

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

Northwest Natural Gas Company DBA NW
Natural, Revisions to Tariff WN U-6, Adding
Schedule L – Bill Discount Rate

Docket UG-230739

In the Matter of

Northwest Natural Gas Company DBA NW
Natural

Docket UG-230740

For an Accounting Order Authorizing Deferred
Accounting Treatment of the Residential Bill
Discount Program Costs and Revenues

**COMMENTS OF THE ENERGY PROJECT ON NORTHWEST NATURAL'S
ENHANCED ENERGY ASSISTANCE PROGRAMS**

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TABLE OF CONTENTS

	<u>Page</u>
I. Introduction.....	1
II. The Commission should issue an order requiring NWN to implement an arrearage management plan by October 1, 2024.	3
III. The new Bill Discount Program will improve access to energy assistance and reduce energy burden.	5
A. The new program addresses barriers to participation in energy assistance programs.	5
B. The new program incorporates best practices for energy assistance, appropriately tailored to the needs of Washington customers.	6
1. NWN and its Advisory Group designed the proposed income tiers and discount percentages to reduce gas burdens to 3% or less, with the objective of reducing overall energy burden to 6% or less.	6
2. Automatic enrollments and enrollment through declaration of income, with appropriate post-enrollment verification, are proven and effective tools.	8
3. The Agencies will play a critical role in the success of the program.	10
C. TEP looks forward to working with the advisory group to address remaining issues.	11
IV. Conclusion	12

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I. Introduction

On September 12, 2023, Northwest Natural Gas Company (NWN) submitted a tariff filing in docket UG-230739 proposing to implement a new energy assistance program for its low-income customers, and a petition for an accounting order to defer costs associated with the same in docket UG-230740. After additional consultation with its low-income advisory group (Advisory Group), NWN submitted a revised tariff filing on November 22, 2023. NWN’s proposed Bill Discount Program (BDP) is a multi-tiered bill discount program designed to reduce energy burden to 6% or less of household income. NWN proposes to offer the BDP in addition to its grant-based Gas Residential Energy Assistance Tariff (GREAT) program and other low-income programs.

The Energy Project (TEP) recommends the Commission approve the tariff and the petition. However, the Commission’s order approving the petition in docket UG-230740 should additionally require NWN to implement an arrearage management plan no later than October 1, 2024. NWN’s proposal contains significant improvements over its existing energy assistance

programs, echoing changes the Commission recently approved for Cascade Natural Gas (Cascade), Avista, and Puget Sound Energy (PSE).¹ Like those utilities, NWN has designed a bill discount program that incorporates a variety of best practices for providing energy assistance, including bill discounts that vary based on a customer's need and new avenues for enrolling customers. NWN's proposal has the potential to reduce energy burdens for thousands of low-income customers in the years to come.

TEP is encouraged by the progress NWN made on the Bill Discount Program, but the Company's continues to delay in developing an Arrearage Management Program (AMP). While NWN has committed to discussing an AMP with the Advisory Group over the next year, the lack of a date certain for implementation is particularly concerning in light of the fact that the Advisory Group identified implementation of an AMP as a key priority in its April 2021 Action Plan.² Over two years and half years later, NWN still has not committed to implementing an AMP or taken concrete steps to develop one. By contrast over the past two years, Avista, Cascade, and PSE developed and implemented arrearage assistance offerings.

TEP recommends the Commission approve the tariff revisions in docket UG-230739 and issue an order in docket UG-230740 requiring NWN to implement an AMP by October 1, 2024.

¹ *E.g.* Dkt. UG-230551, In the Matter of the Request of Cascade Natural Gas Corporation to Approve Tariff Revisions Regarding the Company's Low Income Bill Assistance Program, Order 01 (July 31, 2023) (Order Approving Cascade's CARES Program); Dkt. UE-230560, In the Matter of PSE Revisions to Tariff WN U-60 to Offer a New, Optional Low-Income Bill Discount Rate Service, Schedule 7BDR, Comments of The Energy Project on Enhancements to Avista and Puget Sound Energy's Low-Income Assistance Programs, at 5-12 (Aug. 18, 2023) (TEP Comments on Avista and PSE's BDR Programs) (describing Avista and PSE's programs).

² Exhibit A, NW Natural's GREAT Advisory Group Action Plan (2021 Action Plan), at 1-2, 4 (April 1, 2021).

II. The Commission should issue an order requiring NWN to implement an arrearage management plan by October 1, 2024.

NWN has committed to working with the Advisory Group over the next year to discuss and implement changes to GREAT by October 1, 2024. However, NWN has not yet committed to any specific timeline for developing an arrearage management program to work in tandem with the Bill Discount Program.

The absence of a clear timeline for developing an AMP is concerning, given its importance for customers and the delays experienced thus far in developing an AMP. NWN and the Advisory Group have for several years in a row identified AMPs as a top priority area for NWN's low-income programs, including in the April 2021 GREAT Action Plan created at the Commission's direction. In the 2019 NWN General Rate Case, the Commission ordered NWN and the Advisory Group to "present an action plan to improve the GREAT Program."³ From 2019-2021, the Advisory Group met to discuss improvements to NWN's low-income programs, culminating in an Action Plan adopted by the Advisory Group on April 1, 2021. The Action Plan identified "Arrearage Management Plans" as a critical next step for NWN, citing the "long-term need for utility programs to help customers address arrearage issues."⁴ And as part of the Action Plan, NWN specifically committed to "contin[uing] to work with the GREAT Advisory Group to develop an AMP," using "other Washington utilities' AMPs" as models along with lessons learned from the COVID-19 Assistance Program (CAP).⁵

³ Dkt. UG-181053, *Washington UTC v. Northwest Natural Gas*, Order 06, Final Order Approving and Adopting Joint Settlement Agreement (2019 NWN GRC Final Order), ¶ 85 (Oct. 21, 2019).

⁴ Exhibit A, NW Natural's GREAT Advisory Group Action Plan (2021 Action Plan), at 1-2, 4 (April 1, 2021).

⁵ 2021 Action Plan at 5.

Despite those commitments, NWN has not yet taken concrete steps to develop an AMP. By contrast, other utilities have made progress on both bill discount programs and AMPs. For example, Avista developed a comprehensive arrearage management program, Cascade greatly expanded the arrearage assistance available to its customers, and PSE implemented a temporary arrearage forgiveness program while its advisory group designs a permanent AMP with a Commission-ordered implementation date of October 1, 2024. Those actions are consistent with the commitment each Washington investor-owned utility—including NWN—made in the COVID-19 response docket to “[e]xplore development of an AMP . . . to address potential long-term solutions for customers’ energy burden.”⁶

TEP is concerned with NWN’s multiyear delays in developing an AMP. NWN’s November 22, 2023 cover letter lists specific implementation dates for various items slated for development in 2024, but states only that the Advisory Group will “*discuss* the possible need for an AMP in 2024.”⁷ The continued absence of any timeline for developing an AMP makes it difficult for the Company and the Advisory Group to plan for and prioritize the development of this critical program for low-income customers. It also introduces inefficiencies for both the Advisory Group and the Commission, as NWN is proposing to develop and implement changes to GREAT by October 1, 2024 without a commitment to determining how those changes will interact with and complement NWN’s eventual AMP. The BDR, AMP, and GREAT programs should work together to stabilize energy burden and prevent energy crises. TEP strongly advises against a siloed or piecemeal approach to program enhancements.

⁶ Dkt. 200281, In the Matter of the Response to the COVID-19 Pandemic, Order 06 at ¶¶ (describing and adopting Staff’s Fourth Revised Term Sheet); *id.* at Appendix A, UTC Staff Fourth Revised Term Sheet COVID-19 Response, Section F, at 4-5 (March 29, 2022) (identifying the need to develop long-term AMPs).

⁷ NWN November 22 Replacement Cover Letter at 6 (emphasis added).

Accordingly, TEP recommends the Commission issue an order requiring NWN to implement an AMP by October 1, 2024. A clear timeline will ensure that customers finally receive both adequate prospective aid in the form of the Bill Discount Program and arrearage assistance to help with past due bills.

III. The new Bill Discount Program will improve access to energy assistance and reduce energy burden.

A. The new program addresses barriers to participation in energy assistance programs.

As the Washington State Department of Commerce observed, the existing “combination of utility-operated assistance programs and LIHEAP falls short of addressing the energy burdens of low-income households.”⁸ Currently, only a fraction of customers who are eligible for energy assistance actually receive it, and those that do often do not receive aid that is sufficient to reduce energy burden to 6% or less of household income, as prescribed by the Clean Energy Transformation Act (CETA).⁹ The causes for the gap between the substantial need for energy assistance and the amount of aid actually delivered are varied, and include insufficient levels of program funding, onerous enrollment processes, and lack of awareness among customers regarding available programs.¹⁰ In collaboration with its GREAT Advisory Group, NWN designed the new Bill Discount Program to address these barriers, including by expanding the

⁸ WA State Dept. of Commerce, *Low-Income Energy Assistance 2023 Legislative Report* (2023 Legislative Report), at 3 (March 6, 2023), https://app.leg.wa.gov/ReportsToTheLegislature/Home/GetPDF?fileName=CommerceReports_2023_Energy_Assistance_Report_Final_5001c308-6921-403b-b140-bd6e15d1a31a.pdf.

⁹ RCW 19.405.120(1)-(2) (directing utilities to “make programs and funding available for energy assistance to low-income households” to address unmet energy assistance need); WAC 480-100-605 (defining energy assistance need as the “the amount of assistance necessary to achieve an energy burden equal to six percent for utility customers”).

¹⁰ 2023 Legislative Report at 3, 16-18.

avenues available for enrollment, providing aid that is appropriately sized to reduce energy burden, and leveraging the capabilities of Clark Public Utilities and the Washington Gorge Action Program (collectively, the Agencies) to provide better services to customers.

B. The new program incorporates best practices for energy assistance, appropriately tailored to the needs of Washington customers.

NWN’s proposal includes several significant changes relative to its existing programs, including allowing customers to enroll by declaring their income and providing discounts that vary based on a customer’s income. The Commission recently approved similar changes for Cascade in July 2023, commending Cascade and its advisory group for “creating a program that will benefit the Company’s low-income customers.”¹¹ In August 2023, the Commission allowed similar proposals from Avista and PSE to take effect after they received strong approval from their low-income advisory groups on the design of their bill discount programs.¹² The Commission should likewise approve NWN’s BDR program, which represents emerging consensus in both Washington State and elsewhere regarding best practices for providing energy assistance to low-income customers. The following sections discuss a few of these improvements.

1. NWN and its Advisory Group designed the proposed income tiers and discount percentages to reduce gas burdens to 3% or less, with the objective of reducing overall energy burden to 6% or less.

Like Cascade, Avista, and PSE, NWN has proposed a multi-tiered bill discount program that provides varying discounts based on a customer’s income. NWN and the Advisory Group selected the income tiers and corresponding discount percentages to limit customer gas burden to

¹¹ Order Approving Cascade’s CARES Program at 7.

¹² TEP Comments on Avista and PSE’s BDR Programs at 1, 4 (describing the advisory group process for Avista and PSE).

no more than 3% of household income, with the objective of reducing a household's overall energy burden to no more than 6% of household income. NWN's program will advance Washington's public policy of reducing overall energy burden to 6% or less of household income.¹³

The multi-tiered structure in the Bill Discount Program is an effective method of providing assistance in proportion to a customer's need, thereby advancing CETA's policies to prioritize energy assistance, where possible, for households with higher energy burdens.¹⁴ It is worth noting that Avista, Cascade, and PSE's BDR programs each include 5 income tiers with corresponding discount percentages, while NWN's proposal only includes 4 tiers. TEP does have some concerns with the reduced tiering in NWN's program, which increases the likelihood that customers with incomes at the lower end of a tier may not receive discounts sufficient to address their needs. However, NWN has agreed to discuss increasing the number of tiers from 4 to 5 as part of continued enhancement to the program, and therefore TEP is able to support the current program even as the Advisory Group continues to identify potential improvements.

In the coming years, NWN and its Advisory Group will need to monitor the effectiveness of the bill discount percentages at reducing energy burden to below 6% of household income. If rates, energy usage, or income levels change such that the program is not effectively reducing energy burden to the target 6%, revisions to the discount tiers or percentages set in tariff will become necessary. For this reason, TEP recommends the Commission ask the Advisory Group to

¹³ See fn. 9, *supra* (citing CETA's objective of reducing energy burden to less than 6%).

¹⁴ RCW 19.405.120(2) ("To the extent practicable, priority [for energy assistance] must be given to low-income households with a higher energy burden.").

monitor the effectiveness of the programs and suggest revisions as necessary to ensure they are meeting the established energy burden targets, as it has done for the GREAT program.¹⁵

2. Automatic enrollments and enrollment through declaration of income, with appropriate post-enrollment verification, are proven and effective tools.

NWN’s proposal includes important new avenues for enrollment that will reduce longstanding barriers to participation in energy assistance programs and ensure the efficient use of program funds. First, NWN will automatically enroll customers at program launch in the Bill Discount Program if they have received other qualifying energy assistance within the past two years.¹⁶ NWN is working with the Agencies to place customers into the appropriate program tier based on household size and income. And going forward, any customer who enrolls in LIHEAP or GREAT through their Agency will be able to simultaneously enroll in the Bill Discount Program. Automatic enrollments are vital to ensuring that the programs serve eligible customers in need.

Second, NWN will allow customers to enroll by declaring their income, with a subset of customers chosen for post-enrollment verification of eligibility. Allowing customers to declare income reduces longstanding barriers to enrollment by eliminating the requirement for all customers to locate and provide extensive income documentation before receiving assistance. It also ensures the efficient use of program funds by reducing the administrative burden associated

¹⁵ The Advisory Group was created as a part of a settlement in NWN’s 2019 General Rate Case. Dkt. UG-181053, *Washington UTC v. Northwest Natural Gas*, Order 06, Final Order Approving and Adopting Joint Settlement Agreement (2019 NWN GRC Final Order), ¶ 85 (Oct. 21, 2019). In its order approving the settlement, the Commission charged the Company and the Advisory Group with a number of objectives, including “identify[ing] ways to improve the GREAT Program to better align with the goals of the Advisory Group” and developing steps to “more effectively delivery benefits to qualifying customers.” *Id.* at ¶¶ 85-87.

¹⁶ NWN Cover Letter for Replacement Tariff Sheets (NWN November 22 Replacement Cover Letter), at 4 (Nov. 22, 2023) (describing the auto-enrollment feature of the program).

with obtaining and reviewing documentation for every customer. Finally, the random selection of customers for post-enrollment verification protects program integrity by providing a mechanism for accountability and measurements of incorrect program enrollments. The Commission recently approved this method of enrollment for customers in Cascade, Avista, and PSE’s low-income energy assistance program,¹⁷ which has also been used for years in California and was recently adopted in Oregon as well.¹⁸ As the California Public Utilities Commission noted in an order reaffirming and expanding the state’s bill discount programs, the combination of customer declarations and post-enrollment verification appropriately “balances the desire for the maximum number of eligible customers to participate with the need to verify participant eligibility.”¹⁹ After consultation with the Agencies and its Advisory Group, NWN decided to verify 3% of enrolled customers. NWN and the Advisory Group agreed to monitor this verification percentage and adjust as necessary in the future, based on data from the initial program rollout.

TEP also strongly supports the protections that NWN’s program provides to customers who are disenrolled for not responding to a request for income verification. Customers can receive credits for missed payments if they reenroll within 90 days of removal by providing appropriate income documentation.²⁰ This is a laudable protection for deserving customers who do not receive the initial notice or are slow to respond and eventually produce the required

¹⁷ *E.g.* Order Approving Cascade’s CARES Program at 4.

¹⁸ *E.g.* OR Pub. Util. Comm., Dkt. ADV 1424, Cascade Advice No. O22-08-01, Low-Income Assistance Program Tariff Revision, Letter Order (Sept. 6, 2022) (approving Cascade’s tariff revisions to allow for enrollment in energy assistance programs using income declarations).

¹⁹ CA Pub. Util. Comm., Dkt. A-19-11-003, Application of Pacific Gas and Electric Company for Approval of Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for 2021-2025 Program Years (California CARE Proceeding), Decision No. 21-06-015, at 21 (June 3, 2021).

²⁰ NWN Cover Letter for WUTC Advice Letter No. 23-05C (NWN September 12 Cover Letter), at 3 (Sept. 12, 2023).

income documentation. Cascade and Avista’s programs include similar protections for customers who initially fail to respond to post-enrollment verification.²¹

Finally, customers in NWN’s program will be enrolled by default for two years. NWN agreed to discuss in the coming year the possibility of extended enrollment terms for customers on a fixed income (e.g. 4 years), a feature Avista incorporated as well into its BDR program.

3. The Agencies will play a critical role in the success of the program.

The Agencies perform several essential functions in the utilities’ programs, including the following. First, the Agencies will be able to assist customers in enrolling in the program, both through automatic enrollments when a customer enrolls in another qualifying energy assistance program and by notifying NWN of customers who are eligible for the BDR program but would not otherwise be auto-enrolled in the program. Second, when NWN auto-enrolls customers based on a customer’s participation in another means-tested program, the Agencies will assist NWN in identifying the correct tier for the customer based on income information the Agency previously obtained. Finally, the Agencies are responsible for conducting post-enrollment verification, which leverages their expertise with calculating and verifying household income. Every customer contact also provides Agencies the opportunity to enroll customers in other assistance programs they offer, such as LIHEAP, weatherization, housing, childcare, banking, and water assistance programs, among others, which helps promote overall financial health and wellbeing for families and increases the likelihood that customers will be able to manage their utility bills.

²¹ E.g. Dkt. UG-230551, Cascade, Tariff WN U-3, Sheet No. 20-A (Aug. 1, 2023) (“If a customer who has been removed from CARES for failing to verify their household income provides the Agency documentation verifying income within 60 days after being removed from the program, the Company will reenroll the customer into CARES *and will credit the customer’s account for the discount the customer would have received had the customer not been removed from the program.*”) (emphasis added).

C. TEP looks forward to working with the advisory group to address remaining issues.

NWN's November 22, 2023 cover letter describes a number of areas that require continued development and discussion, including the details for post-enrollment income verification, methods of collecting customer demographic data, and the sequence of applying energy assistance funds from LIHEAP, GREAT, and the Bill Discount Program.²²

One of the largest areas of work involves aligning the new BDR program with NWN's existing and planned energy assistance programs, including implementing a new AMP. NWN made the decision to implement the BDR program this year without modifying any of its other low-income energy assistance programs. That decision has temporarily introduced significant misalignments across NWN's ratepayer-funded energy assistance programs. For example, NWN requires customers to provide documentation of income at the time of enrollment in GREAT, but allows customers to enroll in the BDP through a declaration of income. GREAT and the BDP also use different income thresholds for eligibility and provide different methods of assistance (ongoing discounts vs. one-time grants) that may require revisions to ensure that customers with the greatest needs are receiving the most benefit. By contrast, Avista, PSE, and Cascade, each designed their bill discount rate programs in concert with changes to their other energy assistance programs. For example, PSE retained its existing grant-based PSE HELP program but modified enrollment procedures to allow customers to enroll in PSE HELP using the same declaration of income they provide for the BDR program, and intentionally designed the discount percentages and grant levels under PSE HELP to work together.²³ NWN has committed to reviewing the

²² NWN November 22 Replacement Cover Sheet at 2-6 (laying out specific Company commitments to work on these issues during the 2023-2024 energy assistance program year).

²³ TEP Comments on Avista and PSE's BDR Programs at 6.

GREAT program design in the coming year to discuss whether any similar changes to that program may be warranted.

IV. Conclusion

TEP thanks the Commission for the opportunity to submit these comments on NWN's Bill Discount Program, which will assist the state in meeting its vital public policy goals of expanding access to energy assistance and reducing energy burden. TEP recommends the Commission approve the tariffs in docket UG-230739 and issue an order in docket UG-230740 requiring NWN to implement an AMP by October 1, 2024.

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