

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 26, 2022**

**REGULAR**  X  **CONSENT** \_\_\_\_\_ **EFFECTIVE DATE**  August 1, 2022

**DATE:** July 19, 2022

**TO:** Public Utility Commission

**FROM:** Michelle Scala

**THROUGH:** Bryan Conway and Caroline Moore **SIGNED**

**SUBJECT:** CASCADE NATURAL GAS:  
(Docket No. UG 437/ADV 1409/Advice No. 22-06-01)  
Establishes Schedule 36, Energy Discount and Schedule 37, Low Income Assistance Cost Recovery.

**STAFF RECOMMENDATION:**

Approve Cascade Natural Gas Corporation Advice Filing No. 22-06-01 establishing Schedule 36, Energy Discount and Schedule 37, the corresponding Low Income Assistance Cost Recovery Mechanism, as supplemented on less than statutory notice, effective for service on and after August 1, 2022.

Further, direct Cascade to:

1. With input from Stakeholders, develop a short survey offered to participants at or around the time of enrollment and in regularly scheduled increments thereafter. The survey may be administered, and data stored by, the Company, CAAs, or third-party, as deemed appropriate. The survey should:
  - a. Be optional
  - b. Include questions on demographics and energy affordability
  - c. Have results trackable by income level declared at the time of self-verification
  - d. Omit or encrypt personal identifiable information (PII)
2. Develop and administer an annual short survey offered to CAAs enrolling clients in the energy discount for the purposes of evaluating overall experience administering the program and effectiveness at helping clients.
3. Share survey findings and participant attributes with Staff and Stakeholders during post-implementation engagement.

4. Report on energy discount program and participant metrics by month and zip code in quarterly increments. Metrics include, but are not limited to:
  - a. Total number of customers enrolled in the program
  - b. Total dollars provided to customers, by discount tier
  - c. Average discount provided to customers, by discount tier
  - d. Dollars spent on administrative costs, by descriptive cost category
  - e. Total enrollments through Cascade (does not need to be by zip code)
  - f. Total enrollments through community partners (by agency)

## **DISCUSSION:**

### Issue

Whether the Oregon Public Utility Commission (Commission) should approve Cascade's advice filing with Schedule 36, a proposed Energy Discount Program (EDP) and Schedule 37, Low-Income Assistance Cost Recovery Mechanism.

### Applicable Law

ORS 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable.

Under ORS 757.210(1)(b), "automatic adjustment clause" means "a provision of a rate schedule that provides for rate increases or decreases or both, without prior hearing, reflecting increases or decreases or both in costs incurred, taxes paid to units of government or revenues earned by a utility and that is subject to review by the commission at least once every two years."

Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes.

ORS 757.220. OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

ORS 757.230, as amended by House Bill (HB) 2475, provides the Commission authority to take certain considerations into account when determining a comprehensive classification of service for each public utility; including, the quantity used, the time when used, the purpose for which used, the existence of price competition or a service alternative, the services being provided, the conditions of service, differential energy burdens on low-income customers and other economic, social equity or environmental

justice factors that affect affordability for certain classes of utility customers.<sup>1</sup>

ORS 757.695, codifying HB 2475's Section (7)(1), provides that the Commission may address the mitigation of energy burdens through bill reduction measures or programs that may include, but need not be limited to, demand response or weatherization.

### Analysis

#### *Background*

The Energy Affordability Act (HB 2475) took effect on January 1, 2022, and provides the Commission the authority to consider differential energy burdens on low-income customers in rate classifications. In Docket No. UM 2211, Staff is leading an investigation into HB 2475 implementation that seeks to explore energy burden mitigation and inform Commission policies for differential rate design and administration.

On June 28, 2022, Cascade came before the Commission with their original HB 2475 interim proposal, the Arrearage Management Program and Energy Discount (AMPED). At the meeting, Staff's review and recommendations highlighted concerns regarding AMPED participant risk related to post-enrollment verification, consistent application of self-attestation in enrollment and eligibility processes, and cost-recovery terms. Ultimately, the Commission motioned to suspend and investigate the advice filing and articulated that parties would come back in an open meeting no later than August 1, 2022, to review a revised proposal that sought to resolve outstanding concerns.

#### *Summary of Cascade's Proposed Schedule 36 Energy Discount Program*

##### *Revisions*

In the Company's initial filing under Docket No. 1409, Cascade proposed a broad income-qualified residential customer assistance program that provided both direct grants for outstanding past due balances and a percentage of bill-based discount on eligible customers' monthly gas charges. Part of this proposal was to consolidate Cascade's existing assistance offering, the Oregon Low-Income Bill Assistance Program<sup>2</sup> (OLIBA) with the AMPED. Table 1, on page four, summarizes the discount structure of the original AMPED proposal.

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<sup>1</sup> The Energy Affordability Act (HB 2475 – 2021 Regular Session) amended ORS 756.610, ORS 757.230, and ORS 757.072 and enacted new provisions to address equity in rate setting and participating in PUC proceedings, effective January 1, 2022. Or Laws 2021 Ch. 90.

<sup>2</sup> OLBIA is funded by a Public Purpose Charge (Cascade Schedule 31) and provides additional funding to Community Action Agencies (CAA) to supplement Low-Income Housing and Energy Assistance Program (LIHEAP) assistance. A total of 3,205 energy assistance pledges have been provided totaling \$880,115 in direct payments to residential customers. During the 2020-2021 Program Year, the CAAs in Cascade's service territory distributed \$101,354 of OLIBA funds to 260 households with an average pledge amount of \$389.82.

*Table 1. Cascade (originally filed) AMPED Tiers Income Tiers and Benefits*

Tier Levels	Energy Discount	Arrearage Management
0-25% FPL, 0-15% SMI	95%	100%
26-50% FPL, 16-30% SMI	70%	100%
51-100% FPL, 31-45% SMI	45%	100%
101-150% FPL, 46-60% SMI	15%	90%

The revised EDP retains the same four tier structure depicted in Table 1 with regard to the Energy Discount, but removes the arrearage management component of the program and opts instead to keep OLIBA in place for the time being. The Company's revisions to the proposal terms in Advice Filing No. 22-06-01 are summarized here:

- Program limited to income-qualified energy discount (i.e., removes AMP feature)
- Program risk-free for participants (i.e., no re-billing)
- Income self-attestation applies to both Company and CAA enrollments
- Rate spread of EDP costs based on base revenues
- Residential Schedule 37 charge fixed
- Schedule 37 cost recovery limited to direct assistance costs
- Administrative and other non-direct assistance costs to be separately tracked in a deferral
- OLIBA remains in place and Public Purpose Charge (PPC) continues to fund CAA fees.<sup>3</sup>

All other components of the original proposal remain in place, including, but not limited to the income-eligibility structure, auto-enrollment, post-enrollment verification, and outreach and engagement plans.

#### *Stakeholder Feedback*

The following list summarizes some of the feedback received from stakeholders<sup>4</sup> in response to the Company's revisions:

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<sup>3</sup> Because CAA fees will continue to be funded through the PPC and existing OLIBA structure, CAA fees will not be included in the HB 2475 deferral of administrative costs associated with the energy discount program.

<sup>4</sup> Oregon Citizens' Utility Board.

### *Staff Review*

Staff reviewed the revised tariff language and found that it incorporates changes which address Staff's primary concerns articulated in the June 28, 2022, public meeting. As was done previously, Staff supports the use of low-barrier program components such as auto-enrollment and income-eligibility self-attestation, as well as the provision of targeted need-based relief in a multi-tier structure informed by energy burden assessments in the Company's service territory. Additionally, Staff finds the revisions to incorporate risk-free language for participants and clarify that self-attestation practices extend to both Company and CAA guided enrollments sufficiently mitigate the risks and potential harms raised by Staff in its previous memo. Cascade also revised Schedule 37, cost recovery language and values to reflect:

- Staff's guidance that administrative costs be tracked in a separate deferral, not immediately eligible for contemporaneous recovery
- A fixed monthly charge for residential customers, rather than volumetric
- The updated direct assistance costs and impacts as a result of removing the AMP portion

Lastly, the Company is no longer proposing to roll its OLIBA program into Schedule 36, so that OLIBA will not be subject to the same cost recovery provisions the Commission directed for Schedule 37. By retaining OLIBA as-is, the Company will continue to use funds collected from the PPC to pay CAAs for their partnership in administering Cascade's low-income energy assistance programs. Staff finds this is an acceptable compromise that does not impact continuity of services for OLIBA participants or place new cost or risk on other customers. Staff looks forward to revisiting the consolidation of OLIBA and the EDP into a holistic energy burden offering after the merits of contemporaneous recovery of EDP administrative costs is better understood.

On July 15, 2022, the Oregon Citizens' Utility Board (CUB) submitted comments urging the Company to investigate incremental improvements to combine the enrollment process for OLIBA and EDP. Staff supports CUB's recommendation and believes the Company is supportive, as well. Staff believes that this work can continue after Commission approval of Schedule 36.

### *Effects of Filing*

Based on the Company's revised proposal, the following Schedule 37, Energy Discount Program Cost Recovery charges will apply for each rate schedule as listed in Table 2 (see page six).

*Table 2. Schedule 37 (revised) Rate Impacts by Schedule*

Rate Schedule	Rate	
101	\$0.81	per month
104	\$0.00889	per therm
105	\$0.00727	per therm
111	\$0.00479	per therm
163	\$0.00207	per therm
170	\$0.00364	per therm

Cascade estimated Year one direct costs of the energy discount program to be around \$1,058,000. This estimate assumes 25 percent participation (roughly 5,285 customers) and is based on SMI eligibility thresholds. At full participation, the Company indicated potential direct costs of the program could reach approximately \$4.2 million (~21,138 customers).

Conclusion

Staff appreciates Cascade’s willingness to come back to the Commission with a revised EDP that addresses Staff’s concerns regarding rebilling, self-attestation, and cost recovery terms. Staff finds that the revised filing submitted by Cascade meets the objectives and recommendations put forward by Staff at the June 28, 2022, Public Meeting. That said, Staff finds no issue to postpone the EDP as revised by the Company on July 20, 2022 and thus recommends the Commission approve the supplemental Advice filing establishing Schedule 36 and Schedule 37, effective for August 1, 2022.

**PROPOSED COMMISSION MOTION:**

Approve Cascade Natural Gas Corporation Advice Filing No. 22-06-01 establishing Schedule 36, Arrearage Management Program and Energy Discount and Schedule 37, the corresponding Low-Income Assistance Cost Recovery Mechanism, as supplemented on less than statutory notice, effective for service on and after August 1, 2022.

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