covered by the AMP, then refer that customer to the

company to discuss an arrangement for the remaining balance that they'll have; then our team members would just open it up with how much can you pay each month and how many months would you like to extend the payment arrangement? So, it's really tailored for the customer and our employees are trained to have that conversation on TPA.

Yochi Zakai

If the agencies are going to be doing all the AMP, can the agencies tell Cascade how long the customers want to set it up for? It could be something additional for the agencies, but I think from the customer perspective, it would be a lot easier if the person that gave them the arrears grant also enrolled them in the payment plan at the same time.

Misty Velasquez

So the time payment arrangements will be for anything that's owed after the AMP?

Tillis, Daniel

After LIHEAP and AMP, correct.

Misty Velasquez

Has anybody done any data on how many people actually have bills that are really past due that would need to go on that after they've gotten LIHEAP and AMP? I guess my question is, is it really going to be a lot of people?

Yochi Zakai

I think so, Misty, because maybe not in the lower income brackets where people qualify for LIHEAP, but where folks don't qualify for LIHEAP and when we're talking about above 150% FPL, we're only going to be giving them a certain percentage, so there's going to be a leftover amount.

Misty Velasquez

Right, I understand that. I am also thinking about the state LIHEAP program that I was talking about, that is going to be for people 151% up to 80% AMI. I know that's a very new program and it's going to start on October 1<sup>st</sup>, and nobody really has all of the ins and outs of that program yet, but for the people who don't qualify for the regular LIHEAP, I don't know that it's going to be a lot of extra people needing the time payment arrangements. Maybe it is, but I could see our agency possibly being able to handle that if it's built into what we're qualifying a person for. It doesn't sound like it's a lot. It sounds like you're asking the client how much they can pay and for how long they need payment arrangements.

Tillis, Daniel

I think we really like the idea, but I would envision it as you're extending that conversation to, you're going to have some balance leftover; how many months would you like to spread it out? OK, that's X dollars a month; are you comfortable with that and then submit that in the portal with the other pledges and the BDR discount percentage. As long as we staff the agencies correctly, hopefully you can handle whatever volume that might be and that would prevent a call to Cascade which would prevent us from maybe needing that staffing. So probably a wash there as well.

Misty Velasquez

As long as we can plan our staffing correctly and we are working all of that into budgeting, I don't see us not being able to type something into the portal. We're already having that conversation with

the client, so we've already figured out what the client qualifies for, so I don't see that being an issue for Skagit.

Tillis, Daniel

Thoughts from other agencies on having that time payment arrangement discussion as far as how many months?

Sylvia Schaeffer

I agree with Misty. I don't think it would be an issue for BMAC either. Besides the new state program that's coming on October 1st, we also have CDBG funds through our City of Walla Walla and so when people still have a balance, we usually tend to use that also to pay off people's bills that were not covered by either LIHEAP or WEAFF, so it's possible that we will also use that if a person still has an outstanding balance.

Tillis, Daniel

Maria put in the chat that she thinks it's probably fine but needs some time to think on that as well, which is fair. I don't think giving Cascade the number of months for the TPA is necessarily something we have to decide today so I think we're comfortable with 24 months if that's where this group wants to go. I think Sylvia brings up a great point: it doesn't have to be 24 months; it's really up to the customer and the company to a certain extent, but really mostly up to the customer as far as how long that is. For the sake of time, any objection to just starting with up to 24 months for the TPA and evaluating as needed?

Corey Dahl

One more thing that I'll just say is these payment arrangements going up to 24 months is made with the knowledge that not everyone is going to opt for 24 months and I think a lot of the success of the program will come in how the options are presented to customers who qualify for the payment arrangements and are looking to enter them after arrearage relief. If customers are given the information they need to make those decisions, such as if you go for 18 months, this is how much your monthly bill will increase; if you go with 24 months, etc. I think there could also be other information provided like most customers with an arrearage near what you're paying off are successful with 18-month arrangement or whatever that may be, so I think that it just comes in how information is delivered and empowering customers to make the decisions that are best for them and their families.

Tillis, Daniel

Someone had brought up in one of our meetings that the agency staff is trained to have budget discussions with customers, and I think the TPA discussion is really about what are you comfortable with in your budget to pay for your gas bill in this case each month to catch up to on that leftover past due balance so it feels like a natural part of the conversation.

Corey Dahl

Absolutely.

Tillis, Daniel

On to Item D - within the IVR on our website, customers can make pay plans, set pay plans, short-term pay plans typically, and there are some exclusions on when those can be set via the IVR or

website, so we can definitely add in some verbiage in both our IVR and on our website to make sure customers who are setting up short-term pay plans are aware of the longer term arrangements that are available. I won't go into all the detail on this IVR flow but basically when a customer selects the option to say I want to set up a pay plan, we would insert another option in there that says you may also qualify for energy assistance or long-term payment arrangement options, press 1 to speak to an agent about those options or press 2 to continue to create a Pay Plan . So I wanted to just share that we're able to do that with you all and also get your feedback on the verbiage. We can also put similar verbiage on our website in that process when the customer is going through that online pay plan establishment where we say you can continue setting this pay plan or you may also qualify for energy assistance, and then we could do one of two things; we could refer them to our customer service number or to an agency, or we could also just refer them to an online application where they could just apply at that point as well and figure out referral process. Any immediate feedback on the verbiage we have here initially? We want to get this finalized because it does take some time to get IVR and website changes made. So, we'd like to get those started. We don't really even need to wait until we have the new programs in place to get these changes made. We'd like to get them made as soon as possible, but no later than October 1st for sure.

Yochi Zakai

Is energy assistance too much of a wonky term? We might want to say something simpler like "based on your income, you may qualify for help with your bill" or is 'assistance' a well-known word. I'm just trying to think if folks who work with agencies have thoughts on what you're outreach material normally uses and what's well understood.

Tillis, Daniel

I worry a little bit about using the word income a lot just because it almost sounds like we know their income and we definitely don't. We could say something like there are income-qualified customers who may be eligible for bill pay assistance.

Yochi Zakai

So in the chat, Misty suggested bill assistance and all the other agencies immediately thumbed it up.

Tillis, Daniel

OK, so maybe you may qualify for bill payment assistance or long-term payment arrangements?

Yochi Zakai

Yep.

Tillis, Daniel

OK, easy enough.

Yochi Zakai

My other thought is providing this to people once they say they want a payment plan, but I'm wondering do we want to make the option one level up that everybody who gets their bill balance may qualify for bill payment assistance or a payment plan? That would kind of put it even more prominently.

Tillis, Daniel

Yeah, there are a lot of customers who call in to get their balance who aren't in need of assistance

and so it feels out of place there to me because the other options are, I just want to go pay my bill, that's all I wanted, and hang up. I feel like where we're suggesting it is the right place. Anyone else have an opinion on that? No, ok. As far as the website part, I've asked for a screenshot of where it might be placed on our website and as far as through the pay plan process and what that would look like. I'll share that with the group as well when I have it. It really doesn't matter because the customer could set up a long-term payment arrangement without even getting any assistance if they really wanted to.

OK, last topic that we're going to get to today is the percent discounts or percent arrears forgiveness for tiers 3 through 5. Chris, I'm going to turn it over to you for this discussion. I'm assuming you'll want to share the spreadsheet and we could open it up for discussion on what we think each tier should be.

#### 4. Rate Spread – *Chris Mickelson*

- a. Review the written description provided by request

Mickelson, Christopher

This is the area where we're focused. We've thrown out our proposals., Are there any other thoughts?

Yochi Zakai

My only other point of reference at this time is Avista, who I believe did 100% for the first two and then 90% for the bottom 3. I admit that I have not gotten the most recent version of this spreadsheet and haven't thought through exactly what a proposal would be, but I'm willing to start some numbers at 90, or 80/60.

Mickelson, Christopher

Well, with the 90% like Avista, you're looking at a program at full enrollment of over 62 million a year, so that seems pretty substantial, which would be around a 60% increase in our rates. I don't know if the Commission would go for this but it's something I guess you're talking about with Avista and maybe others.

Tillis, Daniel

Chris, what would 09/80/60 look like?

Mickelson, Christopher

About 52 million.

Tillis, Daniel

Compared to 80/60/40.

Mickelson, Christopher

We were at 42.

Tillis, Daniel

So about a 10 million difference.

Corey Dahl

One thing I'd like to point out or suggest we think about is that if the programs we are proposing here work as intended, to make customers' bills more affordable, this isn't the type of program that customers would enroll in year after year for the arrearage forgiveness. So, I think that kind of changes the longer-term cost of the program, considering we don't anticipate full enrollment to happen in one year or probably even several years after the implementation of this program. My educated guess is that this would not be an annual budget of over \$60 million, and in fact, I think that those dollars would be spread out over the course of many years.

Mickelson, Christopher

And that's why I've always been showing the enrollment level at 10%. I figure that is about what we would expect to see for the first year so then these numbers would be very comparable to what you're seeing.

Yochi Zakai

As we discussed via e-mail, I just want to confirm, the assumption here is based on arrearage data from most of 2020 and 2021, right?

Mickelson, Christopher

Correct.

Yochi Zakai

So that's assuming that arrearage is from 2020 and 2021 are similar to what we'll see in the future.

Mickelson, Christopher

Also correct. This kind of goes back to our accounting petition having that both revenues and expenses all go into the bucket and you're ultimately trueing up over/under. It would be no different than a PGA or conservation or any other type of pass-through type mechanism. So even if we over project say one year then rates would stay flat or maybe even decrease the following year for other customers that fund this.

Tillis, Daniel

What would 85/70/50 look like?

Mickelson, Christopher

Around 44.8 million at a 10% enrollment. So, it would be 40 million. But like Cory said, not sure if the same levels would be at 100%.

Yochi Zakai

I'm really hoping that LIHEAP is going to cover a lot of this.

Mickelson, Christopher

Well, if it covers AMP then you probably don't see it cover as much energy discount; it's hard to say. Another aspect we could do is, I think I heard the group indicate that PSE, you can only get AMP during the two-year cycle so you can only, I guess, tap this program one time within a two-year period. Well that would also help half this number.

Yochi Zakai

I guess my assumption would be if customers are enrolled in the bill discount rate, then we set their energy burden at a reasonable level, then hopefully they will be able to pay and stay current. And I was just looking at a report from LADWP. they recently ended all disconnections because they have a discount program that does self-attestation and sets energy burden reasonably, and they have found that once they get people enrolled on the discount program, the vast majority are able to stay current on their accounts. I think they have almost 70% of their customers enrolled in the bill discount were able to stay current.

Tillis, Daniel

Right now I think we've made the assumption that a customer could qualify for an AMP once per year or similar to qualifying for LIHEAP once per year or WEAF once per year. Are we thinking once every two years, or along with the EDP cycle, or do we want customers to be eligible once per year if they need it; what are the thoughts there?

Yochi Zakai

Would that make Cascade more comfortable with having a higher arrearage forgiveness amount if we had customers only qualifying once every two years for the AMP?

Mickelson, Christopher

What do you mean by a higher arrear forgiveness amount?

Tillis, Daniel

The percentage of discount for Tier 3 through 5, Chris.

Mickelson, Christopher

That would allow, but I guess that also then goes to other utilities, mostly Avista and PSE had caps on how much was eligible and they're also dual utilities. If we take the same aspect like energy burden, where gas is about 1/3 of that burden, then if I take 25 therms by 1/3 think, that puts me somewhere in the \$900 - \$1100 pricing cap, which would be over a year and a half for Cascade on an annual basis.

Yochi Zakai

We're talking about a lot of different things at the same time, but I'm willing to go there. I would be open to a cap as long as there were a process for exceptions. But I think generally it is reasonable to say that there should be some sort of cap as long as we have a way to process hardship and extraordinary circumstances. And I've got to be honest, sorry, I'll just say a little more and then that's similar to my thinking with the payment plans: it's like most people aren't going to want more than 12 months. I think it's going to be more of an exception to the rule when we would go beyond that.

Mickelson, Christopher

By the way, this is what their TPA would be.

Tillis, Daniel

If we limit AMP qualification to once every two years and have a reasonable cap with a potential exception process, the higher percentages are acceptable from just from a program cost standpoint.



Corey Dahl

Hopefully even after a year or a little more than a year we revisit these tiers and determine if they are adequate or if people are falling behind again. An important thing to remember here is that this isn't set in stone. This is a novel program that we'll have to revisit and fine tune as we go.

Mickelson, Christopher

I know we have our list of things we plan to come back and revisit, but I would say there's quite a few of these things probably within the two- or three-year-timeframe we would probably come back and revisit once we actually have a couple of years of data. I would say three because at that point we kind of know trends.

Tillis, Daniel

Chris, what's the total program cost with no cap set right now with customers being eligible every two years for an AMP at these percent arrearage forgiveness levels?

Mickelson, Christopher

The 1.8 for the AMP per year.

Yochi Zakai

If that's acceptable to the company--my preference would be to limit the number of times a customer can enroll to the number of times they're enrolling in the BDR and they could kind of make sense to have those synced up. If I had to choose between the two, I'd take that over a dollar cap. Especially because we know some people are still recovering from large arrearages from the downturn of the last couple of years.

## 5. Topics for 5/31 Meeting – All

Tillis, Daniel

OK. Are we at a point where we want to approve these Tier 3 through 5 discount levels with qualification eligible every two years and in alignment with the bill discount rate program with the CAP amount and the exception process TBD?

Yochi Zakai

Do we want to revisit this at the start of the next one?

Tillis, Daniel

Yeah, we can do that. Chris, maybe if you can send out an updated spreadsheet after you make any other tweaks you want to make, and then give people a little bit of time to review it. This and the funding model could be our top two topics for next week and then potentially the item topic we didn't get to today with the rate spread e-mail from Chris.

Mickelson, Christopher

I will send an updated model after I get with Dan to talk about kind of the agency funding piece so people can see all that. I'll try to provide by the end of close on Friday.

Tillis, Daniel

OK then that sets our agenda for next week. Thanks everyone have a great Memorial Day weekend.