

NW Natural

Gas Residential Energy Assistance Tariff

2023 Annual Report

February 1, 2024

History

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

The GREAT Advisory Group (Advisory Group) was created as a result of a settlement agreement in docket UG-181053, NW Natural's general rate case in Washington. The Advisory Group 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 Advisory Group and defining 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 Advisory Group to produce a Low Income Needs Assessment¹ (LINA).

Advisory Group meetings in 2020 centered on new Program enhancements and protections in an effort to help cushion the economic repercussions of COVID-19 and the disproportionate and lingering impact the pandemic had on already vulnerable and low-income communities.

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 value GREAT Program benefits disbursed to the Company's customers in Washington service areas as well as the average value of GREAT Program benefits per customer in the previous five Program Years.
- b. The value of Low-Income Home Energy Assistance Program (LIHEAP) benefits received by the Company's customers in Washington service areas

¹ NW Natural filed the LINA as directed by the WUTC. As we evaluate energy burden for our customers going forward, we will refer to these future studies as an Energy Burden Assessment (EBA).

- as well as the average value of LIHEAP benefits customers received in the previous five 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 settlement in docket UG-200994 directed NW Natural to convene the Advisory Group at least twice per year, monitor funding levels and potential 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 a LINA, to be conducted by a third party and in consultation with the Advisory Group; the objective being to assess the need for assistance among the Company's Washington customers, including bill assistance and energy efficiency needs, and to identify ways to improve the GREAT Program to better align with the goals set in the UG-181053 docket.

2023 Highlights

In 2023 our key achievements were:

- NW Natural's LINA was filed in docket UG-200994 on February 10, 2023; following preparation and review by the Advisory Group in Q4 2022.
- For the first time in the history of the GREAT Program, the entire cap of \$500,000 was spent.
- Reaching the cap identified an opportunity to strengthen the GREAT Program by creating a pathway to spend beyond the cap should the need arise. While this opportunity was not identified and addressed for this historic Program Year where the cap was reached, a tariff change has been made and a process has been identified to avoid any interruption in funding going forward. Working with the Advisory Group, flexibility was added to the GREAT annual cap of \$500,000 by making tariff changes (through Advice No. 23-04, docket UG-230614, as approved August 10, 2023) allowing for exceeding the cap after consultation with the Advisory Group. While extra funding was not implemented for the 2022-2023 Program Year, the Advisory Group developed a process for periodic check-ins of GREAT activity during the first quarter of every calendar year to assess if exceeding the cap is needed.

- As discussed further below, following up on NW Natural’s preview and proposal of a bill discount program in fourth quarter of 2022, the Company and the Advisory Group worked on the design and related processes of NW Natural’s bill discount program, which launched on January 1, 2024.
- During the collaborative process to develop the bill discount program, NW Natural and the Advisory Group also identified a list of items for further action and discussion in 2024, as summarized below.
- Several meetings were dedicated to assessing the adoption of a PIPP compared to a bill discount program; the group collectively agreed that, while beneficial in some markets and geographies, that a PIPP was not the right fit for NW N and that a bill discount offering was the superior tool to serving low-income customers, at this time.
- The GREAT Advisory group met 36 times in 2023; meetings² largely focused on the design and implementation of NW Natural’s bill discount program for income eligible customers.

Bill discount program

- NW Natural worked with the Advisory Group to discuss and come to agreement on relevant issues in designing and implementing a residential bill discount program with an overarching goal of reducing residential customer burden among low-income customers. The design of the bill discount program includes four tiers with discount levels corresponding with a customer’s income. The discount tiers were designed by targeting an estimated energy burden of 3% or less. The excerpt below, from NW Natural’s Tariff Schedule L, illustrates the bill discount tiers and corresponding income qualification:

	Household Income Qualifying	Bill Discount Percentage
Tier 0	0-60% FPL	80%
Tier 1	61-120% FPL	40%
Tier 2	121%-150% FPL	20%
Tier 3	The greater of 151%-200% FPL or 80% AMI	15%

The following table illustrates the estimated impact on energy burden by bill discount tier:

² February 16, March 13, 27; May 10; June 2, 9, 15; July 14, 20; August 24, 29; September 21, 26, 28; October 5, 6, 10, 13, 16, 19, 24, 27, 31; November 1, 3, 6, 15, 17, 21, 29; December 1, 6, 8, 13, 15, 18.

Bill Discount Program Impacts, Assuming Household of 4:				
	Greater of 200% FPL or AMI 80%	FPL 150%	FPL 120%	FPL 60%
	Tier 3 - 15%	Tier 2 - 20%	Tier 1 - 40%	Tier 0 - 80%
Income mid-point of tier	\$67,601	\$40,501	\$27,001	\$9,000
Average annual bill	\$960.11	\$960.11	\$960.11	\$960.11
Bill as % income before discount	1.4%	2.4%	3.6%	10.7%
Bill discount	\$144.02	\$192.02	\$384.04	\$768.09
Bill after discount	\$816.09	\$768.09	\$576.07	\$192.02
Bill as % income after discount	1.2%	1.9%	2.1%	2.1%

Other features of the bill discount program include:

- Discount tier qualification is based on household income adjusted for LIHEAP deductions and household size.
- Income qualification via:
 - Self-declaration
 - Assistance and or/ information from local community action agencies
 - Auto-enrollment based on participation in energy assistance programs
- Enrollment through NW Natural via:
 - Auto-enrollment
 - Assistance from local community action agencies
 - Customer application available:
 - Online application form
 - Paper application form
 - Talking directly with a NW Natural customers service representative on the phone
- Re-enrollment is required every two years
- Post-enrollment income verification by the community action agencies of 3% (adjusted pro-rata by agency) of non-auto-enrolled participants.

NW Natural has created a [user-friendly landing page](#)³ for the bill discount program to streamline enrollment. The page offers numerous program resources including: an online application, the [web version of the outreach toolkit](#)⁴, a downloadable [application form](#)⁵, program and eligibility details, a frequently-asked-questions section, and

³ <https://www.nwnatural.com/account/bill-discount-program>

⁴ <https://www.nwnatural.com/account/bill-discount-program/bill-discount-toolkit>

⁵ <https://teams.nwnatural.com/sites/RegulatoryDocketsSite/Working%20Documents/GREAT/GREAT%20Annual%20Report/2023/Bill%20Discount-WA-Brochure%20010324.pdf>

information about and links to other assistance programs. NW Natural also created a [program brochure](#)⁶, poster and Communications and Outreach toolkit for Community Partners.

The toolkit includes printable resources, digital materials and customizable content to streamline outreach efforts and allow for easy integration into existing channels of communication—examples include:

- Weekly check-in calls with homebound seniors
- Direct mail to families who qualify for free/reduced lunch programs
- Inserted in meal deliveries
- Farmer's markets, Program/Organization Open Houses, community meetings
- Text message

Advisory Group Action Items for 2024

During the collaboration on the design and processes for the bill discount program, NW Natural and the Advisory Group also developed a list of discussion and action items relating to the bill discount program, as well as general items for the Advisory Group to address. These include:

- Implementation of the income verification process for the bill discount program, to be provided by the community action agencies and NW Natural by no later than third quarter 2024.
- Development of an Arrearage Management Program to complement existing energy assistance programs.
- Refinements to the bill discount program, including longer enrollment periods for fixed-income customers, prioritization of LIHEAP funds before bill discounts when calculating customer bills, and funding for the local community action agencies' partnership in the program. Some of these refinements will also be informed by the customer survey that will be developed with the Advisory Group.
- Discussion of suggested changes to GREAT to change the income threshold to the greater of 80% AMI or 200% FPL and discussing the potential to add self-declaration of income. These changes would be implemented with the 2024-2025 GREAT Program Year.
- Information sharing among and between Department of Commerce, the community action agencies and NW Natural.
- Demographic data to be shared with community action agencies.
- NW Natural will continue to advise the Advisory Group on developing capabilities for customer communications in other languages/preference center.

⁶ <https://www.nwnatural.com/-/media/nwnatural/pdfs/bill-discount-wa-brochure-010324.pdf?rev=60ef4c93dc9842318c883b56d8acbbd7>

2023 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 an increase of 35% for GREAT and 91.6% for LIHEAP in the number of participating customers since the 2018-2019 Program Year. The average grant amounts received can vary every year, as they are primarily impacted by changes in gas prices that make up the largest part of a customer’s bill. Generally, both programs are serving more customers overall.

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

**Table 1
 Allocation of GREAT Funds**

*Program Year	GREAT					LIHEAP		
	Number of Customers	Total Received \$	Avg Received \$	GREAT Admin Fees \$	Total Annual Expense \$	Number of Customers	Total Received \$	Avg Received \$
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
2022/23	785	416,667	530.78	83,333	500,000	839	178,532	212.79

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

In the 2022-23 Program Year, GREAT expenditures included \$416,667 in grants and \$83,333 in administrative fees, for a total of \$500,000.

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

1593 customers

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

In the 2022-2023 Program Year, known low-income customer accounts total 1,321, up 9% from the prior year and representing 1.5% 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 2022-2023 Program Year, the average monthly therm usage among known low-income customers was 9.25% 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
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
2023	1,184	1069	1,321	76.43	50.8

* 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
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
2023	98,900	80.11	55.5

(g) Communication and outreach activities:

Community Equity & Advisory Group

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.

Recognizing that improving energy equity is a long-standing need; as well as the reality that energy burden and climate change disproportionately impacts the very communities least likely to be involved in energy planning and decision making, the CEAG was established in a direct response to this imbalance and will play a key role in identifying gaps in program offerings, delivery channels, awareness and participation. From a place of listening and learning, the Community and Equity Advisory Group (CEAG) seeks out and elevates historically underrepresented voices, perspectives, and lived experiences to advance inclusive practices and institutional actions and bring a racial

equity and environmental justice lens to NW Natural's energy and operational planning. Through this deeper community engagement, NW Natural will be positioned to uncover and understand barriers to equitable participation, and, in turn, formulate strategies to address those barriers and center equity in our work ensuring that diversity, equity and inclusion are not merely convenient add-ons, but catalysts for change.

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.

Outreach

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 strengthened its presence in nonprofit communities and provided a meaningful foundation on which to further develop partnerships and support communities. Outreach was conducted over the phone, in person 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.

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.⁷

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).

Below is a list of outreach partners that NW Natural met with, spoke with, left voice messages, and/or emailed. The following list does not include the network of outreach that these organizations have undertaken on their own.

Cascadia Technical Academy Foundation	One Life
City of Vancouver	Open House Ministries
Clark County CASA	Parks Foundation of Clark County
Clark County Food Bank	Saint Luke Production
Clark County Historical Society	School Charter College
Clark County YMCA	School Clark College
Clark County YWCA	School District Battle Ground
Columbia Springs	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

⁷ An information hub in the Evergreen School District that helps families meet basic needs and provides direct referrals to other community resources.

Lewis River Mobile Food Bank
Lifeline Connections
Lions Sight Foundation of Clark County
Martha's Pantry
Meals on Wheels [Clark, Klickitat, Skamania]
Northwest Association for Blind Athletes

Worship | BAPS
Worship | Brush Prairie Baptist
Worship | Church of Christ the Savior
Worship | Faith Center Church Vancouver
Worship | Islamic Society of SW Wash
Worship | Vancouver Frist United Methodist

2024 Washington Bill Discount

- Building on the enhanced outreach efforts piloted in Oregon, the Company completed early outreach for Washington's new bill discount program. We engaged with partners throughout the Company's three counties in Washington to prepare partners for the launch of the bill discount program in January 2024. Entities on this list include Head Start programs, school districts, food banks and libraries.
- New materials for the Washington program were designed and printed. The bill discount brochure is attached to this Annual Report.
- An informative and comprehensive communications and outreach toolkit designed for our community partners has been developed and shared. The PDF version of the toolkit is attached to this Annual Report.

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

As noted above, a tariff change was approved to add flexibility to the soft cap of \$500,000 after consultation with the Advisory Group. Looking forward, NW Natural will work with the Advisory Group to monitor the bill discount program and enact the enhancements mentioned above. In addition, the Advisory Group will address the action items listed above, which includes potentially changing the income eligibility for GREAT to be the greater of 80% AMI or 200% FPL and discussing the availability of income self-declaration.

NW Natural is pleased that GREAT program funding was fully subscribed in the 2022-23 Program Year, the first time since the program began in 2009. NW Natural will continue to work with the Advisory Group to further the reach of the GREAT program and to collaborate on other low-income issues and programs that will assist NW Natural's customers.