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June 21, 2022

Oregon Public Utility Commission
P.O. Box 1088
201 High St. SE, Suite 100
Salem, OR 97308-1088

RE: ADV 1409 Advice No. O22-06-01, Cascade Natural Gas Arrearage Management Program and Energy Discount Proposal

Cascade Natural Gas Corporation (Cascade or Company) submits the following response to the first stakeholder feedback submitted by the Oregon Citizens' Utility Board (CUB) following the Company's proposed Arrearage Management Program and Energy Discount (AMPED) filing on June 1. Cascade appreciates the feedback received and looks forward to collaborating on getting AMPED implemented for those who are less fortunate.

Bundling

Cascade believes it is too early to analyze and determine weatherization cost-effectiveness and demand response strategies for low-income customers at this time, due to the nature of predicting the customer's usage, energy discount, and household situation until we have reliable data to analyze. With that said, as part of AMPED, an internal referral based on high consumption level patterns for AMPED customers will have their account information given priority for energy efficiency services with our energy efficiency group to help reduce future energy burden, bills, and carbon emissions.

Cascade is in the process of revising its approach to delivery of its low-income weatherization programs. In May 2022, Cascade sent an Oregon Low Income Energy Conservation (OLIEC) and Conservation Advisory Tariff (CAT) programs status update to Commission Staff which included a breakout of the recent analysis and recommendations on how Cascade plans to work towards reduction of customers' energy burdens. The items addressed in the update included a low-income customer analysis, increased Company staffing, agency discussions, and tariff revisions; documents provided.

Cascade continues to partner with the Energy Trust of Oregon (ETO) to deliver cost-effective energy efficiency offerings in Oregon. While low-income weatherization offerings have traditionally been offered solely through an OLIEC and CAT program type format, the Company is exploring additional support avenues as part of its discussions with Community Action Partnership of Oregon (CAPO) and ETO. Low-income weatherization programs do not typically pass the same cost-effectiveness criteria as those set for standard programs. The Company is committed to reevaluating the low-income program offerings to increase participation, which will involve a review of the program's cost-effectiveness criteria

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and coordinating with the Commission to establish a revised and approved approach to better assist the energy-burdened customer base through energy efficiency options.

In addition, Cascade has met with ETO in the past year to explore ways to leverage existing energy efficiency efforts and resources to provide additional services and support to the low-income customers in addition to the programs they already offer to Cascade's mostly rural customer base. Adequately addressing the low-income energy burdened customers in Cascade's territory will likely involve a multifaceted approach including working with the expertise of the CAP agencies and capitalizing on ETO's presence in the industry and our territory's and their ability to serve even more of our customers.

Level of Relief

Cascade's use of 0-15% of State Median Income (SMI) is the lowest denominator analysis breakdown; therefore, SMI breakdowns of 10%, 5%, and 0% are not available for analysis.

Cascade's AMPED program allows our tiered energy discount percentages to be changed as well as our income percentage brackets for each tier; thus, complying with Staff's level of relief requirement allowing flexibility and program design. As for percentage of income payment plans (PIPP), CUB is correct in that PIPPs provide individual bills tiered directly to their income. However, the individual tailoring of these programs is administratively burdensome, they require a database of household income, and the number of persons in households which is a metric Cascade does not collect. In addition, Cascade's billing system is limited in implementing a PIPP program and it would be prohibitively expensive to implement a targeted approach.

Eligibility

CUB is correct that eligibility criteria for low-income base has not been defined. This is why Cascade is proposing the lower of the Federal Poverty Level (FPL) or SMI eligibility criteria within its AMPED proposal.

As for 'risk-free' to program participants, Cascade has an outstanding question to the OPUC Staff about thievery under Oregon Administrative Rules (OARs) and how to get around 'risk-free' since it appears to be considered thievery under OARs. Cascade is having a hard time seeing the distinction between individuals that falsify their information to receive AMPED benefits and tampering with equipment to receive unlawful benefits; Cascade is tasked with being good stewards of all our customers' funds.

Cascade's proposal has a self-certification process where customers who reach directly out to Cascade can verbally provide household income and household size to qualify for AMPED. As for Community Action Agencies (CAAS), Cascade is not directing CAAs to change their verification process in providing help and assistance.

Tracking and Accounting

The reason Cascade proposes a volumetric per therm charge for residential customers is to match the cost recovery revenue with that of the benefit outflows; this helps reduce any deferral balance and interest carried while helping Cascade maintain adequate cash-flows. Instead of CUB's proposal, if the goal is to smooth the rate impact throughout the year, Cascade recommends those customers sign-up for levelized billing which not only smooths the impact of this small portion of their bill, but all portions of their bill.

Outreach and Engagement

Cascade always informs our customers of assistance options available to them and directs them to their local CAAs. In addition, Cascade is in the early stages of working with Oregon Housing and Community Services (OHCS) on a sharing agreement, so OHCS can provide customer information of those who are qualified to receive public assistance. As well, Cascade is beginning to work with Oregon Department of Human Services (ODHS) to also get a sharing agreement so ODHS can provide customer information on those who receive public assistance such as, but not limited to: Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, the U.S. Refugee Program, and Program for All-Inclusive Care for the Elderly. By doing this, Cascade can automatically enroll these customers into the AMPED program.

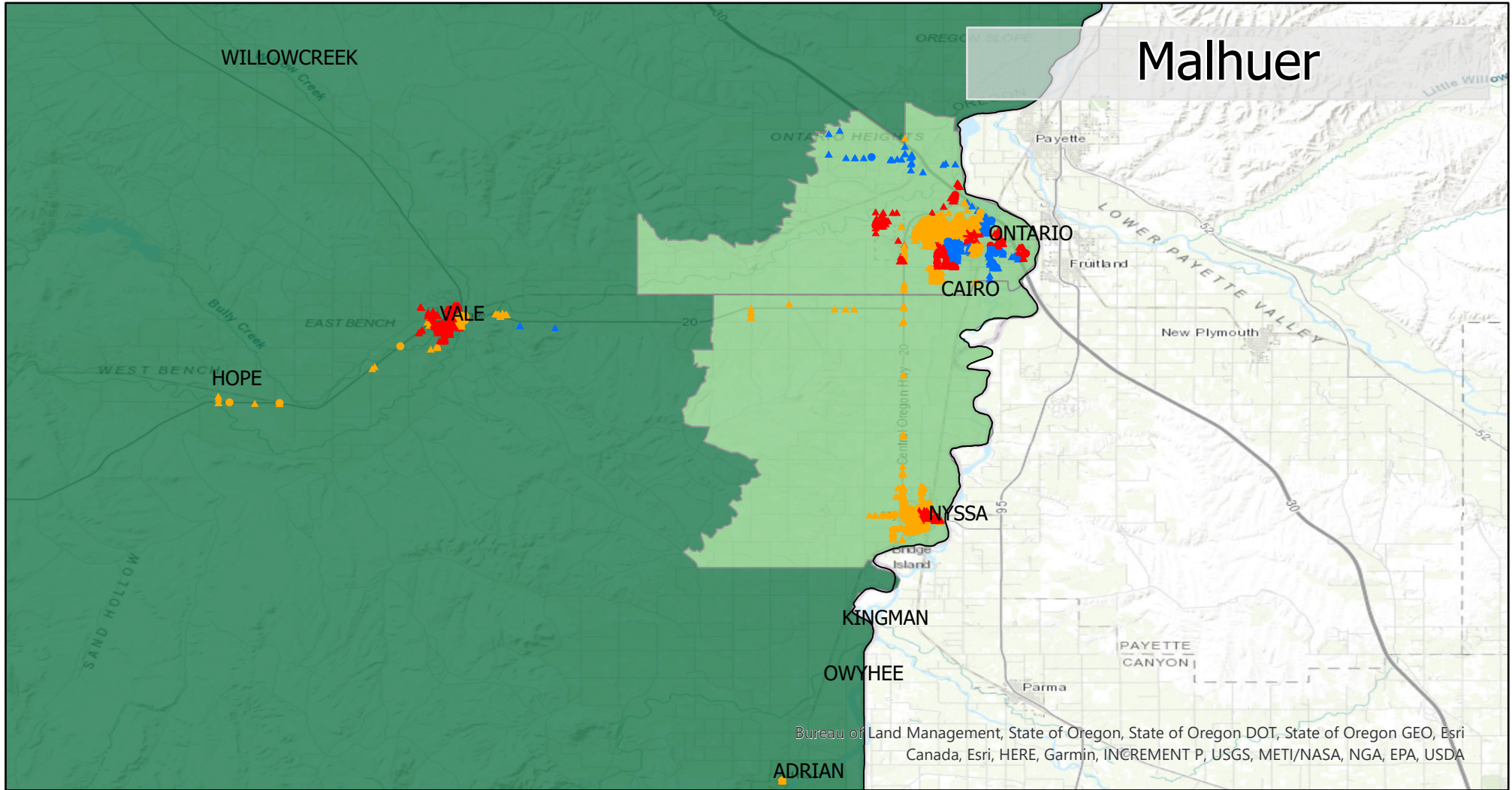
Please contact me at 509-734-4549, if you have any questions.

Sincerely,

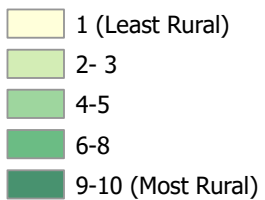
/s/ Christopher Mickelson

Christopher Mickelson
Manager, Regulatory Affairs II
Cascade Natural Gas Corporation
8113 W. Grandridge Blvd.
Kennewick, WA 99336-7166
christopher.mickelson@cngc.com

Income by Structure Type and Urban/Rural Areas

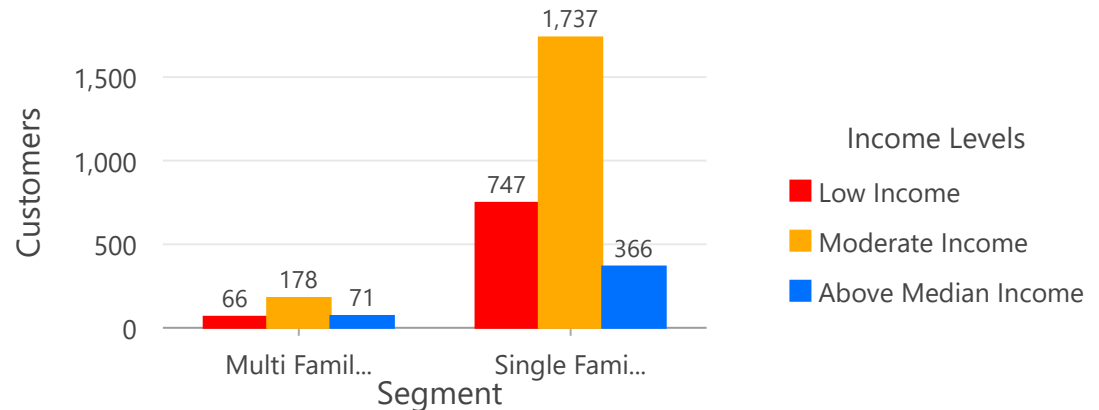


Rural Urban Commuting Areas

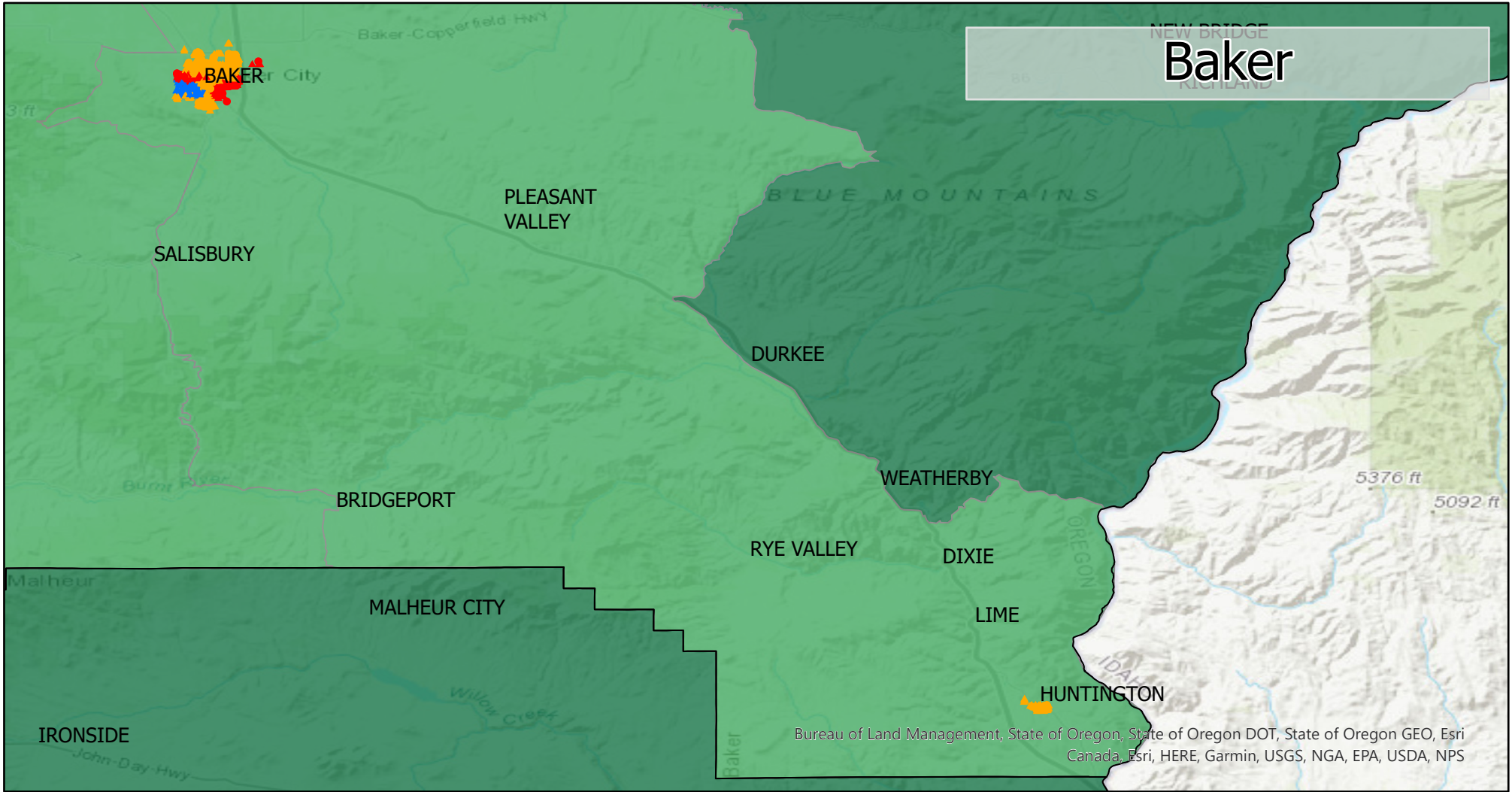


Residential Segmentation

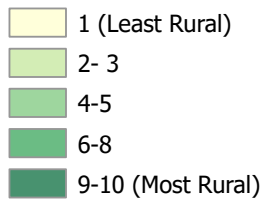
- Multi Family,Low Income
- ▲ Single Family,Low Income
- Multi Family,Moderate Income
- ▲ Single Family,Moderate Income
- Multi Family,Above Median Income
- ▲ Single Family,Above Median Income



Income by Structure Type and Urban/Rural Areas

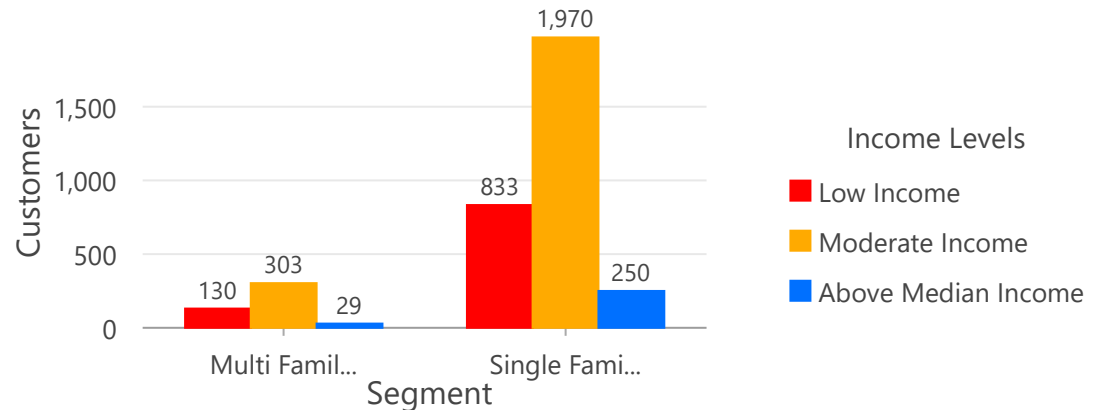


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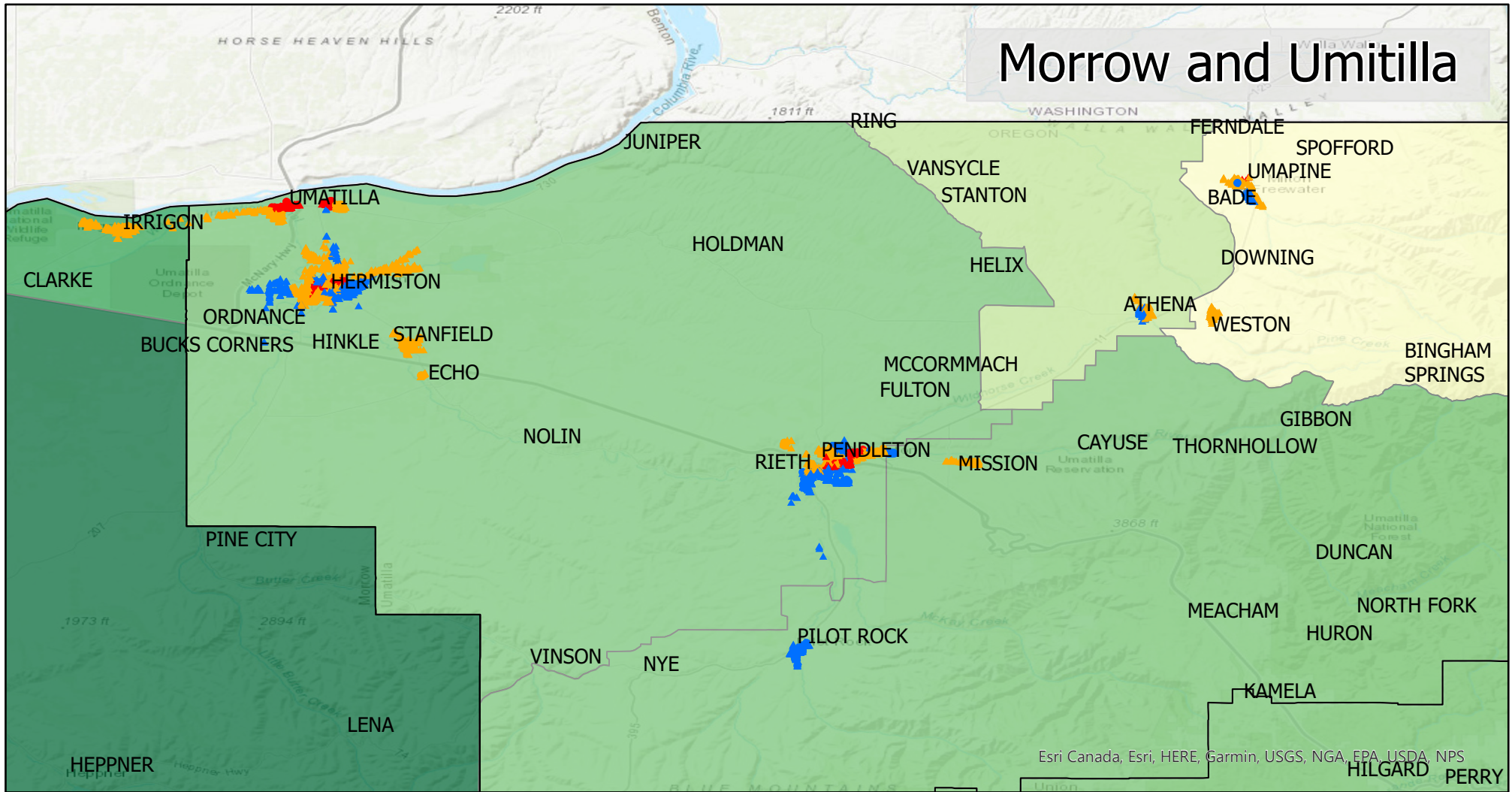


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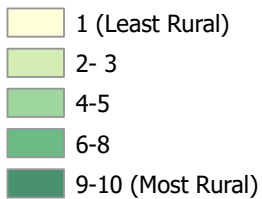
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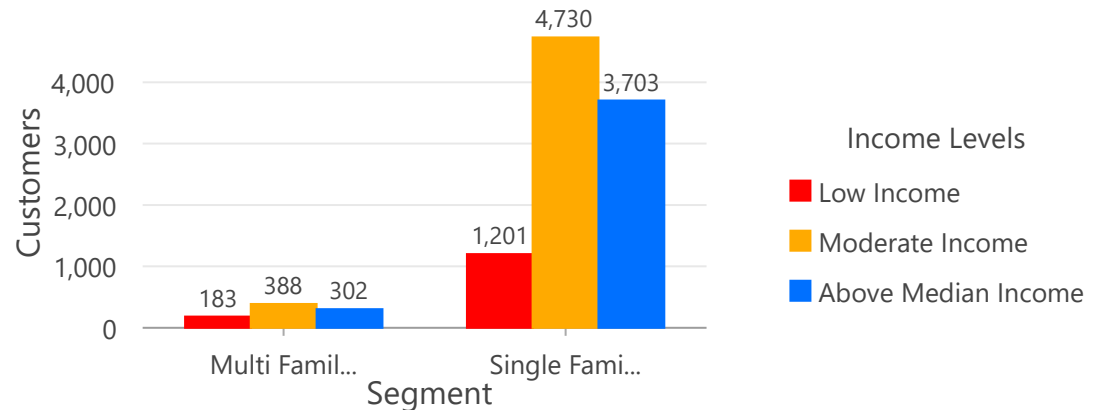


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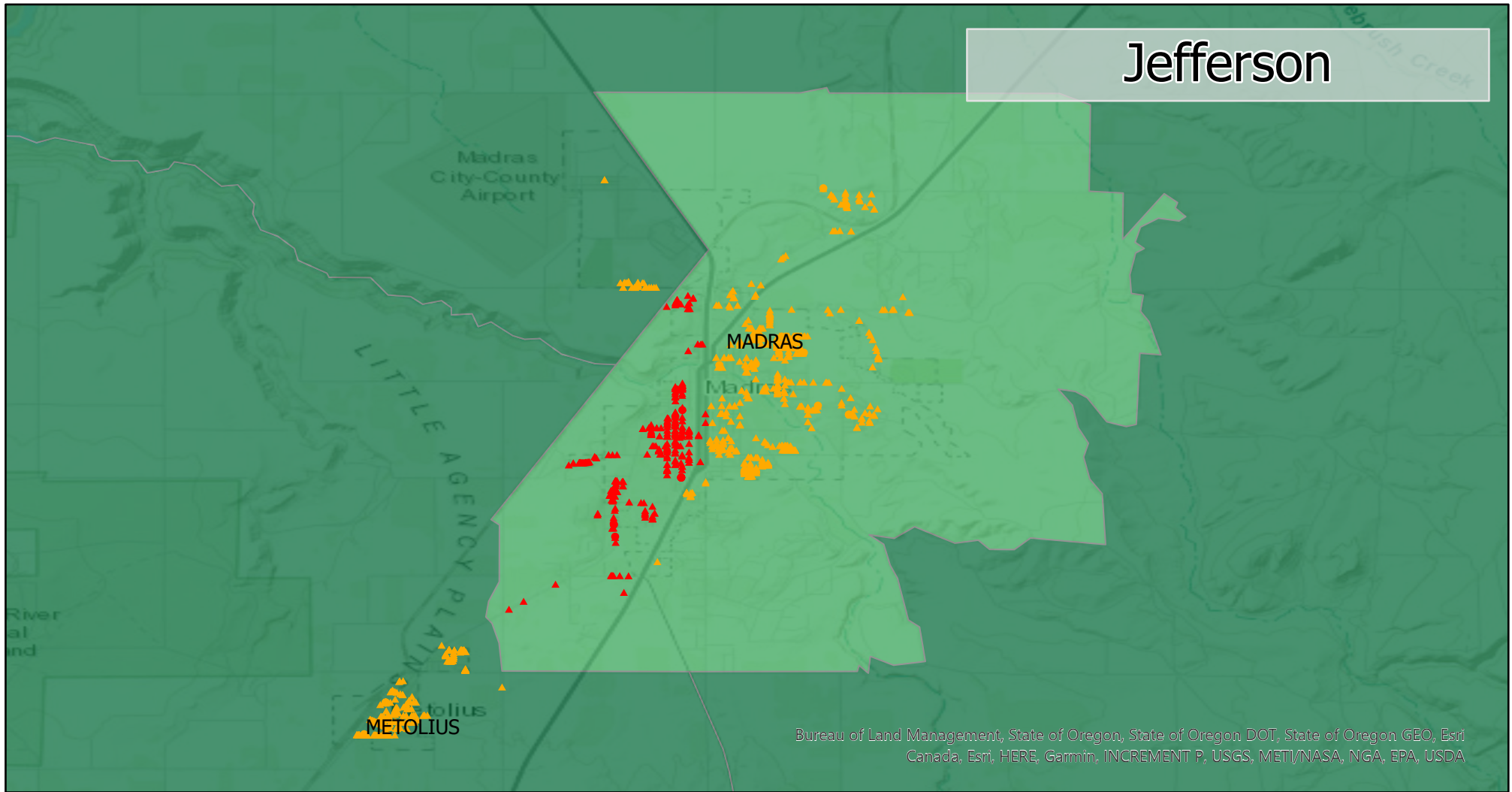


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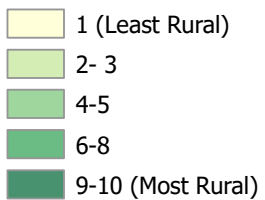
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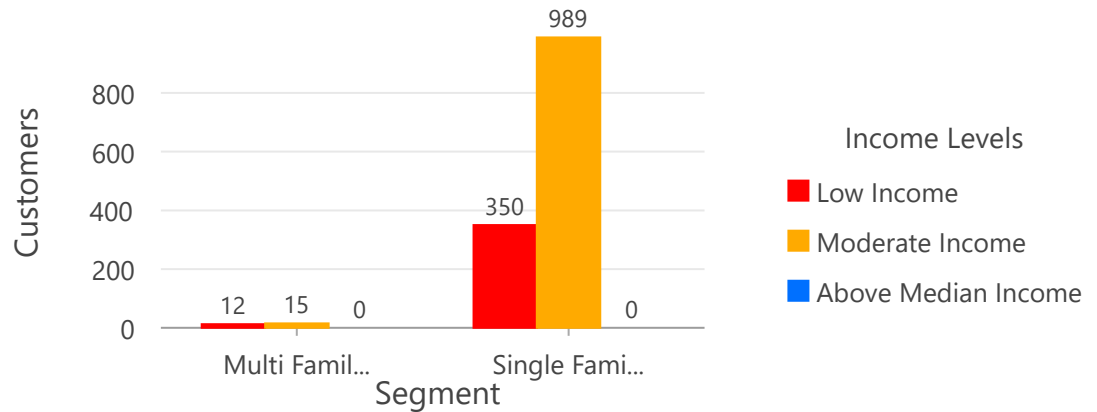


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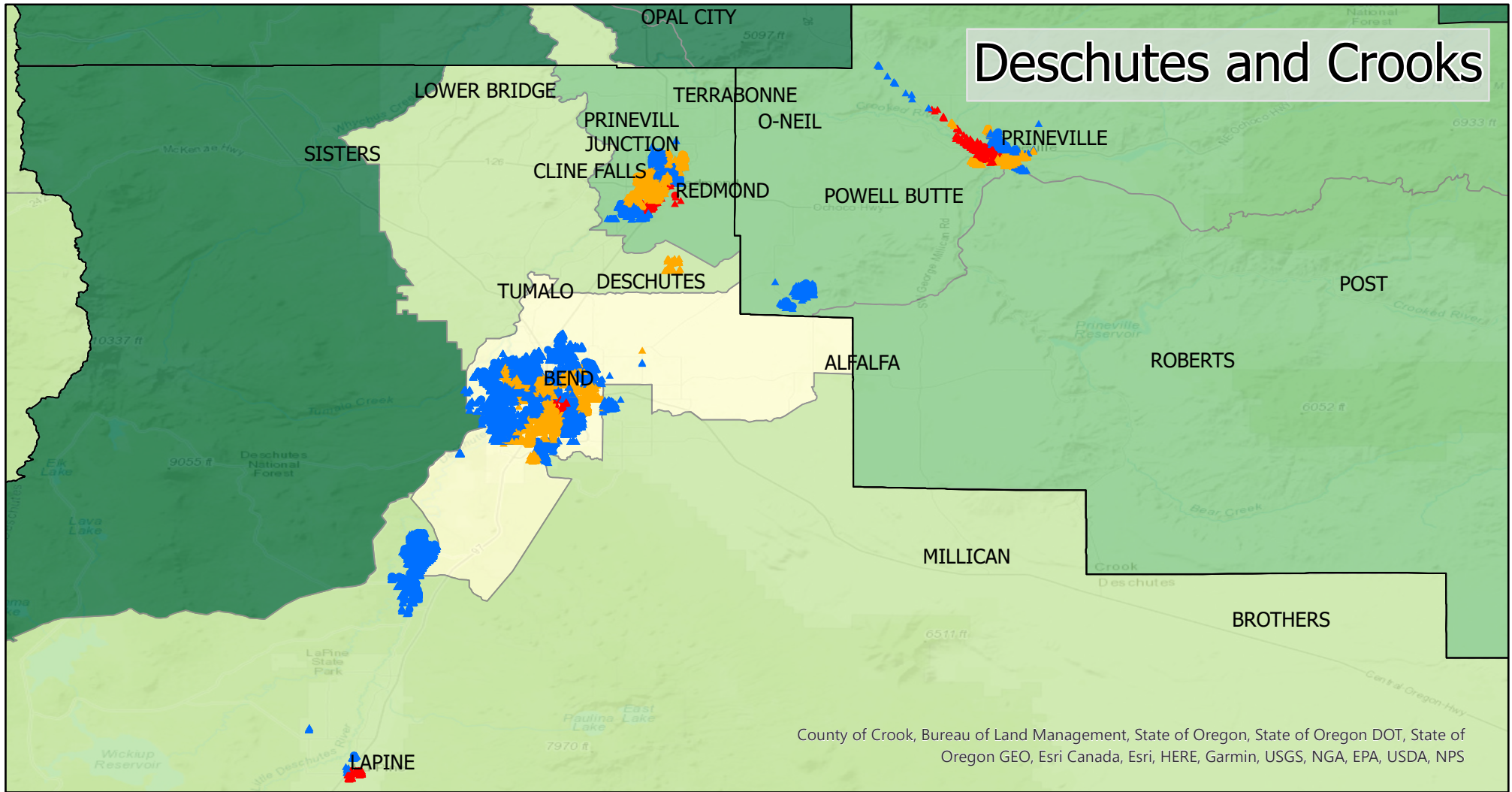


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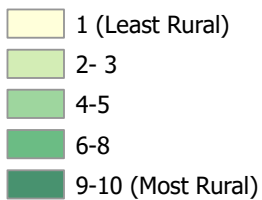
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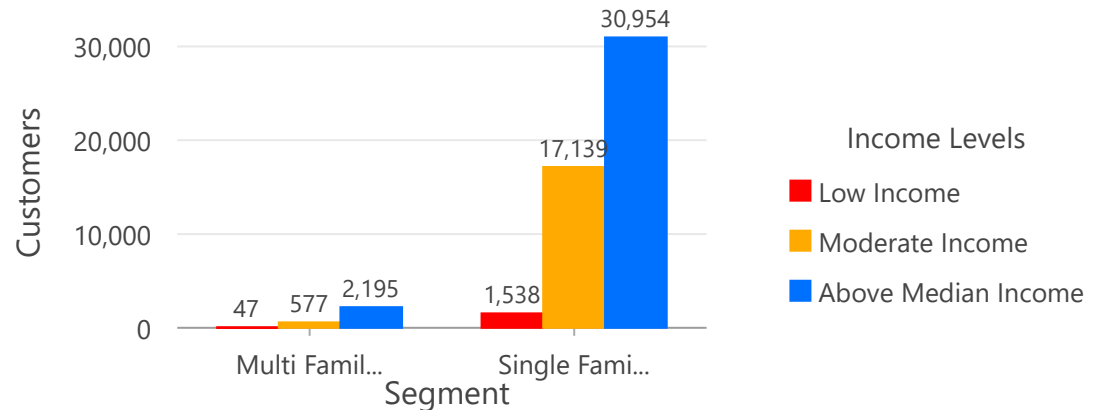


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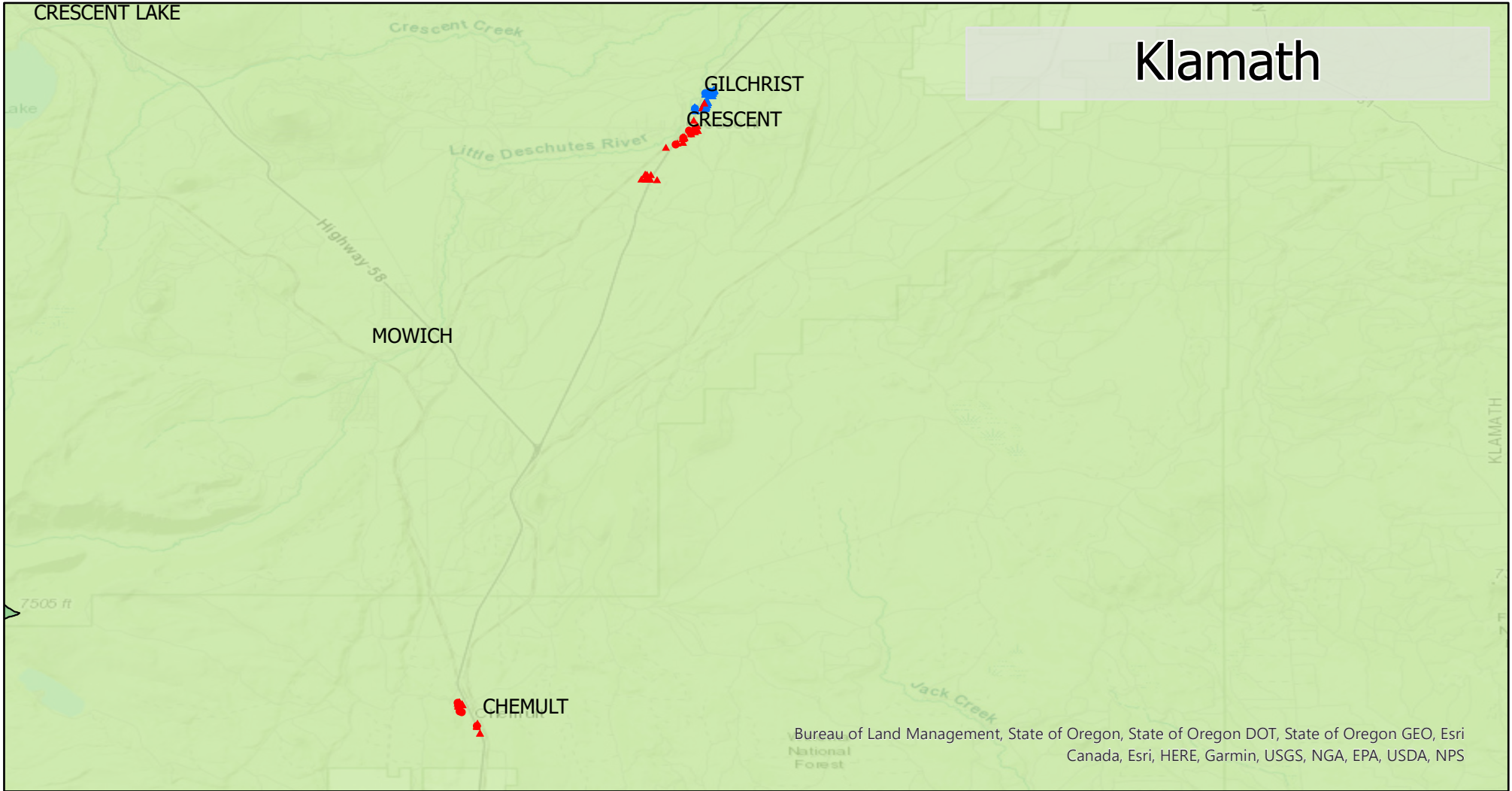


Residential Segmentation

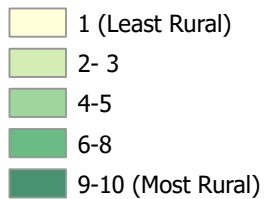
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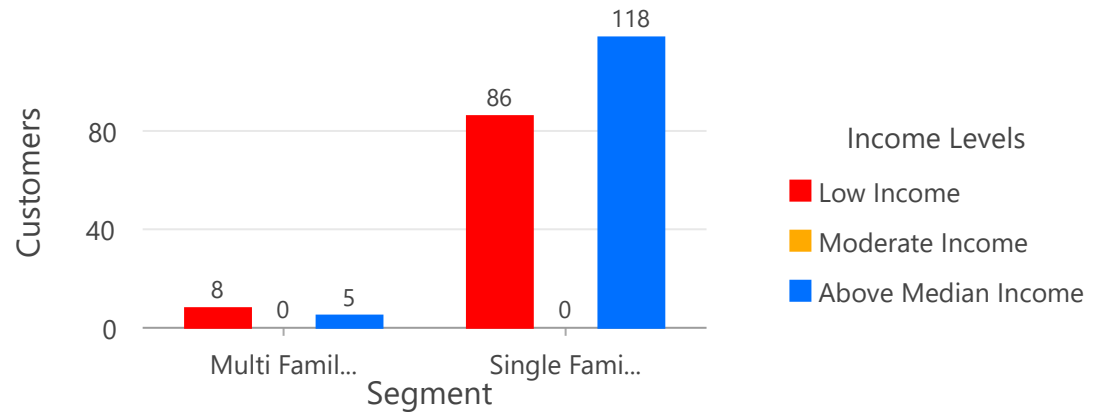


Rural Urban Commuting Areas



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CNGC Oregon Low Income Customer Analysis



Date: June 30, 2021

Prepared For: Oregon Public Utilities Commission Staff



Background

- ✔ In order to better serve all customers, and glean additional insights into Cascade’s financially disadvantaged customers, Cascade requested analysis to identify and characterize low-income communities in their service territory.
- ✔ AEG developed the approach described below to leverage secondary data sources to provide deeper insight into Cascade’s Oregon customer base by income level.
- ✔ AEG worked with Cascade to develop the definitions for low-income and moderate-income households used in this analysis:

HH Size	Low Income Threshold	Moderate Income Threshold
1	\$25,520	\$25,027
2	\$34,480	\$50,054
3	\$43,440	\$75,081
4	\$52,400	\$100,108
5	\$61,360	\$125,135
6	\$70,320	\$150,163
7	\$79,280	\$175,190
8	\$88,240	\$200,217

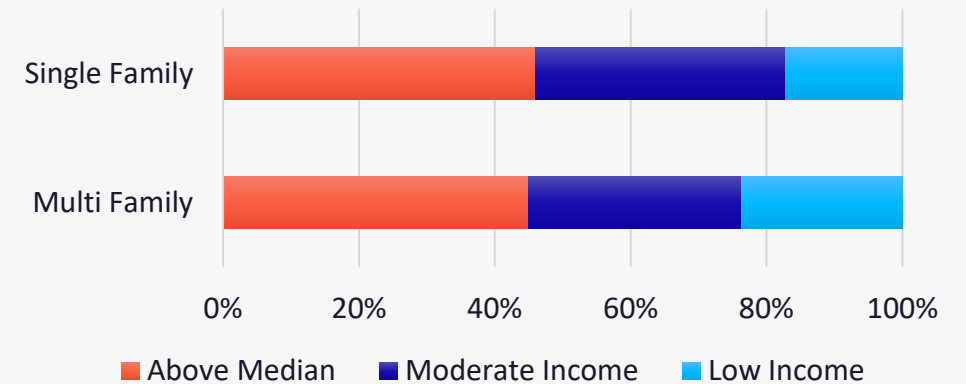
*Low income is based on 200% FPL;
Moderate income are customers > 200% FPL
up to state median income*



Part 1: US Census Analysis

- ✔ Address data from CNGC residential accounts was mapped back to corresponding geographic "blocks" in the census data.
- Each of these blocks was then processed to analyze average household size and income, producing a distribution of households into income buckets for places **where CNGC customers reside**. (see next slide)

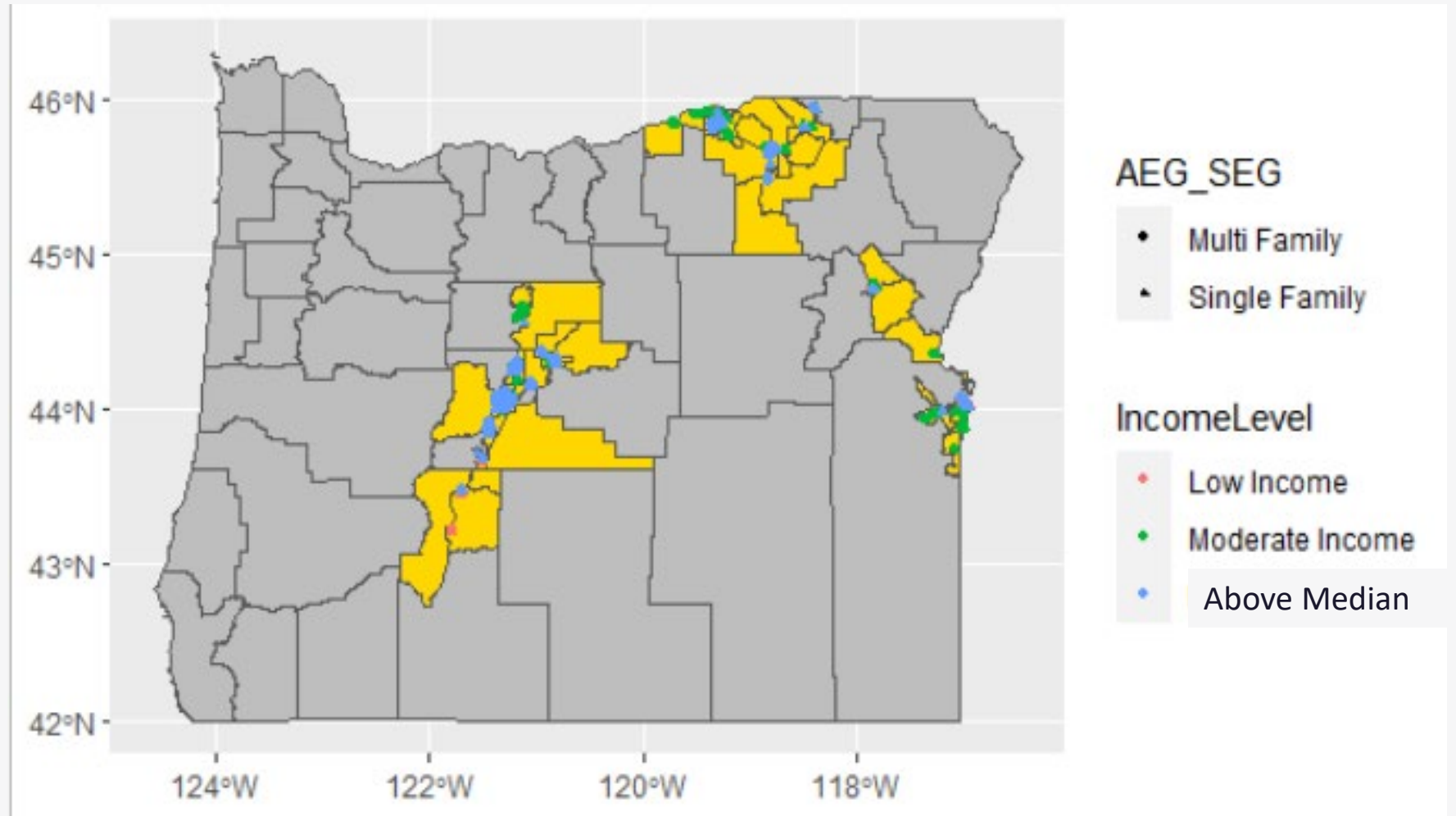
Cascade Oregon Household: Distribution by Income



Housing Type	Income Group	Accounts	Oregon	
			% of SF or MF	% of All HH
Single Family	Above Median	35,417	46%	43%
	Moderate Income	28,434	37%	34%
	Low Income	13,251	17%	16%
Multi Family	Above Median	2,605	45%	3%
	Moderate Income	1,819	31%	2%
	Low Income	1,369	24%	2%
Total		82,895		100%



Map – Cascade OR Residential Customers



- ✓ Yellow areas are counties where CNGC customers reside. The colored dots show the average income group assignment for a census geo-block.



Part 2: RBSA Analysis

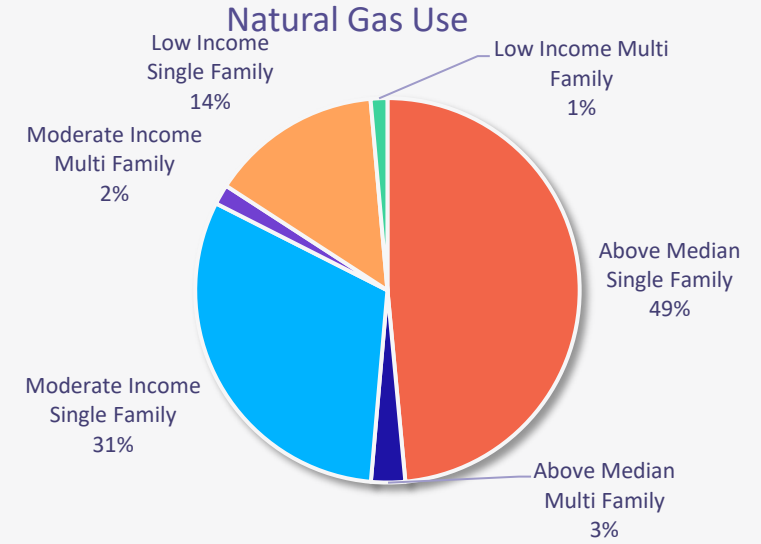
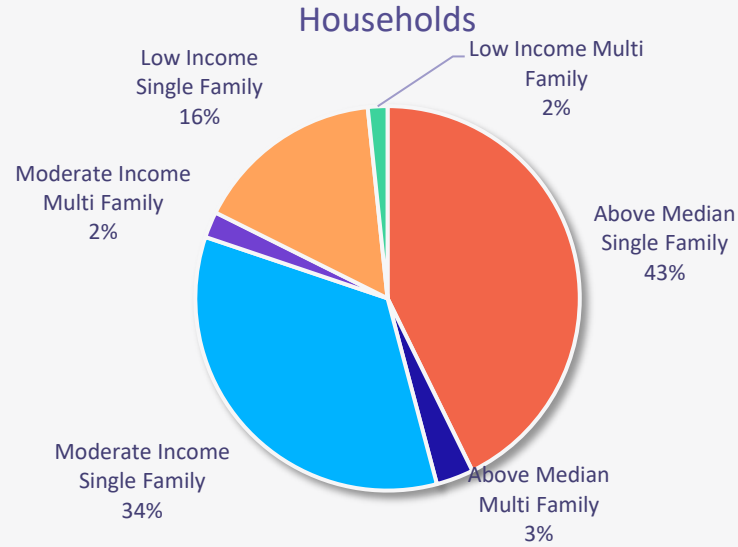
- ✔ The NEEA Residential Building Stock Assessment II (2016) includes household income and many usage characteristics, which allows insight into household energy use in different income groups.
- ✔ Differences in gas use per household correlate with differences in average home size, but home size and building shell alone do not account for *all* the intensity difference
- ✔ Overall insulation and infiltration levels are similar between income levels, in contrast to Cascade's WA territory.
 - R-values for roof/attic, walls, and floors are within +/- 1
 - Average low/moderate income air infiltration is actually lower (better) than above-median income homes, which may be the effect of targeted programs

Oregon Gas Customer Characteristics by Income Level – RBSA II

Income Class	Responses	Avg. Therms /HH	Δ	Gas Space Heat	Gas Water Heat	Age of Home (Avg)
Above Median	153	648	n/a	61%	80%	1961
Moderate Income	27	638	-2%	61%	89%	1969
Low Income	55	547	-16%	67%	65%	1958



Results Summary



Row Labels	Households	% of Households	Therms	% of Therms	Therms per HH
Above Median					
Single Family	35,417	42.73%	32,031,069	48.51%	904
Multi Family	2,605	3.14%	1,891,766	2.87%	726
Moderate Income					
Single Family	28,434	34.30%	20,525,481	31.09%	722
Multi Family	1,819	2.19%	1,113,780	1.69%	612
Low Income					
Single Family	13,251	15.99%	9,534,721	14.44%	720
Multi Family	1,369	1.65%	929,208	1.41%	679
Grand Total	82,895	100.00%	66,026,026	100.00%	797

Thank You.

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Ken Walter, Project Manager
kwalter@appliedenergygroup.com

Phone 510-982-3530



Cascade Oregon Low Income Program Status and Pathway forward

Cascade provides the Oregon Public Utility Commission (PUC) the following update on its progress and steps to review and revise the Oregon Low Income Energy Conservation (OLIEC) and Conservation Achievement Tariff (CAT) programs.

As noted, the Company has experienced very little uptake in the past three years to the combined OLIEC/CAT program offerings. When Cascade first implemented the CAT, it was an additional program contribution and was a complementary mechanism to OLIEC, intended to cover the total rebate for installing 100% of the cost of the measure (plus funds for an administrative fee, direct program costs, audit and inspection). The CAT opened the door to increased program participation and robust weatherization offerings to the Low-Income Oregon Cascade community.

Upon completion of the CAT pilot, and transition to a permanent offering in PY 2016-2017, the Company filed with the Commission for a budget intended to accommodate roughly 100 homes per year, comparable to the ARRA years when Low-income weatherization funding was substantial. The combined OLIEC and CAT tariff was designed to cover every house the Agencies advised they could serve in Cascade's territory that program year. Unfortunately, funding was temporarily put on hold mid-year, requiring Agencies to pause efforts. The final budget as instructed from Commission Staff was limited to more closely align with the electric utilities' collections as allowed through legislation for Low-income weatherization, plus a small premium for the higher costs of serving Cascade's rural areas. This halt in funding seems to have represented a potential risk to the Agencies to recover costs and thus enthusiasm and participation waned for Cascade's offerings. Following this temporary halt, program participation continued to slip year over year. COVID exacerbated the decline, culminating in zero projects delivered in the 2020-2021 Program Year (PY).

Action Items & Next Steps

Low-Income Customer Analysis

In Q1 2021 the Company leveraged an in-progress Applied Energy Group (AEG) Conservation Potential Assessment. Much of the CPA was focused on the Washington service territory, however as part of this work Cascade asked AEG to perform a Residential Income Group Analysis in WA. At this time AEG also expanded its research and scope to support a CNGC Oregon Low-Income Customer Analysis to inform future program planning efforts considering the decreased participation. As AEG was already mining secondary data sources to characterize customers and energy consumption by income level in Washington (the first step in assessing energy efficiency potential), AEG was able to perform a similar analysis for Cascade's Oregon service territory. Performing this analysis in parallel allowed AEG to efficiently answer Oregon-specific questions, while preparing data that could be used in the future to estimate Low-Income sector energy efficiency potential.

Primary questions of the analysis included:

- How do key metrics vary by geography, including typical residence types, average energy usage and cost per square foot, home age, and equipment types?
- How does energy burden vary by agency service area and/or ZIP code?

- What is the remaining population of Oregon low-income customers who have not received weatherization services, and how are they dispersed geographically?

AEG shared results from this analysis with Company representatives and members of Oregon PUC staff on June 30, 2021. The analysis demonstrated a robust sub-sector of homes within the Company's territory still eligible for Low-Income weatherization program offerings. Note, this presentation was included as Exhibit D in the PY 2020-2021 OLIEC/CAT Annual report.

Cascade Staffing

Cascade is in the process of backfilling the role Alyn Spector served with the Low-Income Agencies. The intention is for more robust territory coverage and a more focused approach to provide a direct Company contact for in person coordination with Agency representatives.

Agency Discussions

- 2020 – 2021 - Alyn had several conversations during the 2020 and 2021 time period with Agencies to address barriers and concerns, but no specific tangible action items were identified.
- Q1 2022 - Cascade Staff reached out to Keith Kueny (Consultant supporting Community Action Partnership of Oregon CAPO) and Christina Zamora (Executive Director of Klamath & Lake Community Action Services and the CAPO Board) and arranged a meeting to discuss the OLIEC program and ways to make adjustments to ensure funds are utilized to serve Low-Income households.
 - March 3, 2022 – Cascade Staff met with Keith and Christina. In the conversation both barriers and opportunities to program participation were discussed as starting points in conversations with the Agencies. Recommendations for follow up with the PUC include:
 - Moving from the current reimbursement process to a grant format where funds could be provided upfront to the Agencies. One question that arose around this approach centered on how to guarantee savings
 - Increasing admin funds to Agencies (increasing the current \$10,000 project cap) in line with NW Natural's program offerings
 - Offering an a la carte option in lieu of the requirement to fully weatherize the home, allowing more flexibility to the Agencies and more immediate assistance when needed
 - Addressing the OHCS requirement that all program funds be placed back into the DOE bucket – this has been a barrier to uptake of CNGC program funds
 - Updating and significantly altering the tariff once discussions with the Agencies and PUC are incorporated
- Q2 April 19, 2022 – Cascade staff met with Benedikt Springer the new Utility Policy Coordinator with CAPO representing the Community Action Agencies.
 - Cascade provided general information about the OLIEC/CAT program and context on the discussion held in March. Company staff asked for further assistance in discussions with the Agencies to determine additional barriers and opportunities. Some of the barriers Benedikt has identified echo what was discussed in the March meeting:
 - One issue is the contractual obligation of Agencies to spend down the DOE funds at a specific rate. At the moment they have sufficient funds, so using CNGC funds could make it more difficult for them

- Seems more CNGC customers need to be identified as eligible
- Agencies may need to find and hire more staff and contractors; however, many contractors are operating at capacity and there are few CNGC customers on waiting lists
- Need additional funds to build outreach and work capacity, can the Cascade program be used to cover some of these costs?
- Making CNGC's programs similarly generous to the NW Natural Programs with higher funding amounts and potentially a larger variety of measures
- Following this discussion Cascade's Senior Conservation Analyst provided metrics to Benedikt to assist with determining overall numbers of CNGC Oregon Low-Income homes and opportunities for targeted outreach to promote program uptake as well as the Low-Income Customer Analysis for context

Tariff revisions

As prefaced in the PY 2020-2021 OLIEC/CAT Annual report the Company has started review of the program design and tariff as it seeks ways to improve participation. The Company plans on working with the Community Action Agencies and the OPUC on an update to the tariff over the summer and into fall 2022.