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July 28, 2023

Oregon Public Utility Commission
Attn: Filing Center
201 High Street S.E., Suite 100
Salem, OR 97301-3398

Re: Advice No. O23-07-05, Oregon Low-Income Energy Conservation

Cascade Natural Gas Corporation (Cascade or Company) submits to the Oregon Public Utility Commission (Commission) the following revisions to its Tariff P.U.C. OR. No. 10, stated to become effective with service on and after October 1, 2023:

Fourth Revision of Sheet No. ii	Second Revision of Sheet 33.3
First Revision of Sheet 33.1	Second Revision of Sheet 33.4
First Revision of Sheet 33.2	Second Revision of Sheet 33.5

The Company withdraws the following sheets in their entirety:

Original Sheet 33.6
First Revision of Sheet 33.7

This housekeeping filing updates Schedule 33, Oregon Low-income Energy Conservation (OLIEC) Program by revising language for increased clarity, updating the program measures list, and removing references to the Conservation Achievement Tariff (CAT) as an overlay to OLIEC or a pilot offering as it has been an established as part of the OLIEC Program offering since 2017.

Besides housekeeping changes, the Company has also been considering how to increase participation in OLIEC. After a few programs years where few to no homes were treated under OLIEC, Cascade brainstormed potential barriers to the program and listed them in its 2023-2022 Annual Report, filed in Docket RG-7. After discussing these barriers with its Advisory Group, the Company is making the following program modifications to increase program uptake: 1) Secondary funding sources are no longer required for a project to receive OLIEC funding; 2) Administrative and delivery costs for the Community Action Agencies, 501(c)3's, and Community Based Organizations (CBOs) delivering OLIEC are updated to 30% of the total job cost, 20% for the audit, inspection and paperwork, and 10% for indirect office support; 3) DOE Priority List and Washington Department of Commerce Deemed Measure Priority List (DMPL) may be used to qualify a measure instead of performing heat loss analysis; and 4) The \$10,000 cap on weatherization projects is removed. These changes are The Company requests that these changes be effective October 1, 2023, with the start of the 2023-2024 program year.

Each change is explained below in the order it appears in Schedule 33.1.

Sheet No. ii. The index is revised to remove reference to the Conservation Achievement Tariff (CAT) Pilot Program. CAT, which was piloted in 2017, is incorporated into the OLIEC offering, and with this filing, will no longer be referenced as a secondary or overlay offering.

Sheet No. 33.1. The “Available” section is revised to clarify that the service is applicable to customers and that the qualifying standard for low-income is as defined by the Federal Low Income Home Energy Assistance Program (LIHEAP).

The “Program Description” section is edited to clarify the meaning and that the program may be delivered by Community Action Agencies, 501(c)3 non-profit agencies, or Community Based Organizations (CBOs).

The list of measures for “Existing Low-Income Residential Dwellings” is reformatted into two columns and efficiency ratings are removed as they change and become outdated. Instead, the descriptor, “high efficiency” is added. Likewise, the list of “New Low-income Residential Construction” measures is revised in the same manner.

Sheet No. 33.2 Language establishing possible rebates for custom projects is removed as this was a piloted option that no Agency used and the Company does not want to reserve funds for an unused option. With the removal of this option, the Company also removes the language under “Funding Availability” that references allocating funds, as custom funds will not be allocated; instead all funds will be available on a first-come, first-serve basis.

The “Annual Report” section is removed as a more detailed description of annual reporting is established on Sheet No. 33.5.

The “Funding Availability” section is revised to state the Company will allocate funds on a first-come, first-serve basis.

Under No. 3 of this same section, the list of information the Company requires from the Agency for each project is updated to include documentation that demonstrates the measure is qualified as energy efficient as established in the “Rebate Payments” section of the schedule.

Sheet No. 33-3. No. 1 in the “Agency Qualifications and Responsibilities” section is revised to include language that states that a qualifying agency per Schedule 33 may be a Community Action Agency, a 501(c)3, or a CBO. No. 3 in this same section is revised to state that documentation demonstrating that a measure qualifies an energy efficient must be provided to the Company in order for the Agency to receive a rebate.

Sheet No. 33.4. No. 3 under “Rebates” is updated to incorporate both the rebates traditionally paid under OILIEC as well as the rebates paid under the “CAT” portion of the program. CAT was introduced in 2017 as a pilot overlay to the OLIEC program. As such, the program paid two rebates for the same measure. Since CAT is not longer being piloted but is a proven part of OLIEC, language about CAT is removed and incorporated into the OLIEC offering.

No. 4. Under “Rebates” is also revised to change the paperwork that an Agency must provide the Company to demonstrate that a measure is cost-effective. With the new language, a measure qualifies for rebate if it is identified as cost-effective per the Department of Energy (DOE) Priority List or the Deemed Measure Priority List, or if the measure has a saving-to-investment ratio of 1.0 or higher as modeled in the state’s energy software, REM Rate. By adding the two priority lists, the Company is leveraging the work done by

DOE to prove out a measure's cost-effectiveness. The Company believes its prior method of simply relying on REM Rate modeling was unnecessarily limiting.

A table showing the therm savings per measure is removed as it is not needed, and the numbers are outdated.

No. 1 under "Program Administration and Delivery Costs" is revised so that Agencies will be paid 30% of the total job cost: 20% for program delivery and administration and 10% for indirect administrative office support. This replaces the former payment structure of \$250 for administration, \$550 for audits, and \$300 for inspections. These flat rate fees proved to be insufficient to cover costs and motivate agency participation.

Sheet No. 33.5. Language specific to costs incurred in the first program year are removed as this is no longer relevant.

Sheet Nos. 6 and 7. Sheet No. 6 and 7 which explain the CAT overlay are removed as the provisions of CAT are incorporated into OLIEC. CAT was created as a secondary or overlay to OLIEC and was piloted in 2017. Since CAT is a proven component of the OLIEC program, incorporating it into OLIEC will simplify explaining the program rebates. As part of removing CAT, the \$10,000 project job cap is removed as it has proven to be a barrier in addressing health and safety and repair issues within a home prior to installing weatherization measures.

Conclusion. Cascade is committed to providing its low-income customers with weatherization and energy efficiency, natural gas appliances as these are the best and enduring means for reducing energy bills and making a home comfortable. The changes made herein seek to revive and stimulate program participation. The Company will be tracking the success of these program revisions, discussing them with its Advisory Group, and reporting its observations in its OLIEC Annual Report.

If you have any questions regarding this filing, please contact Mike Parvinen at (208) 734-4593.

Sincerely,

/s/ Mike Parvinen

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Attachments

SCHEDULE 33
OREGON LOW-INCOME ENERGY CONSERVATION PROGRAM

PURPOSE

The purpose of this provision is to define the terms and conditions under which that portion of the funds designated for use for low-income weatherization programs under Schedule 31, Public Purpose Charge will be administered and delivered to eligible customers.

AVAILABLE

This program is available residential customers who meet the definition of low-income as defined by the Federal Low Income Home Energy Assistance Program (LIHEAP) and who reside in dwellings where the primary heating equipment is fueled by natural gas.

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PROGRAM DESCRIPTION

The Oregon Low-Income Energy Conservation (OLIEC) Program is a program designed to make qualifying low-income households within Cascade’s service territory more energy efficient by providing rebates for the installation of certain weatherization and conservation measures following the completion of a home energy evaluation performed by qualifying low-income Community Action Agencies, 501(c)3 non-profit agencies, or Community Based Organizations (CBOs) (referred to collectively as Agencies).

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ENERGY EFFICIENCY MEASURES

The following energy efficiency measures qualify for rebates under this program:

Existing Low-Income Residential Dwellings

Qualifying measures include but are not limited to the following weatherization measures and high efficiency, natural gas-fired appliances:

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(N)
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- Ceiling insulation
- Wall insulation
- Floor insulation
- Water heater insulation
- Duct sealing
- Duct insulation
- Infiltration reduction
- Low-flow faucet aerators
- Low-flow showerheads
- Natural gas furnaces
- Furnace tune-up and filter replacement
- Direct vent space heater
- Natural gas water heaters (including tankless)

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New Low-Income Residential Construction

The following energy efficiency measures qualify for rebate when installed in new construction designated primarily for the habitation of low-income individuals for at least a thirty-year period. Qualified measures include but are not limited to the following:

- Energy Star® Qualified Homes
- High-efficiency furnace installations where cost effective
- High-efficiency water heater

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SCHEDULE 33
OREGON LOW-INCOME ENERGY CONSERVATION PROGRAM

PROGRAM YEAR

The OLIEC Program year will extend from October 1 through September 30.

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CUSTOMER QUALIFICATIONS

All funds collected under this program will be distributed only to qualifying income-eligible residential customers of Cascade. In the event the Company receives a rebate request for a single customer from two or more Agencies, the Company will process only one rebate request.

FUNDING AVAILABILITY

1. The Company will distribute funds to Agencies on a first-come, first-serve basis.
2. Any amounts not disbursed in the program year will carry over to the next program year.

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SCHEDULE 33
OREGON LOW-INCOME ENERGY CONSERVATION PROGRAM

FUNDS COLLECTED UNDER THIS PROGRAMS ARE AVAILABLE AS FOLLOWS (continued)

- 1. The program will be managed such that expenditures will not exceed the annual budget of 0.625% of the Company’s gross revenues. If program funding is insufficient for program demand, the program offerings may not be available for a portion of the year.

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AGENCY QUALIFICATIONS AND RESPONSIBILITIES

- 1. For the purpose of this Schedule, an Agency is a Community Action Agency, a 501(c)3, or a CBO that meets the following qualifications. In order to participate in the program, an Agency must be a legal entity, contracting or subcontracting with OHCS, as an administrator of LIHEAP. An agency shall also qualify to participate in the program if it is a state-recognized Low-Income Agency, 501(c)3 nonprofit, or CBO engaged in the construction or retrofit of affordable housing designated primarily for the habitation of low-income individuals. Each participating Agency must also have an up to date, signed Memorandum of Understanding with Cascade Natural Gas.
- 2. Each participating Agency will have sole responsibility to screen and approve applicants for eligibility. Each Agency shall follow the established protocols for the qualification of and disbursement to eligible participants in accordance with the guidelines promulgated by OHCS. Agencies operating the Weatherization Assistance Program shall complete their work in accordance with the Low-Income Energy Assistance Act of 1981 and subsequent amendments, as outlined in the OHCS Omnibus Contract. The Company reserves the right to verify installation and compliance with all state codes and standards prior to payment of any rebates.
- 3. Each participating Agency shall be responsible to complete and return to the Company all required paperwork and other documentation as may be necessary for the Company to process the rebate request. The Company will provide the documentation forms to each participating Agency in electronic or hardcopy form, whichever is requested. At a minimum, the documentation must include the Agency name; customer name; the landlord name and address, if applicable; the address of the qualifying households; the square footage of the home; a list of the measures installed; documentation that the measure qualifies (per REM Rate documentation, DOE Priority List, or Deemed Measures Priority List) as established in the Rebate Payments section of this schedule; the rebate amount per measure; total rebate per household; and a statement on whether or not all eligible measures were installed at the dwelling.

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REBATE PAYMENTS

- 1. The Company will reimburse participating Agencies for the installation of qualifying measures installed in each eligible household.
- 2. In no event will any rebate amount be greater than the actual installed cost of the measure.

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SCHEDULE 33
OREGON LOW-INCOME ENERGY CONSERVATION PROGRAM

REBATE PAYMENTS (continued)

- 3. Qualified measures are eligible for rebates in the amount 100% of the installed cost of the measure. (C)
- 4. These measures will qualify for a rebate payment to the Agencies when: (a) the measures are identified as cost effective under the Department of Energy (DOE) Priority List; (b) the measures are identified as cost effective under the Deemed Measure Priority List (DMPL); (c) each measure is identified as having a savings-to-investment ratio (SIR) of 1.0 or higher according to the Agency energy audit of the dwelling in which the measure is being installed. Participating Agencies may use REM-Rate energy modeling software when conducting audits to demonstrate an SIR of 1.0 or higher for each individual measure. Agencies must provide a copy of the DOE Priority List, DMPL or REM-Rate report along with its complete rebate application and other supporting documents as specified on the Company’s current rebate application form in order to qualify for incentives. (C)
(D)

PROGRAM ADMINISTRATION AND DELIVERY COSTS

- 1. Agencies will be provided reimbursement for actual project costs for homes served under the OLIEC Program. Expenses associated with project coordination will be funded up to maximum program average of 20 percent of the total project cost as billed to the Company. An additional agency indirect rate associated with the delivery of low-income conservation measures will be provided in the amount of 10 percent of the total project cost as billed to the Company. Funds will be reimbursed from the Low-Income Weatherization account. Reimbursement for project coordination and indirect rate is not to exceed 30 percent of the total project cost as billed to the Company. The Company will process rebates and Agency payments within thirty days from the date the Company receives all completed documentation in support of such rebate requests. (C)

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**SCHEDULE 33
OREGON LOW-INCOME ENERGY CONSERVATION PROGRAM**

PROGRAM ADMINISTRATION AND DELIVERY COSTS (continued)

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1. The Company will be reimbursed each month for actual program administration costs incurred, except that such reimbursement will not exceed 5% of the total available funds collected during each program year.

ADVISORY GROUP

An Advisory Group will assist the Company in low-income weatherization development, implementation, and evaluation. The Advisory Group will consist of at least one member each from the Company, Commission staff, Community Action Partnership of Oregon (CAPO) and two or more participating Agencies.

ANNUAL REPORT

By December 1 of each year, the Company will submit an annual report containing the following information:

- General: 1) Program successes and barriers (if any) to implementation; 2) Associated Program outreach activities.
- Economic: 1) Revenue balance from previous year; 2) Program revenue; 3) Accrued interest; 4) Total available funds; 5) Total expenditure of OLIEC funds; 6) Total OLIEC costs allocated by measure; 7) the Company's administrative costs; 8) Funding allocations or changes within the program year; 9) Payments to Agencies for weatherization measures, administration, and program delivery; 10) Average rebate allocated per home served;
- Agency Performance: 1) percentage of homes served per Agency for the program year; 2) Total number of homes served;
- Program Results: 1) Total deemed therm savings attributable to the OLIEC program by year; 2) Total number of measures installed in all homes served during the program year; 3) Average number of measures installed per home; 4) Number of measures installed by type; 5) Number of each allowable measure installed in total during the program year; 6) Total therm savings by measure; 7) Number of multifamily dwellings treated and observations made about multifamily projects.
- General: 1) A breakdown of the number of homes served by town and agency. The Company will identify factors that account for the volume of homes served by region; 2) The Company will monitor rebate turn-around time

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