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In the Community to Serve®

November 30, 2023

Oregon Public Utility Commission
Attn: Records Center
P.O. Box 1088
Salem, Oregon 97308-1088

Re: RG-7, Cascade Natural Gas Corporation Oregon Low-Income Energy Conservation (OLIEC) and Conservation Achievement Tariff (CAT) Annual Report for Program Year 2022-2023.

Cascade Natural Gas Corporation hereby files its Oregon Low-Income Energy Conservation and Conservation Achievement Tariff program's annual report for the 2022-2023 program year in accordance with its Tariff Schedule 33, Oregon Low-Income Energy Conservation Program.

Please contact Noemi Ortiz at (509) 907-7594 with any questions or concerns you may have.

Sincerely,

/s/ Lori Blattner

Lori Blattner
Director, Regulatory Affairs
Cascade Natural Gas Corporation
8113 W. Grandridge Blvd.
Kennewick, WA 99336-7166
lori.blattner@intgas.com

Attachment

**OREGON LOW-INCOME ENERGY
CONSERVATION
AND
CONSERVATION ACHIEVEMENT TARIFF
2022-2023 PROGRAM YEAR
ANNUAL REPORT**

November 30, 2023



In the Community to Serve[®]

Cascade Natural Gas Corporation's Oregon Low Income Energy Conservation Program Annual Report for Program Year October 1, 2022, through September 30, 2023

Cascade Natural Gas Corporation's ("Cascade's" or "Company's") Oregon Low Income Energy Conservation ("OLIEC" or "Weatherization") is a long-standing Oregon low-income weatherization program that provides qualifying Cascade customers with an enduring means for reducing gas bills while increasing the comfort of their homes. The Conservation Achievement Tariff ("CAT") was a complementary component of the OLIEC program that bridged the gap between rebates derived from the avoided cost of natural gas and the total installed cost of eligible weatherization work. In combination, OLIEC and CAT paid up to 100 percent of costs of qualifying energy efficiency home installations.

Overview of the 2022-2023 Program Year

This was the seventeenth year Cascade offered a low-income energy efficiency program in the Company's Oregon service territory. The OLIEC program provides rebates for the installation of ten weatherization and conservation measures following the completion of a home energy evaluation performed by a qualifying low-income 501c3 organization or a Community Action agency ("CAA" or "Agency").

Agencies qualified to administer OLIEC and CAT include the following:

- NeighborImpact, - Bend/Redmond/Prineville Area
- Community Action Program East Central Oregon (CAPECO), - Pendleton/Umatilla Area
- Community Connection of NE Oregon (CCNO), - Baker City
- Community In Action (CINA) - Malheur County
- Oregon Human Development Corporation (OHDC) - Northern Klamath County

In Program Year ("PY") 2022-2023, OLIEC rebates were based on the Company's avoided cost as established in its most recently acknowledged Integrated Resource Plan at the start of the program year.¹ The avoided cost represents the amount the Company would have paid to serve the natural gas demand that would have been needed had the energy efficiency measure not been installed.

The CAT overlay provided a complementary reimbursement mechanism to cover up to 100 percent of the cost of each measure upgrade. In total, customers received rebates of up to 100 percent of the cost of OLIEC-qualified measures. Agencies were reimbursed \$225 for their associated administrative and direct program costs, \$550 for their audit, and \$300 for their inspection of a dwelling treated under the CAT. Total funds paid per project, including rebates and administrative fees, were capped at \$10,000.

¹ See OPUC Docket LC 69.

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Program Successes

OLIEC participation this year compared to the last few years is up 500 percent. The OLIEC program completed a total of 5 projects in PY 2022-2023. Although this is not a large number, it speaks volumes to the Agencies' and the Company's efforts throughout the last twelve months. Through continued engagement with Agencies, the Company listened to the needs of Agencies and adjusted as it could to increase program participation.

Program Barriers

At the start of 2023, the Company held a series of preliminary meetings with its Low-Income Advisory Group ("Advisory Group") comprised of Community Action Partnership of Oregon ("CAPO"), which represents the low-income Agencies, the five Agencies, and the Oregon Public Utility Commission ("OPUC") Staff. Discussions continued through spring. The Company prioritized addressing the barriers that were preventing Agencies from serving customers under OLIEC and CAT.

On July 20, 2023, the Company met with its Advisory Group to present proposed revisions to Schedule 33, Oregon Low-Income Energy Conservation Program, which addressed barriers outlined in the OLIEC/CAT 2021-2022 PY Annual Report filed in Docket RG-7. The Advisory Group reviewed the proposed changes and were offered the opportunity to provide feedback both during the Advisory Group meeting and afterwards. From these conversations, the Company filed Advice No. O23-07-05, docketed as ADV 1531, which was approved with an effective date of October 1, 2023. Agencies responded positively to the changes and expressed gratitude regarding the Company's flexibility.

The barriers and solutions are as follow:

Barrier 1: The cost allowable per project ("CAP") was set at \$10,000.

Solution: 10/01/23

- The OLIEC program no longer has a project CAP.
- Removal of CAP allows for flexibility in funds for incidental cost, health and safety, repairs and miscellaneous work needed to prepare a home for weatherization services.

Barrier 2: Installing qualifying cost-effective measures is significantly more expensive due to inflation. This has led to projects being deemed non-cost effective within the energy software tool used by Agencies.

Solution: 10/01/23

- Cascade revised OLIEC to allow Agencies to use the Deemed Measures Priority List ("DMPL") and Department of Energy ("DOE") Priority List to qualify measures under the program. These two lists can be used in place of the state's

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energy software tool. The priority lists identify measures that have been pre-approved as cost effective.

Barrier 3: OLIEC program reimbursement for Agency audits, inspections, and project coordination was not adequate.

Solution: 10/01/23

- Agencies are now receiving 30% of the total project cost as billed to the Company for their program administration. This reimbursement fee of 30% is comprised of a 10% indirect rate for program delivery and 20% for project coordination.

Barrier 4: Outreach capacity

Solution: Ongoing

- The Company continues to refer customers receiving service on the Company's Energy Discount Program or its Oregon Low Income Bill Assistance program to its OLIEC program so that qualifying customers may receive the more enduring bill payment assistance that weatherization provides. In PY 2023-2024 additional funds are budgeted for outreach to support the local Agencies in their outreach efforts.

Besides the changes outlined above, Cascade Advice No. O23-07-05, docketed as ADV 1531, consolidated the CAT offering as part of OLIEC. This change to reduce the complexity of the program became effective October 1, 2023. Combining the tiered rebates into one offering will make program administration simpler and will be easier to explain to customers.

The Company believes these changes will positively impact low-income communities by making the OLIEC program more accessible. The changes will also help the Company to reestablish a good working relationship with existing Agencies and to find new opportunities to work with Community Based Organizations.

Outreach

Customers were made aware of the OLIEC program through program descriptions on the Company's website, bill inserts, and bill onserts, and through Agency and CBO outreach efforts.

As stated above in the Program Barriers section, the Company worked on ensuring that customers receiving low-income bill pay assistance were referred to the OLIEC program and anticipates collaborating to market both the Company's low-income bill pay assistance program and OLIEC simultaneously.

Economic Overview

In compliance with Order No. 06-191, issued in Docket UG 167, and effective May 1, 2006, all program funding comes from the Public Purpose Charge ("PPC") applied to residential, commercial, and core industrial customers' bills.

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PPC funds are held in a balancing account that does not accrue interest. Funds are provided to the CAAs upon completion of rebate-qualified, energy efficiency improvements.

The Company did not make any funding allocations between OLIEC and CAT within the funding year.

Table 1 below provides an overview of OLIEC economics for PY 2022-2023.

Table 1: OLIEC Economic Overview for PY 2022-2023

Revenue Balance from Prior PY	\$412,947
PY 2022-2023	
Balance at the end PY	\$430,632
Total OLIEC expenditures	\$43,688
OLIEC costs per measure	See Table 4
Total Agency Admin Costs	\$5,375
Total Cascade Admin Costs	\$0
Payments to Agencies	\$43,688
Average Rebate per Home Served	\$8,738

Agency Performance

Five homes were served in PY 2022-2023. Table 2 below provide a breakdown of Agency accomplishments.

Table 2: Agency Accomplishments

Agency	Dwelling Served	Percent per Agency
NeighborImpact	5	100%
CCNO	0	0%
CAPECO	0	0%
CINA	0	0%
OHDC	0	0%

Table 3 below shows the cities served this PY.

Table 3: Cities Served

City	Homes Served	Percent Per Town
Ontario	0	0%
Bend	3	80%
Nyssa	0	0%

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income Agencies, OPUC Staff, and CAPO to further build relationships, address customer needs, increase participation, and increase internal resources as new OLIEC program changes are implemented.