


PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 15, 2015

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE January 1, 2016

DATE: December 4, 2015

TO: Public Utility Commission

FROM: Elaine Prause 

THROUGH: Jason Eisdorfer and Aster Adams 

SUBJECT: CASCADE NATURAL: (Docket No. ADV 157/Advice No. O15-11-02)  
Revision to Rule 33, Conservation Achievement Tariff.

**STAFF RECOMMENDATION:**

Staff recommends that Cascade Natural Gas's (Cascade or Company) request to revise Rule 33, which defines parameters of the Conservation Achievement Tariff pilot program, be approved with an effective date of January 1, 2016.

**ISSUE:**

The main issue for consideration is whether the Commission should extend the expiration date of Cascade's Conservation Achievement Tariff pilot program from December 31, 2015 to December 31, 2017, by approving the Company's proposed revision to Rule 33.

**RULES:**

The Commission may approve tariff changes if they are deemed to be fair, just and reasonable. See ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. See ORS 757.220; OAR 860-022-0020.

Cascade began the Oregon Low-Income Energy Conservation (OLIEC ) Program in 2006 in response to the Decoupling Mechanism in OPUC Docket No. UG 167 and Order No. 06-191.

Cascade's pilot low-income weatherization mechanism, Conservation Achievement Tariff (CAT), was first approved by the Commission in 2013 and became effective January 1, 2014. Rule 33 details the parameters of the pilot program that define how the Company may redirect collected revenues that were available for the OLIEC Program, towards other uses for promoting low income energy efficiency.

#### **ANALYSIS:**

In this filing, Cascade proposes to continue to implement the CAT pilot program for an additional two years by extending the expiration date from December 31, 2015 to December 31, 2017. Staff reviewed the history of the CAT creation and achievements to date to assess whether extension is warranted.

The purpose of the CAT pilot is to increase the number of weatherization improvements for qualified low-income customers beyond what the OLIEC program was achieving. The community action agencies with which Cascade partners to deliver the OLIEC Programs, OPUC staff and the Community Action Partnership of Oregon, developed the CAT as an overlay to the OLIEC program. They identified the major barrier to low-income efficiency project demand is the gap in funding between what is allowable under the OLIEC and what is necessary to adequately cover the costs of installing qualified efficiency measures.

Through the CAT pilot, Cascade redirected \$400,000 in collected revenues that was available for OLIEC but had not been used, towards filling these identified funding gaps to drive project completions. The funds were placed in a separate account and paid from accrued interest associated with the OLIEC program. This pilot does not result in increased collections from ratepayers beyond already existing collection mechanisms. Over the two year term of the pilot, Cascade's goal was to weatherize 200 homes.

The Company submitted two reports under Docket No. RG-7; the CAT Pilot Report filed with the PUC on October 21, 2015, and the Annual OLIEC/CAT Achievement Report filed November 30, 2015. Each report documents the achievement to date of the CAT, which has come short of the 100 homes per year goal set for the pilot. The shortfall in

uptake can be largely attributed to a 2014 change to how complementary federal funding could be allocated to customers. These changes to the weatherization waiting list prioritization rules created additional barriers to implementation and as a result, the number of project completions declined.

After working with the Agencies in 2014, Cascade addressed program design issues to limit use of these federal funds and the accompanying rules and saw a large increase in homes served from just 24 in program year 2013-2014<sup>1</sup> to 70 homes served during the 2014-2015 program year through August 31, 2015. In addition to the number of homes served, the average number of measures installed per home has increased from three, before the CAT was in place, to four, in the 2014-2015 program year. The average savings per home has also increased from approximately 125 annual therms per home to 160 annual therms per home over the same comparison time period.

Although the pilot has not met goals set forth in 2013 for the initial two years of implementation, the results have shown recent significant improvements. Based on current outcomes and ongoing work to continuously improve low-income efficiency program performance between OPUC staff, agencies and the Company, Staff recommends allowing the company to continue the CAT pilot through December 31, 2017, to allow for continued insights into this approach.

#### **PROPOSED COMMISSION MOTION:**

Cascade's Advice No. O15-11-02 be approved, with the revised Rule 33 effective with service on and after January 1, 2016.

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<sup>1</sup> Program years run from October 1 through September 30.