

Agenda Date: December 21, 2023
Item Number: A3

Docket: UG-230739
Company: Northwest Natural Gas Company

Staff: Corey Cook, Regulatory Analyst
Keith Quinata, Section Manager Rates & Services

Recommendation

Issue an Order in Docket UG-230739, allowing the filed tariff pages filed by NW Natural to become effective by operation of law, with the following conditions:

1. Northwest Natural will continue to work with its Advisory Group to develop and implement an Arrearage Management Plan (AMP).
2. Northwest Natural must file a tariff revision with the Commission to implement its AMP by October 1, 2024.
3. Northwest Natural must have the support of its Advisory Group prior to making its filing upon the Commission.

Summary of Filings

On September 12, 2023, Northwest Natural Gas Company d/b/a NW Natural (NW Natural or Company) filed with the Washington Utilities and Transportation Commission (Commission), in Docket UG-230739, a proposed revision to Tariff WN U-6, introducing a new tariff schedule L for its Bill Discount Rate Program (BDR), and a related tariff adjustment in new Schedule 231 for related cost recovery of the BDR.

On September 18, 2023, NW Natural submitted a substitute sheet for Schedule 231.

On October 18, 2023, the Company submitted an update to its tariff revision, changing the effective date of the pages to January 1, 2024.

On November 22, 2023, NW Natural submitted substitute sheets for the filing, reflecting changes, and the new effective date of January 1, 2024.

Background

In 2021, the Legislature enacted Engrossed Substitute Senate Bill 5295 (SB5295), codified as RCW 80.28.068, to update the Commission’s regulation of electric and natural gas utilities’ rates.¹ Among other things, the bill includes requirements that “Each gas or electrical company must propose a low-income assistance program comprised of a discount rate for low-income senior customers and low-income customers as well as grants and other low-income assistance

¹ See generally LAWS OF 2021, chg. 188.

programs.” The Commission is directed to review and approve, approve with modifications, or reject these low-income rates and programs.²

NW Natural has hosted meetings for its Low-Income Advisory Group (AG), at least once per month, to which Commission staff (Staff) has been a member since March 2023.

On August 7, 2023, the Company sent its draft filing to AG members, seeking feedback and input regarding the proposed filing.

On September 12, 2023, Public Counsel (PC) voiced its opposition to the filing prior to having a consensus on multiple unresolved items, including enrollment, funding, demographic, and other program elements necessary for the BDR to function. The Energy Project (TEP) and Northwest Energy Coalition (NWECC) objected to the filing being made in its state at that time.

On September 12, 2023, TEP provided the AG with a summary document of the unresolved issues and voicing its frustration with the Company disregarding the requested feedback of its AG members.

On September 12, 2023, NW Natural made its filing to the Commission in Docket UE-230739, without support from its AG members, with a requested effective date of October 1, 2023.

Discussion

On October 4, 2023, Staff collaborated with TEP, NWECC, and the Commission’s Consumer Protection (CP) to affirm the issues that required resolution prior to NW Natural’s BDR becoming effective. This group agreed that meeting cadence needed to be increased significantly, identified more advanced planning was needed of the items to be discussed prior to each meeting, and notes to follow-up with the AG members after each meeting to summarize what was discussed and accomplished.

On October 5, 2023, PC’s Corey Dahl responded to the October 4 group, identifying that the Company had not listened to the concerns of its AG members for many months prior to the filing. In its condition at the time, the program was incomplete and key design elements were unresolved.

On October 5, 2023, at an AG meeting, Staff advised the Company of the Commission’s heavy workload and that, based on staffing, it was too heavy for Staff to take on significant responsibility in getting the BDR design completed prior to its implementation. NW Natural advised at the same meeting that incorporating the calculation of net income was a heavy lift on their Information & Technology employees and required additional time. It was agreed by all AG members that a substitute filing was needed to extend the effective date, and resolved to address the effective date issue at its next AG meeting scheduled for October 13, 2023.

² *Id.* at § 3, codified at RCW 80.28.068(1).

On October 13, 2023, at an AG meeting, the BDR effective date was discussed, and it was agreed to become January 1, 2024. Staff voiced concerns that significant progress needed to be made at twice-weekly meetings until the list of unresolved issues presented by TEP, NWECA, and PC were satisfied. NW Natural committed to regularly scheduled meetings twice weekly until the last scheduled 2023 Open Meeting.

Staff attended bi-weekly AG meetings throughout October and November 2023. NW Natural immediately demonstrated that it had incorporated feedback from interested parties. The increased meeting cadence allowed for issues to be more efficiently worked through across meetings and gave space for the AG to complete the remaining list of unresolved items.

Between October and December 2023, the AG resolved numerous issues identified by TEP, including the role of Community Action Agencies in customer enrollment, automatic enrollment of known low-income customers, other assistance programs referrals, income verification, and calculation, among others.

Staff has reviewed the filing, including any associated workpapers.

On December 16, 2023, Staff reviewed TEP's comments on this filing. Due to the limited tenure of Staff, TEP's comment provided more details on the history of NW Natural's AMP which Staff was previously unaware.

On April 1, 2021, in compliance with Order 07 in Docket UG-181053, NW Natural submitted to the Commission "NW Natural's GREAT Advisory Group Action Plan" and identified the AMP as a high-priority item. Since that date, minimal progress has been made towards the goal of AMP implementation.

On December 18, 2023, Staff inquired through email whether NW Natural is willing to commit to an AMP implementation date of October 1, 2024, at the Open Meeting. NW Natural's response was noncommittal, and the Company said it does not have the internal resources to develop and implement an AMP in 2024.

Staff infers NW Natural's response and inactions as unwilling to commit toward continuous improvement. While Staff appreciates and respects the position of NW Natural that it does not believe it has adequate staffing and resources to implement an AMP by October 1, 2024; Staff respectfully disagrees. NW Natural's BDR program was entirely deficient when filed upon the Commission in September 2023; with the progress NW Natural has demonstrated over the last three months in bringing the program to a deployable condition, it is reasonable to assume the Company can develop and implement a program across the next 10 months.

Conclusion

Approving the filed tariff sheets with the proposed conditions will afford NW Natural sufficient time to design and develop an AMP with its Advisory Group to serve its low-income customers with arrearage balances by the next financial assistance program year beginning October 1, 2024.