

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-240008

ORDER 04

APPROVING PROPOSED
BUDGETS AND FUND GRANTS

BACKGROUND

- 1 On March 29, 2024, Cascade Natural Gas Corporation (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective WN U-3 tariff for natural gas service in Docket UG-240008. The Company proposes a two-year multiyear rate plan (MYRP) for its natural gas rates pursuant to the Revised Code of Washington (RCW) 80.28.425. Cascade's proposed revised tariff sheets provide an effective date of May 1, 2024, with the two-year rate plan starting March 1, 2025 (Rate Year 1), and March 1, 2026 (Rate Year 2). In Rate Year 1, Cascade seeks a \$43.8 million increase, or 29.78 percent, and in Rate Year two, \$11.7 million in overall natural gas revenues.
- 2 On May 16, 2024, the Commission convened a virtual prehearing conference before Administrative Law Judge Connor Thompson.
- 3 On June 07, 2024, the Commission entered Order 03, Prehearing Conference Order and Notice of Hybrid Hearing and granted petitions to intervene from Alliance of Western Energy Consumers (AWEC) and The Energy Project (TEP). During the prehearing conference the presiding administrative law judge granted case certification status to AWEC and TEP, required that their proposed budgets be submitted by June 14, 2024, set

the procedural schedule, and among other things, noticed an evidentiary hearing for January 7, 2025, at 9:00 a.m., continuing to January 8, 2025, if needed.¹

- 4 By June 14, 2024, each of the two case-certified parties filed Proposed Budgets and Requests for Fund Grants. The details of the parties' request are discussed in detail below.

DISCUSSION

- 5 Pursuant to RCW 80.28.430, utilities must enter into funding agreements with organizations that represent broad customer interests. The Commission is directed to determine the amount of financial assistance, if any, that may be provided to any organization; the way the financial assistance is distributed; the way the financial assistance is recovered in a utility's rates; and other matters necessary to administer the agreement.²
- 6 On November 19, 2021, the Commission issued a Policy Statement on Participatory Funding for Regulatory Proceedings (Policy Statement).³ The Commission provided "high-level guidance regarding the amount of financial assistance that may be provided to organizations, the manner in which it is distributed to participants and recovered in the rates of gas or electrical companies, and other matters necessary to administer agreements."⁴ The Commission indicated that the Policy Statement was an evolving document, saying "as we implement the first round of funding arrangements, we look forward to what we expect will be many lessons learned. These lessons will inform future iterations of Washington's participatory funding program, including the possibility of a rulemaking to codify best practices into Commission rules."⁵
- 7 On February 24, 2022, the Commission issued Order 01, Approving Agreement with Modifications (Order 01).⁶ The Commission approved the Interim Agreement filed by the parties on February 14, 2022, subject to certain modifications, and adopted the Interim

¹ *Washington Utilities and Transportation Commission (W.U.T.C) v. Cascade Natural Gas Corporation*, Docket UG-240008, Order 3, at ¶ 13, ¶ 18, and procedural schedule attached as Appendix B (June 7, 2024).

² RCW 80.28.430(2).

³ *In the Matter of the Commission's Examination of Participatory Funding Provisions for Regulatory Proceedings*, Docket U-210595 (November 19, 2021), hereinafter Interim Agreement.

⁴ *Id.* ¶ 3.

⁵ *Id.* ¶ 17.

⁶ *In the Matter of the Petition of Puget Sound Energy, et al.*, Docket U-210595 Order 01 (February 24, 2022).

Agreement as Appendix A to the Order 01. Among other points, the Commission clarified that it is not bound by the timeframes set forth in the Interim Agreement.⁷

8 In relevant part, Interim Agreement requires that Proposed Budgets include a statement of the work to be performed, a description of the general areas to be investigated, an identification of the specific sub-fund at issue, and a budget showing any estimated attorney fees or consultant fees.⁸ If the Commission receives one or more Proposed Budgets, it will “determine the amount, if any, of Fund Grants that will be made available . . .”⁹ The Commission may make this determination based on the following factors:

- (a) the breadth and complexity of the issues;
- (b) the significance of any policy issues;
- (c) the procedural schedule;
- (d) the dollar magnitude of the issues at stake;
- (e) the participation of other parties that adequately represent the interests of customers;
- (f) the amount of funds being provided by the applicant intervenor, if any;
- (g) the qualifications of the party and experience before the Commission;
- (h) the level of available funds in the Fund account or accounts involved;
- (i) other Eligible Proceedings for Funds in which stakeholders may seek additional Fund Grants from the same Sub-Fund; or
- (j) any other factors the Commission deems relevant.”¹⁰

⁷ *Id.*

⁸ Interim Agreement § 6.5.

⁹ *Id.*

¹⁰ *Id.*

- 9 The Commission may reject, in whole or in part, a request for Fund Grant based on these factors.¹¹ The Commission may place reasonable conditions on Fund Grants, and it may amend Fund Grants on a prospective basis.¹²
- 10 In this case, each of the two case-certified parties filed Proposed Budgets. According to Section 4.2 of the Interim Agreement, Cascade has a Customer Representation Sub-Fund of \$177,008. AWEC has requested \$75,000, and TEP has requested 70,000, with the total requested funding from the two certified parties amounting to \$145,000, which is less than what is available in the Cascade Customer Representation Sub-Fund. We address each Proposed Budget in turn, considering them in light of the content requirements set forth in Section 6.3 and the various factors set forth in Section 6.5 of the Interim Agreement.
- 11 **AWEC.** On June 13, 2024, AWEC filed a Proposed Budget. AWEC requested a Fund Grant pursuant to the Interim Agreement to partially offset the costs of its participation. AWEC noted that as an incumbent non-profit organization with a history of representing broad customer interests before the Commission, it is the only intervenor who can effectively represent large volume industrial customers who will benefit from its participation.¹³ Matters of interest to AWEC include multiyear rate plan and its' investigation will include: "an analysis of the requested revenue requirement, capital structure, cost of debt, jurisdictional allocations, rate base, special contract revenues, working capital, billing determinants, MDU cross charges, memberships and dues, director stock awards, proposed capital additions, tax issues and depreciation, and rate spread and rate design."¹⁴ AWEC coordinated with TEP on its proposed budget and requests a total award of \$75,000 from Cascade's Customer Representation Sub-Fund. This was based on estimated consultant/expert witness fees of \$56,000 and attorney fees of \$105,125. However, because AWEC acknowledges that its costs will significantly exceed its budget, assuming a fully litigated proceeding, to the extent its costs are greater than the fund amounts, AWEC agrees to bear the costs of its participation beyond its requested amount.¹⁵

¹¹ *Id.*

¹² *Id.*

¹³ *W.U.T.C v. Cascade*, Docket UG-240008, Proposed Budget for Fund Grant of the Alliance of Western Energy Customer ¶ 7 (June 13, 2024).

¹⁴ *Id.* at ¶ 10.

¹⁵ *Id.* at ¶ 15 at 7 (d).

- 12 After considering the various factors set forth in Section 6.5 of the Interim Agreement, we approve AWEC's Proposed Budget of \$75,000.
- 13 Several Section 6.5 factors weigh in favor of AWEC's request. We observe that AWEC is contributing from its own funds in order to participate, and AWEC's Fund Grant only seeks to partially offset these costs. AWEC is an "incumbent" organization with a history of appearing before the Commission,¹⁶ and it seeks to investigate a number of issues in this proceeding that will benefit industrial customers and other customer classes.
- 14 We also observe that the total request presented in this proceeding would not exceed the remaining funds available in Cascade's Customer Representation Sub-Fund.
- 15 The Commission therefore approves a total Fund Grant of \$75,000 for AWEC in this proceeding.
- 16 **TEP.** On June 14, 2024, TEP filed a Proposed Budget. TEP requested a Fund Grant of \$70,000 from Cascade's Customer Representation Sub-Fund to partially offset the costs of its participation in this proceeding. TEP noted that its "emphasis will be on the low-income and vulnerable customer impacts of Cascade's proposals in the docket."¹⁷ Matters of interest to TEP include, "multiyear rate plan, low-income assistance program, funding and design, low-income weatherization, billing, credit and collection issues, arrearage management, performance-based regulations and performance measures, cost of service, rate spread, rate design, and the use of deferrals."¹⁸ TEP requests a total award of \$70,000 from Cascade's Customer Representation Sub-Fund. TEP does not request reimbursement for expert witnesses and the proposed budget represents partial reimbursement for attorney fees and in-house professional staff.
- 17 We approve TEP's proposed budget. Like AWEC, various factors set forth in Section 6.5 of the Interim Agreement generally weigh in favor of the reasonableness of TEP's Proposed Budget. TEP's Fund Grant seeks to partially offset its costs for participating, it is an "incumbent" organization," and it seeks to investigate several significant issues in this proceeding. Additionally, TEP represents low income and vulnerable populations and should be prioritized for intervenor funding,¹⁹ and since it coordinated its request with

¹⁶ Policy Statement ¶ 18.

¹⁷ *W.U.T.C v. Cascade*, Docket UG-240008, The Energy Project's Proposed Budget ¶2 (June 14, 2024).

¹⁸ *Id* at 3.

¹⁹ RCW 80.28.430(4).

AWEC, the total proposed budgets would not exceed the remaining funds available in Cascade's Customer Representation Sub-Fund.

- 18 The Commission therefore approves a Fund Grant for TEP in the amount of \$70,000 for this proceeding.
- 19 Parties and stakeholders should be aware that, as a result of this Order, \$145,000 of the \$177,008 total provided in Cascade's Customer Representation Sub-Fund has been allocated.
- 20 Finally, we remind all parties that neither case-certification nor approval of a Proposed Budget for a Fund Grant is a guarantee of reimbursement. We may determine that a party's request for reimbursement should be denied in part or in whole. The amount of funding in each Consumer Access Fund is limited, and it may be required for more than one Eligible Proceeding. These funds are also sourced from ratepayers, many of whom are faced with their own economic challenges. Thus, we expect all requests for reimbursement to contain great detail, including receipts, invoices, and any other documentation of costs for which recovery is requested. All requests must also include references to eligibility for expenses and any relevant portions of the Interim Agreement. To incentivize appropriate use and equitable distribution of Fund Grants, we will also carefully evaluate how recovered costs should be allocated to customers. For example, we will consider whether each case-certified party's recovered costs should be allocated towards a specific customer class, a select group of classes, or across the entirety of customers.

ORDER

- 21 THE COMMISSION ORDERS:
- 22 (1) AWEC's Proposed Budget and Fund Grant is APPROVED, in the amount of \$75,000.
- 23 (2) TEP's Proposed Budget and Fund Grant is APPROVED, in the amount of \$70,000.

Dated at Lacey, Washington, and effective November 15, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

/s/ Amy Bonfrisco
AMY BONFRISCO
Administrative Law Judge

**NOTICE TO PARTIES: This is an Interlocutory Order of the Commission.
Administrative review may be available through a petition for review, filed within
10 days of the service of this Order pursuant to WAC 480-07-810.**