

April 30, 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

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COMMISSION

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

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 March 31, 2021.

Debt Relief Programs*COVID-19 Assistance Program*

The Commission recently approved NW Natural’s Schedule K, COVID-19 Assistance Program (“CAP”), effective April 23, 2021. The Company developed the CAP in consultation with its low-income assistance program (Gas Residential Energy Assistance Program, or “GREAT”) Advisory Group, 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.

CAP grants will be distributed to eligible customers as follows:

- Eligibility
 - Eligible customers are considered “low-income” if they are residential customers earning up to 200 percent of the Federal Poverty Level.
- Implementation

- NW Natural will identify past-due customers who have received energy assistance since January 1, 2019 and will proactively apply CAP funds to those accounts to bring them current via auto-enrollment in the CAP. Proactive auto-enrollments may occur periodically based on customer need and availability of funds.
 - NW Natural will send these customers a letter informing them of the CAP funds being applied to their account, providing references for other available energy assistance and asking customers to contact the Company with any questions.
- Customers not otherwise automatically receiving a CAP grant will apply for energy assistance at their local agency to determine income eligibility and can receive CAP grants directly from NW Natural.
- CAP grants will not exceed the customer's full account balance or the maximum annual award of \$2,500 per household.

NW Natural plans to apply the first auto-enrollment of CAP funds after April month-end when a query will be run to determine who is eligible for a CAP grant with their balances through April. CAP grants will then be applied in early May in the amount of the customer's full balance on the account. The CAP grant will be applied to the customer's next bill to reconcile the entire balance and they will only be billed for any new charges.

Based on data available as of mid-April, it is expected the first auto-enrollment of CAP funds will provide grants to approximately 150 low-income customers with an aggregate arrearage of \$47,000.

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 the end of March 2021, approximately \$140,000 remains available for assistance grants for the 2020-2021 program year.

Additionally, NW Natural and the GREAT Advisory Group took several actions to increase the effectiveness of the GREAT program during this crucial time. These actions include increasing the eligibility for GREAT participation from 150 percent of the Federal Poverty Level ("FPL") to 200 percent FPL and strengthening and enhancing the Company's communications plan to increase awareness of low-income programs, flexible payment plan and bill assistance options.

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 will offer in its Oregon service territory, which remains under discussion with the Advisory Group. NW Natural's Oregon arrearage

management program may serve as a useful model for a program that could be offered in Washington; this program has the potential to reach even more customers because it is not limited by income eligibility.

Communication and outreach actions

As described in our previous comments in this docket, NW Natural has 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.

We have run a series of proactive outreach efforts, known as our Healthy Account Campaigns (HAC). In late-June we ran our first HAC - 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. NW Natural has run HACs in 2020 in June-July and October-November. The latest HAC started in March 2021. Data available for the 2020 HACs reveal that 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 HAC. 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 previous comments, we highlighted the expansion of our 2021 customer communications plan that includes:

- 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; and
- An expanded social media advertising and posting campaign on Twitter, Facebook and LinkedIn.

NW Natural is providing additional outreach efforts using new methods in order to contact vulnerable and underserved communities so that customers in need are aware of and can access energy assistance and our CAP. In addition to exhausting our conventional outreach and customer engagement through Community Action Partners, our approach involves:

- Engaging community-based organizations (primarily in the direct service, housing and food banks spaces);
- Leveraging our employee base to engage their school, faith-based and/or community-based network about available programs;
- Tapping messaging channels and networks of the Energy Trust of Oregon and other utilities; and
- Distributing a new communications pamphlet, condensed content for email or e-newsletter distribution and talking points for in-person and over-the-phone engagement.

Importantly, we are co-creating these outreach strategies with our nonprofit partners to align with who they serve and how. A guiding principle of our process is to ensure that outreach activities are not onerous to nonprofits; rather program information can be embedded into existing channels of communication, such as physical brochures placed in food deliveries from a food bank or school; over the phone check-in calls with homebound seniors; or in an organization's e-newsletter.

NW Natural's Government Affairs staff has also been included in all communications so they can share details with elected officials and staff members as needed regarding efforts to assist customers during the pandemic and the economic recovery period.

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 an increase in the number of accounts in arrears, which coincides with the heating season and higher winter bills. At the end of March, NW Natural had a total of 83,878 residential customers in Washington, equating to about 13.6 percent of our residential customers having an arrearage balance.

Chart 1

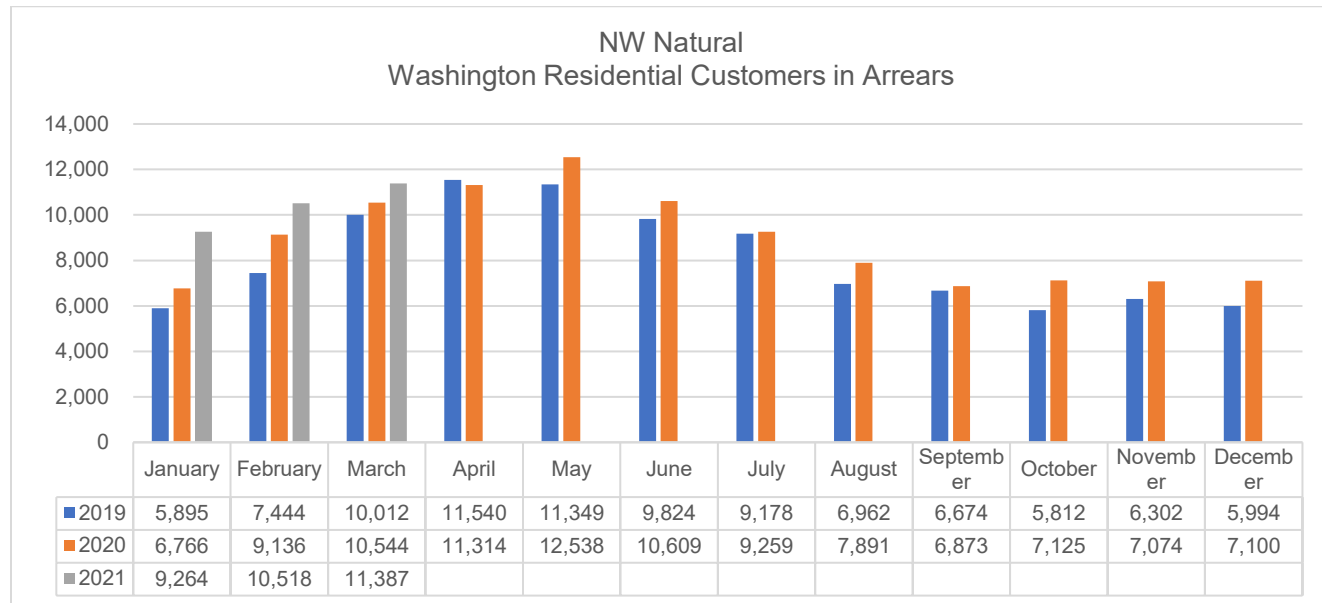
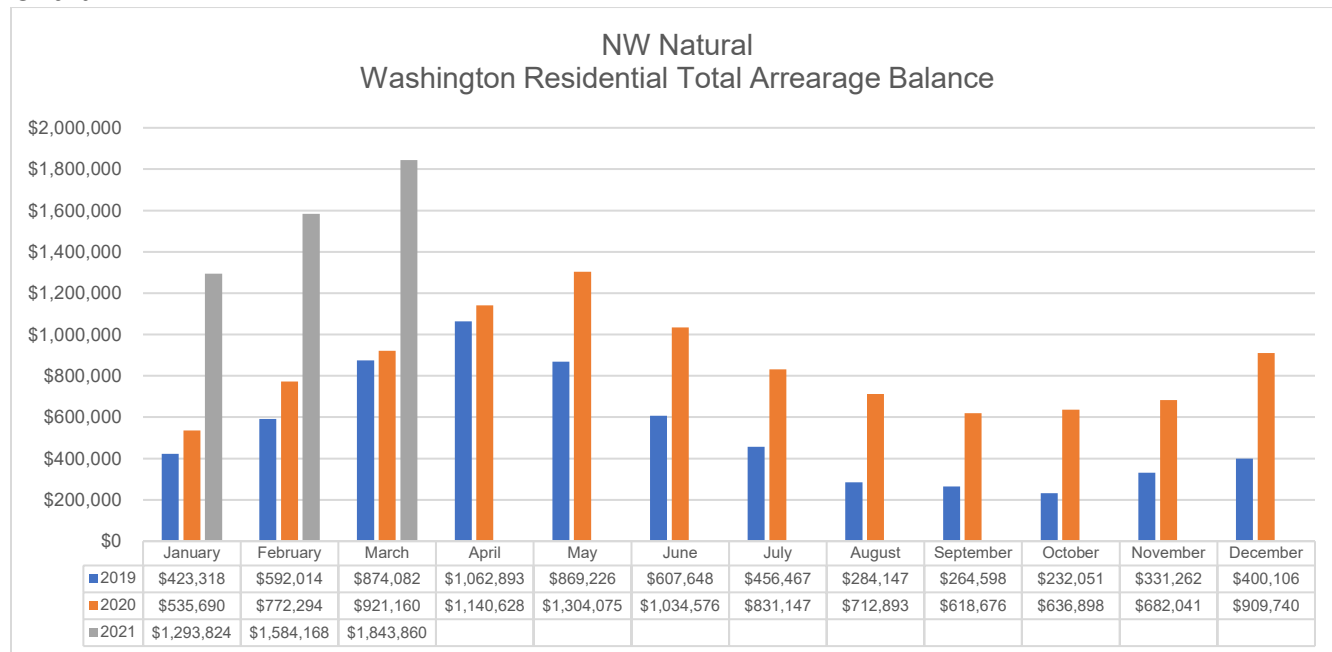


Chart 2 below illustrates the Company’s total arrearage balance for Washington residential customers. The data indicates a significantly higher level of arrearages compared with 2019 and 2020.

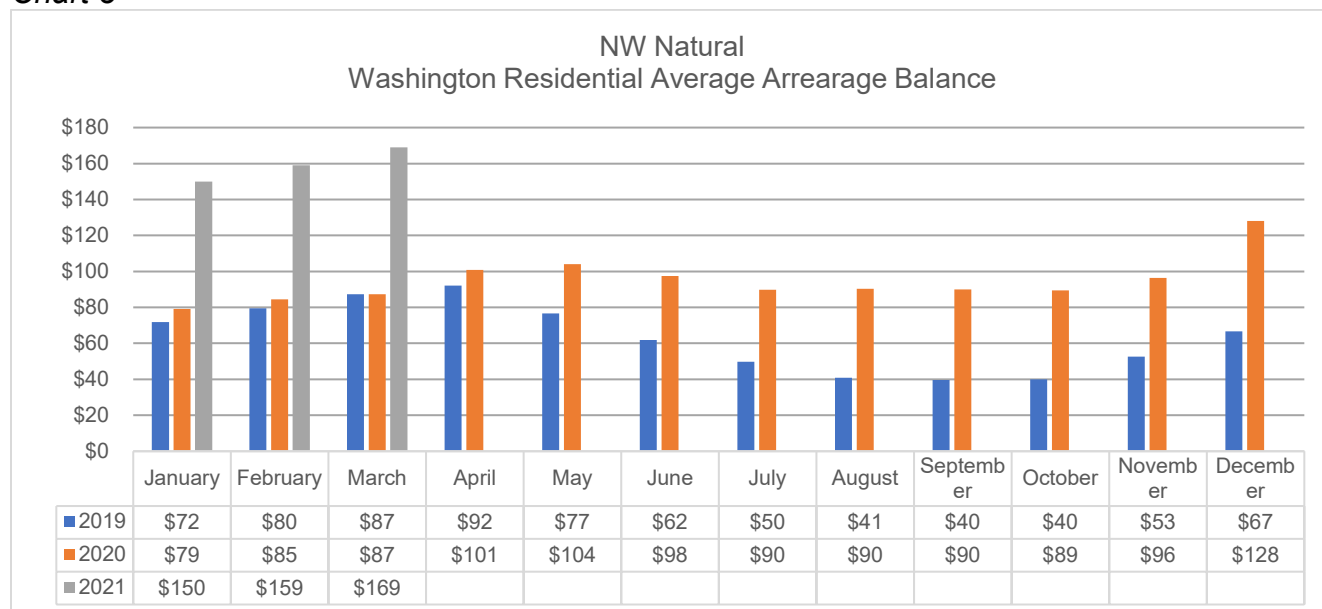
Chart 2



As mentioned previously, the end of first quarter 2021 coincides with the end of the heating season, when winter bills cause a familiar increase in numbers of accounts in arrears and higher account balances and resulting in increasing average arrearage balances, as shown

in Chart 3. Thus, the data indicates a similar seasonal pattern in arrearages, although at a much higher level than experienced in 2019 or 2020.

Chart 3



Plans to resume credit and collections practices and customer notices

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 and provide information about available energy assistance. Finally, the CAP program described above will be deployed before the moratorium is lifted providing immediate assistance through instance CAP grants using auto-enrollment for low-income customers.

NW Natural has drafted its 30-day resumption letter and revised its disconnection notices and, after participating in the Commission’s April 7, 2021 low-income accessibility and communications workshop, is working to further revise these drafts to reflect the feedback provided by Staff and stakeholders at the workshop as appropriate. The Company has also shared these notices with its GREAT Advisory Group.

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 appreciates the opportunity to provide these comments. We look forward to participating in the May 12, 2021 recessed open meeting to further discuss our comments.

Please contact me at (503) 610-7617 if you have questions.

Sincerely,

/s/ Zachary Kravitz

Zachary Kravitz

Director, Rates and Regulatory Affairs

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