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Records Management
Nov 22, 2023

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NWN WUTC Advice No. 23-05C

VIA ELECTRONIC FILING

Kathy Hunter, Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

**Re: UG-230739 – NW Natural Residential Bill Discount Program – Addendum and Replacement Tariff Sheets
DO NOT REDOCKET**

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), provides additional information to supplement previously filed information about its proposed residential bill discount program and replacement pages for all tariff sheets previously filed in this docket to reflect minor changes to certain elements of the program design as described herein.

Purpose

The purpose of this filing is to provide a summary and status of issues related to the bill discount program that NW Natural has resolved or otherwise addressed with its GREAT Advisory Group¹ since the initial filing proposing the program in this docket. As a result of some of the resolved issues, minor changes to Schedule L-1 have been made as described below. For completeness, NW Natural provides replacement pages for Schedule L-1 and all tariff sheets previously filed in this docket. These tariff pages replace all previously filed in this docket. The rate calculations and supporting workpapers for the rates provided in proposed Schedule 231 remain unchanged from those previously provided.

Background

On September 12, 2023, NW Natural filed Advice No. 23-05, docketed as UG-230739, to introduce tariff schedules for its proposed residential bill discount program. On September 18, 2023, the Company filed a replacement tariff page Schedule 231.1 to reflect adjusted rates to correct a calculation error. And on October 18, 2023, NW Natural filed replacement pages for all tariff sheets previously filed in this docket to reflect a new proposed effective date of January 1, 2024.

Collaboration with Advisory Group

NW Natural has been working with its GREAT Advisory Group to discuss and decide upon process and design regarding the bill discount program since initially previewing the program at an Advisory Group meeting on August 15, 2022. These discussions have continued throughout 2023, with the Company filing its tariff proposing the program on September 12, 2023. Since that filing, the Advisory Group has met bi-weekly to work through additional program design and process issues.

¹ NW Natural's GREAT Advisory Group was established in 2019 and includes Clark Public Utilities and Washington Gorge Action Program, which are the two Community Action Agencies (Agencies) serving NW Natural's low-income customers, Washington Department of Commerce, WUTC Staff, Public Counsel, The Energy Project and Northwest Energy Coalition.

As a result, NW Natural and the Advisory Group have resolved or further refined several issues, agreed on items to be taken up within the next year after the program is launched January 1, 2024, and continues to work through details to enable a successful launch of the program.

Summary and status of issues

The following list provides a summary of the issues addressed with the Advisory Group since the September 12 filing.

Issues resolved or clarified since September 12 filing:

1. Cost recovery and deferral: NW Natural and the Advisory Group confirmed that there were no outstanding issues with the Company’s proposal for cost recovery and use of deferred accounting as described in the September 12 filing. The cost recovery for the program outlined in Schedule 231 will be updated annually during NW Natural’s typical purchased gas adjustment filings.
2. Design – income and tiers: To determine the appropriate discount tier for participants, gross income with deductions in alignment with LIHEAP will be used. This is a refinement from the September 12 filing and minor modifications to the enclosed Schedule L, on sheet L.1 have been made accordingly. NW Natural and the Advisory Group also developed the income categories to be provided by applicants as follows. Customers will provide the gross income amounts as noted and automation within NW Natural’s system will calculate the appropriate deductions.

	Customer enters
<u>Please enter gross income by type:</u>	
Earned Income* (examples: wages, salaries, tips)	<input type="text"/>
Unemployment and Pensions (enter amount before tax)	<input type="text"/>
Self-employment income	<input type="text"/>
Veterans benefits	<input type="text"/>
Social Security (SSA/SSI/SSD) (exclude Medicare deducted from your benefits)	<input type="text"/>
Public Assistance (examples: General Assistance (GA-U/GA-X), Aged, Blind or Disabled Cash Assistance, TANF)	<input type="text"/>
Child/spousal support received, family support received	<input type="text"/>
Other Income (examples: stipends, military income, workers compensation, dividends, in-kind)	<input type="text"/>
*Provide gross earned income and subtract any child/spousal support paid out.	

3. Income verification: NW Natural included the parameters for post- enrollment income verification in the September 12 filing. With the Advisory Group, the Company has further refined these parameters to include: starting by no later than third quarter 2024 to reflect the later launch date of the program, including in the 3% sampling an equitable allocation

among the two Agencies serving NW Natural's low-income customers, beginning selection among the 3% sample after a participant has received their first bill with a discount, and establishing income verification determinations that will be determined by the Agencies as follows:

- Verified – eligible for program
- Verified – eligible for program, need to move to different tier
- Verified – not eligible – documentation provided but not eligible
- Non-responsive – no contact made
- Non-responsive – contact made, no documentation provided

These determinations will be provided by the Agencies in a form to be sent to NW Natural for appropriate action and reporting. The determination form and the letters that will be sent to customers throughout the income verification process will be developed by NW Natural and the Agencies in consultation with the Advisory Group. NW Natural will continue to work with the Agencies and the Advisory Group to finalize details of the income verification process throughout the first half of 2024, when the verification is expected to begin no later than 3rd quarter.

4. Information sharing: NW Natural will provide a monthly list of self-declared participants who have not received prior energy assistance to the Agencies so that the Agencies may connect these participants with other services they may qualify for.
5. Reporting and KPIs: NW Natural worked in collaboration with the Advisory Group to develop a list of metrics to include in annual reporting – as provided below. The list reflects a working framework and may be subject to changes or refinements.
 - Cumulative Enrollments by discount tier
 - Cumulative Enrollments by type (auto-enroll or self-declaration by method) and by discount tier
 - Arrearage analysis
 - Cumulative and Monthly enrollments by zip code (by discount tier)
 - Discounted dollars by month and discount tier
 - Other program costs - start-up, marketing, Agency funding, administrative, etc
 - Results of income verification – determinations provided by Agencies
 - Comparative of results to prior year
 - Other metrics relating the program:
 - Disconnects among those on program(s)
 - Participation in other programs - LIHEAP, GREAT, GAP, TPAs, and WA-LIEE
 - Data on first-time participation in other programs because of participation in bill discount program
 - In future, once settled, demographic information
 - Narrative summary of year - discuss relevant issues that occurred or items of interest, for example, outreach, marketing, emerging issues

In addition, the GREAT Annual Report will be expanded to include NW Natural's Gas Assistance Program (GAP) and the bill discount program.

6. Agency roles: The design of NW Natural's program entails that enrollment of customers will be done by the Company regardless of how a customer applies for the program – through the web form, a paper form, auto-enrollment because they have received energy assistance,

or through the customer contact center, or with Agency assistance. While Agencies will not be directly enrolling customers in the program, they remain key to connecting customers with all available programs to assist their clients, including NW Natural's GREAT, GAP and bill discount program. In a scenario where a customer is not immediately eligible for energy assistance and would not be immediately auto-enrolled through NW Natural's process, the Agencies just need to inform NW Natural via a call or email and the Company will enroll them. Agencies can also assist customers by answering questions, and/or providing instruction and assistance when filling out an online or paper bill discount application. If a customer completes a paper application on site with an Agency, the Agency can email or fax the application to NW Natural.

7. Agency role at/near program launch: As outlined in the September 12 filing, customers who have received energy assistance within the past two years will be auto-enrolled. NW Natural will provide a list of the customers that are expected to be auto-enrolled on the January 1, 2024 program launch date to the Agencies. The Agencies will research the list and provide income and household size to NW Natural so that customers can be enrolled in the appropriate tier.
8. Outreach: As outlined in the September 12 filing, NW Natural is in the process of updating its robust outreach toolkit that will be provided to the Agencies prior to the program launch date. The outreach toolkit provides resources for community partners to enable them to inform their clients of the bill discount program and how to sign up. The toolkit includes printable resources, digital materials and customizable content to streamline outreach efforts and allow for easy integration into the Agencies' existing channels of communications. The toolkit will also include referrals to the Agencies and other website/sources for energy assistance and other services.
9. FAQs on fraud: NW Natural developed FAQs to address inquiries about concerns over program integrity. The Advisory Group provided examples of other utility FAQs and collaborated to draft the following FAQs that will be provided on websites and to NW Natural call center and media staff.

Who pays for the Bill Discount Program?

The Bill Discount Program is funded by all customers, as approved by the state regulatory commission, developed through state legislation, and supported by NW Natural, community stakeholders and other investor-owned utilities in the state.

How does NW Natural ensure that only people with qualifying household incomes participate in the Bill Discount Program?

Every month, NW Natural and local Community Action agencies verify incomes from a group of participants chosen at random. Customers whose household incomes do not qualify are removed from the bill discount program. The verification process also provides an opportunity to ensure qualified customers are receiving the correct benefit based on their household income.

Issues under current discussion

1. Interim funding for Agencies: NW Natural and the Advisory Group generally agree that funding specific for the bill discount program be made available to the Agencies during the first year of the program to provide support during launch for administrative tasks, assistance with auto-enrollments at launch, staff training, outreach, materials and

technology updates, income verification and other activities/needs that may not be known at this time. NW Natural and the Agencies are still discussing the appropriate budget level to be established, as well as the desired process for invoicing and payment. These decisions will be made in consultation with the Advisory Group. The experience gained from the first-year interim funding will inform how funding for Agencies may be set and designed for following years. Costs associated with Agency funding are expected to be included in the proposed balancing account supporting the bill discount program cost recovery proposed in the September 12 filing.

Issues for discussion in 2024

1. Communications in other languages/preference center: As explained in the September 12 filing, NW Natural does not currently have a customer preference center to accommodate using a customer's preferred communication media or the capability to provide system-generated customer communications in additional languages. NW Natural has discussed with the Advisory Group that prioritization of technology projects related to regulatory or statutory programs such as the COVID arrearage management programs, bill discount programs and the Climate Commitment Act have impacted the Company's ability to implement the projects needed to enable the preference center and customer bills and notices in other languages. **Status/decision:** NW Natural will keep the Advisory Group apprised of the timing of these large, extensive technology projects.
2. Demographic data to be shared with Agencies: NW Natural and the Advisory Group will continue to discuss demographic data, including what information is useful, what information will be shared among the Company and Agencies, the evaluation of demographic data collected, and how demographic data is collected. **Status/decision:** The Company and the Advisory Group will continue discussions in 2024 as data is collected, and agree on a process for demographic data collection with the intent to be implemented by October 1, 2024 of the program.
3. Information sharing with Department of Commerce: In addition to the demographic data discussed above, the Department of Commerce and NW Natural, in collaboration with the Advisory Group will continue discussing the technical specifics, spreadsheets and contract updates needed to enable efficient and secure information exchange. **Status/decision:** These discussions will continue in the first six months of 2024 after an expected technical update occurs in January, with the intent to implement any agreed upon method on or before an October 1, 2024 start of the energy assistance program year.
4. Longer enrollment period for fixed income: As addressed in the September 12 filing, NW Natural and the Advisory Group discussed that the need for and requirements for this technological change will be addressed after the launch of the program, to determine whether and how to implement extended enrollment terms (e.g. 4 or 6 years) for the second year of the program. **Status/decision:** NW Natural and the Advisory Group will continue to address this issue during year one of the program for potential implementation in year two.
5. Prioritization of LIHEAP grants: This issue relates to the concept of applying LIHEAP funds to a grantee's utility account before other grants or ratepayer-provided funds. NW Natural and the Advisory Group have discussed that NW Natural will have programming/system issues and will need time to assess the work and time required to facilitate this feature. It is also anticipated that additional experience with the bill discount program will inform how to implement this feature, because complexities exist for different customer scenarios such as carrying a large LIHEAP credit balance or carrying a large arrearage balance.

Status/decision: NW Natural and the Advisory Group will continue to address this issue during year one of the program for implementation by October 1, 2024, pending any technological barriers that may be identified during these discussions.

6. Agency funding for the bill discount program: As discussed above, NW Natural is working with its Agencies to determine what an appropriate level of funding related to support activities for the bill discount program will be. The experience with year one interim funding will further inform how to set an appropriate level of ongoing funding for year two and beyond. **Status/decision:** Agency funding specific to the bill discount program will be revisited after the year one interim funding experience, in the fourth quarter of 2024.
7. Changes to GREAT: During the discussions the Advisory Group and NW Natural had regarding the proposed bill discount program, The Energy Project raised proposals to make changes to the GREAT program, including changing the income threshold to the greater of 80% AMI or 200% FPL and adding self-declaration. **Status/decision:** NW Natural and the Advisory Group will continue to address these proposed changes to the GREAT program in 2024, with any resulting changes to be discussed with the Agencies during the summer of 2024, to be implemented with the GREAT program year beginning October 1, 2024.
8. Arrearage management program: The Advisory Group continues to have interest in an arrearage management program (AMP). NW Natural notes that prioritizing the bill discount program now is consistent with NW Natural's low-income needs assessment survey results that indicated customers preferred a bill discount program and time payment plans as their top two energy assistance program. **Status/decision:** The Advisory Group and NW Natural will continue to discuss the possible need for an AMP in 2024.
9. Additional Items: The Advisory Group and NW Natural agreed to revisit other design and implementation issues for the bill discount program during 2024, including: the discount percentages and income tier thresholds; the use of 4 vs. 5 tiers; and the income verification process.

Conclusion

NW Natural respectfully requests approval of the proposed bill discount program described in the filings and tariff sheets filed in this docket for an effective date of January 1, 2024.

As mentioned above, the enclosed revised proposed tariff sheets replace those previously provided in this docket in their entirety. Please note that NW Natural will make a compliance filing to provide updated tariff sheets for Schedules 1-3 and 27-43 to reflect approved Schedule 231 rates after the Commission's determination on this UG-230739 tariff filing, and any other rate changes approved by the Commission to become effective January 1, 2024.

Copies of this letter and the attached filing are available in the Company's main office in Portland, Oregon, and on its website at www.nwnatural.com.

As requested by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

Please address correspondence on this matter to me with copies to the following:

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Respectfully submitted,

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Attachment:
230739-NWN-WUTC-Advice-23-05C-Trf-Sheets-R-Pg-11-22-2023