BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 416

In the Matter of	)
	)
PORTLAND GENERAL ELECTRIC COMPANY	)
	)
	)
Request for a General Rate Revision And 2024 Annual Power Cost Update	)
________________________________	)

JOINT REBUTTAL TESTIMONY OF

CEP and CAPO

Direct Testimony of

Charity Fain, CEP

Benedikt Springer, CAPO

(Confidential)

August 22, 2023

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I. Introduction

Q. Please state your names and positions with your respective organizations.

A. My name is Charity Fain, and I am the Executive Director of the Community Energy Project (CEP). My qualifications appear in CEP/101.

My name is Benedikt Springer, and I am a utility policy analyst with the Community Action Partnership of Oregon (CAPO). My qualifications appear in CAPO/100.

Q. What is the purpose of your testimony?

A. The purpose of our testimony is to synthesize our previous testimony on energy justice considerations into 3 concrete proposals for adoption in this rate case and 3 recommendations for further proceedings. We focus on these issues because they are important and the proposals are easy to implement. We believe Commissioners should adopt these recommendations because they address our concerns about recognition justice, distributive justice, and procedural justice - as described in exhibits CEP/100 and CAPO/100.

(1) Adjust the Income-Qualified Bill Discount (IQBD) tiers to keep the average electric-heat customer below a 6% energy burden as follows:

Household Income as % of SMI	Current Discount	PGE Reply Testimony	CEP/CAPO Proposal
46-60	15%	15%	15%

31-45	20%	20%	20%
16-30	25%	25%	40%
6-15	25%	40%	75%
0-5	25%	40%	90%

Additionally, expand eligibility for minimum wage single family households in the Portland Metro area, removing the dollar amount in the tariff to adjust for raising minimum wage.

(2) Require PGE to conduct a Low-Income Needs Assessment (LINA) by December 2024 to better inform accessibility and affordability of electricity rates as well as ancillary programs for low-income customers, especially those within marginalized communities. The research questions should be drafted in collaboration with the stakeholders in the IQBD implementation and update meetings.

(3) Modify Schedule 118 to more fairly distribute the costs of IQBD among different customer classes as follows: PGE should utilize the forecasted 2024 test year electricity usage numbers for calculating the per-bill rate for the residential Schedule 118. The $1000 per bill charge cap in Schedule 118 should be removed and no new cap adopted.

(4) Recommendations for future proceedings:

(a) Initiate a proceeding (which authorizes discovery or discovery like access to data) to reform residential customer rates (gas and electric) for a longer-term solution that will limit energy burden to 6% of gross income, reduce or eliminate disconnections for non-payment, encourage electrification, and encourage efficiency. UM 2211 could be modified for that purpose.

(b) Initiate an investigation to determine criteria/metrics/processes all utilities shall employ to comprehensively integrate energy justice into decision making and, specifically, all facets of a general rate case.

(c) Convene or co-host a multi-agency (including OHCS, ETO, ODOE) proceeding to identify how to better utilize weatherization programs to address energy burden as directed by HB 2475 (2021). The proceeding should recommend statutory and regulatory reforms necessary to increase low-income weatherization, change cost-effectiveness metrics to account for non-energy benefits, and encourage home electrification (fuel switching).

II. Bill Discount Issue

Q. Why should Commissioners adopt your recommendation?

A. Commissioners should adopt this recommendation because without it the IQBD program misses its goal of adequately addressing energy burden. Our proposal also more closely matches the design criteria OPUC staff outlined in UM 2211.[1]

The legislative intent of HB 2475 (2021) is to address differential energy burden through service classifications and energy rates. PGE was the first Oregon utility to propose a bill discount program to address the new legislation as well as guidance from OPUC.[2] Unfortunately, the discount tiers PGE offered were the lowest among Oregon utilities. As shown in CAPO/100 (p. 22ff.), the program is inadequate in addressing the energy burden of the average electric heat residential customer with low income. Customers at the upper end of eligible income receive a discount in excess of what would be necessary to limit their energy burden to 6% of gross income. Most customers below 30% of State Median Income (SMI) receive discounts much too small to limit their energy burden to 6%. Furthermore, the discounts are insufficient to address the burden for above-average energy users. Low-income customers often live in inefficient dwellings and as likely renters have little control over possible efficiency improvements.

Environmental justice stakeholders attending PGE's IQBD update meetings have been asking for higher discount tiers for over a year. In response, PGE is now

[1] Staff Interim Action Proposal Update, February 1, 2022, https://edocs.puc.state.or.us/efdocs/HAC/um2211hac17313.pdf.

[2] https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB2475.

proposing to “carve out a fourth tier (Tier 0) […] and provide a 40% bill discount for households with incomes at or below 15% of the state median income.”[3] As explained further below, this is insufficient. We have argued that the IQBD must better reach a 6% energy burden goal without delay, as the current discount is inadequate.[4] While we believe our proposal does not go far enough, it offers more substantial help to those with very low incomes without taking a more radical step, like designing a residential rate structure which limits all individual residential customers’ energy burden to 6%. The new discount tiers, we propose, are a rough estimate of the discount required to keep the average electric heat customers in the top tier(s) at a 6% energy burden.

Q. Explain further what you understand about PGE’s offer to change its bill discount program and how do you evaluate the proposal?

A. PGE’s proposal in reply testimony offers one new tier, a 40% discount for those with incomes at or below 15% of SMI.[5] They argue that this is good because it would create an identical bill discount structure to NW Natural. They don’t provide any additional justification. PGE does not specifically respond to the energy burden analysis presented in CAPO’s testimony. PGE states only that it intends to analyze “the impacts of energy burden and will be assessing changes to calculated burdens.”[6] So, PGE acknowledges that it has not addressed the issue of energy burden at all. As previously demonstrated, a household at 15% of SMI likely requires

[3] UE 416 / PGE /2600 Reply Testimony of Macfarlane, Pleasant at 11.
[4] UE 416 CAPO/100, Springer/ 22-32
[5] UE 416/PGE/2600, Macfarlane – Pleasant / 12
[6] UE 416/PGE/2600, Macfarlane – Pleasant / 10

a discount between 50% and 73%.[7] Furthermore, it is inequitable to help households at 60% of SMI proportionally more (they do not require a discount to achieve a 6% energy burden) than those below 30%.

It is also important to mention that PGE's current design and proposal fail the test that OPUC Staff has outlined in the UM 2211 investigation.[8] One important design criterion is "how PGE considered a target energy burden ceiling (6%) when identifying the income tiers and discount levels provided by the proposed rate." By its own admission, PGE has not done that. Furthermore, the program is supposed to "prioritize [the] lowest income[s] with the highest energy burden." As we have demonstrated, the current program helps those with higher incomes disproportionally. Commissioners should reject PGE's proposal and adopt ours.

Q. Should the Commission allow PGE's program to mature and evaluate it further before changing it?

A. No. There is already sufficient information available to know that the current program is insufficient to address energy burden, which is required by the enabling legislation and OPUC Staff evaluation criteria. Evidence has already been presented by CEP and CAPO in opening testimony. Energy burden is just basic math. If we know someone's income and energy bill, we can calculate how much of a discount is necessary.

Other Oregon utilities have acknowledged this. For instance, Cascade Natural Gas and Avista Natural Gas adopted much larger discounts, which are necessary to

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[7] UE 416 CAPO/100 Springer/25

[8] Staff Interim Action Proposal Update, February 1, 2022, https://edocs.puc.state.or.us/efdocs/HAC/um2211hac17313.pdf.

adequately address gas burden. In addition, they offer Arrearage Management Programs that include forgiveness, which PGE does not. Pacific Power and NW Natural Gas also adopted higher discounts.

Avista	**Cascade**
0-5% of SMI 90%	0-15% of SMI 95%
6-20% of SMI 60%	16-30% of SMI 70%
21-40% of SMI 25%	31-45% of SMI 45%
41-60% of SMI 15%	46-60% of SMI 15%

Utilities in Washington, who also are statutorily required to address energy burden, have adopted higher discounts:[9]

	Avista	Cascade	Puget Sound Energy
0-5% of FPL	94%	90%	45%
6-20% of FPL	75%	90%	45%
21-50% of FPL	75%	71%	40%
51-100% of FPL	35%	40%	20%
101-150% of FPL	15%	8%	10%
151-200% of FPL	15%	8%	5%

As understood, with PSE's HELP program (which is available for arrearage assistance and as a funding source for the discount program), the combined assistance is 109% for those at 0-20% FPL, 100% for 21 - 50% FPL and 76 % for 51-100 FPL customers.[10]

[9] See Exhibits 201 - 203, the tariffs recently filed tariffs at the Washington Utilities and Transportation commission.

[10] WUTC Docket 220066; Settlement stipulation and Agreement on Revenue Requirement and All Other Issues Except Tacoma LNG and Green Direct at page 23; https://apiproxy.utc.wa.gov/cases/GetDocument?docID=2671&year=2022&docketNumber=220066

Q. What if your proposed discount tiers are too high and the company has to claw them back?

A. Based on the information presented above, this is very unlikely. Furthermore, people currently have to re-enroll into the program every two years. This would be an appropriate time for the unlikely case of a rollback.

Q. How much will your proposal cost and will it be too expensive?

A. PGE estimates that its current program will cost $[redacted] annually when 75% of eligible customers are enrolled - anticipated to be by the end [redacted] [redacted] PGE's expanded proposal in testimony (Tier 0 going to 40%) is estimated to increase the costs to $[redacted] annually. Our proposal increases the cost to $[redacted] [redacted]. We don't think this is too expensive. Non-energy burdened customers can afford to pay a few dollars every month to ensure that everyone can access electricity. Furthermore, our proposed adjustments to Schedule 118 will distribute costs more equitably and relieve some of the pressure on residential customers.

However, it is important that PGE enroll virtually all eligible customers to avoid low-income customers subsidizing other low-income customers. If PGE is concerned about benefit cliffs, the solution would be to add another transition tier for medium income customers.

Q. Could costs increase during a recession?

A. Possibly. Currently, the program does not have any rules on how often participants can change their income declaration. We would expect somewhat higher costs during an economic downturn. However, the American economy has

[11] UE 416 CUB DR 085; our estimation for the subsequent numbers based on CUB DR 085.

many macro-economic stabilizers and Congress frequently enacts additional measures to stabilize incomes. For instance, income after taxes and transfers dramatically increased for the bottom quarter of the income distribution in 2020, mostly because of expanded unemployment benefits and eligibility.[12] Hence, we don't see a large risk of exploding costs during recessions. Furthermore, a recession is not the time to increase customer disconnections. Additionally, PGE could decide to slightly over-collect contributions during years of high economic growth and low enrollment.

Q. Do most residential customers support this program?

A. We don't know. It is our understanding that OPUC has heard from both, customers that think the bill discount program is great and customers who do not want to pay for the program. However, no systematic research has been done. In our view, the decision to address energy burden was arrived at democratically through the Oregon State Legislature. It should therefore be implemented. Moreover, the utilities in Washington engaged interested parties: PSE partnered with the Low-Income Advisory Committee and Community Action Agencies.[13] Avista worked with its Energy Assistance Advisory Group.[14] Cascade collaborated with its Washington Energy Assistance Fund (WEAF) Advisory Group.[15] Hence, their models are good examples of programs that have found wide stakeholder support.

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[12] Jeff Larrimore, Jacob Mortenson, and David Splinter, 2022, "Income Declines During COVID-19," FEDS Notes, https://www.federalreserve.gov/econres/notes/feds-notes/income-declines-during-covid-19-20220707.html

[13] Exhibit 203, p. 2.

[14] Exhibit 201 p. 2.

[15] Exhibit 202, p. 2.

III. Low-Income Needs Assessment (LINA)

Q. Why should Commissioners adopt your recommendation?

A. Conducting a LINA would provide critical data on the extent and distribution of energy poverty in PGE's service territory, enabling better targeted and more effective intervention. Most of Oregon's investor-owned utilities have conducted such an assessment and found it helpful. We expect a LINA to provide the following key insights which will lead to better programs:

- Provide an accurate estimate of the number of households in PGE's service territory eligible for the bill discount program. This will allow us to more accurately judge program maturity.
- Determine which individual customers are experiencing unacceptable energy burdens and which are likely in need of rate relief, rate reclassification or are eligible for the bill discount program. This information can be used to understand the costs to design rates to relieve energy burden. It can also be used to auto-enroll customers or conduct targeted outreach. It is also useful in assessing program integrity without individual income verification.
- Determine which individual customers would benefit the most from energy efficiency interventions. These customers can then be targeted by low-income energy weatherization programs.
- Determine how energy poverty is distributed. This will allow us to fine tune rates and bill discount programs. For instance, it may turn out that a program designed around the average customer in fact inadequately helps most

customers in need. The assessment may also help determine whether an arrearage management program is necessary.

- Reveal other inequities that need to be addressed in future proceedings. For instance, little is currently known about how disconnections are distributed among various socio-economic groups.

Q. Is more research required to determine whether a LINA is necessary?

A. No. PGE states in reply testimony: “PGE is researching and considering the value and implications of working with a third-party contractor to conduct a low income needs assessment. We are in the process of reaching out to other utilities that have performed low income needs assessments to better understand their experiences and lessons learned.”[16] In our view, this is a stalling tactic. Energy Justice advocates have been asking for a LINA for months. The assessments commissioned by other utilities were extremely valuable in informing program design. If the LINA asks the right questions (see above), we have no doubt that it will be useful.

Q. Isn’t a LINA very expensive?

A. No. A LINA does not involve any primary data collection. Instead, analysts would combine various available data, for instance, from PGE’s customer database and from the US Census Bureau. They might also purchase third-party data with credit and income information. Overall, we expect the LINA to not cost more than $200,000.

[16] UE 416/PGE/2600, Macfarlane – Pleasant / 11

Q. Should stakeholders be involved in designing the LINA?

A. Yes. Any research rises and falls with the questions being asked. Unfortunately, we have seen many utilities conduct surveys that checked the box of "evaluation" but were not actually designed to generate actionable insights. Requiring stakeholder input is one way of ensuring that the right questions are asked. PGE currently has an active and robust group of stakeholders that have been involved in the design and implementation discussions around the IQBD program, that would be invested in such a study and would have a great deal of expertise to share when it comes to what kind of data to collect.

IV. Schedule 118

Q. Why should Commissioners adopt your recommendations?

A. The Commissioners should adopt our recommendation because it would distribute the costs of the bill discount program more fairly among customer classes. Distributive justice is an important rate design principle.[17] Currently, customers in Schedule 85P pay on average 3.2% of their bill while customers in Schedule 90 pay less than 0.1% of their bill.[18] This is unfair and puts basic regulatory principles on its head. Those with a lower ability to pay actually have to pay more. Our proposal reverses this. Under our proposal, charges are distributed more equally, while multi-billion-dollar companies with a high ability to pay, pay slightly more.

Q. Did OPUC not adopt the Schedule 118 cap for a good reason?

A. No. The $1000 cap was adopted mostly for expediency. Advocates quickly wanted to get the bill discount program off the ground and little scrutiny was applied to this provision. In fact, there is no good policy reason for it and the enabling legislation specifically allows equal apportionment.[19] NW Natural Gas, Avista, and Cascade don't have a cap on their bill discount recovery schedule. All customer classes should pay equally for the bill discount program, industrial, commercial, and residential, as CUB indicates in their testimony.[20] OPUC Staff similarly states that "it

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[17] See CAPO/100, p. 10ff.

[18] PGE Working Paper Schedule 118 Impacts, PGE/2600.

[19] ORS 757.695(2): Costs of bill discount programs to be paid by all retail consumers in the same amount to address the mitigation of energy burdens.

[20] CUB/300 Gehrke/28.

is appropriate for all utility customers to contribute to the costs of reducing residential energy burden."[21]

Q. Is there a good reason to use 1000 kWh per month to calculate the residential Schedule 118 rate?

A. No. For several years, PGE has used 1000 kWh per month to calculate the per bill rate for residential. As a result, residential customers have been overcharged proportionally to their energy usage.[22] To avoid this inequity, the residential fee for Schedule 118 should be developed using the 2024 forecasted average usage (795 kWh). PGE has indicated that they agree with that proposal.[23] As far as we know, the current methodology was not adopted for any substantive policy reason. There is no good argument for using the incorrect number.

Q. Will your proposal unfairly burden energy-intensive industries?

A. No. PGE states the following: "PGE disagrees that the cap should be removed because some of PGE's most electricity intensive industry customers could experience bill impacts that are not indicative of their size."[24] This is incorrect. Under our proposal, only Schedules 89P and 90 would see an increase in their Schedule 118 fee. Furthermore, a customer has to use more than 877,193 kWh a month to see an increase. There are simply no small businesses with low margins that use that much energy. In fact, everyone knows that we are talking about a specific billion-dollar company, which can easily afford to contribute their fair share.

[21] Staff/600 Scala/44
[22] See CUB Proposal: CUB/300 Gehrke/23
[23] UE 416/PGE/2600, Macfarlane – Pleasant / 38
[24] UE 416/PGE/2600, Macfarlane – Pleasant / 39

V. Further Proceedings

Q. Why do you ask for additional proceedings?

A. Our recent experience in general rate cases (GRC), including this one, has demonstrated the importance and power of the contested case proceeding to results-based advocacy. Much of that power lies in the access to discovery and the incentivized opportunities for discussion and negotiation among intervening parties. We find, however, that the volume of issues in a GRC also makes it difficult to be heard on a set of issues and to understand the relationships between those issues and the rest. Or, said another way, it has appeared that information that may come later (for instance, power costs) can dwarf the efficacy of early advocacy. The volume of materials (at least given current tools) also makes it difficult to access the pertinent information in discovery in real time.

We nevertheless appreciate the parties' formally engaging in discussion of CAPO and CEP's proposals. We also feel confident that we will succeed in this proceeding to obtain a bill discount program that gets more energy burden relief to Oregonians as directed by HB 2475.[25] However, we do not see the efficacy of having to protect against increasing energy burden in every rate case proceeding. Furthermore, the limitations of rate case proceedings require additional processes to get important work furthering energy justice done. As a result, we ask for the additional proceedings set out below.

[25] ORS 757.230(1): Classification of service may take into account differential energy burdens on low-income customers.

Q. What can Commissioners do to better address energy burden?

A. In opening testimony, CEP sought a broader discussion of how to address energy burden beyond the bill discount program. That issue has not been addressed by PGE. We ask the OPUC to initiate a proceeding which authorizes discovery or discovery like access to data to consider and propose reforms to residential customer rates (gas and electric) for a longer term solution that will limit energy burden to 6% of gross income, reduce or eliminate disconnection for non-payment, encourage electrification, and encourage efficiency. As mentioned, we believe the legislative direction is to develop a long-term solution to address unreasonable energy burden. It is simple math, at least on a case-by-case basis, but we believe a more complex formula might be developed and put into rules so that the simple math is baked in and need not be debated in every general rate case.

We believe Low Income Needs Assessments will inform this work and know it will be informed by other similar national and regional efforts. What the rate case shows us, however, is that access to raw or confidential data will be necessary to the design effort. We hope a contested case proceeding will not be necessary, and believe the Commission has authority to design a proceeding that will allow parties to access such information and conduct confidential discussions if necessary to inform the effort.

Q. How can energy justice considerations find more traction in OPUC proceedings?

A. In Opening Testimony both CEP and CAPO described the Energy Justice Framework and CAPO focused an entire argument on the necessity of applying that framework in this proceeding. There has been no systematic response and the proceedings to date demonstrate that, as currently structured, GRC proceedings need to be reformed to foster the application of the framework.

A few of the deficiencies or opportunities for improvement we have observed in this proceeding include the following. Energy Justice and Environmental Justice Advocates should have access to basic training on the anatomy of the Oregon rate case and Oregon utility regulation. This would include development of a sort of treatise (i.e., surveying of seminal decisions) that explains how the Commission applies broad principles like “the public interest,” “least-cost, least-risk,” “cost causation,” “economic viability and stability of the energy sector,” etc. Tools should be developed to avoid confusion resulting from testimony and discussions conducted mostly in abbreviations. Settlement negotiations should include more room for new participants to ask questions and understand the issues being discussed (i.e. learning-as-doing). One of the reasons that CAPO and CEP did not sign on to any of the settlement stipulations was that there was simply insufficient time and space for us to understand all the issues at hand. While we undoubtedly supported some of the stipulations, we could simply not be certain that we were not signing on to something detrimental to low-income interests.

OPUC should organize as part of the contested case, a middle ground of engagement, where the well-educated public without specific utility expertise can engage with the issues that are raised by a rate case. This should include back and forth with the utility or even data requests. Utilities should engage stakeholders prior to the initial filing to learn about and help intervenors or potential intervenors to identify the scope of the issues that they want to see addressed and integrate resulting comments in the initial filing.

Commissioners should also consider removing issues of substantive public interest from rate cases and addressing them in rule-making. Rule-making proceedings are more accessible to various advocates than numerous rate cases and other filings.

Hence, OPUC should initiate an investigation to determine criteria/metrics/processes all utilities shall employ to comprehensively integrate energy justice into decision making and, specifically, all facets of a general rate case.

Q. What can Commissioners do to improve energy efficiency programs?

A. In Opening Testimony CEP called on PGE and the Commission to meet the HB 2475 section 7(1) legislative intent that energy burden be reduced, not only through bill reduction, but through weatherization. PGE has not responded to this issue.

Unfortunately, low-income weatherization efforts are very fragmented. The Oregon legislature has directed PGE to levy a public purpose charge for energy efficiency that is split between Oregon Housing and Community Service (OHCS) to administer low-income programs, and OPUC to administer general programs (OPUC contracts with the Energy Trust of Oregon – ETO). OHCS in turn contracts with community action agencies to deliver low-income weatherization, mostly following US Department of Energy rules (by choice). In recent years, ETO started to also offer low-income programs because stakeholders pointed out ETO was mostly serving white middle-class customers.[26] Additional efforts are underway in the City of Portland through the Clean Energy Fund. Many state and federal incentives for energy efficiency improvements are expected to be available soon.

This fragmented landscape makes it hard for advocates, like us, to affect changes we believe beneficial and necessary. Hence, we ask OPUC to convene or co-host a multi-agency proceeding, including OHCS, ETO, and the Oregon Department of Energy. The proceeding should recommend statutory and regulatory reforms necessary to increase low-income weatherization (targeting those that are likely to benefit the most), change cost-effectiveness metrics to account for non-energy benefits, and encourage home electrification (fuel switching).

Q. Does this conclude your testimony?

A. Yes.

[26] Although this was mostly the result of the legislative intent of splitting low-income work from market-based incentives.

UG-230540

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June 30, 2023

Amanda Maxwell
Executive Director and Secretary
Washington Utilities & Transportation Commission
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Lacey, WA 98503

RE: **Avista Utilities Tariff WN U-29, Schedule 192, Low-Income Rate Assistance Program**

Dear Ms. Maxwell:

Attached for electronic filing with the Washington Utilities and Transportation Commission (Commission) are the proposed tariff revisions of Avista Corporation, dba Avista Utilities (Avista or the Company), requesting modifications to the following natural gas tariff sheets, WN U-29:

	Revised	
Fifteenth Revision Sheet 192	Canceling	**Fourteenth Revision Sheet 192**
Seventh Revision Sheet 192A	Canceling	**Sixth Revision Sheet 192A**
Third Revision Sheet 192B	Canceling	**Second Revision Sheet 192B**

New
Original Sheet 192C

Canceled
Schedule 102, all tariff sheets
Schedule 173, all tariff sheets
Schedule 189, all tariff sheets

The primary purpose of this filing is twofold:

1. To increase funding collected under Avista's natural gas tariff Schedule 192, "Low-Income Rate Assistance Program" (LIRAP), in alignment with the provisions of RCW 80.28.425(2) and the Commission's Final Order No. 10/04 in the Company's most recent

general rate case (GRC), Docket Nos. UE-220053, UG-220054, and UE-210854 (*Consolidated*).

2. To modify Avista's LIRAP design elements in accordance with the provisions of the above-referenced order and the directives contained within the approved Full Multiparty Settlement Stipulation (Settlement). This filing is made in compliance with Section 24(a) of the Settlement, which states that "On July 1, 2023, Avista will make a subsequent filing (pursuant to WAC 480-07-855) providing the outcome of discussions with the Energy Assistance Advisory Group ("EAAG") concerning these and other program design and implementation issues." [Emphasis added].

With the exception of the exact monthly rates established on Sheet 192 as they were not yet fully developed, the Company shared these proposed tariff revisions with its EAAG on June 14, 2023, and received feedback from The Energy Project (TEP), Northwest Energy Coalition (NWEC), and Spokane Neighborhood Action Partners (SNAP); all feedback has been addressed and/or incorporated into this filing where appropriate. All other changes included in this filing are made in support of the purpose stated above or are housekeeping in nature, including removal of the following Schedules: Schedule 102, "Senior & Disabled Residential Service – Washington"; Schedule 173, "Residential Debt Relief Program"; and Schedule 189, "Senior & Disabled Residential Service Discount Rate Adjustment – Washington".

I. INTRODUCTION

Avista's LIRAP, approved by the Commission in 2001, collects funding through electric and natural gas tariff surcharges on Schedules 92 and 192. These funds have historically been distributed by Community Action Agencies (CAAs or Agencies) in a manner similar to the Federally sponsored and State-administered Low Income Home Energy Assistance Program (LIHEAP). LIRAP, like LIHEAP, can help a household avoid having its utilities shut off or help reestablish service after a disruption, and can also help pay ongoing energy costs. The current LIRAP tariff is comprised of the following components:

- **Heat**: Grant-based energy assistance available to customers at or below 150% Federal Poverty Level (FPL); mimics LIHEAP in terms of intake requirements and benefit calculation.
- **Emergency Share**: Provides financial assistance to customers in hardship or emergency situations, including risk of service disconnection, with the grant amount determined on a case-by-case basis, not to exceed $350.
- **Energy Grant**: Provides a $250 grant to qualifying customers with incomes at 151% FPL up to 200% FPL or 80% Area Median Income (AMI), whichever is higher.

- **Senior/Disabled Rate Discount**: A rate discount program designed to help mitigate the impact of energy costs on senior and/or individuals with disability who have variable incomes between 151-200% FPL.
- **Automatic Hardship Grant**: A one-time grant for customers experiencing financial hardship as proven by a past due balance subject to thresholds determined by Avista's Energy Assistance Advisory Group (EAAG or Advisory Group) and at timing intervals determined by the EAAG. Mimics "emergency" assistance (i.e., LIRAP Emergency Share or Project Share) processes. This emergency assistance is intended to cover past due balances only, not to exceed $350.
- **Arrearage Management Plan (AMP)**: Available to customers with income at 51-200 percent FPL, this program reduces customer arrearages owed over a 12-month period by providing an incentive for regular, on-time payment of these balances. Available twice within a 7-year period.

LIRAP Changes Already Approved Effective October 1, 2023[1]

In its 2022 GRC, approved via Settlement with conditions on December 12, 2022, Avista included a proposal to introduce a Bill Discount into the Company's LIRAP, consistent with the expectations of both the Clean Energy Transformation Act (CETA) and Senate Bill 5295 (SB 5295), and to, in turn, replace the existing grant-based LIRAP in favor of an income-based bill discount model for all eligible low-income customers. In collaboration with its EAAG, the Company opted to retain its current AMP and Emergency Share, expanding eligibility of the AMP to customers with incomes at 51-200% FPL or 80% AMI, whichever is greater, and to incorporate an Arrearage Forgiveness (Forgiveness) offering as a complementary element for customers within the lowest income range of 0-50% FPL. New program provisions intended to decrease existing barriers customers were experiencing in pursuing or receiving assistance, such as joint administration of LIRAP between both Avista and partner Community Action Agencies (CAAs or Agencies) – whereas, historically, customers had a singular, CAA-only, point of access for energy assistance – as well as customers being able to self-attest their income rather than completing a burdensome application process, were also introduced.[2] With these changes, approved effective October 1, 2023, the LIRAP tariff will now include the following components:

1) **Bill Discount**. Available to all low-income customers, and is composed of five distinct discount tiers, the amount of which is based on an individual household's total gross income. Each income group—0 to 5% FPL, 6 to 50% FPL, 51 to 100% FPL, 101 to 150% FPL, and 151% FPL to 200% FPL or 80% AMI, whichever is greater—will be provided with a specified discount percentage, to be deducted from the participating

[1] Docket No. UE-220053 et.al.
[2] For a complete description of these proposed LIRAP modifications, please see the direct testimony of Shawn J. Bonfield (SJB-1T), filed January 21, 2022 in Docket No. UE-220053 et.al.

customer's net bill each month. This Bill Discount replaces the Company's former LIRAP Heat grant, Senior/Disabled Rate Discount, and Energy Grant.

2) **Arrearage Management Plan**. Remains available to customers with household incomes at 51-200 percent FPL.
3) **Arrearage Forgiveness**. Formerly approved as "Past Due Payoff,"[3] this provides forgiveness of past due balances for customers with incomes at 0-50% FPL.
4) **Emergency Share**. Remains available to all customers experiencing a hardship or energy emergency, such as risk of disconnection; benefit amount and eligibility mimic the donation-based Project Share program.

The below chart provides an illustrative example of the LIRAP elements approved in Docket No. UE-220053 et.al., to become effective on October 1, 2023.

TABLE NO. 1 – APPROVED LIRAP ASSISTANCE BY INCOME TIER

Household Income	Bill Discount	Arrearage Assistance
Zero to 5% FPL	94%	Arrearage Forgiveness
6 to 50% FPL	75%	
51 to 100% FPL	35%	Arrearage Management Program (AMP)
101 to 150% FPL	20%	
151% FPL to the greater of 200% FPL or 80% AMI	15%	

II. GRC COMPLIANCE

While the proposed LIRAP modifications were generally accepted by the Commission's GRC Order, section 24(a) of the Settlement noted the following terms related to the Company's LIRAP work:

i. Avista commits to further consult and seek consensus with its EAAG concerning the following program design and implementation issues:
   1. Joint administration with enrollment by Avista or the Community Action Partnership ("CAP") agencies.
   2. Use of self-attestations of income and random audits instead of verifying 100 percent of participating customers' income.
   3. Managing overlap between LIHEAP and the bill discount program.

To accomplish this additional consultation with its Advisory Group, these conditions were then taken back to Avista's EAAG Subcommittee[4] for further dialogue and decision. The

[3] Approved in Docket Nos. UE-210077 and UG-210078 and subsequently suspended in Docket Nos. UE-210490 and UG-210491 at the Company's request.

[4] This group, comprised of interested parties from Avista's EAAG, was established in 2021 after the passage of SB 5295 to, among other things, evaluate the overall existing LIRAP structure to help inform any changes needed to appropriately align the Company's program with current and future legislation. See Docket No. UE-220053 et.al., SJB-1T, Section IV. for further details.

Subcommittee was reconvened in August of 2022 and continued to meet bi-weekly, with increased cadence to a weekly occurrence as needed to dissect all LIRAP design elements and implementation details. Discussions ranged from not only the three commitments listed above, but to marketing and outreach strategies, crisis response, Bill Discount and Comfort Level Billing (CLB) interaction, collection of demographic information, principles of equity, and categorical eligibility, among other things. The following sections outline the agreements made amongst Subcommittee members with regard to the GRC-required issues, which were then brought to the larger EAAG for final decision on May 16, 2023; unanimous support was received.

Joint Administration

Overall support for joint administration of the Bill Discount, providing ease in access to the program by allowing customers to enroll both with the Agencies as well as with Avista, was already garnered from the EAAG prior to the Company's original LIRAP proposal within the GRC and reconfirmed with the onset of newly convened group. As part of its work to continue discussions regarding joint administration, the Subcommittee focused on the more granular process details, such as the role of each administrating organization (i.e., the Agencies and Avista), with the group agreeing that to ensure equity and efficiency within the joint administration process, the following practices are essential:

1. The enrollment process should be the same at Avista as it is at each CAA. This means that customers can enroll for both the Bill Discount and/or arrearage assistance at either entity, as both the Company and the Agencies will screen and qualify customers for these offerings.
2. As part of a holistic energy burden reduction strategy, it is incumbent upon Avista to educate customers about the benefits of engagement with their local CAA for connectivity to other programs that can help to stabilize the household. Customers enrolling in LIRAP with the Agencies are already assessed comprehensively for other complementary program qualifications, such as LIHEAP, rental, and water assistance, etc., therefore, it is vital that customers enrolling in LIRAP through Avista are also connected to their local Agency for a cohesive assistance experience.
    a. Avista will send the Agencies reports of customers that are enrolled through the Company, inclusive of demographic data, in order to more directly connect the customers with the CAAs for additional assistance.

While joint administration was originally only requested for the Bill Discount,[5] further Subcommittee collaboration resulted in a modification to this program design element, deciding

[5] Docket No. UE-220053 et.al., SJB-1T, pg. 20.

instead that customers should be able to access the Bill Discount and both arrearage assistance options through the Agencies and/or Avista. To avoid possible overutilization or other potential complications with regard to LIRAP's hardship-based offering, Emergency Share (rather than the income-based Bill Discount, AMP and Forgiveness), the Agencies will remain the sole administrator for LIRAP Emergency Share; the Subcommittee agreed to continue discussions in future program years regarding Emergency Share possibly being jointly administered.

Self-Attestation with Random Audits

Possibly the largest change from the Company's original LIRAP proposal within the GRC is the request to utilize random audits instead of verifying 100 percent of participating customers' income, as well as the programmatic details associated with this self-attestation and verification process. In its initial request, Avista noted:

> Although both Avista and the Agencies will be able to enroll a customer in the Bill Discount, it is the Agencies that will conduct the official verification of each applicant's actual income qualifications in order for the customer to remain on the Bill Discount. All customers enrolled in the Bill Discount must send the required low-income program application documentation to their local Agency within the first six months of enrollment; failure to submit such verification documentation will result in removal from the Bill Discount. Customers will be notified of this requirement at the time of enrollment and will receive further follow-up from the Agencies if no documentation has been received within the first three to four months of Bill Discount participation. For households enrolled by Avista, the Company will send an enrollment report to the Agencies so that the Agencies can then follow-up with each participant to obtain the necessary documentation. [6]

While this 100% verification request was based on the notion that the initial introduction of self-attestation would need to also have safeguards in place to maintain the integrity of LIRAP, the Company's proposal noted that as the Company and Agencies gained experience with the Bill Discount and with self-attestation, if the self-attested income information provided by customers was found to be consistently reliable (i.e., that a very high percentage of customers enrolled were proving to indeed be low-income), then such rigor in the verification process would not be warranted and the Bill Discount could then shift to a model where only a certain percentage of enrollees are audited for accuracy.

Continued discussions regarding self-attestation and random audits, as well as lessons learned from the State of Oregon's investigation into its House Bill 2475 (HB 2475)[7] – which, like

[6] *Id*., pgs. 21-22.
[7] Docket No. UM 2211.

Washington's Senate Bill 5295 (SB 5295), extended the state's regulatory policy to provide a pathway for differential rates or discounts for energy burdened customers[8] – provided a foundation for several Subcommittee decisions on this topic. Such decisions include:

1. Customer self-attestation of income will be completed using total household gross income, with deductions, in alignment with the qualifications utilized for LIHEAP. Customers that are employed received an automatic 20% deduction to account for taxes paid.
2. Self-attestation will be used for both the Bill Discount and arrearage assistance components of LIRAP.
3. As with the agreed-upon practice #2 for joint administration listed above, it is essential that Avista educate customers about the benefits of engagement with their local CAA for further assistance, and that the Agencies assess all customers comprehensively for possible qualification for additional programs.

With regards to the verification process, the Subcommittee reviewed the overall intent of what verification was meant to achieve and agreed that the purpose of verification is to prove that the program is engaging the intended population and providing the appropriate level of benefit to customers served. With this guiding understanding in place, the group reached consensus on the following:

1. Rather than verify 100% of Bill Discount participants, Avista will instead complete an audit of 6% of participants, randomly selected from the total pool of enrolled customers.
    a. Random selection will be completed on a rolling basis, using the previous month's total enrollments.
    b. Probability characteristics (e.g., high energy users, those within the highest discount tier), as utilized in the California Alternate Rates for Energy (CARE) model to identify customers for verification,[9] will not be utilized to avoid the perception of inequity or bias.
    c. Customers who are randomly selected yet have already been verified by the Agencies (i.e., completed income qualification for LIHEAP or other programs), will be captured in the verification percentage but will not be required to complete verification.
2. Income verification of this randomly selected 6% will be completed by the Agencies, with a 90-day timeline for completion of each verification.
    a. Customers selected for verification will be notified that they have 90 days to complete the verification process.

[8] Oregon's HB 2475, effective January 1, 2022, expanded language under ORS 757.230 to include additional factors when establishing rate classifications, including the "differential energy burdens on low-income customers and other economic, social equality or environmental justice factors that affect affordability for certain classes of utility customers."

[9] The post-enrollment verification (PEV) model used by the CARE program utilizes both an assessment of high energy users, as well as algorithms or probability models to identify which enrolled households are least likely to qualify for low-income programs, and requires various levels of income verification depending on a customer's likelihood for qualification. https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M500/K053/500053162.PDF at page 5, provides a summary of the PEV approach. See Docket No. A.19-11-003.

i. If no response is received, or if the customer does not complete their verification within those 90 days, the customer will be removed from the LIRAP Bill Discount at 120 days.

ii. Non-responsive individuals may be verified by the CAA based on additional data available to the Agencies, as described within this filing, for continued participation in the program.

iii. Customers who miss the 90-day verification window may complete verification with the Agencies at any time to be re-enrolled into the Bill Discount.

3. Customers that are removed from the program due to lack of income verification, as described in 2(a)(i) above, will have the opportunity to receive missed benefits if verification is completed by the customer within 90 days from the date they were terminated from the program.
    a. The customer will receive a credit on their Avista account to compensate for the month(s) they were without the Bill Discount, not to exceed the 90-day limit (3 months).
        i. Bill credits will be an average discount amount specific to the income tier for which the customer has most recently qualified at and will be specific to the number of months between termination and verification (1-3 months).
    b. Customers who complete income verification outside of this 90-day grace period are not eligible for any missed Bill Discount credits.
4. Once verified, a customer is eligible to stay on the Bill Discount for 2 years before re-enrollment (via self-attestation) is required. Customers on a fixed income[10] may be eligible for a 4-year term of enrollment.
    a. Customers with a fixed income must be income-verified by a CAA to receive the extended term.
    b. The 2- or 4-year term for Bill Discount participation begins from the date enrollment and/or income verification is approved by Avista.
    c. Verification reporting must include the number of customers enrolled for each term length, and customer engagement details to help inform future verification design (e.g., once completed with the given term, did the customer re-engage for continued enrollment or did they not renew their Bill Discount once required to provide income verification?)
5. If a Bill Discount participant encounters a change in household income and/or number of individuals residing in their home during their enrollment term, it is the customer's responsibility to contact their local CAA for verification of their updated household information so that they may be allocated the appropriate discount tier.
    a. Customers will be advised at the time of their initial enrollment into the Bill Discount, both with Avista or the Agencies, to contact their local Agency for any changes in household income or situation.

[10] Fixed income customers are those whose income is derived from a source that is set at a particular figure and does not vary or rise with the rate of inflation, such as a pension, Supplemental Security Income (SSI), Veterans benefits Social Security Disability insurance (SSDI), or other private disability funding.

Avista's verification process, if approved by the Commission in this filing as described above, will begin in March 2024, 6-months after the LIRAP modifications become effective on October 1, 2023. This 6-month runway will allow the Agencies responsible for verification sufficient time to become acclimated to the overall LIRAP modifications and to appropriately focus their attention on the winter heating season before turning to the process of monthly income verification for those enrolled.

Managing the LIHEAP/LIRAP Overlap

As noted in Avista's initial LIRAP proposal within its GRC, the interaction between the Bill Discount and LIHEAP grants was discussed at length with the Subcommittee. Such conversations resulted in the following agreements:[11]

- Customers that receive the Bill Discount will remain eligible to receive benefits from LIHEAP as well;
- Customers that receive both a LIHEAP grant and the Bill Discount will have the LIHEAP grant applied first such that the grant may fully cover a customer's bill. Any credited grant amount will continue to be utilized each month until the benefit is exhausted, and in any month when a customer has a balance owing *after* the application of the LIHEAP grant, the Bill Discount will then be applied to the net bill.
- To ensure that the maximum amount of LIHEAP dollars continue to be allocated to the Agencies each year (as the amount of LIHEAP funds awarded to the Agencies each year includes historical customer billing data), the LIHEAP benefit calculation will be completed *prior* to the application of the Bill Discount, therefore, the customer's original billing totals are preserved.

As discussions continued regarding the interface between LIRAP and LIHEAP, additional consensus was established regarding the following considerations:

1. Again, as noted multiple times herein, customers who enroll through the Company will be encouraged to connect with their local CAA, for LIHEAP and other assistance. This message will be communicated both during the attestation process as well as in the enrollment letter sent to each Bill Discount participant.
    a. In support of the above connectivity, Agencies will be provided with a list of customers enrolled by Avista on a monthly basis, for referral and potential follow-up for additional assistance options.
2. To further underpin the assurance that LIHEAP funding would not be decreased as a result of the LIRAP Bill Discount, Avista's Energy Assistance Workbench (Workbench), the secure portal utilized by the Agencies to obtain and input customer information for purposes of processing bill assistance programs (including posting funding pledges and enrolling customers in the Bill Discount), provides the customer's <u>pre-discount</u> billing history for ease of use by the Agencies.

[11] Docket No. UE-220053 et.al., SJB-1T, pgs. 16-17.

3. Customers declaring zero income will not be required to complete a “Zero-Income Statement”[12] to address how basic living costs are being paid. This form will only be used during the verification process.
    a. Reporting of Bill Discount enrollments by tiers will allow the Company and Agencies to monitor each tier for any perceived over-representation of a given tier.
4. Agencies will continue to utilize the best assistance option for the specific customer’s current household situation.
5. Agencies cannot prioritize Avista customers for LIHEAP among others in the community. This means that while a customer may immediately self-attest for the Bill Discount, they must still seek an appointment through agency process and provide income verification to receive LIHEAP, therefore there may be instances where the customer will be provided with LIRAP benefits in advance of LIHEAP as they proceed through the processes for the federal benefit with their local CAA.

As with all components of Avista’s LIRAP, the Company’s EAAG will continue to track the success of the aforementioned programmatic decisions and, should modifications be needed to any LIRAP design elements, will update the program as appropriate and seek approval from the Commission for such changes where applicable.

<u>Inflation Reduction Act (IRA) & Infrastructure Investment and Jobs Act (IIJA)</u>

In its Final Order 10/04, Docket No. UE-220053 et.al., the Commission conditioned its approval with the following:[13]

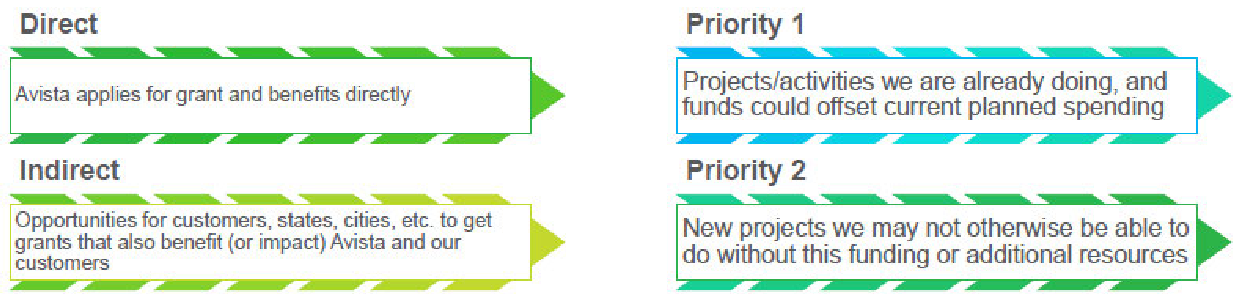
> ***Condition.*** *We condition our approval of the Settlement on the inclusion in Avista’s consultations and consensus-seeking with its EAAG, as well as its July 1, 2023, and September filings with the Commission, of its considerations for how funds through the IRA and IIJA might be used to support and promote low-income programs, projects, and interests. Further, Avista will report in future low-income annual filings during the MYRP its actions to seek funding through the IRA and IIJA to support and promote low-income programs, projects, and interests. Subject to this condition, we determine that the Settling Parties’ agreed low-income terms are reasonable, consistent with applicable law, in the public interest, and should be approved.*

While the work resulting from the Inflation Reduction Act (IRA) of 2022 and the Infrastructure Investment and Jobs Act (IIJA) of 2021 remains ongoing, the Company met with its Advisory Group on March 21, 2023 to discuss how to potentially leverage these recent legislative movements in consideration of low-income interests. At this meeting, Avista provided an overview of the IRA and IIJA and the possible opportunities associated with each, the Company’s actions thus far in pursuing grants, loans, or other investments under this legislation, and the community

[12] *Id.*, pg. 22.
[13] Docket No. UE-220053 et.al., Final Order 10/04, pg. 41.

benefits of these potential opportunities. As part of this discussion, the Company provided an explanation of potential direct or indirect opportunities presented by this legislation, a summary of which is provided below.

ILLUSTRATION NO. 1 – IRA AND IIJA IMPACT TYPE AND PRIORITIZATION



With these categorizations in mind, Avista identified 14 IIJA opportunities under the following focus categories:

TABLE NO. 2 – IIJA OPPORTUNITIES FOR AVISTA AND OUR CUSTOMERS

Focus Category	Direct	Indirect
Hydropower Incentives Funding	X	
Grid Resilience and Innovation Partnerships (GRIP)	X	
Broadband	X	X
Energy Efficiency and Weatherization		X
Transportation Electrification	X	X

Each specified IIJA opportunity contains a Community Benefit Plan which details the benefits to Avista customers and communities, including plans for engaging with various communities or organizations regarding the given project/activity, as well as the ways in which the project or activity invests in job quality or workforce continuity; advances diversity, equity, inclusion, and accessibility; and, contributes to the Justice 40 Initiative’s goal that 40% of the overall benefits of certain Federal investments flow to historically disadvantaged communities. Avista also provided key opportunities presented under the IRA, including the current or future availability of tax credits, grants or rebates related to electric vehicles, energy efficiency, wildfire, and utility clean generation.

The Company ultimately sought feedback on ways in which it might utilize the IRA and IIJA to support and promote low-income programs, projects, or interests, and received the following guidance from its EAAG:

- Those without reliable internet access may not be able to fully glean the benefits from any opportunities pertaining to the digitized arena, such a utilization of devices like smart appliances that may be helpful to in offsetting costs.
- Consider non-profit organizations as partners for federal grant opportunities to advance low-income objectives, they also have significant experience in applying for grants.
- Low-income customers may not be able to participate in peak hour programs, or other situations that smart grid enabled technology for discretionary load provides, due to their work hours or other obstacles.
- Ensure connectivity among the various requirements and opportunities to offset customer costs, such as Climate Commitment Act (CCA), CETA, as well as IRA and IIJA.

Avista has taken this feedback as essential guidance as it continues its work within the scope of IRA and IIJA efforts and will continue to provide updates on the Company's activities and collaborations in its annual LIRAP Report, as directed by the above-referenced GRC condition.

III. ADDITIONAL LIRAP MODIFICATIONS

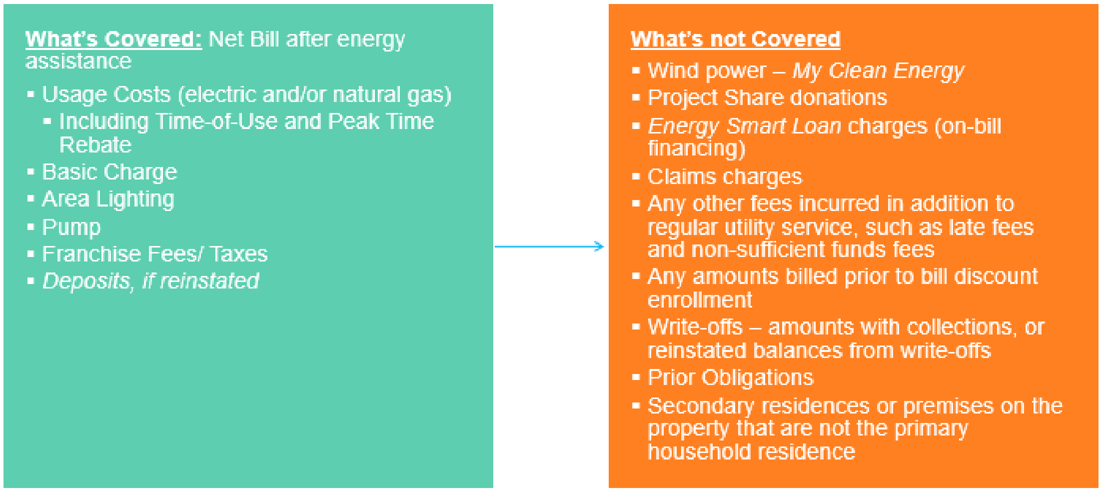
In addition to the specific LIRAP design elements approved in Docket No. UE-220053 et.al. and those described above, Avista's continued implementation meetings with its EAAG and EAAG Subcommittee have resulted in additional clarifications or modifications deemed necessary to be included the new LIRAP offerings being made effective October 1, 2023. The below sections are inclusive of these new proposed changes.

Costs Covered by LIRAP Bill Discount

In its initial LIRAP proposal, the Company noted that the Bill Discount would be applied to the customer's net bill, with "net bill" then defined as "all costs incurred by the customer related to the provision of utility service. This includes any charges related to electric or natural gas usage, as well as the basic charge, but does not include any applicable taxes or franchise fees that may be charged by third-party entities such as the city or county in which the customer resides."[14] As conversation continued surrounding the applicability and implementation of the Bill Discount, the Company and its EAAG Subcommittee further refined specific potential billing line items that should or should not be included within the Bill Discount calculation; the following illustration provides the resulting summary list of customer utility costs that are or are not covered by the Bill Discount.

[14] Docket No. UE-220053 et.al., SJB-1T, pg. 15.

ILLUSTRATION NO. 2 – COSTS COVERED BY THE LIRAP BILL DISCOUNT



Schedule 02/102 Transition Plan

While Avista's approved LIRAP design hinges on the replacement of its former grant-based LIRAP components – LIRAP Heat, the Energy Grant, and the Senior/Disabled Rate Discount – in favor of an income-based bill discount model for all eligible low-income customers, the process by which the Senior/Disabled Rate Discount (RDP) customers would be transitioned to the Bill Discount remained an implementation topic for the Company's EAAG. Based on the income ranges of RDP participants (seniors and/or individuals with disability whose incomes are between 151% to 200% FPL), the most equitable approach to this transition is to automatically enroll RDP customers into the 15% discount tier of the Bill Discount, as this discount tier is applicable to customers with incomes at 151% FPL to 200% FPL or 80% AMI, whichever is greater. The Company is aware, however, that the current RDP rate was designed to provide an average annual benefit of approximately $400 to these customers,[15] and that this amount, for some customers, can equate to an average discount that ranges between approximately 21% for dual-fuel customers, to as much as 40% for some customers served by natural gas only – all of which are above the 15% discount they will begin receiving effective October 1, 2023. While this is equitable in terms of matching income to the appropriate discount in order to adequately decrease the energy burden of a given household, Avista is cognizant of the customer experience involved in transitioning a customer to a lower discount than what they had been previously accustomed to

[15] Based on Avista RDP participant data provided to the Subcommittee on June 6, 2023, RDP participants receive an average of $488 annually for electric-only participants, $425 for natural gas-only, and $405 for dual fuel.

receiving. To help mitigate this impact, Avista worked with its Subcommittee to determine a suitable outreach strategy and potential interim compensation for these customers.

To help ease the transition from the RDP to the Bill Discount, which more accurately reflects these customers' incomes, Avista plans to send preemptive communications to these customers making them aware of the upcoming Bill Discount and what this specifically means for them. The Company also proposes that a one-time $250 LIRAP Energy Grant be applied to RDP participants' accounts prior to their automatic enrollment in the Bill Discount (and prior to the Energy Grant's expiration), to help ease any budgeting concerns that may be encountered by these customers that will now be receiving decreased assistance. The Company anticipates this change will impact nearly 1,500 customers,[16] of whom approximately 711 are single fuel customers – the latter being the customers whose discount decrease will be most pronounced. If approved, the Energy Grants will be issued to all RDP participants in September 2023.

<u>Automatic Enrollment of Known Income-Eligible Customers</u>

As part of the October 1, 2023 launch of its LIRAP Bill Discount and associated program design modifications, Avista believes that automatic enrollment of customers who have qualified for and received income-based assistance – such as LIHEAP, LIRAP Heat, RDP, or the Energy Grant – is an appropriate step in removing barriers to assistance for its customers. Since these customers have already been recently income qualified (within the past two calendar years), the Company and its partner Agencies would be able to enroll them at a customized percentage based on the income information they have already supplied to the Agencies previously. To complete this automatic enrollment, on August 1, 2023 Avista will distribute to the CAAs a list of customers who have received income-qualified assistance, dating back to July 31, 2021, and, in turn, the Agencies will report back to the Company which corresponding discount tier each customer should be enrolled into. Customers for whom the CAA is unable to identify an appropriate discount will be enrolled at the lowest discount tier of 15%. Customers who are automatically enrolled will receive notification of this enrollment, which includes their specific discount amount as well as instruction to contact Avista or their local CAA to seek a discount more in alignment with their

[16] As of June 26, 2023, 1,493 customers were enrolled in the RDP.

household situation if needed, or if their household situation changes. If approved, approximately 18,500 customers will be automatically enrolled in the Bill Discount in October 2023.

Retention of Approved Automatic Hardship Grant

On July 27, 2022, Avista filed a request with the Commission to incorporate an Automatic Hardship Grant into its LIRAP, to allow the Company to utilize existing LIRAP carryover funds to provide a one-time automatic grant to customers with past due balances, not to exceed $350 and subject to the specifications agreed upon by the EAAG and contained within the filing.[17] This grant, approved by the Commission on August 11, 2022, resulted in the distribution of nearly $2.2 million to help approximately 8,700 customers that were struggling with past due balances. Due to the timing of these revisions, the Company did not include this grant in the LIRAP modifications that are currently approved by the Commission via the prior GRC. While the Company has no immediate plans to issue any such grant in the near future – and believes that the suite of LIRAP offerings already set to launch will provide a comprehensive set of components that adequately and appropriately meet the energy assistance need[18] within its service territory – Avista would like to leave this grant option within the tariff as a safeguard should it be needed. The verbiage already included for this grant within Schedule 192 provides flexibility for the EAAG to determine the thresholds and timing applicable to any future Automatic Hardship Grants should they be needed unexpectedly in the future. Retention of this tariff language will allow for swift action should such a grant ever be warranted again and will decrease the administrative burden of a potentially Less Than Statutory Notice (LSN) tariff modification request (as was the Company's original request for incorporation of this grant due to the urgent nature of the assistance needed).

AMP and Arrearage Forgiveness Modifications

While not historically written prescriptively in tariff, several proposed changes to the design details of LIRAP's arrearage assistance options have been established through the continuous enhancement of the LIRAP components that has occurred over the past two years in partnership with Avista and its EAAG. As previously approved, Avista's AMP was available to a customer with a past due balance twice every seven (7) years during the history of an account,

[17] Docket Nos. UE-220565 and UG-220566.
[18] As defined by WAC 194-40-030, "Energy assistance need" means the amount of assistance necessary to achieve an energy burden equal to six percent for utility customers.

with a maximum benefit of $2,500 to be provided during this timeframe. Arrearage Forgiveness, following the design of its original approval as “Past Due Payoff” in Dockets UE-210077 and UG-210078 as noted previously, also had a maximum benefit of $2,500 and could only be used one time during a customer’s account history, unless granted a rare exception by the administering organization.[19] As part of the October 1, 2023 tariff modifications for Schedule 192, the notation that the AMP was available twice within a 7-year period has been removed from the tariff itself, to provide flexibility for such granular programmatic elements, such as the frequency for which a customer is eligible for each arrearage component, to be instead handled as part of the continuous improvement of LIRAP through EAAG agreement and contained within program guidelines or contracts rather than within tariff. Additionally, while $2,500 is generally, and has traditionally been, a large enough sum of assistance to set customers with past due balances up with a “clean slate” from which they can then focus their attention on current balances, there are instances now, in the wake of the COVID-19 pandemic and the chronic plague of customer arrearages that has followed, where that is no longer the case. In scenarios where customer balances are unable to be resolved with the $2,500 maximum, a customer eligible for the AMP must find additional funding to pay down or obtain assistance for the overage amount in order to be enrolled in the AMP, and a Forgiveness-eligible customer will receive Forgiveness for only the $2,500 maximum, thereby leaving a remaining past due balance. As such, the Company, in agreement with the Subcommittee and EAAG, has included in its October 1, 2023 tariff modifications a provision for both the AMP and Arrearage Forgiveness to include an exception to the $2,500 maximum. This exception would allow for a maximum of up to $5,000 for both arrearage assistance components as a rare exception for customers experiencing an extreme, extenuating customer situation (as defined by the EAAG). This exception to the arrearage maximum can only be authorized by an Energy Supervisor at the Agencies, after consultation with a Customer Assistance Referral & Evaluation Services (CARES) representative from Avista and is subject to the requirement that the customer has made good faith payments and/or been in communication with Avista regarding their situation. To receive this exception, all forms of available energy assistance must have also been exhausted; this benefit can only be utilized by a customer one time during the duration of their service with Avista.

[19] As noted in the Company’s original February 5, 2021 filing in Dockets UE-210077 and UG-210078, “As a rare exception, each Agency has the discretion to award the PDP twice during a customer’s account history in instances of extraordinary circumstances such as a medical emergency or prolonged unemployment.”

In addition to the tariff modifications noted, the Company also proposes to change an AMP design detail that, while not prescribed in tariff, has been an agreed-upon guideline between the Agencies and Avista since the AMP's inception. Currently, Avista's AMP is intended to only be an option once energy and emergency assistance has been utilized, yet the customer still needs assistance with an unpaid past due amount. However, as the Company and Agencies gained experience with the AMP, it was made clear by the CAAs that this parameter, in some situations, hindered their ability to assist customers comprehensively by limiting the assistance available to those awaiting appointments with the Agencies. With the implementation of joint administration amongst both the Agencies and Avista, the need to align with the CAA's process for setting appointments and provide the discretion to help the customer, as needed, based on their situation, prompted a need for change in this policy. While the priority and preference is still to only have the LIRAP AMP as an option once energy and emergency assistance has been utilized and the customer needs assistance with an unpaid arrearage, there is now discretion to enroll a customer in an AMP prior to exhaustion of all forms of assistance when it aligns with agency process or can best serve the customer situation (e.g., the customer needs assistance with a past due balance immediately, but need to wait for an appointment for further assistance such as LIHEAP). If a customer receives additional bill assistance after enrollment into the AMP, that subsequent bill assistance can then be applied to their entire account balance – including the AMP balance; depending on the credit received, this could result in a reduction in the customer's AMP enrollment term and the overall AMP benefit provided.

<u>Categorical Eligibility</u>

In alignment with the permissions allowable under with RCW 80.28.068(2), which allows customers to be approved for a utility's low-income programs based upon verification of a low-income customer's receipt of any means-tested public benefit, or verification of eligibility for LIHEAP or any such successor program as long as the eligibility for said program does not exceed the low-income definition set by RCW 19.405.020 (WAC 194-40-030) – often referred to as "categorical eligibility" – Avista discussed the possibility of such processes with its Subcommittee. While the Subcommittee agreed that only programs with similar LIRAP income eligibility guidelines and qualification rigor comparable to that of LIHEAP would be appropriate for such verification, and that such enrollees may also be exempt from random selection for verification, the group ultimately recognized that the complexity of various design aspects would take time to develop and may not be ready for the October 2023 implementation of the proposed LIRAP modifications. As such, continued work is needed to, among other things, properly identify programs with similar means testing and income eligibility, establish partnerships with those organizations to share client information for auto-enrollment (and/or those organizations' preferred processes for enrolling their clients into the Bill Discount), determine the process to verify eligibility for categorical eligibility attestations, and consider various discount amount options based on the eligibility thresholds of various programs. This topic is part of an ongoing list of action items the Subcommittee will continue to address, with further Commission approval to be requested where applicable once experience with the LIRAP Bill Discount has been established and these additional focus areas have been appropriately evaluated.

Communication and Outreach

Throughout the aforementioned decisions made, LIRAP modifications proposed, and best practices noted, a common foundational theme is the importance of connectivity with not only Avista's customers but also with the Company's partner Agencies. The development and distribution of substantial outreach and marketing, as well as collaborating in-step with each of the administrating organizations to ensure parallel messaging and promotion, is an essential consideration as Avista looks to exponentially increase its LIRAP customer engagement now and into the future. As required by SB 5295, and codified within RCW 80.28.068(3):

> Each gas or electrical company shall conduct substantial outreach efforts to make the low-income discounts or grants available to eligible customers and must provide annual reports to the commission as to the gas or electrical company's outreach activities and results. Such outreach: (a) Shall be made at least semiannually to inform customers of available rebates, discounts, credits, and other cost-saving mechanisms that can help them lower their monthly bills for gas or electrical service; and (b) may be in the form of any customary and usual methods of communication or distribution including, without limitation, widely broadcast communications with customers, direct mailing, telephone calls, electronic communications, social media postings, in-person contacts, websites of the gas or electrical company, press releases, and print and electronic media, that are designed to increase access to and participation in bill assistance programs.

With the approval in place to now utilize its LIRAP tariff for outreach costs,[20] the Company has sought to establish an outreach approach that is broad enough to generate program awareness and encourage engagement and participation, yet tailored enough to meet its customers and

[20] See Docket No. UE-220053 et.al., Settlement Sec. (24)(c)(5).

communities where they are. Avista recognizes the importance of a comprehensive outreach plan, which includes not only communication with customers, but with its partner Agencies and community organizations as well. Such inclusion requires the use of various communication channel options, including telephone, print (newsletters, local publications, bill inserts, flyers, and other print media available for distribution or postal mailing), email, or digital media (website, QR codes, ads, or search tools), as well as ensuring in-person connection wherever possible. The Company has a robust outreach and education program that strives to engage and educate vulnerable customers (such as seniors, low-income, individuals living with disability and/or facing hardship) about bill assistance programs, effective home energy management methods and community resources. Avista achieves connectivity with these audiences through workshops, mobile and general outreach, Energy Fairs and representation or collaboration at community events. With the implementation of the Bill Discount, the Company will continue its outreach activities with heightened emphasis to promote and enroll customers into the Bill Discount. Furthermore, the Company will continue to explore the viability of the Community Partner Network (CPN) as an administrating source for customer intake for achieving increased customer engagement in hard-to-reach and underserved areas by utilizing established representatives within the communities they serve.

Having already begun its work to improve the accessibility and understandability of its outreach techniques and deliverables within its Clean Energy Implementation Plan (CEIP), Avista has committed to an internal multi-lingual transformation process, through which it plans to assess and expand its existing communication structure on an ongoing basis to ensure appropriate and accurate access to Avista’s programs, through all communication channels, for all Avista customers – specifically for whom English is not the primary language. Through these efforts, Avista has already translated all of its past due and final notices into Spanish, and is working to integrate translation services into its website. The Company is also cognizant of not only its methods of communication, but the actual verbiage it uses to communicate, and strives to eliminate utility jargon or overly complex terminology in favor of more simple, readable language.

The Company continues to work through the implementation of this multi-channel, multi-lingual approach, including the creation of unified message points and Frequently Asked Questions (FAQs) for use at both Avista as well as at the Agencies. As alluded to previously, customers enrolling in the Bill Discount or other LIRAP components, whether automatically enrolled by the

Company or after having pursued enrollment themselves, will be met with several touchpoints of awareness regarding the availability of energy assistance programs. Whether it is a pre-enrollment message informing all customers that are eligible for automatic enrollment that a discount is coming, or a letter congratulating them on their new Bill Discount, all interactions with customers will utilize the customer's preferred communications method wherever possible. When the time comes for income verification, customers will again be contacted several times in an effort to promote a verification process that is as seamless as possible – with multiple reminders and letters, all in the customer's preferred communication method, if such has been established. To ensure connectivity with the Agencies aside from the reporting previously mentioned, Avista and the CAAs will remain continuously engaged in communication regarding LIRAP's progress and shared learnings, and Avista will continue to provide information regarding local CAAs on both its website and included in all correspondence mentioning energy assistance or billing/payment options. Reporting of all communication and outreach endeavors will continue to be included in the Company's annual LIRAP Report.

IV. PROPOSED LIRAP RATE ADJUSTMENT

In previous years, Avista's LIRAP has operated based on a set annual program budget, distributed to the CAAs based on the customer meter count within each Agency's service area, with certain percentages allocated for direct customer assistance ("Direct Service" – 79.3% of total budget), some for administration and program support costs ("Admin" – 16.5%), as well as funds to be used for conservation education, including staff and labor ("ConEd" – 4.2%). Avista was also allocated 0.8% of this prior annual program budget for their own ConEd. With its approval within the GRC to "allow the budget for LIRAP to holistically follow the need",[21] the LIRAP budget will no longer be set at a specific amount with specific percentages, but rather a tariff rider mechanism – much like Avista's Schedule 191, "Demand Side Management Rate Adjustment – Washington", which is used to support the Company's energy efficiency customer programs – that is designed to match future revenue with budgeted expenditures. To ensure appropriate recovery of the funding needed to support ongoing LIRAP costs, the mechanism includes a true-up feature that reconciles the previous periods' actual expenditures and collections. As provided in the

[21] Docket No. UE-220053 et.al., SJB-1T, pg. 25.

Settlement,[22] Avista will request this true-up annually, if such an adjustment is needed, to become effective November 1st of each year; this filing is intended to be the first of these annual true-ups.

In its original estimates regarding the potential cost impact of the Bill Discount and associated arrearage assistance options, Avista utilized information from its 2020 Low-Income Needs Assessment (LINA)[23] as well as its 2021 Energy Burden Assessment (Assessment),[24] which provided that approximately 94,500 of 225,00 identified Avista households were estimated to qualify under LIRAP's income eligibility threshold (under 80% of the Area Median Income).[25] Anticipated costs impacts based on this information resulted in a potential cost impact of nearly $12 million to LIRAP for the first year of implementation.[26] While these original estimates informed the Company of the initial need, Avista soon determined that with the establishment of Performance-Based Ratemaking Metrics[27] and the ongoing analysis expectations of CETA, the Company required a more long-term solution: internal management of data regarding low-income customer trends for tracking and reporting, rather than relying on periodic third-party analytics. This updated data, while comprehensive and available in real-time, has served to increase the number of customers potentially eligible for Avista's LIRAP and, therefore, reduce the Company's previously stated saturation rates for its energy assistance programs. Avista currently estimates that approximately 129,500 customers within its Washington service territory – a 37% increase from its original estimates – are potentially under the 80% AMI threshold, and therefore eligible for LIRAP. The rate adjustment request contained within this filing is inclusive of this increase in potential customer uptake, as well as the continued provision of CAA Admin and ConEd as described herein and referenced in Settlement;[28] also included in this filing is a true-up of the estimated revenues collected for LIRAP to the actual collections for the prior October to September LIRAP program year – comprised of an estimated $4.1 million in carryover funding from the current 2022-2023 LIRAP budget, which will serve to help offset the forecasted rate increase needed to support LIRAP.

[22] Docket No. UE-220053 et.al., Settlement, Sec. 28(b).
[23] *Avista Low Income Needs Assessment.* Evergreen Economics, January 2020. Included as Attachment A to the Company's 2019-2020 LIRAP Report (Dockets UE-010436 and UG-010437).
[24] *Avista Energy Burden Assessment, Energy Burden Reduction Strategy*. Empower Dataworks, September 2021.
[25] Id., at pg. 15; 42% of households (225,000) would fall under 80% AMI.
[26] Docket No. UE-220053 et.al., SJB-1T, pgs. 23-24.
[27] Docket No. UE-220053 et.al., Settlement, Attachment B.
[28] Docket No. UE-220053 et.al., Settlement, Sec. 24(c)(i).

LIRAP Administration

As committed within the GRC, the Company has included within its forecast an increase of 7%[29] for the Agencies' Admin, in addition to the incorporation of LIRAP outreach costs,[30] which will be utilized to help expand the customer engagement and outreach of Avista's LIRAP, thereby reducing the energy assistance need within its service territory. This resulting increase provides for a total of $2,402,188 in Admin and $728,875 in ConEd to be provided to the Agencies for the 2023-2024 program year, an increase from the prior program year's $2,245,036 and $681,192, respectively.

In alignment with Section 24(b) of the Settlement, Avista agreed to "collaborate with its EAAG to determine the appropriate method, amounts, and administrative structure for future program years." For the 2023-2024 program year, the EAAG has yet to make any decisions regarding these discussions, but is committed to collaborating on this issue and will include a proposal for such funding structure changes in its September 2024 rate adjustment filing.

Requested Rate Adjustment

In accordance with RCW 80.28.425(2), with the approval of the Company's multiyear rate plan in Docket No. UE-220053 et.al. Avista must concurrently increase the amount of its low-income bill assistance by "..[a]t a minimum, the amount of such low-income assistance increase must be equal to double the percentage increase, if any, in the residential base rates approved for each year of the rate plan. The commission may approve a larger increase to low-income bill assistance based on an appropriate record." Using the residential base rates from this GRC, this would result in a minimum required increase of 4.6% for electric and 2.4% for natural gas, or $0.4 million and $0.1 million, respectively. For purposes of budgeting at the Agencies during this transitional program year, the CAAs were provided with a budget in May 2023 that contained a hypothetical increase of 7%, as historically established;[31] this increase provided the necessary 7% increase for Agencies' Admin costs, as noted above, and would have resulted in a total of nearly

[29] Docket No. UE-220053 et.al., SJB-1T, pg. 31.
[30] Docket No. UE-220053 et.al., Settlement, Sec. 24(c)(5).
[31] Order 05 in Docket UE-150204 et. al. established a five-year plan and true-up schedule which required Avista to file revisions to Schedules 92 and 192 by August 15th of each year, to increase LIRAP funding by the greater of 7 percent or 2-times the amount of any residential base rate increase, beginning October 1, 2016, with annual funding increases to continue through October 1, 2019. Order 09, in Docket UE-190334 et. al. extended the five-year funding plan through Avista's next general rate case, and Final Order 08/05 in Dockets UE-200900 et.al. further extended this funding mechanism.

$14.7 million available to serve LIRAP under the prior CAA-only administration model.[32] To more appropriately anticipate the amount of revenues needed to support LIRAP once the Bill Discount and associated arrearage assistance options are live on October 1, 2023, however, the Company is requesting an increase that brings the available LIRAP funding more in alignment with the approximate $28 million potential spend, as described below and provided within the Company's workpapers in support of this request.[33]

Avista's forecasted LIRAP expenditures, as previously described herein, are based upon a potentially eligible customer population of 129,500; the Company has built its 2023-2024 rate adjustment with an anticipated 37% saturation rate in mind, which means that Avista expects to reach and serve approximately 47,915 customers with comprehensive LIRAP benefits during the 2023-2024 program year. The table below shows the overall financial impact of this forecast for Direct Services, Agency Admin and ConEd, and Avista Outreach/ConEd.

TABLE NO. 3 – LIRAP NATURAL GAS EXPENSE FORECAST, 2023-2024

LIRAP Natural Gas Expense Forecast 2023-2024	
Bill Discount	$7,679,698
AMP	$26,961
Arrearage Forgiveness	$300,200
Emergency Share	$399,307
Other Direct Service*	$630,463
Direct Service Total	**$9,036,629**
Agency Admin	$909,973
Agency ConEd	$231,629
CAA Admin/ConEd Total	**$1,141,602**
Avista Outreach	$259,000
Avista ConEd	$44,476
Avista Outreach/ConEd Total	**$303,476**
Total LIRAP	**$10,481,707**

*6% Allocation of Direct Services to be usable by the CAAs for additional ConEd.

The estimated annual revenue change associated with this filing is an increase of approximately $6.8 million, or an increase of 3.8% in overall billed rates. The proposed rate increase will have an average monthly bill impact of $2.98 for residential natural gas customers

[32] Inclusive of Agency Direct Service, Admin, and ConEd (for both Avista and the Agencies), approximately $9,116,660 for electric services and $5,559,464 for natural gas services would have been made available within the LIRAP budget for the 2023-2024 program year under the prior model.

[33] The Company estimates total LIRAP expenses of nearly $10.5 million for natural gas, as provided in this filing, and nearly $17.8 million for electric, as provided in its parallel electric tariff Schedule 92 filing.

using 67 therms per month, or 3.0%. If approved, the average monthly bill would increase from $98.99 to $101.97. This change, however, will be made effective concurrent with the Company's annual Purchased Gas Cost (PGA) rate adjustment on November 1, 2023 – which includes Schedule 150, "Purchase Gas Cost Adjustment" and Schedule 155, "Gas Rate Adjustment – Washington" – in addition to a new schedule that will be introduced to implement the Company's Insurance Cost tracker. The combined effect of these filings will not be known until the filing date of these remaining adjustments, which is anticipated no later than September 1, 2023.

Pursuant to WAC 480-90-194(1), the Company will provide notice to customers, by way of a bill insert, in the September/October 2023 billing cycle, as well as a posting on the Company's website coincident with the date of the remaining filings. Due to the incongruent timing of these collective filings, a draft customer notice has not been provided as an attachment to <u>this</u> filing, but will be provided as a supplement to the filing once the remaining rate adjustment requests have been made and the complete rate impact to customers is known; this approach will still provide the statutory thirty days' notice required. The Company's workpapers supporting its LIRAP rate adjustment proposal have been provided.

V. <u>REMOVAL OF TARIFF SCHEDULES 102, 173, AND 189</u>

In support of the LIRAP modifications described herein, the Company requests to delete, in their entirety, its natural gas tariff Schedules 102, 173, and Schedule 189. With the discontinuation of the Company's RDP, Schedule 102 (the tariff in which the Senior/Disabled Rate Discount is detailed) and Schedule 189 (the adjustment schedule through which the revenues for the RDP are tracked) are no longer needed. As noted previously, all customers currently on RDP (Schedule 102), will be transitioned to the Company's LIRAP Bill Discount, which is applied as a percentage discount on the customer's bill, with revenues from LIRAP's Schedule 192, rather than the per-kilowatt rate discount via Schedule 102; Schedule 102 customers will be moved to the Company's residential Schedule 101 to receive the Bill Discount. With regards to Schedule 173, as it pertains to Avista's COVID-19 Residential Debt Relief Program (Debt Relief) approved by the Commission in Docket Nos. UE-210114 and UG-210115, the removal of this tariff is simply housekeeping in nature. The duration of Avista's Debt Relief was set to conclude no later than September 30, 2022, or until all allocated funds were spent; the Company completed spend of this funding in August 2021.

VI. CONCLUSION

Avista respectfully requests that the Commission approve the modifications proposed herein – including the Company's revisions to natural gas tariff Schedule 192, the associated increase in rates and charges, and the removal of natural gas tariff Schedules 102, 173, and 189 in their entirety – effective October 1, 2023. As detailed in Schedule 192, if approved, the requested rate adjustment will become effective on November 1, 2023. Pursuant to WAC 480-07-855(1)(a) and (c), the Company hereby requests a new docket for this subsequent filing and has provided a copy of this filing to all parties in Docket UE-220053 et.al.

If you have any questions regarding this filing, please contact me at (509) 495-7839 or jaime.majure@avistacorp.com.

Sincerely,

/s/ Jaime Majure

Jaime Majure
Regulatory Policy Analyst

CC: Docket UE-220053 et.al Service List

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June 30, 2023

Amanda Maxwell
Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: NEW, CNGC Advice No. W23-06-02, Cascade Arrearage Relief Energy Savings (CARES) Program

Dear Amanda Maxwell,

In compliance with RCW 80.28.068, Cascade Natural Gas Corporation (Cascade or Company) hereby submits the following tariff sheets stated to become effective August 1, 2023.

Thirty-Ninth Revision of Sheet No. 2
Twenty-Sixth Revision of Sheet No. 2-A
Original Sheet No. 20
Original Sheet No. 20-A
Original Sheet No. 20-B
Original Sheet No. 20-C
Original Sheet No. 20-D
Original Sheet No. 302
Sixth Revision of Sheet 303
Seventh Revision of Sheet 303-A
Third Revision of Sheet 303-B
Original Sheet No. 592

Cascade's filing introduces Rule 20, Cascade Arrearage Relief Energy Savings (CARES) Program, which establishes the qualifying parameters for Cascade's low-income energy burden bill discount and arrearage relief program. The filing also introduces Schedule 302, Cascade Arrearage Relief Energy Savings (CARES) Discount Rates, which establishes the income percentage tiers and their associated discount levels for energy burden and arrearage relief within the CARES program. Next, the filing introduces Schedule 592, Cascade Arrearage Relief Energy Savings (CARES) Cost Recovery, the program funding recovery mechanism. Lastly, the filing revises Cascade's Schedule 303, Washington Energy Assistance Fund (WEAF) Program, to clarify that the current low-income program will not be offered after September 30, 2023.

Pursuant to paragraph 75 of Order No. 09 issued in UG-210755, Cascade has collaborated with its WEAF Advisory Group (Advisory Group) to revamp the distribution of assistance to eligible low-income customers. The Advisory Group includes Public Counsel, Commission Staff, the Energy Project, NW Energy Coalition, Cascade, and representatives from each of Cascade's Community Action Agencies.

Since October 19, 2022, Cascade has been conducting weekly meetings with its Advisory Group to establish the new program parameters for assisting low-income customers. In accordance with paragraph 78 of Order 09 in UG-210755, Cascade has filed with the Commission all meeting materials, including agendas, handouts, and transcripts, ensuring transparency and adherence to the decision-making process. The Advisory Group has reviewed this filing and, in general, agrees with its contents with the provision that the program's effectiveness will be reviewed before the start of the 2024-2025 program year.

Building upon the goals previously established for Cascade's energy assistance program design, the Advisory Group agreed to the following goals for the new program: reduce customers' energy burden, keep customers connected to energy service, provide energy assistance to more customers than are currently served, collect data necessary to assess program effectiveness and inform ongoing policy discussions, and maximize the use of funding for energy assistance from government sources, e.g., LIHEAP. [1]

The CARES Program, as established in Rule 20 and Schedule 302, aims to provide qualifying low-income customers with an energy discount on their monthly gas bill for a 24-month term, plus arrearage relief, if needed. The program features five tiers of discounts with each tier offering a different discount rate based on the customer's cumulative household income and number of residents in their household. The tiers are designed to reduce the customer's gas energy burden to three percent (3%) and three and a half percent (3.5%) of their total income, aligning with the targeted 6% total gas and electric burden established by Clean Energy Transformation Act and codified in RCW 19.405.120.

Collaboration with the Advisory Group, consisting of representatives from various investor-owned utilities' advisory groups in Washington, has facilitated the alignment of Cascade's program with similar discount programs that will be offered by other utilities within overlapping service territories. This alignment in messaging about tiers and discounts will reduce the potential for customer confusion.

Complementing the energy burden discount program is the arrearage relief component. Qualifying customers who participate in the energy burden discount program with past-due balances will be offered a generous upfront grant applied directly to their arrearage. This grant of up to $1,000.00, available once every two years, is immediate and irrevocable, allowing customers to alleviate their arrearage without a gradual credit-earning process typically associated with arrearage management programs. Customers in lower income brackets may receive up to 100% arrearage relief, while those with higher income may be placed on a time payment arrangement of up to 24 months for the remaining balance.

Cascade is asking for the tariff sheets to become effective August 1, 2023. However, the program will not be available until October 1, 2023, to allow timely implementation of the program for billing system changes, marketing materials, and other program design matters to be in place to allow for a trouble-free launch.

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[1] Cascade Natural Gas 2015 General Rate Case, Dkt. UG-152286, Order 04, Exhibit A: Joint Settlement Agreement, ¶ 27 (July 7, 2016).

Removing Barriers to Enrollment

In response to Senate Bill 5295's requirement for enhanced low-income programs as codified in RCW 80.28.068, Cascade and its Advisory Group have taken measures to remove barriers to enrollment. Provisions include allowing customers to declare their income and household size for program qualification and acceptance of enrollment in state or federal low-income assistance program to qualify or verify declared income.

Also, the Company will automatically enroll 2022-2023 program recipients of Low-Income Home Energy Assistance Program (LIHEAP), WEAF, and Winter Help into the energy discount portion of CARES. These customers will be notified of their enrollment. Placement into the program tiers will be based on the customer's federal poverty level (FPL) or county's area median income (AMI) that was provided with 2022-2023 assistance application. If no FPL or AMI information was provided, then the default program relief will be Tier 4. These customers may contact Cascade or the agencies to unenroll or update their income status to possibly increase their discount assistance. Customers who are not auto enrolled may participate in the program by contacting one of the designated agencies which will function as a gateway to multiple assistance programs, providing information and enrollment opportunities for non-utility assistance programs when appropriate.

LIHEAP grants will be applied to customers' accounts before enrollment into Cascade's program, ensuring the utilization of both state and federal assistance programs and preventing a shift of energy assistance costs from either state or federal funds to ratepayer dollars.

Another means for reducing barriers to enrollment is the engagement of Community Based Organizations (CBOs) to provide program information to communities that may traditionally be difficult to reach. In compliance with paragraph nos.75 and 76 in Commission Order No. 09 issued in UG 210755, the Company will pilot the use of CBOs for three years (October 1, 2022, through September 30, 2025). The annual budget for CBO activities will be between $73,000 and 5% of the program budget. At the end of the pilot period, the Advisory Group will assess the CBOs' work and determine if any refinements to CBO outreach are warranted.

The program design aims to be considerate of customers experiencing poverty or facing life crises. It offers generous discounts, simplifies the application process, and does not impose punitive measures typically found in arrearage management programs that make assumptions about customer behavior rather than considering hardship as the primary reason for non-payment.

Program Delivery Fees

Agencies will administer the CARES Program, qualifying customers and performing income verification as needed. The Company will compensate Agencies for the costs of CARES program delivery by paying an amount equal to 25% of the energy discount and arrearage relief provided in the prior program year and will allocate the payment to each agency based on the number of customers the agency enrolled in that prior year. However, in the first program year, the agency payment will be equal to 25% of forecasted customer benefits, assuming 10% of customers identified as income-qualified in the "Cascade Natural Gas Corporation: Low-Income Rate Analysis for Washington Report" (LINA Report) enroll in the program.[2] The first-year annual payment will be allocated to agencies based on the number of qualifying customers in each county and will not be adjusted or trued up.

Program Costs

Cascade estimates that the total program costs for the first program year will be approximately $3,321,000 or 1.3% increase in overall rates, assuming a 10% participation rate among eligible customers. The breakdown of program costs is detailed in Table 1 below:

Table 1 – Program Costs

Cost Component	Amount	Percentage
Arrearage Management	$ 1,549,286	46.7%
Energy Discount	$ 895,281	27.0%
Cascade Administrative	$ 187,990	5.7%
CBOs	$ 77,464	2.3%
Agency Payment	$ 611,142	18.4%
Total	**$ 3,321,000**	**100.0%**

If all customers identified as income-qualified per the LINA Report provided as Appendix A are enrolled in the program, the estimated total program cost would be $32,272,000 resulting in a 12.4% increase in overall rates.

The first year program costs are projected to be below the revenue limit threshold within RCW 80.28.425(2) that states, "the commission may approve, disapprove, or approve with modifications any proposal to recover from ratepayers up to five percent of the total revenue requirement approved by the commission for each year of a multiyear rate plan for tariffs that reduce the energy burden of low-income residential customers including, but not limited to: (a) bill assistance programs; or (b) one or more special rates . . ."

The Company will utilize deferred accounting to track revenues and expenses associated with this program. An accounting petition, previously filed on April 14, 2023, in Docket UG-230243, to request authorization to defer program costs, is revised concurrently with the submission of this advice filing. The revised petition contains updated cost assumptions that are also included in the attached workpaper, NEW-W23-06-02-CARES-Program-WP-06-30-23.xlsx.

Schedule 592, CARES Cost Recovery

CARES Program costs will be recovered in Schedule 592, which allocates costs to each rate schedule based on customer class base revenue, as determined in UG-210755. Monthly per-therm charges are derived by dividing the allocations by the annual therm usage for each rate class. Further details are provided in the attached workpaper, NEW-W23-06-02-CARES-Program-WP-06-30-23.xlsx.

The average residential customer on Schedule 503 is estimated to experience a monthly bill increase of $0.70 or 1% based on the initial forecasted program costs. Similarly, an average small commercial customer on Schedule 504 will see a monthly bill increase of $2.75 or 0.9%. Estimated bill impacts for each schedule are outlined in Table 2 below:

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[2] Forefront Economics, Inc., H. Gil Peach & Associates, LLC. "Cascade Natural Gas Corporation: Low-Income Rate Analysis for Washington Report," May 31, 2022. (See Appendix A.)

Table 2 – Estimated Bill Impacts

	Sch. 503	Sch. 504	Sch. 505	Sch. 511	Sch. 570	Sch. 663
Program Costs	$1,631,167	$886,003	$79,915	$65,267	$4,997	$653,652
Average Bill	$72.11	$322.81	$6,255.56	$16,491.21	$21,434.65	$12,940.93
Increase/Month	$0.70	$2.75	$13.65	$60.43	$52.05	$289.23
% Increase	1.0%	0.9%	0.2%	0.4%	0.2%	2.2%
$ per therm	$0.01238	$0.00950	$0.00600	$0.00516	$0.00214	$0.00102

If all customers identified as income-qualified per the LINA Report are enrolled in the program, the average residential customer will experience an additional $6.76 or 9.4% per month on their bill.

Revise Schedule 303, Washington Energy Assistance Fund (WEAF)

Schedule 303, which outlines the WEAF grant program parameters, is revised to state that service under the Schedule is not effective after September 30, 2023. The decision to eliminate the WEAF grant program was made collectively by the Company and its Advisory Group, considering that this newly created, holistic low-income program already provides substantial ongoing assistance. LIHEAP and Winter Help will continue to be available for unforeseen crises that the newly proposed programs do not address.

WEAF Advisory Group Reporting

Cascade respectfully requests that the Commission discontinue the requirement stated in paragraph no. 78 of Order 09 in Docket UG-210755 that requires the Company to file all Advisory Group meeting transcripts and materials with the Commission. With the adoption of the CARES Program, this reporting requirement will no longer be necessary.

General

While the Advisory Group generally agrees with the program design presented in this filing, it is natural for parties to concede preferences to achieve consensus. The Company and its Advisory Group commit to monitoring the 2023-2024 program year and discussing potential modifications for the 2024-2025 program year.

As mentioned earlier, Cascade is asking for the tariff sheets to become effective August 1, 2023, however the program will not be available until October 1, 2023. This aligns with the current WEAF program year, aligns with the program years used by other energy assistance programs across the state (including LIHEAP), and allows timely implementation of the program for billing system changes, marketing materials, and other program design matters to be in place to allow for a trouble-free launch.

For any inquiries regarding this filing, please direct your questions to Chris Mickelson at (509) 734-4549.

This filing contains the following files:

NEW-W23-06-02-CARES-Program-CLtr-06-30-23.pdf
NEW-W23-06-02-CARES-Program-Trf-06-30-23.pdf
NEW-W23-06-02-CARES-Program-Leg-Trf-06-30-23.pdf
NEW- W23-06-02-CARES-Apdx-A-06-30-23.pdf
NEW-W23-06-02-CARES-Program-WP-06-30-23.xlsx

Cascade appreciates the Commission's prompt review and consideration of its filing to provide energy discounts and arrearage relief to qualifying low-income customers in compliance with RCW 80.28.068.

Sincerely,

/s/ *Lori A. Blattner*

Lori A. Blattner
Director, Regulatory Affairs
Cascade Natural Gas Corporation
8113 W Grandridge Blvd
Kennewick, WA 99336-7166

Enclosures

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SUPPLEMENTAL SCHEDULES

(D)

RULE 20
CASCADE ARREARAGE RELIEF ENERGY SAVINGS (CARES) PROGRAM

PURPOSE

The purpose of this rule is to define the parameters for applying an energy burden discount on a qualifying customer's monthly gas bill and a one-time, up-front arrearage relief discount on a customer's outstanding balance, if applicable.

AVAILABILITY

This rule applies to residential customers or household members of a dwelling served on Schedule 503, Residential Service Rate, who have declared that their household is low-income.

LOW-INCOME DEFINITION

A customer is considered low-income if their gross cumulative household income for a specific timeframe within the last twelve months, extrapolated for twelve months, adjusted per the table below, does not exceed 80% of the county's area median income (AMI) or 200% Federal Poverty Level (FPL) for a household with the same number of occupants.

Gross Income Type	Types of Income	Gross Deduction
Fixed Income, not taxed	SSA, SSDI, SSI, Pension, Unemployment, VA	0%
Fixed income, taxed	SSA, SSDI, Pension, Unemployment	10%
Earned Income, taxed	Regular earnings from a job	20%
Self-Employment	1040 or Any type of self-employment that has costs associated with it	50%
Other Cash Income	TANF, Child Support	0%

PROGRAM DELIVERY

The program will be administered by the designated Agencies listed in the table below that already administer Low-Income Home Energy Assistance Program (LIHEAP) funds to Cascade's customers and have executed agreements for program delivery with the Company.

Agencies	
Blue Mountain Action Council	Kitsap Community Resources
Chelan-Douglas Community Action Council	Lower Columbia Community Action Program
Coastal Community Action Council	Northwest Community Action Program
Community Action Connections	Opportunities Industrialization Center of WA
Community Action Council of Lewis, Mason & Thurston Counties	Opportunity Council
Community Action of Skagit County	Snohomish County Human Services Department

(continued)

RULE 20
CASCADE ARREARAGE RELIEF ENERGY SAVINGS (CARES) PROGRAM

APPLICATION FOR CARES
Customers or household members may apply for the program by contacting an Agency or completing an online application on www.cngc.com. Applications submitted on the Company's website will be provided to the agencies for processing.

DECLARED INCOME VERIFICATION PROCESS
Customers may qualify for service under this rule by declaring that their household is low income The Company may randomly select up to five percent (5%) of customers, who enrolled by declaring their low-income status, for post-enrollment verification of their declared income.

If a customer selected for income verification fails to provide timely documentation of income, they may be removed from the program but will not be required to reimburse the Company for any discounts received prior to removal.

If a customer who has been removed from CARES for failing to verify their household income provides the Agency documentation verifying income within 60 days after being removed from the program, the Company will reenroll the customer into CARES and will credit the customer's account for the discount the customer would have received had the customer not been removed from the program.

TERM
Qualifying customers are enrolled in CARES for twenty-four (24) months, after which time it is the customer's responsibility to reapply for continued service in this program by contacting an Agency or submitting a completed application form found on the Company's website. The twenty-four-month term restarts the full billing month after the complete expenditure of a newly applied federal or state credit (e.g., LIHEAP) on the customer's account or upon the application of a new Winter Help credit.

PROGRAM YEAR
The program year is a 12-month period starting October 1 of each year.

PROGRAM COSTS
Program costs, including discounted amounts, outstanding arrearage relief amounts, program delivery, and marketing, will be tracked for collection through Schedule 592, CARES Cost Recovery.

(continued)

RULE 20
CASCADE ARREARAGE RELIEF ENERGY SAVINGS (CARES) PROGRAM

AGENCY PAYMENT
The Company will annually compensate Agencies for the cost of CARES Program delivery by paying an amount equal to 25% of the benefits provided to customers in the prior program year. This total amount will be allocated to Agencies in the following manner: 25% of total program benefits paid in the prior program year will be divided by the total number of customers enrolled in the program in the prior program year thus determining an average benefit per enrollment. Each Agency will be paid the average benefit per enrollment multiplied by the number of customers they enrolled in the prior year. However, in the first program year, Agency payment will equal 25% of forecasted customer benefits in each county, assuming that 10% of customers identified as income-qualified in the “Cascade Natural Gas Corporation: Low-Income Rate Analysis for Washington Report” enroll in the program.

AUTO-ENROLLMENT
Upon program commencement, customers who received LIHEAP, Washington Energy Assistance Fund (WEAF), or Winter Help in the 2022-2023 program year will be automatically enrolled in the energy discount portion of CARES. The Company will utilize available information to place customers into the appropriate income tier for the energy discount. If income information is not available, the customer will be placed in Tier 4 of the program. If an auto-enrolled customer declares having a household income that qualifies them for a higher discount rate, the Company will enroll the customer in the appropriate tier at the next billing cycle.

PROGRAM MARKETING
The Company and Agencies will collaborate on a joint communications plan to market the CARES program using various channels. The Agencies will also engage Community Based Organizations (CBOs) for outreach to disadvantaged and hard-to-reach customer groups, per Commission Order No. 09 issued in Docket UG 210755.

The use of CBOs will be piloted for three years (October 1, 2022, through September 30, 2025). The annual budget authorized for CBO activities will be between $73,000 and 5% of the program budget. At the end of the pilot period, the Advisory Group will assess the CBOs’ work and determine if any refinements are needed.

(continued)

RULE 20
CASCADE ARREARAGE RELIEF ENERGY SAVINGS (CARES) PROGRAM

ADVISORY GROUP
An Advisory Group consisting of key stakeholders, including Public Counsel, Commission Staff, the Energy Project, NW Energy Coalition, Cascade, and representatives from each of the Agencies, will discuss and provide advice to the Company on program-related matters. This includes identifying and reviewing data necessary to design the program and meet the following goals: reduce customers' energy burden, keep customers connected to energy service, provide energy assistance to more customers than are currently served, collect data necessary to assess program effectiveness and inform going policy discussions, and maximize the use of funding for energy assistance from government sources, e.g., LIHEAP. The advisory group will hold meetings at least twice a year via teleconference or in person. While the advisory group can offer guidance and suggestions, the Company is not bound to follow their recommendations when submitting proposals or tariff changes to the Commission.

ENERGY DISCOUNT TERMS AND CONDITIONS
1. The energy discount offered under CARES will not be prorated upon initiation of service but will begin at the start of the first full billing month after the customer has qualified for the program.

2. A customer receiving a bill discount may still be eligible to apply for other available financial assistance programs, such as LIHEAP and Winter Help. However, when state or federal financial assistance is applied (e.g., LIHEAP), the customer's enrollment in CARES will be temporarily suspended until the grant is fully utilized. Once the grant is exhausted, the customer will resume service in CARES at the beginning of the next full billing month and service will resume for a 24-month term. These provisions are not applicable to non-governmental, third-party payments such as those from friends, relatives, or churches.

ARREARAGE RELIEF TERMS AND CONDITIONS
1. The arrearage relief percentage is an upfront, irrevocable credit applied to the customer's bill within a few business days of qualifying for the program.

2. A customer who receives partial arrearage relief may be placed on a time payment arrangement (TPA) for up to 24 months to pay their remaining past due balance. The unpaid balance will be billed in equal amounts over the term of the TPA.

3. A customer may receive up to $1,000 of arrearage relief once every twenty-four (24) months.

4. Payment credits or grants received, such as those from LIHEAP or Winter Help, will be applied to a full, non-discounted arrearage before any benefits from this program are applied.

(continued)

RULE 20
CASCADE ARREARAGE RELIEF ENERGY SAVINGS (CARES) PROGRAM

GENERAL TERMS AND CONDITIONS

1. Energy discounts and arrearage relief rates for service on the CARES Program are established in Schedule 302, Cascade Arrearage Relief Energy Savings (CARES) Discount Rates.

2. A customer may only apply for service under this rule by declaring their household income once per program year. Customers seeking to requalify for additional energy assistance more than once per program year must provide income documentation to an Agency.

3. A customer receiving CARES service is not obligated to report a change in income during the enrollment term but may choose to do so, in which case, the bill assistance tier will be modified to reflect the customer's most recent income data.

4. Service under this rule is governed by the terms of this schedule, the rules contained in this Tariff, any other schedules that apply to service under this schedule, and all rules and regulations prescribed by regulatory authorities, as amended from time to time.

ANNUAL REPORT

By January 15, the Company will file an annual report with the Commission regarding the performance of the program. The report will provide information on the total dollars spent, dollars discounted from energy bills, dollars allocated for arrearage relief, program delivery costs incurred by the Agencies, the number of households served per each Agency, program expenditures on marketing, an overview of CBO activities, and a comparison of program results with the previous program year. The Advisory Group may specify additional content for the report.

By evaluating key metrics and comparing them to previous years, the report will be used to facilitate an informed assessment of the program's impact on eligible customers and to identify areas for improvement.

SCHEDULE 302
CASCADE ARREARAGE RELIEF ENERGY SAVINGS (CARES) DISCOUNT RATES

PURPOSE
The purpose of this schedule is to define the discount assistance for customers who have qualified for low-income bill payment assistance and arrearage relief, if applicable, as established in Rule 20, Cascade Arrearage Relief Energy Savings (CARES) Program.

APPLICABILITY
This schedule is for residential customers served on Schedule 503 who have qualified for CARES Program service per the parameters established in Rule 20.

BILL ASSISTANCE
The following energy discount and arrearage relief discounts are available to Customers receiving service on the CARES Program. The discount tier for which a customer qualifies corresponds to the customer's cumulative household income and the number of household occupants at the time the customer enrolled in the CARES Program.

Service on this schedule is available on and after October 1, 2023.

	Income Tier Level		Energy Discount	Arrearage Relief (if applicable) *
Tier	FPL	AMI		
1	0-20%	0-4%	90%	100%
2	21-50%	5-12%	71%	100%
3	51-100%	13-24%	40%	90%
4	101-150%	15-36%	15%	70%
5	151-200%	37-80%	8%	50%

*Arrearage relief may be limited to $1,000 per 24-month term of service in CARES.

GENERAL TERMS
Service under this adjustment schedule is governed by the terms and conditions outlined in this schedule, the Rules contained in this Tariff, any other applicable schedules, and all rules and regulations prescribed by regulatory authorities, subject to amendments from time to time.

SCHEDULE 303
WASHINGTON ENERGY ASSISTANCE FUND (WEAF) PROGRAM

***********Service on this Schedule is Not Available after September 30, 2023***********

AVAILABILITY
To residential customers served on Schedule 503, household members of a dwelling served on Schedule 503, and applicants for residential service who will use a WEAF grant to establish service within no more than five business days. An applicant must demonstrate that their household income does not exceed the higher of 80% of area median household income or 200% of federal poverty level, adjusted for household size. The average gross income for a WEAF household is determined for income received during 3 calendar months prior to the month of application. If an applicant is determined ineligible using a 3-month average, the applicant's eligibility using documented income of the most recent 30 days prior to application will be used.

PROGRAM YEAR
The program year is October 1 through September 30.

PROGRAM ADMINISTRATION
The program will be administered and delivered through designated agencies (Agencies) that meet the following criteria:

1) An Agency is an organization that administers Low Income Home Assistance Program (LIHEAP) funds to Cascade's customers. While not exhaustive of all potential Agencies, the list below includes all community action agencies currently administering LIHEAP and WEAF to Cascade customers:

Qualifying Organization
Blue Mountain Action Council
Chelan-Douglas Community Action Council
Coastal Community Action Council
Community Action Connections
Community Action Council of Lewis, Mason & Thurston Counties
Community Action of Skagit County
Kitsap Community Resources
Lower Columbia Community Action Program
Northwest Community Action Program
Opportunities Industrialization Center of WA
Opportunity Council
Snohomish County Human Services Department

2) The Company has determined the Agency is capable of meeting performance obligations under this program. The Company may evaluate this annually based on various factors including past performance; and

(continued)

SCHEDULE 303
WASHINGTON ENERGY ASSISTANCE FUND (WEAF) PROGRAM

*********Service on this Schedule is Not Available after September 30, 2023********* (N)

PROGRAM ADMINISTRATION (continued)

3) The Agency has executed a contract with the Company establishing roles and responsibilities consistent with this Schedule. Failure to comply with requirements in the contract may result in termination from the role of program administrator.

WEAF FUNDING
Eligible WEAF customers may receive a WEAF grant or grants totaling no more than $625 WEAF per household per program year and no less than $125 per household per program year; these changes apply to the entire program year. In no instance will the Company accept a WEAF grant or grants when the customer's account has an existing credit equal to or greater than $300 where that credit is solely from a charitable grant or grants such as WEAF, LIHEAP, and Winter Help.

A qualifying customer who has received a WEAF grant who moves and re-establishes service within the Company's Washington service territory within ten business days may have the credit balance from the grant(s) transferred to the account for the new service address.

In no instance shall WEAF grants or credits on an account attributed to a WEAF grant be paid in cash to a customer or any other household member.

ADMINISTRATION FEES
The Company will pay Agencies an administrative fee of $75 per household qualified for a WEAF grant. One fee per household will be paid per program year.

COMMUNITY-BASED ORGANIZATIONS COSTS
The Company will fund community-based outreach programs and authorize a budget of $73,000 in the first year and up to five percent of the annual WEAF program budget each year afterwards. This pilot will run for three years, which will allow the Company and its advisory group to collaborate, establish, and reevaluate the program.

PROGRAM COSTS
Program costs will be collected through Schedule 593. The Schedule 593 rate will be set annually to ensure collections for the program year budget plus any unspent funding from the prior year are no more than $1,531,200 annually.

(continued)

SCHEDULE 303
WASHINGTON ENERGY ASSISTANCE FUND (WEAF) PROGRAM

*********Service on this Schedule is Not Available after September 30, 2023********* (N)

ANNUAL REPORTING
By January 15, the Company will file with the Commission an annual report on WEAF program performance that will detail total dollars spent, dollars awarded to customers, dollars spent on delivery Agencies' administrative costs, number of households served per Agency, average award per household per Agency, and program dollars spent on marketing that is done by the Company or the Agencies. The report will also include a discussion on how the program's performance compares to prior years.

ADVISORY GROUP
An Advisory Group comprised of key stakeholders including Public Counsel, Commission Staff, the Energy Project, Cascade Staff, and representatives from the Community Action Agencies shall discus and advise the Company on program related matters such as the evaluation of the program's performance, ongoing administrative concerns, the annual program budget and potential alternative program designs. The advisory group will meet via teleconference or in person no less than twice yearly. The advisory group may provide guidance and suggestions, but their input does not preclude the Company from submitting proposals or tariff changes to the Commission that do not have the support of the advisory group or a majority of its participants.

GENERAL TERMS
Service under this schedule is governed by the terms of this schedule, the Rules contained in this Tariff, any other schedules that by their terms or by the terms of this schedule apply to service under this schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

SCHEDULE 592
CASCADE ARREARAGE RELIEF ENERGY SAVINGS (CARES) PROGRAM COST RECOVERY

PURPOSE
This adjustment schedule collects or refunds the CARES Program deferral balance, authorized per UG-230243, in accordance with the parameters established in Rule 20 and Schedule 302.

APPLICABILITY
This adjustment schedule applies to the following rate schedules: 503, 504, 505, 511, 570, and 663

ADJUSTMENT TO RATE
The Company will file for an annual adjustment to this schedule to ensure that forecast collections do not exceed forecast program year expenditures, taking into account carryover funds.

ADJUSTMENT RATE
The following adjustment rates will apply on a per therm basis for each rate schedule, effective on October 1, 2023, as listed in the table below:

RATE SCHEDULE	ADJUSTMENT RATE (PER THERM)
503	$0.01238
504	$0.00950
505	$0.00600
511	$0.00516
570	$0.00214
663	$0.00102

GENERAL TERMS
Service under this adjustment schedule is governed by the terms and conditions outlined in this schedule, the Rules contained in this Tariff, any other applicable schedules, and all rules and regulations prescribed by regulatory authorities, subject to amendments from time to time.

Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
pse.com

July 6, 2023

Filed Via Web Portal

Amanda Maxwell, Executive Director and Secretary Washington
Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Advice No. 2023-26
Puget Sound Energy's Electric Tariff Revision

Dear Director Maxwell:

Pursuant to RCW 80.28.060, and WAC 480-80-101 and -105, please find enclosed for filing the following proposed revisions to the WN U-60, tariff for electric service of Puget Sound Energy ("PSE" or "the Company"):

Original	Sheet No. 7BDR	Bill Discount Rate
Original	Sheet No. 7BDR-A	Bill Discount Rate (Continued)

Purpose of Filing and Background

The purpose of this tariff filing is for PSE to offer a new optional service as a part of its efforts to develop and enhance its services for low-income customers and to help ensure that customers have access to energy that is affordable, safe, and sustainable. PSE is proposing to establish a new tariff schedule service, Schedule 7BDR – Bill Discount Rate ("Bill Discount Rate" or "BDR") to be offered to its electric customers, in compliance with the Commission's Order No. 24/10[1].

PSE originally submitted this tariff filing as a compliance filing on June 30, 2023 in accordance with WAC 480-07-880. At the request of Commission Staff, PSE is re-submitting this as a subsequent filing.

[1] Paragraphs 11 and 263 in Final Order Rejecting Tariff Sheets; Approving Settlements, with Conditions; Authorizing and Requiring Compliance Filing ("Orders 24/10, "Orders"), in consolidated Dockets UE-220066, UG-220067 and UG-210918

Interested Party Engagement
Prior to this filing, PSE partnered with the Low-Income Advisory Committee ("LIAC") and Community Action Partnership Agencies to design the Bill Discount Rate, including evaluating ways to provide bill discounts to customers with eligible incomes. This increased the LIAC's involvement in the Bill Discount Rate program design and enhanced the coordination of PSE's low-income related programs.

PSE held regular meetings with the LIAC Small Workgroup from December 2022 through June 2023. January through April, these were generally held twice per week, with May and June dropping to once per week or fewer as the need for regular sessions was reduced (approximately 40 meetings have been conducted to-date). Topics ranged broadly across requirement areas of the program. Some of the larger areas of discussion included: the overall program tier structure (number of tiers, income brackets for each, and percentage discounts) with considerable data analysis conducted for and presented during these discussions, the requirements and processes surrounding program application, how income will be defined and collected, declared eligibility, eligibility verification, program expiration and re-enrollment, overall program administration, and all of the interaction points and changes to PSE HELP to align with the Bill Discount Rate and associated processes.

PSE agrees that the LIAC will periodically re-evaluate the BDR program design to consider revisions to the BDR. Before October 1, 2024, PSE and the LIAC plan to revisit the following:

- are the BDR tiers and discount percentages, together with PSE HELP, generally reducing participating customers' energy burden to at or below 6% of their total annual income on average,
- customer experience and application process, including languages available,
- program administration and implementation,
- enrollment term,
- eligibility verification selection process and sample size, and
- categorical eligibility and automatic enrollment.

PSE agrees that the LIAC will revisit the issue of implementing the BDR in a manner that maximizes the use of government funds in the first quarter of 2024, using data received after the implementation of the Bill Discount Rate, with the goal of ensuring government funds (*e.g.*, LIHEAP) are both available and used before ratepayer funds, where possible. By April 2025, the LIAC will again evaluate the entire assistance portfolio after the Arrearage Management Plan has been implemented. PSE will collect and report to the LIAC data concerning the use of federal vs. ratepayer funds and the impact on customer benefits. PSE will endeavor to make the changes discussed with the LIAC regarding maximizing government funds within the calendar year the changes are discussed with the LIAC. PSE agrees to maintain a budget for continuous improvement of its energy assistance and billing software through December 31, 2025.

Cost Recovery
Consistent with Commission's Order No. 24/10[2], prior to October 1, 2023, PSE will establish electric Schedule 129D, Bill Discount Rate Rider, which allows the Company to recover the cost of its Bill Discount Rate, including administrative costs. PSE will file updated Schedule 129D rates in 2024 and beyond as appropriate.

Arrearage Management Plan
Concurrent with this filing, PSE is making a compliance filing seeking acknowledgement of its draft Arrearage Management Plan ("AMP") program design. PSE will partner with the LIAC to evaluate the program design and finalize an AMP which will be filed with the Commission prior to October 2024.

The Customer Experience
Customer engagement and enrollment will begin on October 1, 2023, concurrent with the launch of the Bill Discount Rate service. To gain visibility and customer engagement, PSE is planning the following customer engagement elements:

- In addition to linking to the application portal, the program page on pse.com will feature a widget, which after inputting household income, number in household and county of residence, will provide the customer with a preliminary indicating whether the customer appears to qualify. It will then direct the customer to the application portal. The purpose of this widget is to increase customer engagement and add motivation for completing the application process.
- Program support – Beginning October 15, 2023, PSE will engage in a bilingual campaign that includes community outreach, social media and digital advertising, radio and direct mail, and PSE-owned channels such as the pse.com homepage, presence on PSE's Facebook page, and the monthly Voice bill newsletter with mentions on billing envelopes.

PSE Roles and Obligations
PSE will open the Bill Discount Rate for enrollment beginning October 1, 2023. To receive the discount under Schedule 7BDR, a customer must declare their eligibility during the enrollment process. A participating customer who is determined to meet the eligibility requirements will need to re-declare their eligibility every thirteen months. Each year, PSE will select at random a sampling of customers and will request additional information to verify customer eligibility. In the first program year, PSE will choose a sample size of five percent of its applicants. In subsequent program years, PSE will work with the LIAC to revisit the appropriate means of selection and sample size.

In addition to charges under the customer's existing electric service schedule, Schedule 7BDR monthly rates include a percentage of credit which will apply to the customer's monthly Basic Charge and the Electricity Charge which is listed on the customer's bill. Discounts will

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[2] Paragraphs 11 and 263 in Final Order Rejecting Tariff Sheets; Approving Settlements, with Conditions; Authorizing and Requiring Compliance Filing ("Orders 24/10", "Orders"), in consolidated Dockets UE-220066, UG-220067 and UG-210918

commence with the customer's normal billing cycle for that specified account under which the customer is already taking service. The discount tier the customer receives will be determined by the customer's declared eligibility during the enrollment process. The discount provided in each tier, when combined with PSE's other energy assistance programs, is designed to reduce the average participant's energy burden to less than six percent of their total annual income.

A customer taking service under the Time Varying Rate Pilot ("TVR") Schedule 317 (Residential Time-of-Use with Peak Time Rebate) who is also taking service under Schedule 7BDR will have any applicable Peak Time Rebate Credit adjusted by the same percentage as their Bill Discount Rate Adjustment Discount Tier in Schedule 7BDR. The Peak Time Rebate Credit under Schedule 317 is commensurate to the difference between the cost for consuming electricity during critical peak events and peak periods. For customers taking service under Schedule 7BDR, the Peak Time Rebate Credit shall be adjusted to reflect the Bill Discount Rate Adjustment they receive, preserving the critical peak rate to peak rate ratio needed to measure customer responsiveness to Peak Time Rebate Credits and to compare that responsiveness to that of customers receiving different discounts on Schedule 7BDR and customers that are not taking service under Schedule 7BDR for TVR pilot evaluation purpose.

The tariff sheets described herein reflect an issue date of June 30, 2023, and effective date of August 11, 2023. Posting of proposed tariff changes, as required by law and the Commission's rules and regulations, is being completed through web, telephone and mail access in accordance with WAC 480-100-193. As required by WAC 480-07-880(3) a copy of this compliance filing is being served on each party to the general rate case proceeding. The filing is being served via email.

Please contact Veronica Martin at veronica.martin@pse.com for additional information about this filing. If you have any other questions, please contact me at (425) 462-3946.

Sincerely,

/s/ Birud D. Jhaveri

Birud D. Jhaveri
Director, Regulatory Affairs
Puget Sound Energy
PO Box 97034, BEL10W
Bellevue, WA 98009-9734
425-462-3946
Birud.Jhaveri@pse.com

cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachments: Electric Tariff Sheets (listed above)
Certificate of Service

PUGET SOUND ENERGY
Electric Tariff G

SCHEDULE 7BDR
BILL DISCOUNT RATE

(N)

AVAILABILITY: Service under this schedule is available beginning October 1, 2023, to Customers taking Electric Service on any of the following schedules: 7, 307, 317, and 327.

PURPOSE: This schedule provides discounted monthly rates for low-income residential Customers who meet Company-established eligibility requirements. This rate is one part of several bill-assistance services the Company offers to reduce a customer's energy burden.

ELIGIBILITY: To receive the discount under this schedule, a Customer must declare their eligibility during the enrollment process. A participating Customer who is determined to meet the eligibility requirements will need to re-declare their qualifications every year. Each year, the Company will select at random a sampling of Customers and will request additional information to verify Customer eligibility. Service under this schedule is limited to one residential electric Point of Delivery per Customer.

ENROLLMENT: The Customer must complete the Company's enrollment process to participate in this service. Initiation of service under this schedule will occur following acceptance and processing of the enrollment request by the Company.

DE-ENROLLMENT BY CUSTOMER: The Customer is required to notify the Company prior to their desired termination date in the service. Termination of service under this schedule will follow receipt and processing of the termination by the Company. There is no minimum term for this service.

DE-ENROLLMENT BY COMPANY: The Customer must declare eligibility under this schedule upon enrollment and re-declare their qualifications every year. Each year, the Company will select at random a sampling of Customers and will request additional information to verify Customer eligibility. Any Customer who fails to re-declare or to provide eligibility verification within ninety (90) days if requested may be removed from this schedule by the Company.

(Continued on Sheet No. 7BDR-A) (N)

SCHEDULE 7BDR (N)
BILL DISCOUNT RATE (Continued)

FUNDING: Funds collected under electric Schedule 129 Low Income Program that were not distributed by the end of the Program year that they were designated for may be utilized for the funding of this schedule. Any additional funding required for the discount provided in this Schedule as well as for program costs will come from the Bill Discount Rate Rider Schedule 129D.

BILL DISCOUNT RATE ADJUSTMENT: In addition to charges under the Customer's existing Electric Service schedule, Schedule 7BDR monthly rates include a percentage of credit which will apply to the Customer's monthly Basic Charge and the Electricity Charge which is listed on the Customer's bill. Discounts will commence with the Customer's normal billing cycle for that specified account under which the Customer is already taking Electric Service.

Discount Tier	Qualifying Monthly Household Income Limit	Discount Amount
1	0% FPL to ≤ 20% FPL*	45%
2	>20% FPL to ≤ 50% FPL	40%
3	>50% FPL to ≤ 100% FPL	20%
4	>100% FPL to ≤ 150% FPL	15%
5	>150% FPL to ≤ 200% FPL	10%
6	>200% FPL to ≤ 80% AMI**	5%

*FPL: Federal Poverty Level

**AMI: Area Median Income

A Customer taking service under Schedule 317 (Residential Service Time-of-Use with Peak Time Rebate) who is also taking service under this schedule will have any applicable Peak Time Rebate Credits adjusted by the same percentage as their Bill Discount Rate Adjustment Discount Tier in this Schedule 7BDR Bill Discount Rate.

GENERAL RULES AND PROVISIONS: Service under this schedule is subject to the General Rules and Provisions (Schedule 80) contained in this tariff. (N)