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September 12, 2023

NWN WUTC Advice No. 23-05

VIA ELECTRONIC FILING

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

Received
Records Management
Sep 12, 2023

**Re: NEW Schedules – Residential Bill Discount Program and
Petition for Partial Temporary Exemption of WAC 480-90-194(3)**

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), herewith files the following revisions to its Tariff WN U-6, stated to become effective November 1, 2023.

Nineteenth Revision of Sheet vii	Index	Tariff Index
Fourteenth Revision of Sheet viii	Index	Tariff Index
Original Sheet L.1	Schedule L	Residential Bill Discount Program
Original Sheet L.2	Schedule L	Residential Bill Discount Program
Original Sheet 231.1	Schedule 231	Temporary Adjustments to Rates for Residential Bill Discount Program
Original Sheet 231.2	Schedule 231	Temporary Adjustments to Rates for Residential Bill Discount Program

Purpose

The purpose of this filing is to request Washington Utilities & Transportation Commission (Commission) approval of a new tariff Schedule L for a bill discount program for income-qualified residential customers and a related new tariff adjustment Schedule 231 for the recovery of costs for the program, and a related petition of partial temporary exemption of WAC 480-90-194(3).

This proposed program is in alignment with RCW 80.28.068 and is a new incremental program that will complement NW Natural's existing low-income programs, which include the Gas Residential Energy Assistance Tariff (GREAT), the Gas Assistance Program (GAP), the Washington Low-Income Energy Efficiency (WALIEE) program, and Federally sponsored and State-administered Low-Income Home Energy Assistance Program (LIHEAP) funding.

Related Filings

NW Natural notes that the Company has filed with the Commission additional, separate requests that are related to this filing:

- An accounting petition requesting deferred accounting treatment for a proposed balancing account in which to track the revenues and costs related to the proposed bill discount program. **This petition is being filed separately from this tariff advice filing.**

- A petition requesting waiver of certain customer notice requirements in WAC 480-90-194(3) to allow for the distribution of the customer notice of the bill discount program to be provided at the time of the NW Natural’s Purchased Gas Adjustment filing, expected on or before September 15, 2023, instead of at the time of this filing of proposed Schedule 231. **This petition is included with this tariff advice filing.**

Background

Beginning in late 2022, NW Natural has worked with its GREAT Advisory Group on the design and processes for this proposed bill discount program. Specifically, the GREAT Advisory Group has met 15 times to discuss the details of the processes that will support the program. NW Natural appreciates the collaboration and support of the GREAT Advisory Group in developing the program and looks forward to continuing to work together to discuss outstanding items and finalize and fine-tune program processes and details.

Proposed Program

NW Natural proposes a low-income bill discount program that features: 1) a four-tier discount structure enabling larger discounts to those customers with greater needs; 2) low-barrier income-qualification that includes auto-enrollments and self-attestation, whether working through Community Action Agencies (Agencies), NW Natural’s call center, or working independently through a form available in both electronic and paper form; and 3) cost recovery of the program’s costs through a separate adjustment schedule supported by a balancing account to track the program’s collections and costs.

Eligibility

The bill discount tiers are based on Area Median Income (AMI) and Federal Poverty Level (FPL) percentages and are proposed in the table below. The maximum qualifying income to participate in the program at Tier 3 is 200% FPL or 80% AMI, whichever is greater.

	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	151%-200% FPL or 80% AMI	15%

The design of the discount tiers was achieved with the input and discussion with the GREAT Advisory Group and reflects a focus on reducing the NW Natural portion of a participant’s energy burden to a targeted 3% of income, or about half of the targeted 6% level that is commonly accepted as “energy burdened”. The following table shows the impacts of the discount tier design, using average residential customer usage and a household size of four.

Bill Discount Program Impacts, Assuming Household of 4:				
	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%

Participants are responsible for informing NW Natural of any changes in income or household size that impacts their participation in the bill discount program.

Enrollment

The bill discount program features a low barrier to enrollment that includes auto-enrollments and self-attestation. Customers will be able to enroll with self-attestation of income qualifications through the NW Natural call center, the Agencies, or a form that will be available both online and in hard copy form. Forms that are not submitted via the Company's website may be submitted by mail or electronic mail.

When the program rolls out, NW Natural will auto-enroll customers that have previously received energy assistance (from GREAT, WALIEE, GAP, the COVID Assistance Program, and LIHEAP) within the past two years. The enrollment will be at the Tier 3 level and enrollees will receive a letter explaining the program and how to apply for a greater discount or how to opt out if desired or if income level has changed. We estimate that 2,200 customers will be auto-enrolled when the program launches. NW Natural's customer information system will run an auto-enroll query daily, such that any new customers receiving energy assistance will be identified and enrolled.

NW Natural and its GREAT Advisory Group are also working with the Agencies and Washington Department of Commerce to finalize processes allowing for data sharing to enable additional auto-enrollments in a streamlined manner.

Eligibility verification

Self-attestation of income will be required every two years. Any time a participant receives new energy assistance, provides a new self-attestation of income, or is income-verified through an income verification process, the two-year enrollment period is restarted. Post-enrollment sample verifications will be conducted to verify income qualifications to ensure the integrity of the program.

NW Natural worked with the GREAT Advisory Group to develop the following parameters for post-enrollment income verification that include:

- The intent of the income verification is to ensure participants are in the appropriate discount tier and to ensure the integrity of the bill discount program and its use of customer-provided funding.
- 3% of non-auto-enrolled participants will be randomly selected for income verification.
- Those being income verified will have 90 days to respond to the income verification inquiries.
- If participants do not respond to the income verification inquiries, they will be removed from the bill discount program after 30 days.
- Participants responding after the 90-day income verification window but providing income verification within 90 days of being removed, will be re-enrolled and may receive back-credits.
- Customers removed from the program as a result of the income verification process will not be subject to back-billing for previous bill discounts received.

It is anticipated that the income verifications will be conducted by the Agencies. NW Natural and the Agencies have a draft detailed process outline for these verifications and will have ongoing discussions with the GREAT Advisory Group to further develop the details for these verifications that will begin by the 2nd quarter of 2024.

Outreach and engagement

NW Natural will continue the robust and extensive community outreach established throughout the COVID pandemic and for its COVID Assistance Program (CAP) to ensure low-income, fixed-income, seniors, and hard-to-reach communities are aware of the bill discount program and how to enroll. These efforts remain core to NW Natural's outreach that focuses on low-income communities.

This extensive community outreach has been informed by community partners and prioritized the hardest to reach populations. Since 2021, 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. Below is a list of outreach partners with which NW Natural has recently established relationships; it 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
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

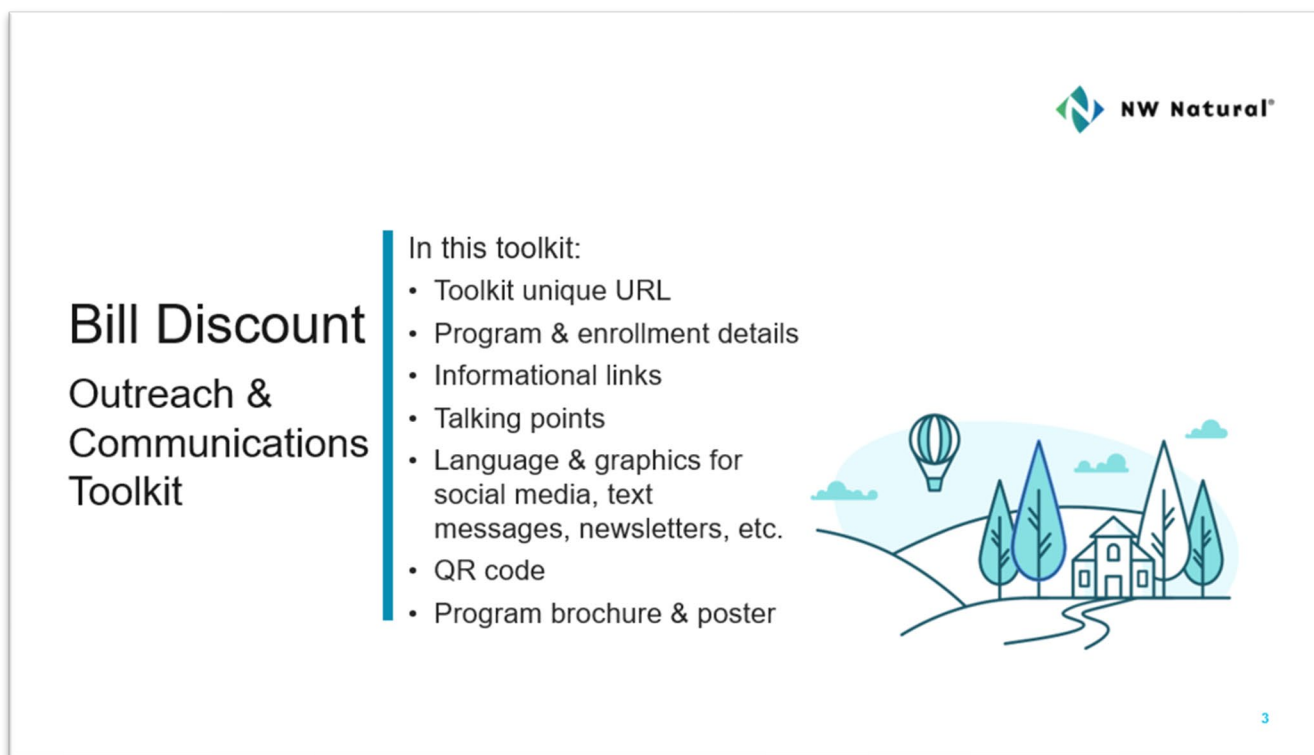
This extensive community outreach will augment NW Natural's traditional customer communications through its bill inserts, website, social media and other platforms to broadcast the availability of the bill discount program. NW Natural's outreach will also include a five-language brochure on the bill discount program, similar to the successful and well-received brochure that was used for the CAP. We will also coordinate with our Agencies to ensure there are materials and resources about the new program for the Agencies and their clients.

Outreach toolkit

NW Natural is in the process of finalizing our Washington-specific community outreach toolkit for our community partners, leveraging the successful and highly-regarded toolkit developed for our Oregon bill discount program. The communications 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 existing channels of communication such as weekly check-in calls with homebound seniors, direct mail to families who qualify for free/reduced lunch programs, inserted meal deliveries, farmers markets, open houses, community meetings and group text messages.

Below is an introductory page of the PowerPoint version of Oregon bill discount communications toolkit as an example of what the Washington bill discount toolkit will entail. Additionally, the existing Oregon bill discount toolkit can be accessed at the following link; the Washington toolkit will be similar. [Bill Discount Program Toolkit - NW Natural](#)



GREAT Advisory Group Input and Discussion

As mentioned above, NW Natural worked closely with the GREAT Advisory Group to collaborate on the critical details of this proposed program, meeting 15 times since late 2022. We will continue to meet to discuss bill discount program processes and program effectiveness. Included below are issues and topics that were discussed and resolved or agreed to ongoing or follow-up discussions; these lists are not exhaustive.

Issues/topics that have been incorporated into the program proposal:

- Design of discount tiers
- Framework for income verification process
- Coordination of enrollments and referrals between the Agencies and NW Natural

Issues/topics that will have follow-up or ongoing discussion – this list is indicative only and may not be exhaustive of discussion topics that may evolve or be revisited:

- Income verification – our Agencies have interest in performing this work, and official approvals are pending. A detailed working process description, including funding, has been developed and is under discussion. The income verifications are expected to begin no later than second quarter of 2024. Confirmation that the Agencies can take on this work, additional process details and contract updates, including any funding negotiation will need to be worked out before the verification processes begin in 2024.
- Data sharing – we are currently working with the Agencies and Department of Commerce on the technical specifics, spreadsheets and contract updates needed to enable efficient and secure information exchange.
- Additional features of the program – these features, which included an additional discount tier and a longer enrollment period for fixed income were discussed but agreed we would revisit after program launch, as these changes would require programmatic changes in NW Natural's Customer Information System and to avoid delay in launching the program in time for the 2023-2024 heating season.
- Using a customer's preferred communication media – NW Natural has explained that we do not currently have a customer preference center to accommodate this but future information technology projects at the Company may accommodate this; we will keep the Advisory Group informed of any advances in this area.
- Review of program effectiveness and development of targets – NW Natural and the GREAT Advisory Group will continue to meet to discuss the reporting for and impact of the bill discount program.

NW Natural appreciates the work and participation of all the GREAT Advisory Group members to help develop a robust bill discount program that will provide meaningful assistance to those Washingtonians most in need.

Cost Recovery

NW Natural proposes new tariff Schedule 231 to recover the costs of the bill discount program, which includes the cost of the bill discount and any incremental costs NW Natural experiences for program administrative and communication costs. The Company proposes to use a balancing account to track the collections and program costs to ensure costs and collections match without under- or over-recovery over time. NW Natural has filed a separate Accounting Petition for the use of deferred accounting concurrent with this filing. NW Natural plans to review the balancing account and adjust the collection rate annually at the time of the Purchased Gas Adjustment filing or at other times as approved by the Commission.

For the initial rollout of Schedule 231, NW Natural proposes recovery of \$1,188,000, exclusive of revenue sensitive costs, which represents the estimated bill discount if 4,500 customers enroll during the first year of the program. The 4,500 was derived from the expected auto-enrollment of 2,200 at program launch plus additions for the first year of the program resulting in 5% of residential customers enrolling. Please note the 4,500 or 5% of residential customers and related approximate \$1.2 million bill discount cost is not intended as a cap or target for program participation but represents a rough estimate that is conservative for purposes of establishing a level of cost recovery for the initial rollout of this program.

The proposed Schedule 231 will increase the Company's annual Washington revenues by \$1,188,000, or about 1.16%. The average residential Schedule 2 customer using 58 therms would see an increase of \$0.86 per month, and the average Schedule 3 commercial customer using 249 therms would see a bill increase of \$3.31 per month. The bill impact for customers on other residential rate schedules is shown on page 2 of Exhibit A.

The proposed rate change will affect all of NW Natural's Washington sales and transportation service customers. NW Natural currently serves approximately 89,231 residential customers and 7,189 commercial and industrial customers in the Company's Washington service territory.

Conclusion

NW Natural respectfully requests an effective date of November 1, 2023.

This requested effective date will enable the program to be launched at the start of the 2023-2024 heating season and also minimize the number of, and smooth rate changes for, customers by including the rate change for the cost recovery of the program with all expected Purchased Gas Adjustment (PGA) rate changes that are expected to go into effect on November 1, 2023.

NW Natural will provide notice to customers as part of the customer notice for the PGA filings that will have the same effective date of November 1, 2023, in a manner consistent with WAC 480-90-194(3). Note that NW Natural has included with this filing a petition requesting a waiver of the requirement to provide the public notice to community agencies, the media and the NW Natural website at the time of this filing, proposing instead to provide these copies at the time of the Company's PGA filing that is expected to be on or before September 15, 2023.

In accordance with WAC 480-90-193 and WAC 480-90-195(3), 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.

For the purposes of establishing a service list for this docket, and for any questions, please address correspondence on this matter to me with copies to the following:

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Respectfully submitted,

/s/ Natasha Siores

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Attachments:

NEW-NWN-WUTC-Pet-09-12-2023

NEW-NWN-WUTC-Advice-23-05-Trf-Sheet-vii-09-12-2023

NEW-NWN-WUTC-Advice-23-05-Trf-Sheet-viii-09-12-2023

NEW-NWN-WUTC-Advice-23-05-Trf-Sheet-L-1-09-12-2023

NEW-NWN-WUTC-Advice-23-05-Trf-Sheet-L-2-09-12-2023

NEW-NWN-WUTC-Advice-23-05-Trf-Sheet-231-1-09-12-2023

NEW-NWN-WUTC-Advice-23-05-Trf-Sheet-231-2-09-12-2023

NEW-NWN-WUTC-Advice-23-05-Exh-A-09-12-2023

NEW-NWN-WUTC-Advice-23-05-Exh-A-WP-09-12-2023