

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 23, 2021**

REGULAR X CONSENT _____ EFFECTIVE DATE April 1, 2021

DATE: March 16, 2021

TO: Public Utility Commission

FROM: Michelle Scala

THROUGH: Bryan Conway and Michael Dougherty **SIGNED**

SUBJECT: CASCADE NATURAL GAS COMPANY:
(Docket No. ADV 1246/Advice No. O21-02-01)
Proposes Schedule 35, Temporary COVID-19 Residential Bill Assistance Program.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Cascade Natural Gas Company's (Cascade or Company) request to create Schedule 35, Temporary COVID-19 Residential Bill Assistance Program (Big HEART Program), effective with service rendered on and after April 1, 2021, on less-than-statutory-notice (LSN), and further direct Cascade to:

1. Conduct a review with interested stakeholders on the implementation of Cascade's Temporary COVID-19 Residential Bill Assistance Program, with consideration given to modifying program offerings, no later than the time at which 50 percent of program funds have been committed;¹ and
2. Host a workshop with interested stakeholders, within 45 days of the Schedule 35 effective date, on targeting outreach of its programs to communities and customers who have been disproportionately impacted by the COVID-19 pandemic.

¹ Committed refers to the cumulative amount allocated within the AMP program.

DISCUSSION:

Issue

Whether the Commission should approve Cascade's Advice No. O21-02-01, which creates new Schedule 35, Temporary COVID-19 Residential Bill Assistance Program, in accordance with the Stipulation approved in Order No. 20-401, effective with service rendered on and after April 1, 2021.

Applicable Law

Oregon Revised Statute (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.

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; Oregon Administrative Rules (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.

In Order No. 20-401 the Commission approved a Stipulated Agreement in Docket No. UM 2114. Paragraph 18 of the Stipulated Agreement states as follows:

Each Utility, prior to resuming disconnections, will establish a program to identify and manage residential customer arrearages associated with the pandemic to prevent bad debt accumulating on utility accounts. The program may identify and waive residential arrearages at an initial one-time funding amount of at least 1 percent of each utility's 2019 Oregon retail revenues (approximately \$39 million combined total for all utilities), not to be increased without prior Commission approval...On or before October 1, 2022, Parties can propose a process to address any unspent funds if the Utility program covers arrearage forgiveness in accordance with the Utility's funding addendums and funds are remaining. Utilities may include program costs and uncollectible expense identified in deferral tracking.²

² Staff notes that these funds are in addition to any low-income assistance programs that certain customers will be able to obtain through Community Action Agencies (CAA) or counties.

Analysis

Background

On March 8, 2020, Oregon Governor Kate Brown declared a state of emergency due to the public health threat posed by COVID-19. Governor Brown also directed Oregonians to stay at home to the greatest extent possible in Executive Order No. 20-12 (March 23, 2020). The state of emergency has been extended, most recently, in Executive Order 21-05 (February 25, 2021) through May 2, 2021, unless extended or terminated earlier by the Governor.

On June 9, 2020, the Commission conducted a special public meeting on the “Impact to Utility Customers during the COVID-19 Pandemic and Future Economic Recovery.” As a result of this meeting, Docket No. UM 2114 was opened to address the challenges caused by the COVID-19 Pandemic. A Stipulated Agreement in Docket No. UM 2114 for the energy utilities was approved by the Commission in Order No. 20-401 on November 5, 2020 (Agreement or Stipulation).

The Stipulation requires that energy utilities establish an arrearage management program prior to the resumption of residential disconnections. As written, Paragraph 4 of the Stipulation states, “[f]or residential customers the Utilities may resume the 15-day disconnection notice (in accordance with OAR 860-021-0405) on April 1, 2021.”³ However, Paragraph 4 also specifies that “[t]he Commission will have ongoing oversight to determine whether to extend the April 1, 2021 date to a later date based on ongoing economic and pandemic conditions.”

On February 23, 2021, after comment and discussion from interested parties, the Commission adopted Staff’s recommendation to extend the disconnection moratorium to June 15, 2021; and, further directed Staff to report back to the Commission in mid-May, 2021 regarding the moratorium and whether additional changes should be considered.⁴

Arrearage Management Plan Principles and Guidance

Neither the Agreement nor Commission Order No. 20-401 in Docket No. UM 2114 establishes specific program criteria for review of a filed AMP. On consideration of the basic goal for the UM 2114 investigation – to mount an integrated, timely, well-informed response to the pandemic – Staff developed principles and guidance for its review of arrearage management plans and has shared these principles during discussions on the various utility filings. In light of increasing arrearages for residential customers and

³ UM 2114, Order No. 20-401, Appendix A at 13.

⁴ UM 2114, Order No. 21-057.

the great need for utilities to reach out to customers most affected by the pandemic, these principles and guidance include:⁵

- A well-defined, sophisticated Outreach Plan that reaches as many customers as possible and that includes:
 - Priority to communities (zip codes) with the highest number of customers in arrears.
 - Communications in languages that are prevalent in the company's service territory.
 - Partnering with community-based organizations to provide information on Arrearage Management programs.
 - Information on resources that can assist customers from falling into arrears.
- Prioritization of funds should be directed to customers as follows:
 - To the extent statutory authority allows, those customers enrolled in low-income programs (LIHEAP, OEAP, OLGA, LIRAP, OLIBA) and ensure that these customers are not disadvantaged by program requirements.
 - To customers in the 91+ day arrears followed by those in 61+ day arrears.
 - To customers on medical certificates.
- Harmonization of using AMPs with extended time-payment arrangements (TPAs) when possible and practical.
- Evenhanded treatment of similarly-situated customers.
- No programs should result in an ending credit on a customer's account.
- No programs should provide arrearage funding support to customers not in arrears.
- Include a review with Staff and interested stakeholders of the implementation of a company's Bill Assistance Program, with consideration given to modifying program offerings, no later than the time at which 50 percent of program funds have been committed.

⁵ These principles were not formally provided to the energy utilities although several have been discussed in meetings with the utilities. The principles are listed here as the first formal enunciation.

- Include workshops with interested stakeholders on targeting outreach of its programs to communities and customers who have been disproportionately impacted by the COVID-19 pandemic within 45 days of the tariff effective date.
- Provide accurate and timely reports to PUC staff and interested stakeholders. A minimum of two reports prior to the mid-May Public Meeting Check-in with the Commission.

Staff believes this set of principles will help to guide both the analysis of and the implementation of the programs themselves.

The principles were distributed to the Companies in early March. While similarities can be found in all of the proposed programs, there are notable differences. Staff recognizes that each Company has a distinct service territory and the respective customer bases have different characteristics. Staff does not seek to be overly prescriptive in AMP structure, to the extent that the individual programs align with the principles set forth above.

Cascade's Residential Bill Assistance Program

On February 19, 2021, Cascade filed its Tariff Advice No. O21-02-01, requesting approval to create new Schedule 35, Temporary COVID-19 Residential Bill Assistance Program.

Cascade residential arrears totaled \$829,956 in January 2021, with approximately 37.7 percent of customer arrears falling into the 91+ days arrearage category. In accordance with the level of funding available to utilities for arrearage management programs under the Stipulation,⁶ up to one percent of Cascade's 2019 Oregon total retail revenues, equaling approximately \$707,517, will be available to fund the Company's program costs, as outlined below.

As proposed in Advice No. O21-02-01, Cascade's Big HEART Program would provide two bill assistance options to customers whose accounts are in arrears. Those two options are as follows:

1. Automatic Hardship Grant– Designed for customers with a history of low-income program eligibility.⁷ Qualified customers will automatically receive a one-time grant, equal to the amount of their total past due balance, not to exceed \$1,500.

⁶ UM 2114, Order No. 20-401, Appendix A, at 18.

⁷ Customer has received energy assistance (EA) within the previous 24 months.

2. Financial Hardship Grant– Designed for customers who have not received energy assistance within the past 24-months but express financial hardship due to COVID-19 in verbal or written form.⁸ The Company will determine the qualified customer’s benefit amount using a benefit curve based on household size, combined monthly income⁹ of all adult household members, and account balance. The grant is not to exceed \$1,500 and will be applied to the customer’s past due balance.

Both programs require customers to be more than 31 days in arrears to receive a benefit. Each eligible customer may receive funding up to the maximum amounts as described above; however, no option may leave a credit on a customer’s account. The programs are mutually exclusive, based on whether the customer has received EA in the previous 24-months. Those who have received EA will receive the Automatic Grant upon the Company’s review while customers who have not may still be eligible for the Financial Hardship Grant.

Staff finds that these parameters are consistent with several of the Staff AMP principles set forth above.

The Company expressed that in order to determine the maximum benefit amounts set forth above, the Company reviewed its current outstanding residential past due balances based on the top 20 largest balances for customers who have received low-income assistance in the last 24-months. In terms of the Automatic Grant, the \$1,500 limit is intended to help most qualified customers clear their balance while the few with balances in excess of the cap will be able to use extended TPAs to manage the remaining balance. Customers qualifying for the Forgiveness Grant are also subject to the \$1,500 program limit, however, the actual benefit amount a customer receives is contingent upon the Company’s benefit curve. As mentioned in the program summaries above, the benefit curve considers household size, combined monthly income of all adult household members, and account balance.

The following table shows the distribution of residential customers in arrears based on amounts past due as of February 2021.¹⁰

⁸ Community Action Agencies partnering with Cascade may submit attestations of hardship due to COVID-19 on behalf of the qualified customer after attempting to qualify the applicant for traditional bill pay assistance.

⁹ Cascade will use self-verification to determine household income.

¹⁰ Cascade Response to Staff IR No. 2b.

Table 1 – Oregon Customer Arrears Balances

OREGON RESIDENTIAL CUSTOMERS IN ARREARS		
Past Due Balance	Count of Accounts	% of Representation
\$900+	89	1.6%
\$500-900	349	6.4%
\$400-\$500	268	4.9%
\$300-\$400	510	9.3%
\$200-\$300	1,159	21.2%
\$100-\$200	1,949	35.7%
\$100 and below	1,142	20.9%
Grand Total	5,466	100.0%

Staff Review

Staff initially learned of Cascade’s bill assistance Program offerings when the Company discussed its intended bill assistance options with stakeholders at a December 17, 2020, UM 2114 Arrearage Management Workshop.

After this initial workshop, Cascade presented its Program in greater detail to stakeholders at a February 1, 2021, workshop. Shortly thereafter, Cascade filed its proposed tariff on February 19, 2021.

Staff remained actively involved in the stakeholder process, including, but not limited to, development and solicitation of internal and external feedback on Cascade’s Arrearage Management Program. Staff conducted several calls with Cascade, provided feedback to the Company on its initial tariff proposal, and issued 16 information requests. Further, Staff has been continuously reviewing the comprehensive monthly arrearage reports required by Order No. 20-401 as they become available.

Staff Objectives

The Stipulation adopted in Order No. 20-401 provides a broad range of customer protection measures, including a moratorium on disconnections, the waiving of late fees until 2022, and the creation of funding for arrearage management programs meant to prevent bad debt from accumulating on utility accounts. Staff’s overarching objective in supporting adoption of these measures is to mitigate the sustained economic hardship brought on by an unprecedented global pandemic as it affects utility customers.

As described in the Stipulation, the role of an arrearage management program is to “identify and manage residential customer arrearages associated with the pandemic to

prevent bad debt [from] accumulating on utility accounts.” There are myriad ways in which any of the companies might best achieve this purpose. Following the approval of Docket No. ADV 1233/Advice No. 21-01,¹¹ and the filings of the remaining five Utilities’ bill assistance programs, it became clear that each Utility was approaching program design quite differently. Due to the wide range of designs to structure a thorough review without being unnecessarily restrictive in recommendations to the utilities and the Commission, Staff developed a set of AMP principles and guidance would serve both Staff and the Utilities going forward. Thus, in the absence of foresight and the novelty of the pandemic’s impacts, Staff acknowledges that there is not yet, if ever, a one-size-fits-all approach to AMPs.

Staff further notes that Order No. 20-401 allows for the costs of the Company’s bill assistance Program to be tracked and recorded for future rate recovery in Cascade’s COVID-19 deferral.¹² This means that funds used to relieve current arrears (and prudently incurred incremental program costs tracked separately), will be collected in rates to be determined at a future date and implies potential impacts for all Cascade customers.

Cascade Residential Arrears

A critical piece in evaluating the reasonableness of Cascade’s proposal is to understand the amount and distribution of residential arrearage data. The Figures below depict the changes in Cascade residential arrears in 2020.

¹¹ Portland General Electric Company’s Residential Bill Assistance Program.

¹² Cascade’s COVID-19 deferral can be monitored through Docket No. UM 2072. Cascade’s quarterly COVID-19 report can be monitored through Docket No. RG 91.

Figure 1 – Cascade Residential Arrears Jan 2020 – Feb 2021

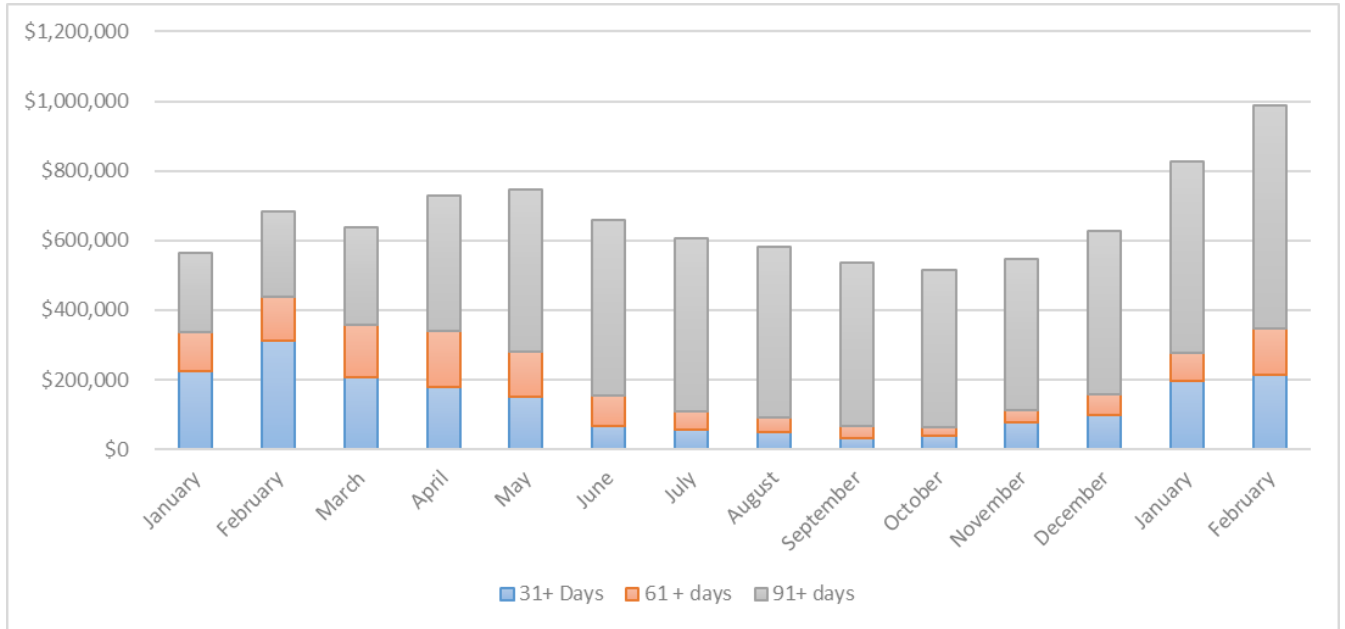


Figure 2 – Cascade Average Residential Arrears Jan 2020 – Feb 2021

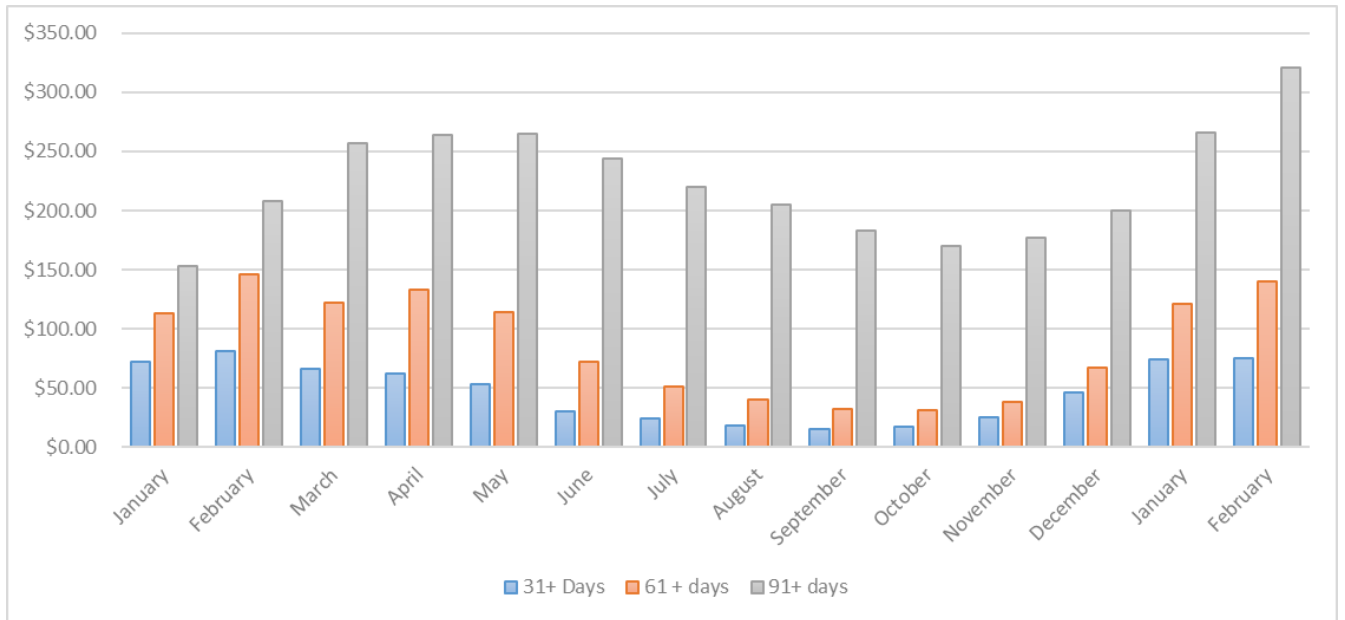


Figure 3 – Residential Arrears Distribution – 91+ Days Jan 2020 – Feb 2021

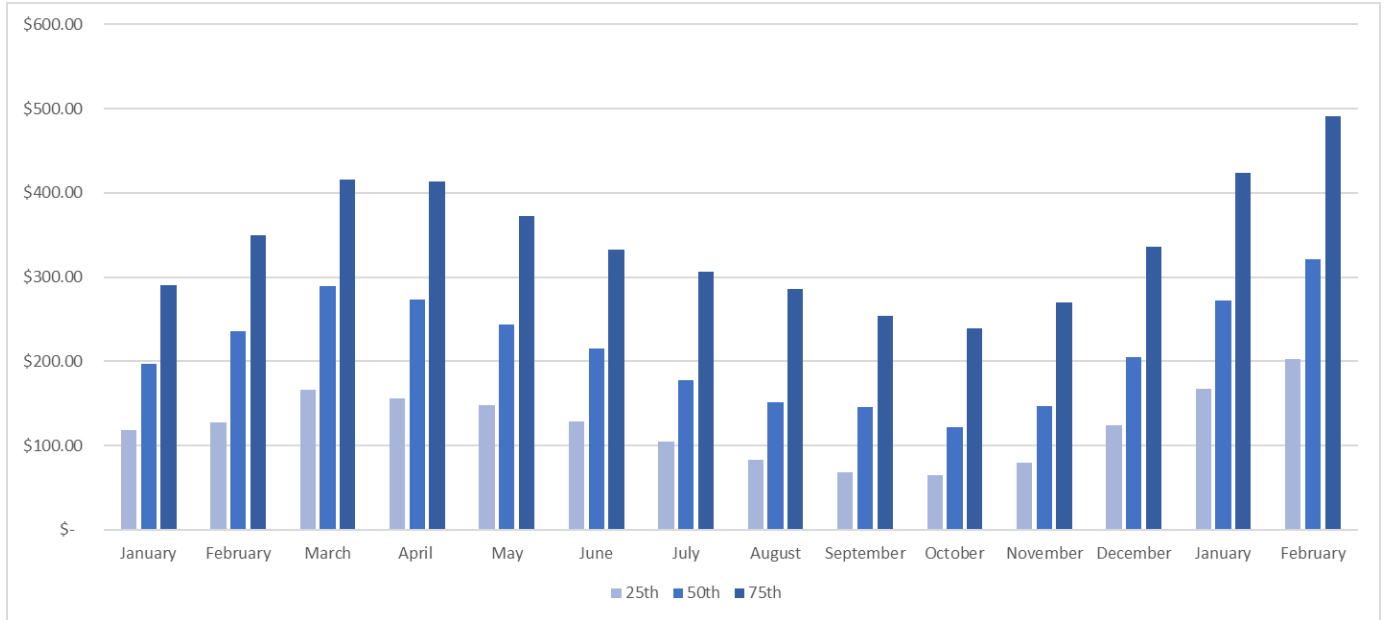


Table 2 – Residential Arrears Distribution

	January 2020			January 2021		
Balance	31-60 Days	61-90 Days	91+ Days	31-60 Days	61-90 Days	91+ Days
25th	\$ 37.35	\$ 55.30	\$ 85.69	\$ 30.81	\$ 65.80	\$ 122.12
50th	\$ 67.72	\$ 98.11	\$ 134.40	\$ 66.91	\$ 109.35	\$ 199.37
75th	\$ 98.68	\$ 142.53	\$ 196.15	\$ 99.21	\$ 153.30	\$ 332.80
Maximum	\$ 911.70	\$ 999.16	\$ 913.54	\$ 3,816.64	\$ 3,747.86	\$ 3,961.09

Data points include:

31+ Days Segment, January 2020 to February 2021

- Customers in Arrears – Decreased by 253 (8.12 percent)
- Residential Arrears – Decreased by \$9,949 (4.41 percent)
- Average Residential Arrears – Increased by \$2.92 (4.04 percent)

61+ Days Segment, January 2020 to February 2021

- Customers in Arrears – Decreased by 26 (2.67 percent)
- Residential Arrears – Increased by \$22,160 (20.1 percent)
- Average Residential Arrears – Increased by \$26.54 (23.4 percent)

91+ Days Segment, January 2020 to January 2021

- Customers in Arrears – Increased by 495 (37.95 percent)
- Residential Arrears – Increased by \$409,640 (177.96 percent)
- Average Residential Arrears – Increased by \$167.20 (109.03 percent)

Based on the data, there is a clear trend in customer arrearages becoming concentrated in the 91+ days' arrears category as a result of the COVID-19 pandemic. This suggests that many customers impacted by the COVID-19 pandemic have fallen further and further behind, and continue to experience financial hardship.

As seen in Figure 1, in January 2020, prior to the pandemic, 41 percent of residential arrears were over 91+ days. The number of occurrences in the 91+ days category steadily increased through September of 2020 with declines in subsequent months and most recently registering at approximately 65 percent of residential arrears. This percentage, while less than the September peak of 87 percent, is still significantly higher than pre-pandemic conditions. On the contrary, in the most recently available data, total arrears are at a peak at \$987,756. The change in distribution of debt between term categories is likely the result of additional customers falling into arrears as a result of higher monthly bills during the winter heating season. Average balances among customers 91+ days in arrears have more than doubled since the COVID-19 pandemic and Staff continues to have concerns over customers falling deeper and deeper into debt.

The total number of Cascade residential customers in arrears increased by 216 (3.87 percent) between January 2020 and February 2021, from 5,588 to 5,804. This change is concentrated in the 91+ days' category where customers in longer term arrears increased by over 30 percent. Approximately, 3 percent of all Oregon customers are more than 91 days in arrears, of which 17 percent have more at least \$500 in past due balances.

The number of Cascade residential customers in arrears was 8.4 percent in February 2021 (5,804 out of 68772 customers). The total average arrears balance for a residential customer increased from approximately \$113 in January 2020 to \$179 in February 2021.

Based on authorized Program funding of \$707,517 and February 2021 residential arrears of approximately \$987,756, Cascade can meet approximately 72 percent of the Company's total Oregon customer arrearages without implementing matching programs or using any state or federal support funds such as LIHEAP.

As shown in the Table 3 below, impacts across zip codes in Cascade’s service territory are fairly diverse relative to the Company’s Oregon statistics. However, when reviewing percentages of arrears and average balances across Cascade’s service territory, comparisons between zip codes may be limited to the extent customers are disproportionately distributed throughout the service territory. For example, zip code 97818 has only 22 Cascade customer while zip code 97702 has 32,444.

Table 3 - February 2021 Residential Zip Code Arrearage Data

Residential Customer Accounts in Arrears					Percentage of OR customers in Arrears	Average Arrears	91+ day Average Arrears
Zip Code	31-60	61-90	91+	Total Accts			
97702	994	296	610	1,900	5.9%	\$ 190.42	\$ 332.70
97707	102	16	21	139	3.7%	\$ 289.49	\$ 478.70
97731	-	-	2	2	8.0%	\$ 217.79	\$ 217.79
97733	3	-	5	8	11.6%	\$ 142.40	\$ 126.90
97737	3	-	8	11	8.9%	\$ 140.10	\$ 218.24
97739	5	-	7	12	4.2%	\$ 214.47	\$ 343.62
97741	70	33	81	184	13.9%	\$ 132.38	\$ 216.68
97753	6	3	3	12	3.6%	\$ 242.92	\$ 413.11
97754	219	64	116	399	14.7%	\$ 167.70	\$ 323.69
97756	303	110	232	645	7.6%	\$ 173.67	\$ 322.89
97801	260	83	249	592	12.1%	\$ 160.75	\$ 286.83
97813	11	5	21	37	10.8%	\$ 154.50	\$ 271.63
97814	171	69	127	367	10.8%	\$ 225.04	\$ 419.87
97818	28	6	17	51	20.8%	\$ 102.39	\$ 121.66
97838	203	97	160	460	11.7%	\$ 152.97	\$ 278.97
97844	20	2	5	27	14.8%	\$ 153.56	\$ 293.21
97862	10	3	10	23	9.4%	\$ 91.29	\$ 169.61
97868	38	17	26	81	17.2%	\$ 174.57	\$ 327.14
97875	27	7	18	52	15.7%	\$ 136.19	\$ 220.86
97882	61	33	46	140	15.7%	\$ 142.52	\$ 246.38
97886	16	5	9	30	16.3%	\$ 509.28	\$ 1,219.97
97907	11	4	6	21	16.0%	\$ 170.21	\$ 339.25
97913	92	25	52	169	22.4%	\$ 181.83	\$ 356.29
97914	166	58	142	366	13.7%	\$ 178.15	\$ 329.31
97918	43	10	23	76	18.0%	\$ 180.11	\$ 307.20
Total	2,862	946	1,996	5,804	8.4%	\$ 184.99	\$ 327.30

*Customer data for zip codes 97701 and 97703 have been combined with 97702 to the extent that the Company did not provide customer count data for those two zip codes; this may cause some nominal variance between data sets.

Prioritization of Funds

As noted above, the Stipulation language approved in Order No. 20-401 states that the purpose of the arrearage management programs is to, “identify and manage residential customer arrearages associated with the pandemic to prevent bad debt accumulating on utility accounts.”

Staff notes that while the purpose of the Bill Assistance Program is not to create an additional low-income assistance program that limits eligibility based on traditional assistance household income qualifiers, there is evidence that workers in occupations with lower wages were disproportionately displaced by the COVID-19 crisis.¹³

Additionally, community stakeholders have repeatedly expressed that certain low-income and Black, Indigenous, and People of Color communities are more vulnerable to the economic and health impacts of the COVID-19 pandemic. Staff has made efforts to address these concerns, in part, among Staff AMP principles, directing utilities to prioritize assistance for customers enrolled in low-income programs, with longer past due balances, and those on medical certificates.

Further, due to the majority arrears falling in the 91+ days category, and the substantial increase in average residential customer arrears that has occurred as a result of the pandemic, Staff is acutely aware of the importance for prioritization of funding for customers with the greatest level of debt (and potential to become bad debt) and risk of disconnection.

Cascade's Big HEART Program is designed around targeting households that have likely been disproportionately impacted by COVID-19 while making efforts to be more inclusive than traditional low-income programs. The Automatic Grant requires customers to have received energy assistance in the last 24-months to qualify and will be administered to reconcile past due balances of qualifying customers up to \$1,500. Eligible customers do not need to engage with the Company in order to receive this benefit. Cascade states that it feels this process will minimize the burden on households who are likely facing higher energy burdens and are at greater risk of service interruption in the event the disconnection moratorium is lifted.

Staff finds merit in the application of an automatic benefit to provide immediate financial relief to a distinct customer group. Staff further finds that this practice aligns with the AMP principle that companies should prioritize funds to customers with a history of energy assistance.

¹³ <https://research.stlouisfed.org/publications/economic-synopses/2020/07/14/which-earnings-groups-have-been-most-affected-by-the-covid-19-crisis#:~:text=In%20conclusion%2C%20workers%20in%20occupations,unemployment%20rate%20increased%20to%205.34.>

The Financial Hardship Grant is a second option offered through Cascade's Big HEART program. In response to several information requests Staff sent regarding the Company's eligibility requirements and benefit curve, Cascade explained that it wanted to be responsible with the use of customer funds in the Program and utilizing the benefit curve helps them provide even-handed treatment of similarly situated customers and ensure that the limited available funds are extended to the greatest in need. Cascade indicated that they were aware the program is not intended to be restricted to low-income households and clarified that the benefit curve is more inclusive than traditional low-income assistance programs.¹⁴

The Financial Hardship Grant is available on a sliding scale to any household that earns an income at or below 300 percent of the Federal Poverty Level (FPL), thus providing a second option to meet the needs of households who do not have a history of receiving energy assistance or qualifying for low-income programs but are still facing hardship due to COVID-19. Additionally, household income is not the only input for determining a customer's available benefit. Cascade's calculation includes a household adjuster that corresponds to the United States Department of Housing and Human Services' approach to recognize that larger households experience greater financial need. To put it simply, an individual with a monthly income of \$3,000 is likely to have greater financial stability than a family of four with \$3,000. The household adjuster accounts for family size by adding \$4,480 for each additional person in the household to the income threshold, thus mitigating potentially unseen inequities based on account-only data. Cascade has also indicated that household income will be self-verified by the customer rather than through requiring documentation. This was done to reduce the stress and burden customers typically experience when applying for benefits.

While Staff initially expressed some concerns that a \$1,500 maximum for the Financial Hardship Grant might not properly prioritize funds to the extent that Cascade's residential arrears exceed their available funds, upon review of the benefit curve methodology and discussions with the Company, these concerns have been resolved. Based on the workpapers provided to staff, a customer is eligible for 90 percent or more of the maximum benefit amount only to the extent their household income is at or below 150 percent of the FPL. Benefit amounts decline exponentially once a customer is between 200 and 300 percent of the FPL. Additionally, benefits may not leave a credit on the customer's account and based on January 2021 data, there are only 12 customers with past due balance of more than \$1,500. Staff believes that Cascade's methodology for determining benefits will help ensure that funds are administered

¹⁴ Many assistance programs use a lower FPL threshold to qualify for assistance; for example, to qualify for the Supplemental Nutrition Assistance Program, household income must be at or below 130 percent of the federal poverty line.

prudently and is supportive of both the benefit curve and program maximum benefit amount.

Staff is also in favor of how the Company enhanced accessibility for customers wishing to apply for the Big HEART grant by allowing them to do so through Community Action Agencies in their service territory. In other words, Cascade customers do not need to speak with the Company directly, at any time, should they not wish to do so, in order to apply for and receive benefits through the Financial Hardship Grant. The intention is to help customers access assistance with as few barriers as possible, promote engagement with community partners, and promote a positive relationship between all parties.

Coordination with Other Assistance Options

Cascade's Arrearage Management Program is designed to target many Oregon residential customers with an account balance of at least 31 days past due expressing financial hardship due to COVID-19. The Company has expressed that both the Automatic Grant and Financial Hardship Grant are intended to provide substantial debt forgiveness to qualifying customers and that any remaining balances are likely to create minimal challenges for customers that enroll in an extended TPA for up to 24-months.

Customers in Cascade's service territory are also eligible for up to \$1,000 through LIHEAP, Winter Help of up to \$350 for both past due and future charges, Winter Help Crisis, and other programs. Customers already enrolled in other energy assistance options are equally eligible to participate in the AMP. Additionally, Cascade Customer Service Representatives are equipped to pass on contact and resource information to customers that may be eligible but not already enrolled in energy assistance options beyond the AMP and will offer a cold transfer to customers wishing to pursue such options.

Staff finds these practices properly accommodates customers who have already made efforts¹⁵ to pay down their past due balance into the AMP program and aligns with other payment assistance options available in its service territory.

Outreach, Marketing, and Communications

Cascade's Automatic Grant will be applied directly to qualifying customer accounts and as such, does not require direct engagement between the customer or CAA and the Company. However, it is important that the recipients of the Automatic Grant are made aware of the program to the extent that it will likely enhance the customer experience and promote engagement in the future, should the customer fall again into arrears.

¹⁵ Enrolled in a TPA.

Further, the success of Cascade's Financial Hardship Grant *will* rely on the Company's ability to effectively promote the program and enroll eligible customers.

In response to Staff questions regarding the Company's planned engagement and customer outreach, Cascade indicated that in addition to traditional communications, the Company has requested the CAAs to provide feedback on community-based organizations (CBOs) in each area that would be best to partner with to help educate customers on the Big HEART grant. The Company is also pursuing partnerships with food banks and landlords but reported that these strategies are still in the early stages of development.¹⁶

Cascade also indicated that its internal accessibility measures include translation capabilities for its website into over 30 languages, advertisements via social media, google ads, automated calls, bill "onserts", text messages in and email notifications for customers that have opted-in for notifications, and door tags for any customer with a past due balance.

Staff supports Cascade's plans to work with CBOs and other stakeholders to provide information on its AMP to customers. Staff hopes that these partnerships will help Cascade apply an equity lens in rolling out its AMP and promote participation while enhancing the customer experience.

To further refine these efforts, Staff recommends that the Commission require Cascade to host a workshop with interested stakeholders and CBOs within 45 days of the effective date of Schedule 35. The purpose of the workshop is to discuss how Cascade can work with these groups to target program outreach and encourage participation among those groups who have been disproportionately affected by COVID-19. Staff believes that CBOs and other residential customer advocates who have direct, daily, interaction with vulnerable populations should be best suited to help Cascade conduct targeted outreach to eligible customers.

Throughout the process, Staff and stakeholders have expressed strong interest in first reaching out to customers who have been most directly affected by the pandemic. This helps ensure that there is enough funding for these customers. Cascade indicated that the Automatic Grant will be administered in the order of the oldest and highest balance first and work to the newest and lowest balance. A similar strategy will be employed to distribute materials such as door tags for customers with arrearages who are not eligible for the Automatic Grant. Further, it is possible that the Company's authorized funding level relative to the current level of total arrears is such that the Program is likely to provide some level of benefit to all eligible customers with past due balances and

¹⁶ CNG Response to Staff IR No. 12.

targeted outreach to certain customers may not be necessary. Staff remains supportive of the Company's program structure and eligibility determination as is; however to the extent that the Program does not demonstrate a more robust prioritization of engaging customers more than 90 days in arrears, Staff will closely monitor the effectiveness and distribution of program support among this higher-risk group and determine whether Staff will recommend any changes.

Stakeholder Feedback/Participation

As noted above, many different entities attended workshops and provided feedback to Staff and the Company, either directly or through their participation in larger workshops. Staff appreciates that stakeholders have been deeply involved throughout the UM 2114 investigation and Stipulation implementation process, participating in numerous workshops and providing meaningful feedback and recommendations.

These stakeholders include (though are not limited to): Community Action Partnership of Oregon (CAPO), Community Energy Project (CEP), Northwest Energy Coalition (NVEC), and Oregon Citizens' Utility Board (CUB).

While no stakeholders have filed written comments at the time of this writing, Staff solicited feedback on Cascade's proposal from several residential customer-focused stakeholders. The message from these stakeholders was varied, but remained largely supportive of Cascade's grants and higher benefit maximums; however, there were some concerns that there was no-matching option included in the program. Stakeholders also expressed differing opinions as to the use of the benefit curve.

To mitigate potential unintended inequities or ineffective bill assistance options, it is imperative that Cascade work with stakeholders to collect and report relevant and necessary data on how program funds are allocated, and to whom. As noted above, Staff is recommending that Cascade host a workshop with interested stakeholders to discuss how best to partner with community and residential customer focused organizations to target its Program outreach efforts to those groups or communities that have been disproportionately affected by the pandemic. In such a workshop, Staff expects that stakeholders and the Company will also determine what data collection and reporting on such efforts is necessary to effectively evaluate the success of these programs. Example data metrics may include nine-digit zip code and voluntary demographic data.

The development of these programs is critical, urgent, and uncharted. Staff and Cascade agree that the Company must be prepared to react quickly to how these programs are being utilized by customers, and pivoting programs where necessary ensure that funds are being allocated appropriately. To Staff's knowledge, this will be

the first time that the utilities are operating a large scale bill assistance program (particularly one that is not-exclusively available to low income customers).

If approved by the Commission, Cascade's Big HEART Program will be one of the remaining five energy Utility Bill Assistance Programs set to deploy this year. As such, it is imperative that we be willing to adjust the programs as necessary. Staff recommends that the Commission require that Cascade and interested stakeholders conduct a review of Cascade's Arrearage Management Program no later than the time at which 50 percent of funds are committed/expended.

Staff believes this allows for a sufficient cushion (50 percent expenditure would mean approximately \$354,758 of the authorized funds are still available for assistance), which allows Cascade to implement its Program as soon as possible for those who are able to take advantage of the current Program offerings, while also providing for flexibility to adapt the program based on its level of success and learnings from Oregon's five other regulated utilities' design and implementation of their assistance programs.

Effects of Filing

Cascade's Advice No. O21-02-01 requests approval to create a new tariff schedule, Schedule 35, Residential Arrearage Management Program. In accordance with the Stipulation approved in Commission Order No. 20-401, Schedule 35 will be available to all residential customers who develop arrears of more than 31+ days.

It is unknown how many customers will utilize Cascade's Arrearage Management Program; however, the Program may provide up to \$707,517 in arrearage forgiveness to eligible customers, and will run either through October 1, 2022, until the Company reaches the spending limit, or until the Commission otherwise approves termination of the program.

This filing does not include an increase or decrease in customer rates, or change Cascade's revenue at this time; however, as noted above, program funds and prudently incurred incremental expenses to provide this arrearage management program will be tracked for later recovery in Cascade's COVID-19 Deferral.

Conclusion

Based on the circumstances outlined above, and Staff's review of the Company's filing, Staff concludes that Cascade's Residential Arrearage Management Program follows the Stipulation approved in Order No. 20-401 and meets the Arrearage Management Plan principles outlined in Staff's memo. Staff further finds that the proposed Schedule 35

will benefit those customers who have experienced increased financial hardship due to the COVID-19 pandemic.

Staff recommends that the Commission approve the Company's tariff as proposed in Advice No. O21-02-01. As the Company filed replacement sheets in cooperation with Staff recommendations, Staff finds there is good cause to approve this tariff filing on LSN, subject to the aforementioned conditions. The Company has reviewed this report and has no objection.

PROPOSED COMMISSION MOTION:

Approve Cascade's Advice No. O21-02-01, which creates Schedule 35, Temporary COVID-19 Residential Bill Assistance Program, effective with service rendered on and after April 1, 2021, with less-than-statutory-notice, and direct Cascade to do the following:

1. Conduct a review with interested stakeholders on the implementation of Cascade's Temporary COVID-19 Residential Bill Assistance Program, with consideration given to modifying program offerings, no later than the time at which 50 percent of program funds have been committed; and
2. Host a workshop with interested stakeholders within 45 days of the Schedule 35 effective date on targeting outreach of its programs to communities and customers who have been disproportionately impacted by the COVID-19 pandemic.