

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-240008

TESTIMONY OF SHAYLEE N. STOKES
IN SUPPORT OF THE SETTLEMENT STIPULATION
ON BEHALF OF THE ENERGY PROJECT
EXHIBIT SNS-12T

December 11, 2024

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1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is Shaylee Nicole Stokes and I use the pronouns she, her, and hers. My
4 business address is PO Box 7130, Olympia, WA 98507.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Washington State Community Action Partnership as the
7 Director of The Energy Project (TEP).

8 **Q. Are you the same Shaylee Stokes that submitted testimony on September 25,**
9 **2024 in this proceeding?**

10 A. Yes.

11 **Q. What is the purpose of your testimony?**

12 A. I recommend that the Washington Utilities and Transportation Commission
13 (Commission) approve the Full Multiparty Settlement Stipulation (Stipulation) in
14 this case among Cascade Natural Gas (Cascade or Company), the Staff of the
15 Washington Utilities and Transportation Commission (Staff), the Alliance of
16 Western Energy Consumers (AWEC), and TEP, (individually, Party, and
17 collectively, Settling Parties). The Public Counsel Unit of the Attorney General's
18 Office (Public Counsel) does not oppose the Stipulation. The Stipulation resolves
19 all the issues in this proceeding.

20 **Q. Would you briefly summarize the Stipulation?**

21 A. The Stipulation resolves all issues among the Parties in this docket, but is not
22 signed by all parties, so pursuant to WAC 480-07-730(3), it is a Full Multiparty
23 Settlement Stipulation. The Stipulation establishes a revenue requirement increase

1 of \$29.799 million in Rate Year 1 and \$10.814 million in Rate Year 2, reduces the
2 Company's requested rate base, and creates a multi-year rate plan (MYRP) with a
3 specified process for the annual review of provisional capital investments. The
4 Stipulation specifies an overall rate of return of 7.185% and a return on equity of
5 9.500%. The Stipulation resolves issues related to rate spread, rate design,
6 performance metrics, equity, credit and collections, language access, COVID-19
7 deferral, line extension allowances, energy burden analysis, and other items.

8 **Q. What is the expected bill impact of the revenue requirement agreed to in the**
9 **Stipulation?**

10 A. Based on information provided by Cascade, TEP understands that an average
11 residential customer using 53 therms per month would see an overall monthly
12 increase of \$6.04 in Rate Year 1, and \$2.06 in Rate Year 2.

13 **Q. Do you recommend approval of the Stipulation?**

14 A. Yes.

15 **II. Background**

16 **Q. Did the non-Company parties file response testimony in this proceeding?**

17 A. Yes. On September 25, 2024, Staff, Public Counsel, AWEC, and TEP filed
18 Response Testimony.

19 **Q. How did the Stipulation develop?**

20 A. The Parties convened a formal settlement conference on August 8, 2024, in
21 accordance with the procedural schedule. The Parties convened a second formal
22 settlement conference on October 2, 2024. The parties did not reach a settlement
23 at those conferences, but the parties participated in several settlement-related calls

1 and correspondence after the formal settlement conferences and convened again
2 on October 18, 2024. All Parties to this proceeding, including Public Counsel,
3 participated in the settlement conferences.

4 The Settling Parties ultimately reached a settlement in principle, and on
5 October 30, 2024, counsel for Cascade contacted the presiding officer indicating
6 such. Cascade filed a formal letter in the docket on November 5, 2024, to inform
7 the Commission that all parties except Public Counsel had reached a settlement in
8 principle. The Commission suspended the procedural schedule, pending its review
9 of the Settlement Stipulation and supporting testimony, to be filed by December
10 11, 2024.

11 **III. The stipulation satisfies the parties' interests and is consistent with the public**
12 **interest.**

13 **Q. What are the legal standards that must be satisfied with respect to any**
14 **settlement?**

15 A. The Commission's charge is to regulate in the public interest. The Commission's
16 settlement approval standards are set forth in WAC 480-07-750(2), providing that
17 "[t]he Commission will approve a settlement when doing it is lawful, supported
18 by an appropriate record, and consistent with the public interest" The
19 settlement, if approved, must result in rates that are just, fair, reasonable, and
20 sufficient.¹

21 **Q. Please explain why TEP supports the Stipulation and believes it is in the**
22 **public interest.**

¹ RCW 80.28.010.

1 A. Through testimony, the Parties created an extensive record in this case. The
2 Company responded to hundreds of data requests and served discovery on other
3 parties. Parties had multiple settlement conferences and resolved their differences
4 incrementally through dialogue, negotiations, and ultimately, the agreements
5 memorialized in the Stipulation. The Stipulation in this case represents the
6 Parties' best efforts to arrive at an end result that satisfies the Commission's
7 requirements.

8 **Q. Please briefly identify the revenue-focused features of MYRP included in the**
9 **Stipulation.**

10 A. The agreement establishes a revenue requirement increase of \$29.799 million in
11 Rate Year 1 and \$10.814 million in Rate Year 2.² It also specifies an overall rate
12 of return of 7.185%, a return on equity of 9.500%,³ and a process for the annual
13 review of provisional capital investments during the MYRP.⁴

14 **Q. What changes to the residential rate design are included in the Stipulation?**

15 A. The residential basic charge will increase by 50 cents each year of the rate plan,
16 from \$5.00 now, to \$5.50 and then \$6.00.⁵

17 **A. Performance Metrics**

18 **Q. What performance metrics did the Parties agree to?**

19 A. Cascade agrees to report the performance metrics contained in the Commission's

² Stipulation ¶ 11.

³ Stipulation ¶ 12.

⁴ Stipulation ¶ 14-16.

⁵ Stipulation ¶ 13.

1 Policy Statement,⁶ plus three affordability and two equity metrics specifically
2 identified in the Settlement.⁷

3 **Q. What is the first affordability metric and why does TEP support it?**

4 A. In the first affordability metric, Cascade will provide a granular breakout of
5 outcomes between customers in specific groups, *i.e.*, low-income households,
6 highly impacted communities, and vulnerable populations, when reporting the
7 Policy Statement metrics concerning arrears, bill assistance, and energy burden.⁸
8 My response testimony requested that Cascade provide this demographic data to
9 support equity analyses of Cascade's arrearage reduction, bill assistance, and
10 energy burden reduction efforts.⁹ TEP strongly supports Cascade reporting this
11 demographic data.

12 **Q. Please describe the metric concerning disconnection for nonpayment and**
13 **why TEP supports it.**

14 A. In the second affordability metric, Cascade will provide the number and
15 percentage of (1) disconnect notices, (2) residential disconnections for non-
16 payment, and (3) reconnection, each broken out by month and census tract, and
17 comparing outcomes among all customers, estimated low-income households,
18 known low-income households, highly impacted communities, and vulnerable

⁶ *In the Matter of the Proceeding to Develop a Policy Statement Addressing Alternatives to Traditional Cost of Service Rate Making*, Docket U-210590, Policy Statement Addressing Initial Reported Performance Metrics (Aug. 2, 2024) (Policy Statement).

⁷ Stipulation ¶¶ 24-25.

⁸ Stipulation ¶ 25.1.a.

⁹ Stokes, Exh. SNS-1T at 37-42.

1 populations.¹⁰

2 My response testimony requested that Cascade report this data for several
3 reasons, which I repeat here.¹¹ First, tracking disconnections generally is crucial
4 to understanding Cascade’s success at reducing energy burdens and
5 disconnections. Second, tracking each individual step shows whether Cascade is
6 effectively intervening throughout the disconnection and reconnection process.
7 Third, tracking these metrics across demographic groups facilitates an equity
8 analysis of Cascade’s Disconnection Policies. Fourth, tracking and reporting these
9 data are particularly important should the Commission decide to continue
10 allowing Cascade to disconnect residential customers over advocates’ objections.

11 **Q. Please describe the metric concerning the arrearage forgiveness program**
12 **and why TEP supports it.**

13 A. This metric is based on a metric included in the Policy Statement, but is modified
14 to fit Cascade’s program structure. The Policy Statement asks utilities to report
15 “[b]y census tract and quarterly, the number of residential customers in arrears
16 with arrearage management plans divided by total customers in arrears.”¹²
17 Cascade, however does not have an arrearage management plan. Instead, it has an
18 arrearage forgiveness plan. Accordingly, the Stipulation’s metric includes the
19 number of residential customers provided arrearage forgiveness and dollars of
20 arrearage forgiveness, using the same census track and quarterly granularity in the

¹⁰ Stipulation ¶ 25.1.b.

¹¹ Stokes, Exh. SNS-1T at 42.

¹² Policy Statement at 10-11.

1 policy statement metric.¹³

2 **Q. Please describe how the Parties developed the equity metrics and why TEP**
3 **supports them.**

4 A. The equity metrics are based on two metrics included in the Policy Statement.¹⁴
5 The Policy Statement asks utilities to report metrics concerning customer
6 participation and utility spending for programs concerning distributed energy
7 resources, including energy efficiency, electric transportation, net metering,
8 renewables and demand response. Electric transportation, net metering, and
9 renewables are not applicable to Cascade as a gas-only utility, so the Stipulation
10 does not require Cascade to report them.

11 Further, Cascade will provide a granular breakout of customer
12 participation in and utility spending for specific groups, *i.e.*, low-income
13 households, highly impacted communities, and vulnerable populations.¹⁵
14 My response testimony requested that Cascade provide this demographic data to
15 measure Cascade's success at equitably distributing investments in, and benefits
16 from, energy efficiency and demand response programs.¹⁶

17 **B. Credit and Collections**

18 **Q. Next, please describe the changes to Cascade's credit and collections**
19 **practices included in the Stipulation.**

¹³ Stipulation ¶ 25.1.c.

¹⁴ Policy Statement at 18-20.

¹⁵ Stipulation ¶ 25.2.

¹⁶ Stokes, Exh. SNS-1T at 43-45.

1 A. Cascade agrees to raise its minimum threshold for disconnecting residential
2 customers from \$50 and 35 days old to \$150 and 60 days old, and to remove the
3 “other debt” factor from its Disconnection Policies.¹⁷

4 **Q. Why does TEP support modifying the disconnection threshold?**

5 A. I provided extensive testimony documenting the shortcomings with Cascade’s
6 disconnection threshold. I argued that Cascade’s disconnection thresholds
7 inordinately burden low-income customers and risks the severe consequences of
8 disconnection for a low arrearage amount on a rushed timeline, and my
9 recommendation was to raise the threshold.¹⁸ TEP now supports the Stipulation’s
10 \$150 and 60 day old thresholds because they represent an immediate
11 improvement for residential customers with small past-due amounts. Further, as
12 described below, Cascade will review its Disconnection Policies with its CARES
13 Advisory Group and Equity Advisory Group, so further improvements to
14 Cascade’s policies are likely. TEP thanks Cascade for agreeing to modify its
15 disconnection threshold for all residential customers.

16 **Q. Why does TEP support removing the “other debt” factor from Cascade’s**
17 **Disconnection Policies?**

18 A. Cascade’s current risk classification system immediately marks a customer as
19 high risk and eligible for disconnection if the customer has prior utility debt,
20 including prior obligations at current residences and utility debt at other
21 residences. In effect, this criterion punishes a history of disconnection, as prior

¹⁷ Stipulation ¶ 28.

¹⁸ Stokes Exh. SNS-1T at 23-26.

1 obligations occur after a disconnection of nonpayment. For customers with this
2 history, prior debt is the deciding factor in determining whether they are subject to
3 disconnection, regardless of the present arrearage amount or time. This criterion
4 effectively penalizes customers with a prior history of energy insecurity.

5 Basing current disconnection practices on a customer's past arrearage and
6 debt challenges accelerates the vicious cycle of crisis and disconnection, creating
7 new and significant burdens for the customer. TEP thanks Cascade for agreeing to
8 remove the "other debt." Approving the stipulation will promote equity and help
9 break the cycle of poverty by removing the "other debt" factor from Cascade's
10 Disconnection Policies.

11 **Q. What does the Stipulation provide concerning Cascade's communications**
12 **with customers in arrears?**

13 A. Cascade may contact customers with arrears under the \$150 and 60-day old
14 disconnection thresholds to discuss their past due amounts, but communications
15 with customers under the threshold will not implicitly or explicitly threaten
16 disconnection. Cascade will also include information about how to access energy
17 assistance programs in communication with past-due residential customers.
18 Written communications (excluding text messages) will refer customers to their
19 local community action agency.¹⁹

20 **Q. Why does TEP support this term?**

21 A. My testimony identified the ways that Cascade communicates with past-due
22 customers, noted how Cascade's current practices are superior to peer utilities,

¹⁹ Stipulation ¶ 29.

1 and also suggested improvements.²⁰ I recommended that when Cascade
2 communicates with customers about past due balances in a format that is not a
3 bill, Cascade should include a discussion of available energy assistance options
4 and Community Action Agency contact information. TEP thanks Cascade for
5 agreeing to a term that largely accomplishes this goal. Further, TEP encourages
6 Cascade to continue to avail itself of the opportunity to communicate with past-
7 due customers without threatening disconnection.

8 **Q. Please describe the Stipulation’s term concerning a review of Disconnection**
9 **Policies and why TEP supports it?**

10 A. The Stipulation contemplates an equity review of Cascade’s Disconnection
11 Policies in consultation with the CARES Advisory Group and Equity Advisory
12 Group, followed by the filing a report with identified action items from the
13 review.²¹ My response testimony identified why TEP believes that Cascade’s
14 Disconnection Policies are inequitable,²² and TEP expects that this robust review
15 process will result in “corrective intervention[s]”²³ that change the identified
16 inequitable practices.

17 **C. Language Access, Energy Burden, and Equity Advisory Group**

18 **Q. Did the Parties reach an agreement regarding TEP’s proposal for a language**

²⁰ Stokes, Exh. SNS-1T at 26-29.

²¹ Settlement Stipulation ¶ 30.

²² Stokes, Exh. SNS-1T at 29-30.

²³ Dkt. UG-210755, *Washington Utilities & Transportation Commission v. Cascade Natural Gas Corporation*, Order 09, ¶ 58 (Aug. 23, 2022).

1 **access plan?**²⁴

2 A. Yes. Cascade agrees to work with CARES Advisory Group and Equity Advisory
3 Group to create and implement a language access plan, and over the next two
4 years report on its progress. Cascade also agreed to maintain and revise the
5 language access plan as needed.²⁵

6 **Q. Did the Parties reach an agreement regarding TEP’s proposal for an energy**
7 **burden analysis?**²⁶

8 A. Yes. Cascade agrees to perform an energy burden analysis every two years, and
9 will work with its CARES Advisory Group to determine the parameters of the
10 assessment, which will include an assessment of stratified energy burdens,
11 identification of excess energy burdens (including census tracts), and one or more
12 indicators of low-income status.²⁷ TEP looks forward to helping Cascade develop
13 this analysis and using it to inform low-income program design.

14 **Q. Please describe the Stipulation’s term regarding topics for Cascade’s Equity**
15 **Advisory Group, and why TEP supports them.**

16 A. Cascade agreed to present a variety of topics to its Equity Advisory Group for
17 consideration.²⁸ Particularly important to TEP, Cascade agree to discuss
18 improvements to language access, outreach to customers in need of bill
19 assistance, and communications related to the disconnection process. These are

²⁴ Stokes, Exh. SNS-1T at 30-35.

²⁵ Stipulation ¶ 31.

²⁶ See Stokes, Exh. SNS-1T at 35-37.

²⁷ Stipulation ¶ 36.

²⁸ Settlement ¶¶ 26-27.

1 topics which TEP believes are important for Cascade to explain to its Equity
2 Advisory Group, and then solicit its feedback on.

3 **IV. Conclusion**

4 **Q. Please summarize TEP's position concerning the Stipulation.**

5 A. This settlement involved give and take between the parties. No party got
6 everything they wanted, but the result is an agreement that is in the public interest.
7 The resolution of issues complies with Commission rules and satisfies TEP's
8 interests. TEP asks the Commission to approve the settlement.

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

10 A. Yes.

11