

NW Natural

Gas Residential Energy Assistance Tariff

2022 Annual Report

February 1, 2023

History

NW Natural's Gas Residential Energy Assistance Tariff (GREAT) provides energy assistance to customers with income at 200% of the Federal Poverty Level. GREAT has been helping low-income customers since May 2009.

The GREAT Advisory Group (GREAT AG) was created as a result of a settlement agreement in docket UG-181053, NW Natural's general rate case in Washington. The GREAT AG first met in October 2019. The settlement agreement set out goals for the Advisory Group:

1. Keeping customers connected to natural gas service.
2. Providing energy assistance to more customers than are currently served.
3. Lowering the energy burden of GREAT Program participants.
4. Collecting data necessary to assess the GREAT Program's effectiveness.
5. Informing ongoing policy discussions.

In addition to establishing the GREAT AG and stated goals, the settlement agreement also called for an Action Plan to improve the GREAT Program by July 1, 2020. Lastly, the agreement directed the Company to work in consultation with the GREAT AG to produce a Low-Income Needs Assessment (LINA).

The COVID-19 pandemic was declared in March 2020. As a result, most of the GREAT AG meetings in 2020 were spent discussing COVID-19 impacts on NW Natural customers, especially those that are low-income. Under the guidance of the Advisory Group, NW Natural developed an action plan to improve the GREAT Program.

Subsequently, in the Company's rate case docket UG-200994, NW Natural reached a settlement agreement that established the provision of an Annual Report of the GREAT Program activity due every February 1, for the prior year. The agreement specifies that the Annual Report will include, at a minimum, the following information:

- a. The amount of GREAT Program benefits disbursed to the Company's customers in Washington service areas as well as the amount of average GREAT Program benefits in the most recent five Program Years.
- b. The amounts of benefits from the federal Low-Income Home Energy Assistance Program (LIHEAP) received by the Company's customers in Washington service areas as well as the amount of average LIHEAP benefits in the most recent five Program Years.

- c. The number of customers who received GREAT Program benefits in the most recent five Program Years.
- d. The number of customers who received LIHEAP benefits in the most recent five Program Years.
- e. The number of customers who received both GREAT Program and LIHEAP benefits in the most recent five Program Years.
- f. The average natural gas usage and average bill for the Company's low-income customers and for the Company's non-low-income customers.
- g. The Company's communication and outreach activities in the last GREAT Program Year and the plan for the current Program Year.
- h. Any GREAT Program changes in the last Program Year and a forward-looking Program outlook for the current Program Year.

In addition to the Annual Report, the approved settlement in docket UG-200994 directed NW Natural to convene the GREAT AG at least twice per year, annually review the sufficiency of funding levels for the GREAT Program and suggest any necessary adjustments, and periodically review the GREAT Program structure and mechanisms to expand access to bill assistance. The settlement also reiterated the requirement of the development of the LINA conducted by a third party and in consultation with the GREAT AG to assess the need for low-income assistance among the Company's Washington customers, including low-income weatherization, and to identify ways to improve the GREAT Program to better align with the goals previously set in the UG-181053 docket.

2021 Highlights

In 2021, our key achievements were:

- Submitting an action plan on April 1, 2021. The action plan consisted of the following initiatives and the current status of the initiative has been added to each:
 1. Increase low-income eligibility for the GREAT Program from 150% to 200% of the Federal Poverty Level (FPL).
 - This initiative was completed with a tariff change that became effective November 1, 2020.
 2. Design a Communications and Outreach Plan to increase communications in 2021 and to inform and notify customers about available energy assistance programs.
 - This initiative was completed in 2021 and also included information about the COVID-19 Assistance Program (CAP) – please refer to the 2021 GREAT Annual Report for additional detail.
 3. Establish a COVID-19 Assistance Program (CAP) to provide eligible residential customers earning up to 200% of the FPL with annual maximum award amounts of \$2,500 per household.

- This initiative was completed with the launch of the CAP in 2021, and continued through 2022, assisting those impacted by the pandemic.
- 4. Continue to evaluate for potential future development of an Arrearage Management Program (AMP).
 - This initiative is ongoing – the CAP met this role for 2021-2022; the GREAT Advisory Group has not yet resumed discussions on a potential future program.
- 5. Complete a Low-Income Needs Assessment (LINA).
 - This initiative was completed in 2022, as discussed in more detail below.
- Implementing the CAP in Washington, which targeted low-income households. The CAP was approved in docket U-210193 on April 22, 2021.
- Beginning the process to hire a third party to conduct NW Natural’s first LINA.
- Meetings were held in 2021:
 - January 8 – Discussed COVID-19 status update, CAP, AMP
 - February 5 – COVID-19 updates; CAP discussion
 - March 4 – Update on CAP; Draft Action Plan
 - July 12 – LINA Prep; Annual Report Prep; WA HB 5295 and OR HB 2475
 - November 10 – Presented the Draft LINA Scope of Work
 - December 2 – Discussed the Draft GREAT Annual Report

2022 Highlights

In 2022 our key achievements were:

- Filing the first GREAT Annual Report for 2021 on January 28, 2022.
- Expanding the CAP auto-enrollment feature to extend the reach of assistance to customers in need using data from a third-party source. This required Commission approval for the proposal and updated tariff language allowing NW Natural to identify additional auto-enrollments for past-due customers earning up to 200% FPL based on availability of customer data, customer need and available of funds. The proposed expansion of the auto-enrollment feature and related tariff update was approved at the Commission’s June 30, 2022 open meeting.

Over the life of the CAP, NW Natural issued a total of 1,042 grants totaling \$263,871. This included 249 grants to those qualifying for energy assistance through their local community agency totaling \$58,556 and auto-enrollments resulting in 793 grants totaling \$205,315. The CAP effectively ended November

1, 2022, although NW Natural was able to process some additional auto-enrollments in the fourth quarter 2022.

- Working closely with Applied Energy Group (AEG) in conducting and finalizing the LINA and survey, while keeping the GREAT AG informed throughout the development of the final report.
- The GREAT AG meetings held in 2022 were:
 - February 4 – Summarized the bids received for the LINA
 - August 15 – Presented AEG Initial Findings
 - September 27 – Overview of the Washington rate mitigation plan
 - October 11 – Presented Draft LINA
 - November 22 – Discussed potential residential bill discount program

In addition, in July 2022, Staff requested that NW Natural provide additional information to the GREAT Annual Report that had been filed on January 28, 2022. NW Natural filed the replacement report with the additional information requested on November 7, 2022.

2022 GREAT Annual Report Information

NW Natural provides energy assistance to low-income customers through three Programs: GAP, GREAT, and LIHEAP. LIHEAP is federally funded while GREAT and GAP are customer/NW Natural funded programs. These programs have seen a 26% increase in the number of participating customers since the 2017-2018 Program Year. The average amount received has decreased slightly but those amounts are primarily impacted by changes in gas prices that make up the largest part of a customer’s bill and the Program is serving more customers overall.

Sections (a) through (d) are reported in Table 1 below:

**Table 1
Allocation of GREAT Funds
Oct 1, 2017 – Sept 30, 2022**

*Program Year	GREAT					LIHEAP		
	Number of Customers	Total Received \$	Avg Received \$	GREAT Admin Fees \$	Total Annual Expense \$	Number of Customers	Total Received \$	Avg Received \$
2017/18	632	\$322,470	\$510.24	\$64,494	\$386,964	449	\$83,989	\$187.06
2018/19	583	233,869	401.15	46,774	280,643	438	71,070	162.26
2019/20	706	332,965	471.62	66,593	399,558	499	88,628	177.61
2020/21	811	399,849	493.03	79,970	479,819	581	95,060	163.61
2021/22	794	383,232	482.66	76,646	459,878	600	103,182	171.97

* The Program Year for both the GREAT Program and LIHEAP is October 1 through September 30.

In the 2021-22 Program Year, GREAT expenditures included \$383,232 in grants and \$76,646 in administrative fees, for a total of \$459,878. Per NW Natural’s GREAT tariff, Schedule J, there is a soft cap of \$500,000 for annual GREAT expenditures.

(e) *The number of customers who received both GREAT and LIHEAP in the last five Program Years:*

1,690 customers

(f) *Average natural gas usage and average bill for both low-income and non-low-income:*

In the 2021-22 Program Year, known low-income customer accounts total 1,214, or 1.4% of total Washington customers. Tables 2 and 3 continue to illustrate that average monthly therm use is low for known low-income customers versus non-low-income customers. For the 2021-22 Program Year, the average monthly therm usage among known low-income customers was just under 10% less than that of non-low-income customers.

Table 2
Known Low-Income Average Usage and Average Bill

WA Residential and Known Low-Income Statistics for Program Years 2018 to 2022					
Program Year	GREAT Count	LIHEAP Count	Known Low-Income Count	Average Monthly Bill * \$	Average Monthly Use Therms
2018	739	570	743	\$46.71	46.8
2019	893	684	895	44.46	47.7
2020	1,078	815	1,082	49.80	48.2
2021	1,099	829	1,106	53.12	47.4
2022	1,191	938	1,214	62.57	49.2

* The amounts reported for average monthly bill is before energy assistance is applied.

Table 3
Non-Low-Income Average Usage and Average Bill

WA Residential and Non-Low-Income Statistics for Program Years 2018 to 2022			
Program Year	Non-Low-Income Accounts Count	Average Monthly Bill \$	Average Monthly Use Therms
2018	87,071	\$53.07	54.7
2019	89,310	49.78	55.1
2020	91,407	53.71	54.8
2021	95,960	56.33	52.6
2022	99,043	66.52	54.1

(g) *Communication and outreach activities:*

NW Natural established the Community Equity & Advisory Group (CEAG) in Fall 2021. The CEAG was initially identified as a need by the Integrated Resource Plan (IRP) Team; but we see the Advisory Group's influence and impact extending beyond system planning decisions and being integrated into other efforts throughout the Company, including low-income programs, renewable resource development and philanthropic investment. The CEAG is an extension of existing community engagement priorities at

NW Natural and a natural outgrowth of our commitment to improving energy equity and easing energy burden for our most vulnerable customers. That said, the CEAG is not specific to one policy or department of NW Natural; rather, the intent is to be iterative, member-informed and influence woven throughout the company.

The disproportionate and harmful impacts of energy generation on those communities least likely to be part of the conversation are well documented. The formation of the CEAG is a direct response to this imbalance and will play a key role in identifying gaps in program offerings, delivery channels, awareness and participation. The CEAG will also help to guide NW Natural and ensure that the clean energy transition does not cause undue or disproportionate impacts on historically underserved communities. Plans and decision-making are more informed if they are based on the input of those they intend to impact – not just a subset of the population – and so diversifying the voices, lived experiences and perspectives that inform our practices is a necessary step to serving all of our customers better.

With the intention to hear from underrepresented voices and experiences, NW Natural sought out community-based organizations (CBOs) serving an identity, community, and/or underrepresented population present within the NW Natural service territory that do not currently have a “seat at the table” within energy planning and/or the utility industry. The CEAG consists of a broad panel of representatives from CBOs that serve seniors; urban, rural and coastal communities; non-native English speakers; housing insecure and houseless individuals; BIPOC and LGBTQ+ communities and individuals with low incomes; as well as representation from Oregon and Washington to align with the community needs and policy requirements of each state.

As described in the 2021 Annual Report, NW Natural combined outreach efforts for CAP, GREAT, payment options and energy assistance to reach a broader set of customers. NW Natural employed an enhanced outreach plan that was informed by community partners and prioritized the hardest to reach populations. Throughout 2021 and 2022, NW Natural has established and strengthened its presence in nonprofit communities and provided a meaningful foundation on which to further develop partnerships and support communities. Outreach was conducted directly over the phone or in an email (addressed to a single recipient and not a mass distribution). We were able to discuss customized opportunities for engagement unique to an organization and its client base. Below is a list of CAP outreach partners that NW Natural met with, called, left voice messages, or emailed. The following list does not include the network of outreach that these organizations have undertaken on their own.

Cascadia Technical Academy Foundation
City of Vancouver
Clark County CASA
Clark County Food Bank
Clark County Historical Society
Clark County YMCA
Clark County YWCA
Columbia Springs

One Life
Open House Ministries
Parks Foundation of Clark County
Saint Luke Production
School | Charter College
School | Clark College
School District | Battle Ground
School District | Camas

Community Foundation for Southwest Washington	School District Evergreen Public
Council for the Homeless	School District Vancouver Public
Evergreen Habitat for Humanity	School District Washougal
FISH	Second Step Housing
Free Clinic of SW Washington	SHARE Emergency Housing
Friends of Ridgefield National Wildlife Refuge	SW Washington Regional Health Alliance
Ft. Vancouver Regional Library Foundation	United Negro College Fund
Grantmakers of OR & SW Washington	Vancouver Intergroup Alcoholics Anon
Identity Clark County	Washington Gorge Action Programs
Leadership Clark County	Westside Food Pantry of Vancouver
Lewis River Mobile Food Bank	Worship BAPS
Lifeline Connections	Worship Brush Prairie Baptist
Lions Sight Foundation of Clark County	Worship Church of Christ the Savior
Martha's Pantry	Worship Faith Center Church Vancouver
Meals on Wheels [Clark, Klickitat, Skamania]	Worship Islamic Society of SW Wash
Northwest Association for Blind Athletes	Worship Vancouver Frist United Methodist

NW Natural outreach material included the five-language CAP brochure and condensed messaging for social media and newsletters, emails and talking points for in-person/phone conversations. Feedback on our outreach material has been very positive and specifically related to size, presentation, and the various languages.

Strategy/Approach

- Designed strategy and worked with partners to ensure that outreach materials were integrated into existing channels of communication to not overburden nonprofits; the goal was for customers to see/receive information multiple times to spur action.
- Reached out directly either by phone or email, which allowed NW Natural to highlight specific opportunities for engagement unique to each organization's client base.
- Several partners offered to push out information to their own nonprofit networks yielding amplified impact and reach.

Outreach Highlights

- On the community outreach front, our nonprofit partners have reached customers and shared information through a variety of channels, such as food bags for students, meal deliveries to seniors, social media, newsletters, etc.
- An important part of the outreach strategy is presenting information in multiple formats through multiple partners frequently enough for information to be absorbed and spur action or inquiry.
- The Evergreen School District shared CAP information with the Family & Community Resource Centers.¹

¹ An information hub in the Evergreen School District that helps families meet basic needs and provides direct referrals to other community resources

Approach and How Partners Were Identified

- NW Natural focused on and prioritized intentional engagement with large network partners who have close ties to priority populations and the trust of community.
- Grantmakers of Oregon and SW Washington, Southwest Washington Regional Health Alliance, and Meals on Wheels, among others, have large, statewide networks.
- Emphasized the importance of culturally specific organizations, (local housing groups may not have as wide of a reach) as they offer direct high-touch engagement to community members and, importantly, hard to reach populations (houses of worship, United Negro College Fund, YWCAs, local food pantries).

(h) Any GREAT Program changes in the last Program Year and a forward-looking Program outlook:

There were no changes to the GREAT Program in 2022. Much of the year was spent working with the GREAT AG and getting started on the LINA.

In 2022, NW Natural hired AEG to conduct a LINA. The Company worked closely with AEG and the GREAT AG in selecting the vendor and developing the key components of the LINA.

The Assessment, which is now complete, analyzed compiled data to inform the low-income programs that serve NW Natural's low-income customers in both Oregon and Washington. Some of the broad topics in the LINA are eligibility/participation, penetration rate, community characteristics, energy burden, and housing.

In 2023, NW Natural will work closely with the GREAT AG to act on the findings from the LINA. In addition, we will be planning a LINA II and will be seeking input on improvements and ways to get more detailed information regarding our low-income customers.

Looking forward to 2023, NW Natural will work with the GREAT AG to implement a Residential Bill Discount Program in Washington with an overarching goal of reducing residential customer burden. NW Natural implemented a similar program in Oregon that became effective November 1, 2022. The design of the Residential Bill Discount Program includes four tiers with discount levels corresponding with a customer's income. The excerpt below, from NW Natural's Oregon Tariff Schedule 330, illustrates the bill discount tiers and corresponding income qualification:

BILL DISCOUNT:

Participating income-qualified Customers will receive the following credit on their monthly bill:

	Income Qualifying	Bill Discount Percentage
Tier 0	0-15% SMI	40%
Tier 1	16-30% SMI	25%
Tier 2	31%-45% SMI	20%
Tier 3*	46%-60% SMI	15%

* For customers in single-person households, Tier 3 eligibility is extended to those with gross household income that is the greater of 60% SMI or full-time wages at Oregon minimum wage rates for Portland Metro area.

Other features of Oregon’s Program include:

- Income qualification via:
 - self-certification,
 - community action agency,
 - auto-enrollment based on participation in energy assistance programs.
- Enrollment through the Company via:
 - auto-enrollment,
 - customer request
 - online,
 - by paper form,
 - by phone.
- Re-enrollment is required every two years.
- An independent audit of post-enrollment income verification.

NW Natural has created a robust website for the Bill Discount Program that includes the enrollment form, frequently-asked-questions, and information about and links to other low-income programs that are available.

NW Natural would like to leverage the significant technological achievement that was required to implement Oregon’s Bill Discount Program by providing a similar program for Washington customers.

To this end, NW Natural presented a draft proposal for a Washington bill discount program to the GREAT AG at the November 2022 GREAT AG meeting. Table 4 below provides the draft proposal program tiers presented at the GREAT AG meeting. NW Natural will continue to work with the GREAT AG to review program tiers and additional ideas in its consideration of the Company’s draft proposal in upcoming GREAT AG meetings.

Table 4
Draft Proposal - Program Tiers and Expected Impacts
 Presented to GREAT AG November 2022

Tier	FPL % (max)	Bill Discount %	Qualifying Income (max)	Annual Bill Discount \$	NWN Bill as % of income	NWN Bill as % of income w Discount
0	65%	40%	\$14,970	\$364	6.1%	3.6%
1	130%	25%	29,939	227	3.0%	2.3%
2	200%	20%	46,060	182	2.0%	1.6%
3	260%	15%	59,878	136	1.6%	1.3%

NW Natural looks forward to working with the GREAT AG on the design of the future Washington Residential Bill Discount Program.

Lastly, NW Natural will work closely with the GREAT AG to achieve the goals set out by the Commission in docket UG-200994, Order 05, as listed above on the second page of this report.