

BEFORE THE  
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

UG-\_\_  
GENERAL RATE APPLICATION  
OF  
NORTHWEST NATURAL GAS COMPANY

December 18, 2020

**Direct Exhibit of Melinda B. Rogers**

**COMPENSATION & BENEFITS**

**Exh. MBR-7**

## NW Natural

# Non-Bargained and Bargained Benefits Benchmarking Summary

September 30, 2019



## Table of Contents

- Methodology and assumptions
- Executive summary
- Detailed summary
  - Non-bargained detailed summary
    - Health
    - Retirement
    - Welfare
    - Time off
  - Bargained detailed summary
    - Health
    - Retirement
    - Welfare
    - Time off

Willis Towers Watson has prepared this material for NW Natural's sole and exclusive use and on the basis agreed with you. It was not prepared for use by any other party and may not address their needs, concerns or objectives. This material should not be disclosed or distributed to any third party other than as agreed with you in writing. Willis Towers Watson does not assume any responsibility, or accept any duty of care or liability to any third party who may obtain a copy of this material and any reliance placed by such party on it is entirely at their own risk.

## Methodology and Assumptions

- Willis Towers Watson compared the 2019 NW Natural new hire benefits for both non-bargained and bargained employees to the following in our database:
  - NW Natural non-bargained:
    - All 81 energy companies in the non-bargained database
    - 12 targeted energy companies in the non-bargained database
      - Includes: Ameren Corporation, Atmos Energy Corporation, Avista Corporation, Chesapeake Energy Corporation, Exelon Corporation, Northwestern Corporation, Otter Tail Corporation, PNM Resources, Inc., Portland General Electric (PGE), Puget Sound Energy, SEMCO Energy, Inc., Southwestern Energy Company
      - Seven companies additional were added to the targeted company subgroup for the medical benchmarking, due to the number of organizations with PPO benchmarking data available. Includes: CenterPoint Energy, Knoxville Utilities Board, Liberty Utilities, ONE Gas, Inc., ONEOK, Inc., Spire Inc., Tucson Electric Power Company.
  - NW Natural bargained:
    - All 46 energy companies in the bargained database
    - We were not able to provide a comparison to the 12 targeted energy companies for bargained benefits because there were too few of these companies that either submitted or have separate bargained benefits



## Methodology and Assumptions (continued)

- Willis Towers Watson is providing a comparison for: medical, dental, vision, 401(k), enhanced 401(k)/DB, STD, LTD, basic life, employee supplemental life, dependent life, vacation and holiday
- We are comparing the same plan types for both NW Natural and the database because this ensures an apples-to-apples comparison
  - For example, on the medical comparison we are comparing the PPO plan to the database PPO plans
- We are basing the NW Natural plan design information on NW Natural's 2019 submission into the Willis Towers Watson Benefits Data Source database. For bargained employees, we are basing NW Natural's plan design information on the 2019 benefit materials provided by NW Natural.
- The plan summaries for the energy companies within our database reflect either 2018 or 2019 data depending on final submission by each employer
- When providing an assessment of NW Natural's benefit plans to the peer group, we designated an "equal," "better" or "worse" designation
  - This designation is based on our consulting knowledge only and is not actuarially based

## Executive Summary

- The following table provides an overall comparison summary for each of the benefits reviewed
  - The comments reflect how NW Natural's benefits compare to the benchmarks

Plan	Comparison to Non-Bargained Total Database	Comparison to Non-Bargained 12 Target Companies	Comparison to Bargained Total Database
Medical*	Equal	Equal	Equal
Dental	Equal	Equal	Equal
Vision	Equal	Equal	Equal
401(k)	Equal	Worse	Worse
Enhanced 401(k)	Equal	Equal	Equal
STD	Overall determination cannot be made — see details	Overall determination cannot be made — see details	Overall determination cannot be made — see details
LTD	Equal	Equal	Equal
Basic Life	Overall determination cannot be made — see details	Overall determination cannot be made — see details	Worse
Child Life (paid by employees in the benchmark)	Equal	Equal	Equal
Vacation	Equal	Equal	Equal
Holiday	Equal	Equal	Equal

\*Target company group was expanded to 19 companies for medical

## Non-Bargained Detailed Summary



## Health Benefits — Medical

- The following table provides a comparison of the non-bargained NW Natural PPO plan to both the total energy benchmark and also the benchmark for the targeted company subset
  - Only the PPO plans are being compared because they are the highest enrolled plan options within the Willis Towers Watson database and the highest enrolled option for NW Natural
  - PPO benchmarks are available for 11 of the 19 energy companies in the subset
- For comparison purposes, the \$50 per month credit NW Natural employees receive is assumed to offset the medical contributions
- Overall, the PPO medical plan is equal to both benchmarks

Coverage Provisions	NW Natural Coverage	Total Energy Benchmark	Comparison	19 Energy Company Subset Benchmark	Comparison
<b>Health Benefits</b>					
<b>Medical</b>	<b>PPO (In-Network Only Shown)</b>	<b>PPO (In-Network Only Shown)</b>	<b>NW Natural to Benchmark</b>	<b>PPO (In-Network Only Shown)</b>	<b>NW Natural to Benchmark</b>
Single Deductible	\$500	\$300 – \$500	Slightly Worse	\$300 – \$500	Slightly Worse
Single Out-of-Pocket Maximum	\$2,000	\$2,500	Better	\$2,000 – \$3,000	Equal
Coinsurance	90%	80%	Better	80%	Better
Office Visits	\$15 copay, no deductible	\$25 copay or coinsurance	Better	\$20 – \$30 copay	Better
Preventive Care	100%	100%	Equal	100%	Equal
Emergency Room	\$100 copay, no deductible	\$100 – \$150 copay or coinsurance	Equal	\$100 – \$300 copay or coinsurance	Equal
Generic Drugs — Retail	\$10 copay	\$10 copay	Equal	\$10 copay	Equal
Brand Formulary Drugs — Retail	\$35 copay	\$30 copay	Worse	\$40 copay or 20% coinsurance with min/max	Better
Brand Non Formulary Drugs — Retail	\$50 copay	\$50 copay	Equal	\$60 copay or 20% – 40% coinsurance with min/max	Equal
Monthly Employee Only Contributions	\$136	\$120+	Equal	\$120+	Equal
Monthly Family Contributions	\$483	\$400+	Worse	\$400+	Worse
<b>Overall Assessment</b>			Equal		Equal



## Health Benefits — Dental and Vision

- The following table provides a comparison of the non-bargained NW Natural dental Buy-Up and the vision plan associated with the PPO medical plan to both the total energy benchmark and also the benchmark for the 12 company subset
- The \$50 per month credit NW Natural employees receive is not assumed to offset dental contributions (per the prior page, it is assumed to offset medical contributions)
- Overall, the dental Buy-Up PPO and the vision plan are equal to both benchmarks

Coverage Provisions	NW Natural Coverage	Total Energy Benchmark	Comparison	12 Energy Company Subset Benchmark	Comparison
<b>Health Benefits</b>					
<b>Dental</b>	<b>PPO (In-Network Only Shown)</b>	<b>PPO (In-Network Only Shown)</b>	<b>NW Natural to Benchmark</b>	<b>PPO (In-Network Only Shown)</b>	<b>NW Natural to Benchmark</b>
Deductible Per Person	\$25	\$50	Better	\$25 – \$50	Equal
Annual Maximum	\$2,000	\$1,500 – \$2,000	Equal	\$1,500 – \$2,000	Equal
Preventive Coinsurance	100%	100%	Equal	100%	Equal
Basic Coinsurance	80%	80%	Equal	80%	Equal
Major Coinsurance	50%	50%	Equal	50%	Equal
Orthodontia Deductible	Plan deductible applies	None	Worse	None or plan deductible applies	Equal
Orthodontia Coinsurance	50%	50%	Equal	50%	Equal
Orthodontia Lifetime Maximum	\$1,500	\$1,500	Equal	\$1,500	Equal
Monthly Employee Only Contributions	\$21.86	\$15	Worse (just for Buy-Up)	Under \$10	Worse (just for Buy-Up)
Monthly Family Contributions	\$63.22	\$45	Worse (just for Buy-Up)	\$30	Worse (just for Buy-Up)
<b>Overall Assessment</b>			Equal		Equal
<b>Vision</b>					
Exam	100% after \$15 copay	100% after \$10 copay	Worse	100% after \$10 – \$20 copay	Equal
Frames	\$200 allowance for all hardware every 12 months	\$150 allowance every 12 months	Better	\$150 allowance every 12 months	Equal
Lenses		\$10 – \$25 copay every 12 months	Equal	\$10 – \$25 copay every 12 months	Equal
Contacts		\$150 allowance every 12 months in lieu of frames/lenses	Better	\$150 allowance every 12 months in lieu of frames/lenses	Equal
Monthly Employee Only Contributions	Included with medical	\$5 – \$10	N/A	Less than \$5	N/A
Monthly Family Contributions	Included with medical	\$10 – \$30	N/A	Less than \$15	N/A
<b>Overall Assessment</b>			Equal		Equal

## Retirement Benefits

- The following table provides a comparison of the non-bargained NW Natural retirement plans to both the total energy benchmark and also the benchmark for the 12 company subset
- Overall, the 401(k) plan is equal to the total energy benchmark and worse than the peer company benchmark
- Overall, the enhanced 401(k) plan is equal to both benchmarks

Coverage Provisions	NW Natural Coverage	Total Energy Benchmark	Comparison	12 Energy Company Subset Benchmark	Comparison
<b>Retirement Benefits</b>					
<b>401(k)</b>					
Employer Match	60% of the first 8%	50% – 100% up to 6% (average employer match of 4.5%)	Equal	100% up to 5% – 6%	Worse
Vesting	Immediate	Immediate	Equal	Immediate	Equal
<b>Overall Assessment</b>			Equal		Worse
<b>Additional Retirement Plans</b>					
Additional Plans Available	Enhanced 401(k)	52 have non-contributory 401(k)		10 have non-contributory 401(k)	
Non-Contributory 401(k) Contribution (if offered)	5% of current annual pay	4% – 6% of pay	Equal	4% – 5% of pay	Equal

## Welfare Benefits — Disability and Life

- The following table provides a comparison of the non-bargained NW Natural disability and life plans to both the total energy benchmark and also the benchmark for the 12 company subset
- Willis Towers Watson has not made an overall assessment of the short-term disability and basic life plans because without running a full benefits valuation we are unable to actuarially weight the various components
- Overall, the long-term disability, employee supplemental life, spouse life and child life benefits are equal to both benchmarks

Coverage Provisions	NW Natural Coverage	Total Energy Benchmark	Comparison	12 Energy Company Subset Benchmark	Comparison
<b>Welfare Benefits</b>					
<b>Short-Term Disability</b>					
Coverage	70% – 85% depending on years of service	60% – 100% of pay depending on years of service	Equal	60% – 100% of pay depending on years of service	Equal
Waiting Period	4 days	7 days	Better	5 to 7 days	Better
<b>Long-Term Disability</b>					
Waiting Period	180 days	180 days	Equal	180 days	Equal
Coverage	60% of pay for base plan	60% of pay	Equal	60% of pay	Equal
Monthly Maximum	\$10,000	\$10,000	Equal	\$10,000	Equal
<b>Basic Life</b>					
Coverage	1.25x pay	1x pay to 2x pay	Equal	1x – 2x pay	Equal
Maximum	\$750,000	\$750,000 – \$1,500,000	Equal	\$1,000,000 – \$1,500,000	Worse
<b>Supplemental Life Coverage</b>					
Child Life	\$5,000 (NW Natural paid)	Multiples up to \$10,000	Equal	Multiples up to \$10,000	Equal

## Time Off Benefits — Vacation and Holiday

- The following table provides a comparison of the non-bargained NW Natural vacation and holiday benefits to both the total energy benchmark and also the benchmark for the 12 company subset
- Overall, the vacation benefit is equal to both benchmarks
- Overall, the total holiday benefit is equal to both benchmarks

Coverage Provisions	NW Natural Coverage	Total Energy Benchmark	Comparison	12 Energy Company Subset Benchmark	Comparison
<b>Time Off</b>					
<b>Vacation*</b>					
Days at Hire	11 days	10 days	Equal	10 to 15 days	Equal
Days at Year 3	11 days	10 to 15 days	Equal	10 to 15 days	Equal
Days at Year 7	16 days	15 to 20 days	Equal	15 to 20 days	Equal
Days at Year 15	21 days	20 days	Equal	20 days	Equal
Long-Service — Maximum Days	26 days	25 to 30 days	Equal	25 to 30 days	Equal
Carryover Limit	40 days	5 to 10 days	Better	10 days	Better
<b>Holiday</b>					
Employer Elected Days	8 days	8 to 10 days	Equal	8 to 11 days	Equal
Employee Elected Days	3 days	0 to 3 days	Equal	0 to 3 days	Equal
Total Days	11 days	10 to 13 days	Equal	10 to 13 days	Equal

\*Subtracted 5 days to account for sick days with NW Natural

## Bargained Detailed Summary



## Health Benefits — Medical

- The following table provides a comparison of the bargained NW Natural PPO plan to the total energy benchmark
- Overall, the PPO medical plan is equal to the benchmark

Coverage Provisions	NW Natural Coverage	Total Energy Benchmark	Comparison
<b>Health Benefits</b>			
<b>Medical</b>	<b>PPO (In-Network Only Shown)</b>	<b>PPO (In-Network Only Shown)</b>	<b>NW Natural to Benchmark</b>
Single Deductible	\$300	\$300	Equal
Single Out-of-Pocket Maximum	\$3,000	\$1,500 – \$2,000	Worse
Coinsurance	80%	80%	Equal
Office Visits	\$20 copay, no deductible	\$20 copay, no deductible	Equal
Preventive Care	100%	100%	Equal
Emergency Room	\$75 copay, deductible and coinsurance	\$100 copay	Better
Generic Drugs — Retail	20%, \$10 minimum copay	\$5 – \$10 copay	Worse
Brand Formulary Drugs — Retail	20%, \$20 minimum copay	20% with \$20 minimum or \$30 copay	Equal
Brand Non Formulary Drugs — Retail	50%	30% with \$40 minimum or \$50 copay	Worse
Monthly Employee Only Contributions*	\$230	\$150+	Worse
Monthly Family Contributions*	\$230	\$400+	Better
<b>Overall Assessment</b>			Equal

\*Lower contribution available for employees who completed the health assessment and biometrics. Includes dental and vision.



## Health Benefits — Dental and Vision

- The following table provides a comparison of the bargained NW Natural dental trust indemnity plan and the vision plan to the total energy benchmark
- Overall, both the dental and vision plans are equal to the benchmark

Coverage Provisions	NW Natural Coverage	Total Energy Benchmark	Comparison
<b>Health Benefits</b>			
<b>Dental</b>	<b>PPO (In-Network Only Shown)</b>	<b>PPO (In-Network Only Shown)</b>	<b>NW Natural to Benchmark</b>
Deductible per Person	\$10	\$50	Better
Annual Maximum	\$1,500	\$1,500 – \$2,000	Equal
Preventive Coinsurance	80%	100%	Worse
Basic Coinsurance	80%	80%	Equal
Major Coinsurance	80%	50%	Better
Orthodontia Deductible	None	None	Equal
Orthodontia Coinsurance	50%	50%	Equal
Orthodontia Lifetime Maximum	\$1,000	\$1,500 – \$2,000	Worse
Monthly Employee Only Contributions	Included with medical	\$10 – \$15	N/A
Monthly Family Contributions	Included with medical	\$30 – \$40	N/A
<b>Overall Assessment</b>			Equal
<b>Vision</b>			
Exam	100% after \$15 copay	100% after \$10 copay	Worse
Frames	\$130 allowance every 24 months	\$130 – \$150 allowance every 12 or 24 months	Equal
Lenses	100% after \$25 copay every 12 months	100% after \$15 – \$25 copay every 12 months	Equal
Contacts	\$130 allowance in lieu of frames/lenses	\$130 – \$150 allowance in lieu of frames/lenses	Equal
Monthly Employee Only Contributions	Included with medical	\$5+	N/A
Monthly Family Contributions	Included with medical	\$17+	N/A
<b>Overall Assessment</b>			Equal

## Retirement Benefits

- The following table provides a comparison of the bargained NW Natural retirement plans to the total energy benchmark
- Overall, the 401(k) plan is worse than the benchmark
- Overall, the Enhanced 401(k) plan is equal to the benchmark

Coverage Provisions	NW Natural Coverage	Total Energy Benchmark	Comparison
<b>Retirement Benefits</b>			
<b>401(k)</b>			
Employer Match	50% of the first 6%	100% up to 6%	<b>Worse</b>
Vesting	Immediate	Immediate	<b>Equal</b>
<b>Overall Assessment</b>			<b>Worse</b>
<b>Additional Retirement Plans</b>			
Additional Plans Available	Enhanced 401(k)	19 have a non-contributory 401(k) plan	
Non-Contributory 401(k) Contribution (if offered)	4% of current annual pay	4% – 5% of pay	<b>Equal</b>

## Welfare Benefits — Disability and Life

- The following table provides a comparison of the bargained NW Natural disability and life plans to the total energy benchmark
- An overall assessment of the short-term disability plan has not been made because a full benefits valuation must be completed to actuarially weight the various components of the plan
- Overall, the long-term disability and child life benefits are equivalent to the benchmark
- Overall, the basic life benefit is significantly worse than the benchmark

Coverage Provisions	NW Natural Coverage	Total Energy Benchmark	Comparison
<b>Welfare Benefits</b>			
<b>Short-Term Disability</b>			
Coverage	70% – 85% depending on years of service	60% – 100% of pay depending on years of service	Equal
Waiting Period	4 days	5 working days	Better
<b>Long-Term Disability</b>			
Waiting Period	180 days	180 days	Equal
Coverage	60% of pay for Base Plan	60% of pay	Equal
Monthly Maximum	\$10,000	\$10,000	Equal
<b>Basic Life</b>			
Coverage	\$3,000	1x – 2x pay	Worse
Maximum	N/A	\$1,000,000	N/A
<b>Supplemental Life Coverages</b>			
Child Life	\$5,000 (NW Natural paid)	Multiplies up to \$10k	Equal

## Time Off Benefits — Vacation and Holiday

- The following table provides a comparison of the bargained NW Natural vacation and holiday benefits to the total energy benchmark
- Overall, the vacation benefit is equivalent to the the benchmark
- Overall, the total holiday benefit is equivalent to the benchmark

Coverage Provisions	NW Natural Coverage	Total Energy Benchmark	Comparison
<b>Time Off</b>			
<b>Vacation*</b>			
Days at Hire	11 days	10 days	Equal
Days at Year 3	11 days	10 days	Equal
Days at Year 7	16 days	15 days	Equal
Days at Year 15	21 days	20 days	Equal
Long-Service — Maximum Days	26 days	25 to 30 days	Equal
Carryover Limit	60 days	5 to 10 days	Better
<b>Holiday</b>			
Employer Elected Days	8 days	9 to 10 days	Worse
Employee Elected Days	3 days	2 days	Better
Total Days	11 days	11 to 12 days	Equal

\*Subtracted 5 days to account for sick days with NW Natural