

**Exh. JES-3T
Docket UG-170929
Witness: Jennifer E. Snyder**

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**CASCADE NATURAL GAS
CORPORATION,**

Respondents.

DOCKET UG-170929

CROSS ANSWERING TESTIMONY OF

Jennifer E. Snyder

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Low-Income Weatherization

March 23, 2018

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Exh. JES-4 The Energy Project’s Response to UTC Staff Data Request No. 4

1 **I. INTRODUCTION**

2

3 **Q. Are you the same Jennifer Snyder who testified previously in this case?**

4 A. Yes.

5

6 **Q. What topics will you be discussing in your cross-answering testimony?**

7 A. I am responding to proposed changes to the low-income weatherization program
8 presented by The Energy Project (TEP) witness Shawn Collins.

9

10 **Q. Overall, what are your recommendations regarding the proposed changes to the**
11 **low-income weatherization program?**

12 A. I recommend the Commission adopt the proposed changes to the low-income
13 program with minor modifications.

14

15 **II. TESTIMONY**

16

17 **Q. Please summarize TEP's proposed modifications to the low-income**
18 **weatherization program.**

19 A. TEP recommends that Cascade make the following changes to their low-income
20 weatherization program:

- 21 • Remove the \$10,000 project cap;
- 22 • Allow guaranteed reimbursement for project coordination at 20 percent of the
23 weatherization budget;

1 • Allow an agency-indirect-rate budget component at 10 percent.

2

3 **Q. Does Staff find all of these recommendations reasonable?**

4 A. While Staff believes that, in general, these changes are reasonable and likely to
5 increase the effectiveness of the low-income weatherization program, Staff
6 recommends two minor modifications to TEP's proposal:

7 • Allow project coordination to be funded at actual cost, up to a maximum
8 program average of 15 percent; and

9 • Require Cascade to develop and report goals based on the number of low-
10 income projects completed.

11

12 **Q. Why does Staff support a project coordination budget at 15 percent?**

13 A. Because Staff agrees that the current limits on administrative expense
14 reimbursements have significantly hampered the delivery of low-income
15 weatherization services. Staff accepts that increasing administrative expense
16 reimbursement from the current fixed payment structure is necessary to compensate
17 agencies for their actual costs of delivering the low-income weatherization program.
18 This is not an insignificant change to Cascade's program, however.¹ In order to
19 ensure this is a gradual change, Staff prefers applying the lower end of the
20 percentage identified by TEP as an *average* amount for project coordination.² Taken

¹ Currently Cascade's tariff (Schedule 301 Low Income Weatherization Incentive Program) allows only one audit fee (\$550) and one inspection fee (\$300). Increasing this to 25 percent of total project cost will, in some cases, dramatically increase payments to agencies, especially if the Commission decides to remove the \$10,000 cap. In the most extreme cases, reimbursement may be more than \$2,500 per project.

² Collins, Exh. SMC-1T at 10:9-10.

1 together with a 10 percent agency indirect rate, a 15 percent average project
2 coordination rate holds the budget for administrative expenses, as defined in Exh.
3 JES-4, to 25 percent. This substantial increase to the funding of the low-income
4 weatherization program should produce the desired results within a reasonable
5 period of time.

6

7 **Q. Why does Staff recommend new low-income weatherization goals?**

8 A. As investor-owned utilities provide increasing levels of funding to low-income
9 agencies, Staff expects increased transparency to the Commission and to the
10 advisory group as to how these funds are being used and how these programs
11 improve outcomes. Staff recommends Cascade and the agencies delivering the low-
12 income weatherization programs work together with the conservation advisory group
13 to plan and report goals for the number of projects to be completed during each
14 funding cycle. Staff would not consider such goals binding on either the Company or
15 the agencies, but believes that adding this type of expectation-to-actuals comparison
16 will be quite useful to the advisory group when trying to evaluate how the low-
17 income weatherization program is performing.

18

19 **Q. Please summarize Staff's recommendations concerning the low-income**
20 **weatherization program.**

21 A. Staff recommends the Commission adopt the changes proposed to the low-income
22 program by TEP with minor modifications:

23

- Remove the \$10,000 project cap;

- 1 • Allow project coordination to be funded at actual cost, up to a maximum
2 program average of 15 percent;
- 3 • Allow an agency-indirect-rate budget component at 10 percent;
- 4 • Require Cascade, in conjunction with their conservation advisory group and
5 the agencies that deliver low-income weatherization programs, to develop
6 and report goals for low-income weatherization based on number of projects
7 completed.

8

9 **Q. Does this conclude your testimony?**

10 **A. Yes.**