

WEAF Advisory Group

Agenda

June 28, 2023

KEY TOPICS: *Tariff Filing Feedback, Arrearage Relief cap exception process, Income Verification Process*

GOALS FOR MEETING OUTCOME: *Finalize tariff filing, design arrearage relief cap exceptions, discuss timing and processes for income verification*

Agreements from 6/28 meeting:

File tariff on 6/30.

Start income verification process in November.

Include exception process for customers who might need more than \$1,000 or more than 1 grant in a 24-month period. See notes for details on exception process that will be included in training and the agency agreements.

1. Tariff Filing Feedback – Yochi

Tillis, Daniel

So just so everyone knows, we have a guest this week. Krystal Nicholson, who's part of our Customer Service organization at Cascade, has joined us. She's in a company mentor program this year, working with me and trying to get her access to how things work and how decisions are made and exposure to some other topics outside of our traditional day to day activities. So, she's here observing this meeting, just to learn more about the process we've been going through to create these new programs for our Washington customers. The first topic is the tariff filing feedback submitted by both Charlee and Yochi. I think I addressed Andrew's earlier today, which also I believe addressed one of Yochi's comments and his feedback. But we originally had Yochi listed as the person leading this conversation, but since then I added our CNG regulatory team because I think they've already addressed several of the items. Chris or Jennifer, I'm not sure which of you decided to take the lead on that.

Gross, Jennifer

I want to start by saying thank you for the feedback. We accepted most of the language you gave us, so I'm not going to walk through every edit. What we did notice when walking through your proposed language is that there were about five areas where we probably need to talk to you and provide some clarity. So, your first question was why is the program in a rule and the discount rate in a separate rate schedule? That's just consistent with the way our tariff is set up. For instance, we have the terms and conditions of service in our rules for residential customers, but then the

customers are served on rate Schedule 503. There are a number of examples like that, like the Schedule 200 fees are explained in the rules, but they're in Schedule 200, so we're just being consistent with our tariff there. Any questions on that? OK, the second issue that came up on email today and in your comments was the application of LIHEAP. In our tariff, we were pretty clear that our billing system cannot prorate, so when the discount is suspended and LIHEAP is applied, LIHEAP is exhausted and then the next full billing month the energy discount is reestablished on the account. So, there could be an instance where the customer only has a few dollars of LIHEAP applied and then they don't get the discount until the next billing month. That's just a limitation of our billing system, and there's really no way around that. But since you both noticed that in the tariff, we wanted to be transparent about it for you and for customers. Are there any questions on that?

Yochi Zakai

Can we make some space for that? First of all, I will say thank you to you and your team for putting together a thorough cover letter that covered in a detailed way a lot of what we talked about, and I really appreciate it. It is apparent the effort and thought that went into putting together the filing. I will say before I read the tariff, I didn't quite appreciate what you were saying, that the discount wouldn't apply to the remaining amounts per month and I'm kind of letting that sink in still because I just read it this morning. I don't know anybody else has any thoughts.

Roberts, Andrew (UTC)

I have a concern in that area too. Like Yochi, I didn't see it until today and I'm still thinking about it. I'm not a programmer, so I don't know what it would take to overcome the limitation, but I think that this is something that could hurt customers and could encourage them to not seek those federal funds that we want them to do first. If they know that there will be one month where they could be responsible for a large bill, particularly if they're getting a large discount, that's why I'm concerned. What would take to overcome the barrier if there's perhaps a manual process that could be used?

Tillis, Daniel

I'll let Corey weigh in here before I discuss this a little bit more.

Corey Dahl (PCU-he/him)

I'm echoing the thanks that Yochi had mentioned in terms of the level of work that has gone into the cover letter. It does cover a lot of bases and I'm also equally appreciative that we're able to have a conversation about this specific issue. I share the concerns that Andrew had mentioned especially knowing that this could push a customer into a situation where they develop an arrearage and if the arrearage management funds have already been applied to their account, they would be sitting on another arrearage. I would be curious to know what the company has in mind, if anything, to help alleviate that potential situation. I don't know that it will be a significant number of customers enrolled in the program that would find themselves in that situation, but I think we can all agree that we don't want a situation where a customer has found themselves with most of their arrearage relieved and suddenly any remaining amount that they have left, if it's through a payment plan, that those monthly payments are suddenly unaffordable. That's not in line with the goals we've set out to achieve together, and in terms of the programming questions that Andrew had raised, I'm not an expert in programming either, but I do know the company has said that they are recovering costs for

new software upgrades. Is that something that could be pushed for this year or in future program years to fix since those costs will be recovered from customers anyway, or presumably I should say?

Tillis, Daniel

Thanks Corey, Andrew and Yochi and I'll try to address everything you all brought up here. I'm not an expert in programming either, but our experts in programming have told us there's no way they can fix this issue. The bill discount rate code that will be added to the accounts is not able to provide a prorated discount during a month after the billing cycle has already started, and if a customer receives a LIHEAP grant that creates a credit balance, and then eventually that credit balance is eliminated by monthly charges in the month it eliminates the full monthly charges, and then in the month it eliminates the partial monthly charges, the bill discount rate will be added back to the account and it's not able to, at that point, add a prorated credit for that month for those charges and that's what we've been told by our IT team. I don't believe that we would ever have a scenario where a customer has received all of their LIHEAP; I shouldn't say never. I don't foresee scenarios where a customer would have received all of their arrearage relief grant within that 24-month period, and also a LIHEAP grant that created a credit balance, because if the LIHEAP grant creates a credit balance, then there's no need for arrearage relief to be provided at that point. So, I think that would be very rare circumstances where we would find that situation. I also don't believe it would discourage customers from participating in the federally funded programs because the LIHEAP grants are typically fairly significant, and I don't know that it would be wise for a customer to choose to forego those because they wouldn't get their monthly discount if they qualify for it. So, I understand those concerns, but I just don't see customer behavior in that way. I would hopefully see customers, especially since they're interacting with the agencies through this process understanding that they should get LIHEAP if they qualify, and then whatever that ends up doing from a credit balance standpoint, there are no potential issues with that one-month period. The 24-month term still stands; the customer is still going to get the discount for 24 months in total, so they're not being shorted any bill discount rate funds. We are using the federal funds first as we were requested to do, and our team is, Corey to your point on recovering costs, going to modify our system to allow for that. There is a lot of work that is required by our IT team to just allow the system to recognize that a customer was receiving the bill discount rate and now has a LIHEAP-created credit balance to pause that bill discount rate and add it back later.

Corey Dahl (PCU-he/him)

Just to clarify, one of the concerns that I had voiced, my concern in terms of arrearages would be the scenario that Andrew had pointed to in that a customer has a very small amount of LIHEAP credit left and that customer would have been eligible for a pretty significant bill discount and then all of a sudden, they're not able to make any payment or a full payment for that month, that would create a past due balance. How will the customer be able to cover that and what is the utility planning to do in order to make sure that customer doesn't fall further behind?

Tillis, Daniel

Well, if the arrearage relief opportunity wasn't there, then we definitely have extended TPAs that are available. We also have the Winter Help fund that we have not yet decided how we're going to utilize those funds to complement potentially state LIHEAP as well. And then CARES programs. It's possible that in those scenarios we could utilize Winter Help with arrearage balances at that point; TPAs, as I mentioned could be part of the exception process that we need to talk about still. I think

we have some options available to us to still help those customers. They wouldn't be completely out of luck.

Roberts, Andrew (UTC)

We're jumping ahead to this balance becoming an arrearage balance. I'm wondering if there's something that could be done before that so the customer in this instance qualifies for these programs. We know that they qualify for the bill discount and right now it seems like this could be not something that happens a lot. I'm not 100% sure of that, but I'm wondering if there's room for a manual process, some kind of flag gets triggered when the credit is a small balance. And then somebody over at the company goes in and does a manual process to apply that that bill discount for that month that the credit runs out.

Tillis, Daniel

We can look to see if there's something we can do. We try to avoid manual processes as much as we can because of the labor cost as well as the opportunity for error in any manual process that exists in the world, but we can take a look to see if there's something that would allow us to calculate a manual credit for that month. Teri, I don't know if you have any immediate thoughts on that.

Sovak, Teri

I don't have any immediate thoughts. I'd like to understand more from our IT team, how the modification to the system is going to function, how it will pause and restart. We've presented this issue and they have responded to us on what's possible, and an additional manual process is not ideal. It would involve a cancel rebill, potentially of bills that had already gone out to the customer, so we we'd have to look at the full process again.

Tillis, Daniel

Jen Rightsell has a couple of questions in the chat. Budget billing is still available for these customers as long as they meet all the other requirements of that. When a customer goes on a bill discount rate, it actually doesn't impact their budget billing until the annual true up, so they would continue on the same budget billing and then they would get an annual true up if LIHEAP were applied. I think they're actually removed from budget billing if they receive energy assistance, aren't they Teri?

Sovak, Teri

I will have to check on Cascade.

Tillis, Daniel

So Jen, your other question, I believe the way our IT team is trying to set it up is if the only time that the BDR would not apply is if LIHEAP created the credit so that the customer's monthly bills utilizes all of those federal funds before we either apply or reapply the bill discount rate. If it's a credit, because the customer overpaid, for example, then the bill discount rate should still apply to current charges each month.

Misty Velasquez Community Action of Skagit

There's a lot of clients who this year and last year were given a lot of LIHEAP money and they have very large credits on their accounts, currently from LIHEAP; would they just be barred from applying for BDR until those credits are used up?

Tillis, Daniel

I can't answer the question right now on how it will work for customers who get approved for BDR and they already have a created credit balance from past from LIHEAP. That's a question we'll definitely have to ask IT. I haven't asked that question, so that's a scenario we definitely have not considered. I definitely wouldn't say they're barred from applying for BDR. They can still apply for it, but per the request of this group, we would not apply the BDR to the account until their monthly charges utilize the entire LIHEAP created credit. We haven't said we're going to stop the BDR for WEAFF or Winter Help; we're talking specifically LIHEAP here, but that's a question we'll have to also pose to the IT team as we get into the new program here and customers are applying for the bill discount rate and they qualify and they already have a LIHEAP created credit balance; how will we handle eventually adding the BDR to those accounts which is what we would do eventually is add the BDR once they no longer have that LIHEAP created credit balance?

Mickelson, Christopher

I would think those customers that do have credits would be part of our auto enrollment and we were going to make a note within the system, now that may be a question for IT. We make that note, but they would be enrolled into the BDR; however, they don't get that discount until obviously LIHEAP is fully utilized first, but as part of our filing, we indicated those who have received LIHEAP or WEAFF within the last 12 months will be auto enrolled.

Tillis, Daniel

That's a good point, Chris. They won't have to apply. They will be auto enrolled and then the question for IT is, how do we handle those as far as getting the BDR added once the federal or state LIHEAP funds, if the state LIHEAP is in place by then, how will we get the BDR added?

Misty Velasquez Community Action of Skagit

So we could potentially have clients who will not be put on a BDR next year even though they are automatically going to get enrolled. There could be some clients who have automatically enrolled but won't be put on it because their credits are very large and don't utilize the whole entire thing for the entire year.

Tillis, Daniel

In that scenario, that would be an accurate statement and that's what this group decided. We wanted to use every dollar of the federal funds before we apply the bill discount rate that's ratepayer funded.

Tillis, Daniel

Sylvia looks like you're up next.

Sylvia Schaeffer

Maybe I'm a little bit confused here. When we do the LIBA program, we enroll a person even though they may have a credit on their electric bill, but the whole point is to enroll them in that discount program to lower their bill and help that LIHEAP credit extend out further. Am I way off here thinking we're concerned if somebody has already a credit and them being able to still apply for BDR to make that LIHEAP benefit last longer; I'm a little bit confused. Maybe Misty can help me understand a little bit better.

Tillis, Daniel

Yeah, that's absolutely an option. We discussed it and this group decided not to go with that option. This group wanted the bill discount rate to not apply at all until all of the LIHEAP funds are exhausted. If it's a credit balance, they would be exhausted either way. Misty, you did bring that up as an option, and that's not the direction we went.

Corey Dahl (PCU-he/him)

I'm now noodling over the secondary question about enrollment in BDR if there's no pre-existing LIHEAP credit on the account - my question was aimed at the earlier question about LIHEAP funds being exhausted so I don't know if we're ready to jump back to that. If they had a pre-existing balance versus the first branch of the conversation, which was around the idea of a customer not being able to receive a bill discount if there's a small remaining balance even though the bill might be large. So that's the concern that Andrew Roberts had brought to the group, and I just want to make sure the other discussion is done first.

Tillis, Daniel

I feel like we're getting into the weeds here on this topic. We want to file the tariff by Friday. I think we have a few other items to go through on the tariff today in our last hour that we have left together. I want to make sure the group is still comfortable with not adding the BDR at all to the account until all credits created by LIHEAP are exhausted, and if we are still comfortable going down that path, then I might recommend that we modify the tariff to not be entirely specific on how we're going to handle that. Then as a group, we continue to work through how we're going to handle it, both for customers who get auto enrolled, who have large credits from past years and customers who will get a credit at some point during this upcoming program year. I think that will save us some time today, and hopefully still allow us to file by Friday and then work out the details, agree to language for the tariff that covers it, but it doesn't go into exactly how we might do that.

Gross, Jennifer

I'd like to counter that Dan. I think the specificity is important and that's why we're talking about it today, because we were transparent and that is always important both from an operational compliance standpoint and for customers. If a customer has a complaint, we need to be able to show them that things are being applied consistently to everyone, and that's how we use the tariff. We can always look at this later as we learn more information about what we can do and then change the tariff and that's not a ridiculously tedious process. We could do that, so I would recommend we do that.

Tillis, Daniel

At some point, if we're going to file by Friday, we're going to have to either get comfortable with what's already in the tariff and agree that we'll look at it and modify it later or we're going to have to modify it now with less specificity. I guess we can continue discussing it and see where we get today.

Corey Dahl (PCU-he/him)

I think the good news here is that this potential problem, and again I don't expect this to be a major problem that we encounter, but we've come to the point that we've recognized that it could be an issue. So, I think we have the ability to reach a resolution, because it is a situation that would make me uncomfortable knowing that a customer could develop a past due balance and then be put in

the pipeline for disconnection if they can't pay the past due balance that was created by this quirky scenario. That said, I think it still makes sense to make sure that all federal funds are applied and prioritized in this, because I think that's the best and most efficient use of ratepayer dollars here in this case, but I think we can find a solution to make sure that customers aren't facing this unintended consequence of programming difficulties.

Yochi Zakai

I am comfortable moving forward with this at this time, acknowledging that we'll need to monitor and if we see that it is causing a lot of problems, then we should look at fixes but I think for now the goal of prioritizing federal funding is important, and I expect that for the vast majority of customers getting LIHEAP is going to result in a net benefit over the course of receiving LIHEAP and the subsequent 24 months of enrollment in the bill discount, acknowledging that there could be that one month of problem, and I strongly support that you know we keep this policy of using the credits first. Now, whether Cascade is able to develop a process to apply the bill discount to the remaining amount in that one month is what we should revisit if it turns out to be a significant problem. But the overall policy of maximizing government dollars, I think is really important. Sylvia, I know you maybe didn't fully appreciate that before; that's not the way PacifiCorp does it, and I will just give you a heads up that that is a request that TEP plans to make with PacifiCorp in the future too, because it is really important to make sure we use federal funds. Sorry for delaying or extending this conversation even more.

Tillis, Daniel

I appreciate that. I'm fully on board with using the federal funds first. It totally makes sense if those funds are available, they should be used before ratepayers contribute to it. Andrew, I know you had some concern; if Yochi and Corey are OK with moving forward as we have it right now and continuing to work on what our options are and modifying the tariff if we need to, if we come up with a better solution in the future, are you OK with that?

Roberts, Andrew (UTC)

Yeah. Can you remind me what the timeline on this is?

Tillis, Daniel

October 1st with the new program year.

Mickelson, Christopher

The effective date will be August 1st, but the program doesn't go into effect until October 1st to allow time for the back-end operations get set up for these programs.

Roberts, Andrew (UTC)

That's what I thought. I don't think we should allow that concern to derail the program. I would like to hear what the company does in between now and August to look into it, It doesn't sound like a programming solution, but if there's another possible solution, I would like to explore that, but I don't think we should allow this to derail the current layout.

Mickelson, Christopher

Keep in mind, we haven't really talked about our Winter Help, the voluntary program and how we could utilize those funds. I'm pretty sure, I don't want to speak for Teri, but there could be some

type of report where she makes sure anyone on this program never gets into that collection process or disconnect and maybe utilize Winter Help to keep them current. I'm sure there are other solutions that can be applied without having to have too much of a manual process.

Corey Dahl (PCU-he/him)

I'll just jump in with a potential solution to something that we have discussed and I think is still on the table for discussion later, is the idea of exemption processes and reasons why more funding particularly as it relates to arrearages could be applied. This could be a situation where additional money from the CARES bucket is just applied to an account to wipe out arrearages that are developed as a result of this unique situation. And just to be clear, this isn't an issue; it's a concern, but not one big enough to derail the entire process.

Tillis, Daniel

OK. It sounds like we'll leave the tariff language as is, and Teri and I will talk to our IT team again about possible options to automate it, if at all possible. I think the answer to that is going to be still, it's not possible and if we can't automate something, we'll see if there's some noncomplex manual process we could put it in place, or at least maybe track these to see how often it's occurring for a while, see if it's something worth creating a manual process for. I think another option that we've talked about, and I've seen somebody put something in chat as well, is that Winter Help could be a possible solution for those customers if they start creating arrears in that first month without the discount being applied before it's reapplied.

Gross, Jennifer

I'll pick up where I left off, so hopefully the next few items are not as complex. At the end of our cover letter, we mentioned that we asked the Commission if they would stop or cease our reporting requirement. Yochi, you and Charlee both said you wanted to talk about that more, about what that requirement is; in our last rate case order, there was a statement that said we needed to file any documentation, any meeting minutes, anything related to our WEAFA advisory meetings and so we've been doing that weekly. It's a lot of information. It's stuff you guys all have already. We don't think we need to do it anymore because we will have a program on file with the Commission so you're not going to have any less information; it's just we won't be diluting that rate case docket. Any questions about that? I'll add that since you both asked about it, we figured we needed to add some clarifying language in the rate case order, just to make it clearer.

Yochi Zakai

I just want to clarify, did the Commission come up with that on their own? I don't remember anyone asking for that in the last rate case.

Mickelson, Christopher

They did.

Yochi Zakai

OK.

Mickelson, Christopher

And we get calls constantly from staff asking why we keep filing it and we tell them the Commission asked for it.

Gross, Jennifer

The next item I think we need to talk about just for clarification is how we allocate the agency payment after year one. It seems like we all understand that our plan is to pay 25% of the customer benefits from the prior year, but there seems to be just a little lack of clarity on how we plan to allocate that, so I'll give you the math that we came up with, and we put that also in the tariff so it's very clear. We will take the total, the 25% of customer benefits; we will divide that by total customers enrolled in the prior year. We will get an average benefit per customer and then we will multiply that average benefit amount times the number of customers each agency enrolled in the prior year.

Yochi Zakai

So, you're going to use average customer rather than actual benefits in each county?

Gross, Jennifer

Yes, there's really no way to track actual benefits because you're going to have customers that were signed up two years prior. They're still getting benefits, so you just have to kind of average it per customer and then divvy it up on a per customer basis.

Yochi Zakai

I'm hearing this for the first time, so I'm thinking about it. I don't know if others have thoughts.

Gross, Jennifer

We can come back to that. I'll move on and if people have questions about that, they can raise their hand. The next thing we want to address was annual reporting. There were a number of edits on the tariff language for annual reporting, and we just want to clarify, the tariff doesn't need to have a laundry list of everything that we're going to put in the annual report; it's just a baseline. We can always put more in there and you can ask for data during the program year. We do have a good list in there, but it's not intended to be prescriptive, so I just want to put that out there. If you look at the tariff and you say, well, this doesn't have this component or that component, that's really not a limitation. OK, Misty, you said you were confused on how the agency payment was allocated.

Misty Velasquez Community Action of Skagit

I guess I'm just confused because it's hard for me when you're saying it verbally, then seeing it being done on that spreadsheet like before, am I understanding you correctly? All customers that are going to be auto-enrolled this year, are they going to be counted towards this year?

Gross, Jennifer

No, the first year is different.

Misty Velasquez Community Action of Skagit

I know the first year, I'm talking about the second year because those auto-enrolled are going to be part of that second year, in the first year, correct?

Gross, Jennifer

Yes, they would be counted.

Misty Velasquez Community Action of Skagit

So why would we be taking an estimate when we have actual numbers of customers enrolled?

Mickelson, Christopher

The real issue is tracking individual customers associated with which agency they're associated with, where we'll have the total customers you sign up in a program year or month, and so doing that average, makes it a lot easier. I can create a little example so you can see it.

Misty Velasquez Community Action of Skagit

I'm confused because you would have the actual amount.

Gross, Jennifer

Well, it would be a massive manual process.

Misty Velasquez Community Action of Skagit

But I mean, Shannon sends us our amounts every month currently--how much we spend.

Gross, Jennifer

That's different.

Mickelson, Christopher

Does she take \$75 times however many customers you have? That's a very different process than figuring out the actual benefits each of those customers received related to your agency and then giving you 25% of that.

Gross, Jennifer

I put the math in the chat. $25\% \text{ of benefits divided by total customers enrolled} = \text{average benefit per customer}$, Agency payout is $\# \text{ of customers enrolled in prior year times average benefit per customer}$.

Misty Velasquez Community Action of Skagit

I'm just confused because she does have the amount that they actually receive because it shows how much we've spent each month.

Yochi Zakai

Does this mean that Cascade is no longer going to report the benefits provided on accounting level because what you're saying is, essentially you're not tracking every benefit provided on the county level.

Tillis, Daniel

So the first year is based on that estimate that we've all agreed to with the 10% enrollment rate of eligible customers who are estimated by the LINA Report to be eligible, and the funds based on the amount of assistance and bill discount rates that would be provided to those customers. And then 25% of that spread across the agencies based on their ZIP code level or county level, in this case, are eligible customers in future years. So 2024-25 and going forward it will be based on the customers in those counties who are enrolled in the programs, and we'll have a budget for that upcoming program year that will be also based on what the enrollment for the most recent year was, and what we estimated to increase to and the 25% will come from that budget and then be allocated to the agencies is the way I understand it.

Gross, Jennifer

Jen asked how would we know if were hitting the 10%? We would know by customer count.

Tillis, Daniel

Yes. We'll have monthly enrollments. We'll have auto enrollment to start with and we'll have monthly enrollments and we'll be able to track what percent of that population is estimated to be low income that is enrolling or is enrolled up to that point, so we'll know if we're trending toward 10% or if we're under. The 10% is the entire customer base of eligible customers.

Misty Velasquez Community Action of Skagit

So I guess my confusion really lies within the average benefit, because we do know how much money was spent in the program. We know exactly how much customers got; why are we going with an average for each organization?

Mickelson, Christopher

I'm going to share my screen and mathematically it'll be a lot easier when we do a true up next year. It'll be more straightforward. You're right, I guess we could go back and get only those customers you signed up that year and the total, I guess arrearages that were awarded, but it's going to be difficult to know each of those customers' discounts they received throughout the 12 months, and that's really the issue here is; yes, customer ABC, you signed up, and you'll know the arrearage relief they got, but you're not going to know the next 12 months of actual BDR discount they got and that needs to be factored in into the 25% payment and that's the real issue.

Yochi Zakai

So can I ask a question to the agencies? Do you need a total amount of assistance provided for other reporting purposes? Because what I'm hearing from Cascade is if we wanted to report on what the impact of the program was on a county level for each agency, the amount of benefits provided, we're not going to be able to get an exact amount and the agencies are only going to have an estimate based on average customer benefits. So, does that inhibit CSBG reporting or anything else that the agencies that would need that data for?

Misty Velasquez Community Action of Skagit

They do ask for amounts that we serve our clients with amount of funding. I'm going to have to take that one back to my director and ask them if that is a requirement for us.

Jen Rightsell

Misty, do you know if LIHEAP still requires leveraging reports and that would be where we might need that information?

Mickelson, Christopher

And what are those exactly?

Misty Velasquez Community Action of Skagit

Jen I'm not 100%. I don't think I've had to do a leveraging report in the last year.

Yochi Zakai

So Commerce and LIHEAP have a program where they keep track of the other benefits provided. I would be surprised if that disappeared, but I'm not sure if that needs to be reported on in the agency level or a statewide level. I think we should probably take this as a point for the agencies to go back and figure out if we have a need for other purposes besides agency funding. My initial thought is it's not the end of the world to do agency funding based on an estimated per customer

amount, but there might be a different reason why we actually have to get the total amount per county that is separate from that.

Gross, Jennifer

So we have a year to figure that out, since it really doesn't kick in until the next program year.

Mickelson, Christopher

But this this would be the math, by the way, total costs 25% divide by total customers. And by the way, these are roughly our numbers for year one. It works out to an average cost per customer, whatever the actual customer account for each agency signed up times that average would give them their funding level.

Tillis, Daniel

I think we've talked in our meetings about the fact that we're going into this as a brand-new funding model for Cascade. We're going into this first year providing the best estimate that we can on customer count by county and funding by county and therefore by agency. We don't know if it's going to be great, bad, or somewhere in between. We may have to really adjust for year two, and I think what we're talking about today and how we're going to do year two could very likely be different than what we're planning to do. I don't think it'll be completely different, but I think it could be.

Gross, Jennifer

I'm going to move on with our list. Just a couple more things. Yochi had mentioned in our tariff, you wanted us to reference the 5% annual revenue requirement cap on program spending. We added that to the letter. We just thought since it was a law, we didn't need it in the tariff. The language that was there, that you had edited, was just really to say we're not going to create a slush fund.

Yochi Zakai

What I deleted was the term maximum program year budget, taking into account carryover funds, so I guess where you were proposing to leave that term maximum program year budget, taking into account carryover funds, and if so, what does it mean? Because, I don't think we have a program year budget anymore.

Gross, Jennifer

Well, we forecast benefits, then we true up, whether our collections were over or under in the prior year, which is what it's trying to communicate.

Mickelson, Christopher

So we don't really have a budget, but each year we'll need to forecast what we think the likely enrollment is until we get to at least an 80 to 100% range at which point the program is stable, but since we're ramping up, this first year's 10% is our maximum budget. Plus, if we happen to over collect with the cost recovery, well then that's that adjustment piece. So then next year, let's say we went above the 10%, we got maybe 12% and we think next year we're going to get to 25, then, we're going to set that budget at 25 and do the over/under and that's what we're trying to capture there.

Yochi Zakai

So maybe instead of maximum program your budget, could you use forecasted program year budget?

Gross, Jennifer

Yeah.

Yochi Zakai

My concern is that I didn't want it to seem like there was this undefined term that included maximum, but we're not limiting the budget or enrollment like we did before. That's what I wanted to make sure the tariff didn't do, so switching to forecast would accomplish that.

Mickelson, Christopher

Ok, done.

Gross, Jennifer

OK, makes sense. The last thing I have is, we just wanted to let you know that when we file the tariff on Friday, we will also be filing the revised deferral petition or the petition for accounting to defer program costs. We had filed that in May and we're just revising it to update the costs and those costs will exactly match and reference the tariff filing. Any questions?

Yochi Zakai

Since the advisory group hasn't seen that revised tariff, can you mention something in the cover letter? I'm talking about the accounting petition.

Gross, Jennifer

OK, I don't think I have language like that in the accounting petition, but I can add that the revised petition was not shared. In the advice filing letter it says general agreement, so I'm trying to be clear that you're not going to agree with every word or punctuation mark.

Tillis, Daniel

I guess before we move on from the draft tariff filing, I want to make sure that Charlee and Andrew and Yochi, who are the three individuals who sent in feedback, feel like we addressed anything that was of concern to you or anything we missed.

Charlee Thompson

I was following along, and I think you addressed all the feedback that I had, so thank you.

Yochi Zakai

I guess the one specific other question I have is I made a lot of edits to the section that was formerly titled agency fees and I just wanted to make sure you were comfortable with that approach that I was taking there.

Gross, Jennifer

I believe that I changed the terms. I know it changed from fees to payments and that was adopted. I think what I didn't adopt was language specific to the allocation process and I thought that it wasn't as clear as we talked about today.

Yochi Zakai

Because you're going to be specifying the average customer amount. OK.

Tillis, Daniel

And Jennifer is the plan to send out the revised version one more time to get feedback?

Gross, Jennifer

We have to have upper management review and get it out.

Tillis, Daniel

I'm fine with that. I just wanted to clarify.

Yochi Zakai

I wouldn't have time to look at it again.

Roberts, Andrew (UTC)

I think the original question was, if we feel like our concerns have been heard and I do. I appreciate Cascade running through what they're going to do. I'm looking into when the grant expires and I'd like to hear back on that, so thank you.

Tillis, Daniel

That'll be a topic we'll discuss more before October 1 for sure, probably within the next month or two if, if not sooner. Any last questions or comments on the draft tariff filing before we wrap that topic up and move on to an exception process for program funding caps?

Yochi Zakai

I said it before, but I'll say it again, I know it was a lot of work to put together that tariff filing and it covered a lot of information, so I just really want to thank the team for all the effort that went into that.

Tillis, Daniel

Excellent job, Jennifer, and Chris on that for sure. And thanks to everyone who reviewed it and provided feedback and whether it was via email or in in your comments today.

2. Exception Process for Program Funding Caps – Dan

Tillis, Daniel

We have talked a little bit and passed some emails about having an exception process to two areas. One is the \$1000 arrearage relief cap, the dollar amount for every 24 months, and then also whether or not there would be an exception to allow a customer to potentially receive more than one arrearage relief grant within a within that 24-month period. I think one of the last email dialogues about that with this group was Charlee providing some information and then a response from me. I guess, generally speaking, I'm open and I think the company's open to having an exception process for those two scenarios. Those that I'm uncomfortable with is what Avista is planning to do with other extenuating circumstances that may be considered hardship, living with disability, fixed income low, limited income, high usage, no income, and/or unexpected cost. I would say the majority of those, if not almost all of them, are really going to be taken care of with the

CARES program. Overall, I think customers who are applying for help probably fall into one of those categories so I think the primary reasons list is a little less broad, where you could have a sudden bankruptcy or some sort of crime that occurs that results in additional distress, extreme medical costs, same thing. Things like that are more specific and not really included necessarily in the core program. My thoughts would be to have an exception process, but only include the primary reasons to start with in our exception process and not those other extenuating circumstances on that list.

Charlee Thompson

I was looking over this before this meeting and that was also what my proposed solution was going to be; keep these primary reasons, but maybe taking off the other extenuating circumstance list, and then a follow up question that I had was, what does Cascade think about the language in right above the primary reasons list where it says “however the energy supervisor can approve without an identified reason below?” Because that language might give that a little bit of extra leeway, which would make me comfortable with removing the other extenuating circumstance list.

Tillis, Daniel

Yeah, great question. I'm personally comfortable with that language. I think it leaves the flexibility for some discretion without including all those other reasons that again are kind of part of the core program intent.

Charlee Thompson

I think I'm OK with that, but I'm curious what others think as well.

Roberts, Andrew (UTC)

What was that term earlier? Here it is, “energy supervisor.” That's someone with the agency; is that correct?

Tillis, Daniel

I believe that's Avista.

Roberts, Andrew (UTC)

In Avista's case, when the broader circumstances were used, under the other extenuating circumstances, isn't there a conversation between the assistance agency and the company? Does anybody recall?

Charlee Thompson

I don't think I can speak confidently about what their current procedure is.

Tillis, Daniel

I guess the way I would envision the process, if this helps, for Cascade one of the differences that we've made is a decision on our programs that they will all still go through the agencies, so as the customers apply with an agency, if they have an arrears balance and the agency recognizes you've already received an arrearage grant this year or you need over \$1000, then they would determine, is it on this primary reasons list or could it fall on that discretionary statement and then they would contact Cascade. We'd need to decide the level of approval it would require of Cascade. I'm not sure of the title we would use for that, and then that person would review it and decide if it fits the exception process or not.

Roberts, Andrew (UTC)

I think that's generally what I remember from this, and I think I'm OK with that. Thanks.

Tillis, Daniel

I just went through how I would envision the exception process working but we probably have it approved at the either Customer Service and Credit Manager level or the Customer Service Director level, not envisioning so many that it would be overwhelming. So that's really what we have today in our WEAf program and Winter Help programs is if there's going to be an exception to those guidelines that are in the contract or the agreement, then the Director of Customer Service, which is myself, approves those. Teri and I can work together to figure out what we think the right level is. So, the agencies would make an initial decision on whether they think it needs an exception guideline and then work with Shannon, Teri, or myself to get that reviewed and approved.

Yochi Zakai

I assume they are, but the agencies are generally aware of the exception process and know how to contact the company and do that or is that in additional process that needs to be kind of laid out somewhere? Not that it needs to be anything formal, I just want to make sure everyone knows, and I just want to make sure everybody knows that it's available.

Tillis, Daniel

I have to go look, but I'm pretty sure it's in our WEAf agreement that there can be exceptions and that they require the approval of the Director of Customer Service. It's not a very detailed statement or section, and I think we have to create new agreements for the new CARES program, and we would probably have some general information about the exceptions in the agreement as well.

Yochi Zakai

Maybe as we're developing training materials for the new program, that there could just be a mention of that, so that it's highlighted.

Tillis, Daniel

I agree. Jennifer, do you feel like you need to update the tariff to include some language around an exception process to the \$1000 cap or one time per 24-month arrearage relief grant?

Gross, Jennifer

I really don't want to. It's maybe not ideal, but for the sake of time we need to get the program bundled and out there and I guess we can decide later if we have to reopen the tariff.

Mickelson, Christopher

Yeah, I don't think this needs to be in the tariff. The agency agreements is the more appropriate spot to have this.

Gross, Jennifer

I will add, we did add language that says something like a cap of \$1000 may be applied, so it gives us some wiggle room.

Tillis, Daniel

Perfect. It sounds good, so I think I think we have consensus on that. We'll build out the process for the exceptions that we just talked about.

3. Income Verification Process – Dan

- a. Open a new application?
- b. When should we start the process this upcoming program year?
- c. Should we start with a lower percentage as we work through the process?

Tillis, Dan

Our last topic, and I don't think we'll have time to talk about this in as much detail as we had planned, is income verification process. Specifically, whether or not you would open a new application or work off of the original application. I would share that we can make a decision on that with this group, and we could make a decision so each agency has flexibility to decide how they want to do it, or we could make a decision on a consensus of the 12 agencies and each agency follow the same process. I think we can have some discussion on that and decide where we want to go, and then I just want to start us thinking about the income verification process as we start with these new programs, how aggressive we want to be with getting that rolled out. We did leave some flexibility in the language and the tariff to say we may verify up to 5% to both give flexibility of whether we do it or not and what that percentage might be. It's going to be a brand-new process for all of us. I'm not 100% sure the Assist Portal is going to be ready to help us manage that process when we first start on October 1. We'll see but we're working to make that happen. If it's not, we may need to start with spreadsheets, which you know are not as efficient as the portal might be. So, a couple of questions I've been thinking of is, is it important to start the income verification process immediately when we launch the program? It would be November since we're going to pull monthly random selection of customers who self-declared, and when we do this, whatever date we decide to start on, should we crawl before we walk and then run, start with a very small amount to allow the company to perfect our process of that initial notification and then allow the agencies to work through their process of how they'll contact customers during the 90-day income verification period. Just some things I've started thinking about. Especially since we've made the decision to have all of the initial applications go through the agencies, we'll hopefully have a high percentage of LIHEAP appointments and therefore verifying through that process. I didn't have verification processes for those who self-declare and what that might look like, now that we've adjusted that decision of the company being involved in allowing customers to self-declare through the company.

Misty Velasquez Community Action of Skagit

I just want to say from an agency standpoint, I want to start October 1st doing everything that is going to be expected of us for the entire season. I want to have my staff trained to where they know what they're doing, and they don't have a whole lot of changing things throughout the season because that is very confusing and very hard on me at least. Now I'm going to say as you know on the ratepayer side, I would want to know as a ratepayer that we are doing everything we possibly can do to stop people from applying for a program if they are over income and the only way we are doing that is by doing the audits.

Tillis, Daniel

Yeah, that's good feedback. Do you have an opinion on if we start with the income verification process up front, if we should start with a smaller random sample or just go big?

Misty Velasquez Community Action of Skagit

I don't think 5% is asking a lot. If we did 500 applications, that's 25 people that were auditing. I don't

think that's a lot of people that were auditing, especially people have it set up and we know what we're doing, and we have a plan going into it, at least on my end.

Tillis, Daniel

Any other thoughts? Anybody feel differently than Misty or anybody totally agree with her?

Yochi Zakai

I say it's reasonable to start off with the with the full 5% verification and obviously we can adjust if we need to.

Tillis, Daniel

I saw Jen, Corey, Charlee, and Sylvia agreed as well in in the chat. So, the plan then is we'll start with randomly selecting up to 5% and will likely go with 5%. We'll see what rounding does one way or the other, but close to that really would be starting in November with the customers who self-declare in October who also don't set up a LIHEAP appointment, we'll pull them out of the random pull and see what our process looks like at that time.

Jen Rightsell

Since Opportunity Council has two counties, would it be 5% in Island County and 5% in Whatcom County or 5% total in that service area?

Tillis, Daniel

It should be 5% total of who you approve through self-declaration in the prior month. We really won't even be considering counties; it will be pulled out of the Assist Portal for customers you approve through self-declaration and also did not set up for LIHEAP appointments.

Jen Rightsell

Just wanted to make sure and if we are noticing that more of 1 counties being pulled but not a lot of the other ones being pulled, can we let you know so that can be adjusted?

Tillis, Daniel

Yeah, absolutely.

Yochi Zakai

Another thing that we could do is if it turns out that it becomes lopsided, we could go by county if we're getting into implementation. The other thing I've been thinking about here is what about the agencies that aren't signing up a ton of customers every month, or agencies that might sign up a total of like under 10 customers a year or something like that, how does 5% a month work when?

Misty Velasquez Community Action of Skagit

I thought we were going to do it by county. It was however many each county brought in; the county was going to be the 5%. It's random per county.

Tillis, Daniel

But you're really starting to make your pool even smaller to the point Yochi was just making is if you start splitting the pool up more and more, you start making each of those counts smaller.

Misty Velasquez Community Action of Skagit

I think you're actually going to be auditing more files if you do it by county.

Tillis, Daniel

Well, no, because it's just the pool of customers who self-declared that you that qualified for assistance.

Misty Velasquez Community Action of Skagit

Which is everyone. So, if you take that pool by county and you take the 5% out of Whatcom, 5% out of Skagit, 5% out of Snohomish and all the other counties, you're going to be auditing more files and making sure that it is accurate, then if you just take a 5% overall of the entire state that apply.

Tillis, Daniel

I'm not sure I agree with that statement. It's just those customers who you're talking to who are self-declaring. If you pull out the agency level, you're going to have that total pool of customers to randomly select, and then round that up or down and select those customers as far round up round the count based on the percentage effort down, and then randomly select that number. If you start to bind it up by a county, you're splitting it up so you're making your pool smaller as far as the individual pools. The total stays the same, but the individual pool gets smaller.

Misty Velasquez Community Action of Skagit

Right, but then if you do it by the overall county, you're going to end up with those larger counties getting more of the people to check than the counties that do not have very many people checking because we can only check audit our own county; we can't audit other counties.

Tillis, Daniel

Well I guess in general, in some cases, we're saying the same thing, right? I mean it's by agency, so it is going to be we are going to take 5% of each agency's qualified self-declared, non-LIHEAP appointment, scheduled customer pool or applicant pool and select 5% of those.

Misty Velasquez Community Action of Skagit

But the way, you were making it sound was like you were going to take 5% of the overall state.

Tillis, Daniel

I think we were saying the same thing. I was just thinking by agency, and you were thinking by county, but I think we're saying the same thing.

Misty Velasquez Community Action of Skagit

Yes.

Tillis, Daniel

So anything else on that?

4. Yochi Zakai

Back to my other point, I would just encourage the company to think about what 5% means when again. There's a very low number of customers enrolled by the agency such that you don't have a system where you're verifying, where that 5% ends up selecting one or two people every month from that agency or county.

Topics for 7/5 Meeting – All

Tillis, Daniel

That's a good point. We could include some of that on our agenda for next week and that's our last

topic for today. Are there any specific topics you all would like to have on the agenda for next week. With the holiday, we'll just keep the meeting and I'll work on an agenda based off the meeting minutes and other items that we need to still work on, and Corey, if you want to have somebody sub in that's great, if not, that's OK too.

Corey Dahl (PCU-he/him)

I have a clarifying question that it probably makes sense to send it by email because I might be misunderstanding something, in reflection of this last conversation about income verification.

Tillis, Daniel

OK. If you want to send the email, that's OK or if you want to throw it out now, we can try to answer it, but if anybody has any topics that you think of that you want to put on the agenda and try to send them to me by mid-morning or Friday. I'll try to have the agenda out by later in the day on Friday and we'll talk next week. Everyone have an awesome holiday weekend.

Corey Dahl (PCU-he/him)

The 5% of customers will be pulled from the same pool from each agency every month, correct?

Tillis, Daniel

Correct. Yep.

Corey Dahl (PCU-he/him)

And is that 5% based on those who apply within that last month, is that correct?

Tillis, Daniel

It's 5% who apply and who are approved through self-declaration of their income and household size, and who don't schedule a LIHEAP appointment with the agencies for follow-up for income verification for that purpose.

Corey Dahl (PCU-he/him)

OK, so that means that a person who applies say in November could be subject to verification in February.

Tillis, Daniel

December through February, so they will randomly pull them in if they qualify in November. We'd randomly pull them in December and that would kick off the 90-day income verification process and then they would basically have through February to, well really they'd have through March without 30 days extension.

Corey Dahl (PCU-he/him)

But they wouldn't get notice of verification in February.

Tillis, Daniel

They would get notice of the need to verify in December.

Corey Dahl (PCU-he/him)

Got it. OK, that is my understanding because it was just a situation I thought that you'd be pulling from the same exact pool every month which could lead to a situation where it's more than 5% are randomly selected, but that that doesn't seem to be the case.

Tillis, Daniel

No, it's the pool from the prior month each month.

Corey Dahl (PCU-he/him)

Yes, OK, that is my understanding, we're good.

Tillis, Daniel

Have a great holiday weekend.