

February 10, 2021

VIA ELECTRONIC FILING

Mark L. Johnson, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop S.E.  
Lacey, Washington 98503

**Re: U-200281—NW Natural Response to Notice of Opportunity to File Written Comments**

Dear Mr. Johnson:

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), submits the following in response to the Washington Utilities and Transportation Commission’s (“Commission”) request for comments issued on January 26, 2021.

**Arrearage Management Plan progress and bill assistance readiness***COVID-19 Assistance Program*

The Company is working with its low-income assistance program (Gas Residential Energy Assistance Program, or “GREAT”) Advisory Group to finalize the design of a COVID-19 Assistance Program (“CAP”), in compliance with the “Additional Funding for Customer Programs” section of the U-200281 Term Sheet approved in Order 01 (“Term Sheet”).

The CAP identifies, manages and waives arrearage balances associated with the pandemic for low-income residential customers to prevent delinquent turn-offs and accumulation of bad debt. The CAP will be funded one time by up to one percent of NW Natural’s total 2019 retail revenues in Washington and is not to be increased without prior Commission approval. For NW Natural, the one percent funding equates to about \$650,000. Cost recovery of the CAP will be sought through the COVID-19 deferrals described in the “Additional Funding for Customer Programs” section in the Term Sheet. The Company is in current discussions with the GREAT Advisory Group to finalize how the CAP will be administered. The Company is working towards finalizing and implementing the CAP before April 30, 2021 (i.e., the Term Sheet’s anticipated date for lifting the disconnection moratorium for residential and small commercial customers).

The CAP is envisioned to be a grant program to provide assistance to low-income residential customers with arrearage balances associated with the pandemic.

CAP grants will be distributed to eligible customers as follows:

- Eligibility
  - An eligible customer is considered “low-income” if they are a residential customer earning up to 200 percent of the Federal Poverty Level.

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- Application
  - Customers will apply for energy assistance at their local agency to determine income eligibility and can receive CAP grants directly from NW Natural up to a maximum award of \$2,500 per household.
  - CAP grants can be applied to quotes for turn-on after a turn-off for non-payment or to an arrearage balance on an active account.

For calendar years 2019-2020, the average monthly number of NW Natural's residential customers receiving energy assistance was 134, with a high point of 187.

### *GREAT*

NW Natural's GREAT program continues to be a resource in providing bill assistance for low-income residential customers. During the October 2019 – September 2020 program year, GREAT granted over \$330,000 in assistance to 706 households. As of December 2020, over \$350,000 remains available for assistance grants for the 2020-2021 program year.

### *Arrearage management program*

The Company is discussing the potential development of an arrearage management program with the GREAT Advisory Group. NW Natural has provided an overview of the arrearage management program the Company is proposing in its Oregon service territory, which remains under discussion with the Advisory Group.

### **Communication and outreach actions**

We have been actively engaging our customers through diverse channels to inform them of bill payment arrangements, energy assistance availability and other resources regarding their gas service since the COVID-19 public health emergency began. Since March 2020, we have provided this information through online communications on our website with call-outs in four languages for bill payment options, detailed bill payment assistance and COVID-19 information; as well as through digital banner and social media advertising and ongoing social media posts on Twitter, Facebook and LinkedIn. In addition, NW Natural has provided this information through its Comfort Zone customer newsletter sent with bills and the electronic newsletter sent to paperless billing customers. Last summer we also issued public service announcements to the main English and Spanish radio and television stations in our service territory.

In late-June we began proactively reaching out to our customers with past due balances through our customer call center and through targeted mailings and emails. We are providing flexible payment arrangements, providing our customers with information about energy assistance options that are currently available to them, and applying customer deposits to arrearage balances when applicable. At a high level, these proactive outreach efforts resulted in about 19 percent of customers contacted achieving a zero or credit balance on their accounts. Further, a little more than 7 percent of those contacted entered into a Time Payment Agreement and approximately 1.5 percent received Energy Assistance.

As the resumption date approaches, NW Natural will launch an additional proactive outreach effort, known as our Healthy Account Campaigns (HAC). With the HAC, all customers will be notified by mail 30 days in advance of the moratorium on shut-offs for non-payment being lifted to advise of options for assistance. Past-due customers will be contacted by letter, e-mail and phone to advise them of all options to bring their accounts current, including energy assistance and the CAP. A

specialized HAC Team within our call center will handle the outbound calls but all call center employees will receive training, including suggested scripting and scenario-based training, to manage customer responses to voicemails left by the HAC Team that were unable to make customer contact.

In addition, our 2021 customer communications plan will be expanded to include:

- English and Spanish Television and Radio public service announcements in January, February and October-December of 2021;
- Monthly digital and paper Comfort Zone information;
- Information in four languages on our website and digital banner about bill payment options, energy assistance and COVID-19;
- An expanded social media advertising and posting campaign on Twitter, Facebook and LinkedIn.

**Current COVID-19 Reporting data**

In Compliance with Order 01, NW Natural has timely filed the requested data required by the Term Sheet.

Chart 1 below reflects the number of Washington residential customers with arrearage balances. The data indicates a recent levelling off of the number of accounts with arrearages at around 7,100 customers. At the end of December 2020, NW Natural had a total of 82,935 residential customers in Washington, equating to about 8.5 percent of our residential customers having an arrearage balance.

*Chart 1*

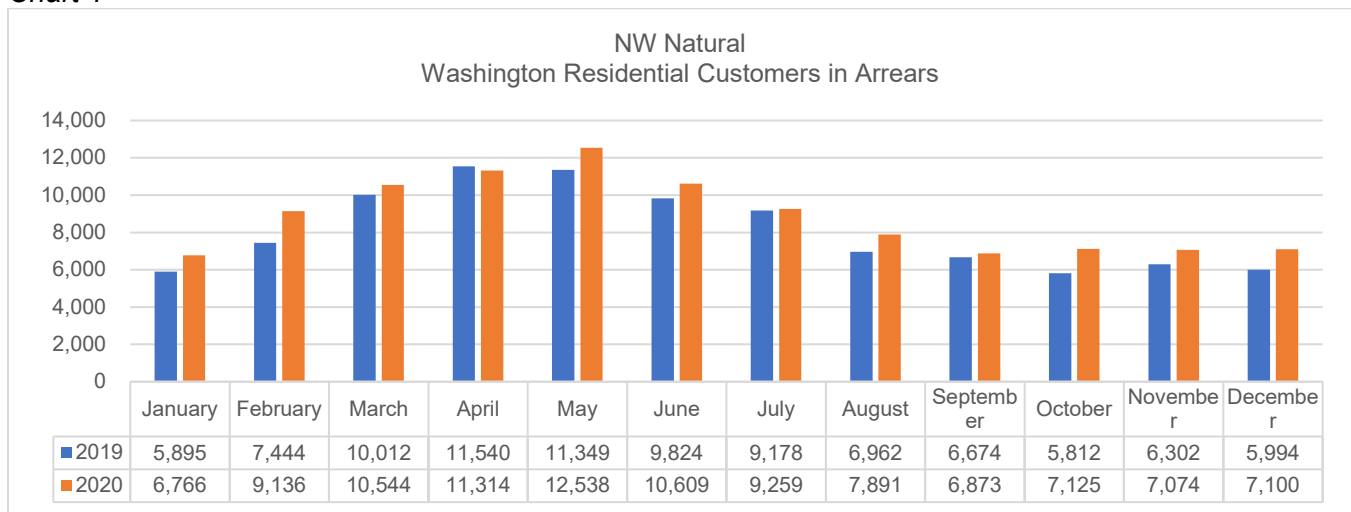
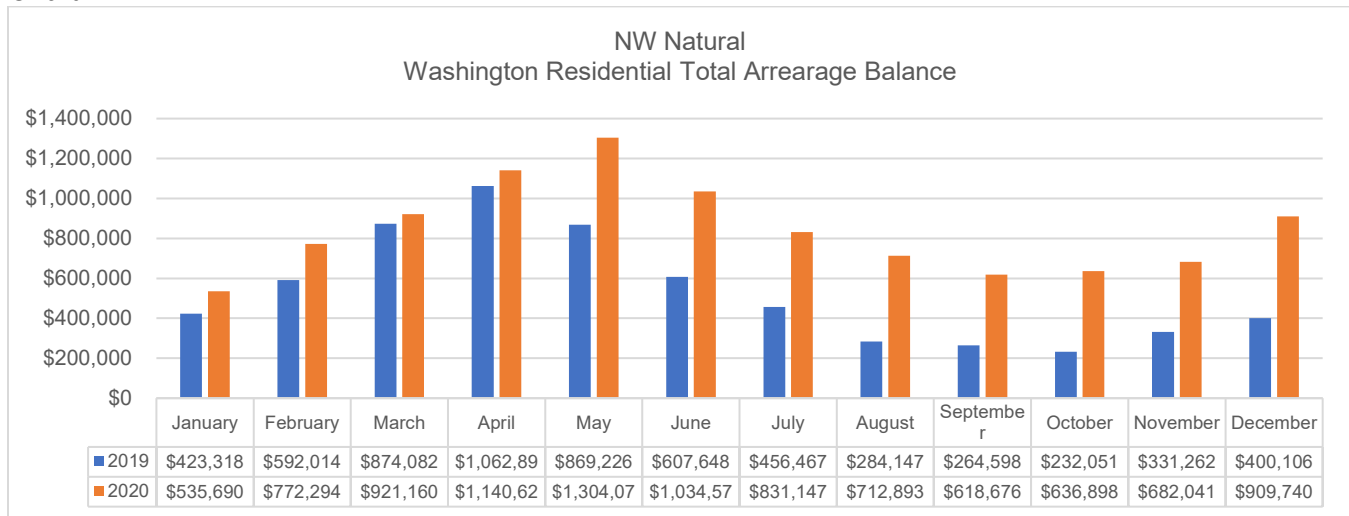


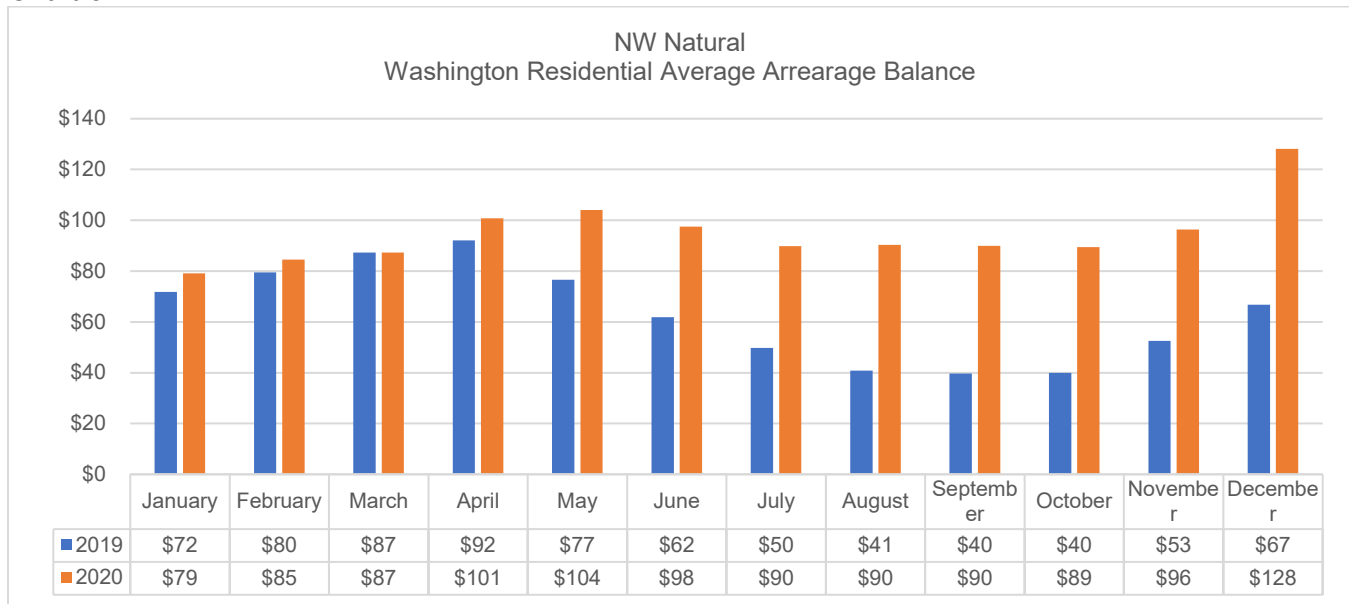
Chart 2 below illustrates the Company’s total arrearage balance for Washington residential customers. The data indicates a significantly higher level of arrearages compared with 2019.

**Chart 2**



As a result of the levelling off of the number of residential customers with arrearage balances and the increasing level of arrearage balances, the average arrearage balance is also increasing, as shown in Chart 3. Thus, the data indicates the growth in arrearages is likely impacted by growing arrearage balances by customer, with limited growth in the number of customers with arrearages.

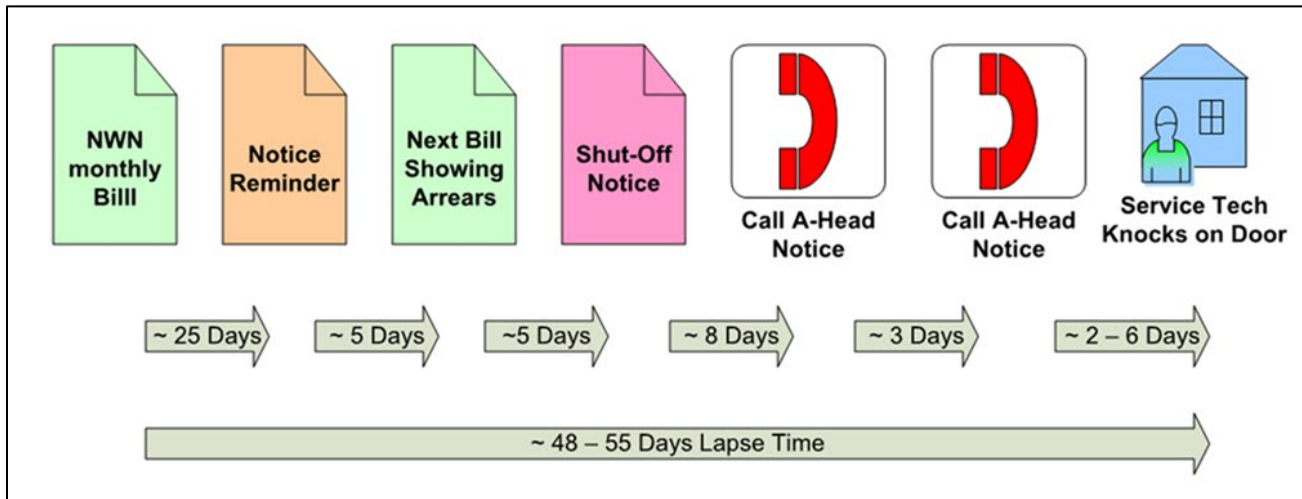
**Chart 3**



**Plans to resume credit and collections practices**

Please refer to Figure 1 below for an illustrated overview of our normal credit/collections process. During this process, customers are offered up to six opportunities to pay their bill over ~55 days prior to a disconnection. We operate this process with some flexibility based on crew availability and, as required, a customer can avoid a shut off if the Service Tech is paid when they arrive at the customer’s residence.

Figure 1 – Overview of Credit/Collections Process



NW Natural will adhere to the provisions of the Term Sheet with regard to resuming credit and collections practices after the moratorium lifts. The Company will provide the 30-day notice required by the Term Sheet to customers one bill cycle in advance of the resumption of disconnection. In addition, as described above, NW Natural will implement its HAC to engage with customers proactively to address arrearage balances. Finally, the Company anticipates the CAP program described above will be deployed before the moratorium is lifted to provide additional assistance for low income customers.

### **Moratorium considerations**

NW Natural has been engaged in conversation with utilities and other stakeholders regarding when the disconnection moratorium should be lifted. While consensus has not yet been reached, NW Natural believes that the primary factor the Commission should consider is a utility's readiness to support customers in need. If a utility can demonstrate that it is prepared to deliver assistance, then it can begin to provide guidance to its customers, so that both the utility and customer can prepare for a date-certain when the moratorium is lifted. This will also help the utility/customer relationship so that the utility can appropriately balance the volume of touchpoints per customer by being able to target a date-certain, which we believe will increase our ability to make meaningful contact with our customers. As discussed above, NW Natural commits to extensive customer outreach and bill assistance from CAP and existing energy assistance programs to assist customers with addressing arrearage balances well in advance of next winter's heating season.

### **Conclusion**

NW Natural is committed to continuing to support our customers during this difficult and unprecedented time. Our goal is to do what we can to help our customers and keep them connected to our system and ease the burden of arrearage balances during this difficult time.

NW Natural appreciates the opportunity to provide these comments. We look forward to participating in the recessed open meeting on February 17, 2021 to further discuss our comments. Please contact me at (503) 610-7617 if you have questions.

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Sincerely,

*/s/ Zachary Kravitz*

Zachary Kravitz

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