

EXHIBIT A

BEFORE THE  
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

NW NATURAL  
SUPPORTING MATERIALS

WA EE PROGRAM COSTS (CURRENT & HISTORICAL)

NWN WUTC Advice No. 23-06 / UG-\_\_\_\_\_

September 15, 2023

# NW NATURAL

## EXHIBIT A

### Supporting Material

#### WA EE PROGRAM COSTS (CURRENT & HISTORICAL)

NWN WUTC ADVICE NO. 23-06 / UG-\_\_\_\_\_

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NW Natural  
 Rates & Regulatory Affairs  
 2023-2024 PGA Filing - Washington: September Filing  
 Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS

|          |                           | Billing       |           |                               | R&C Energy Efficiency Programs - Forecast |                                      |            | R&C Energy Efficiency Programs - Deferral |           |                                      | R&C Energy Efficiency Programs - Historical |             |           |
|----------|---------------------------|---------------|-----------|-------------------------------|---|--------------------------------------|------------|---|-----------|--------------------------------------|---|-------------|-----------|
|          |                           | PGA           | Rate from | Proposed Amount:              | 4,518,100                                 | Temporary Increments                 | 341,337    | Temporary Increments                      | 1,508,537 | Allocated to Rate Schedules          |   |             |           |
|          |                           | Volumes page, | Column A  | Revenue Sensitive Multiplier: | 4.357%                                    | add revenue sensitive factor         | 4.357%     | add revenue sensitive factor              | 4.357%    | add revenue sensitive factor         |   |             |           |
|          |                           | Column D      | Column A  | Amount to Amortize:           | 4,723,917                                 | All Residential and Commercial sales | 356,886    | All Residential and Commercial sales      | 1,577,257 | All Residential and Commercial sales |   |             |           |
| Schedule | Block                     | A             | B         | Multiplier                    | Allocation to RS                          | Increment                            | Multiplier | Allocation to RS                          | Increment | Multiplier                           | Allocation to RS                            | Increment   |           |
|          |                           |               |           | J                             | K   | L                                    | J          | K   | L         | J                                    | K   | L           |           |
| 6        |                           |               |           |                               |   |                                      |            |   |           |                                      |   |             |           |
| 7        | 1R                        | 318,916       | \$1.59190 | 1.0                           | \$31,054                                  | \$0.09737                            | 1.0        | \$2,346                                   | \$0.00736 | 1.0                                  | \$10,369                                    | \$0.03251   |           |
| 8        | 1C                        | 22,569        | \$1.60601 | 1.0                           | \$1,860                                   | \$0.08241                            | 1.0        | \$141                                     | \$0.00625 | 1.0                                  | \$621                                       | \$0.02752   |           |
| 9        | 2R                        | 60,471,175    | \$1.41591 | 1.0                           | \$3,474,196                               | \$0.05745                            | 1.0        | \$262,471                                 | \$0.00434 | 1.0                                  | \$1,159,991                                 | \$0.01918   |           |
| 10       | 3 CFS                     | 19,986,400    | \$1.25038 | 1.0                           | \$1,024,115                               | \$0.05124                            | 1.0        | \$77,371                                  | \$0.00387 | 1.0                                  | \$341,939                                   | \$0.01711   |           |
| 11       | 3 IFS                     | 277,642       | \$1.22899 | 0.0                           | \$0                                       | \$0.00000                            | 0.0        | \$0                                       | \$0.00000 | 0.0                                  | \$0   | \$0.00000   |           |
| 12       | 27                        | 80,870        | \$1.02062 | 1.0                           | \$4,698                                   | \$0.05809                            | 1.0        | \$355                                     | \$0.00439 | 1.0                                  | \$1,569                                     | \$0.01940   |           |
| 13       | 41C Firm Sales            | Block 1       | 1,570,103 | \$1.03667                     | 1.0                                       | \$138,619                            | \$0.04025  | 1.0                                       | \$10,473  | \$0.00304                            | 1.0   | \$46,283    | \$0.01344 |
| 14       |                           | Block 2       | 2,126,827 | \$0.98320                     | 1.0                                       | \$0                                  | \$0.03546  | 1.0                                       | \$0       | \$0.00268                            | 1.0   | \$0         | \$0.01184 |
| 15       | 41I Firm Sales            | Block 1       | 405,389   | \$0.96687                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 16       |                           | Block 2       | 803,153   | \$0.92170                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 17       | 41C Interr Sales          | Block 1       | 0         | \$1.01490                     | 1.0                                       | \$0                                  | \$0.03793  | 1.0                                       | \$0       | \$0.00287                            | 1.0   | \$0         | \$0.01266 |
| 18       |                           | Block 2       | 0         | \$0.96393                     | 1.0                                       | \$0                                  | \$0.03342  | 1.0                                       | \$0       | \$0.00252                            | 1.0   | \$0         | \$0.01116 |
| 19       | 41I Interr Sales          | Block 1       | 0         | \$0.95740                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 20       |                           | Block 2       | 0         | \$0.91323                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 21       | 41C Firm Trans            | Block 1       | 148,853   | \$0.38083                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 22       |                           | Block 2       | 298,848   | \$0.33552                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 23       | 41I Firm Trans            | Block 1       | 0         | \$0.37098                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 24       |                           | Block 2       | 0         | \$0.32687                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 25       | 42C Firm Sales            | Block 1       | 701,175   | \$0.80750                     | 1.0                                       | \$35,778                             | \$0.02389  | 1.0                                       | \$2,703   | \$0.00181                            | 1.0   | \$11,946    | \$0.00798 |
| 26       |                           | Block 2       | 698,884   | \$0.78434                     | 1.0                                       | \$0                                  | \$0.02139  | 1.0                                       | \$0       | \$0.00162                            | 1.0   | \$0         | \$0.00714 |
| 27       |                           | Block 3       | 213,654   | \$0.73831                     | 1.0                                       | \$0                                  | \$0.01640  | 1.0                                       | \$0       | \$0.00124                            | 1.0   | \$0         | \$0.00548 |
| 28       |                           | Block 4       | 43,634    | \$0.70801                     | 1.0                                       | \$0                                  | \$0.01312  | 1.0                                       | \$0       | \$0.00099                            | 1.0   | \$0         | \$0.00438 |
| 29       |                           | Block 5       | 0         | \$0.66761                     | 1.0                                       | \$0                                  | \$0.00875  | 1.0                                       | \$0       | \$0.00066                            | 1.0   | \$0         | \$0.00292 |
| 30       |                           | Block 6       | 0         | \$0.61709                     | 1.0                                       | \$0                                  | \$0.00328  | 1.0                                       | \$0       | \$0.00025                            | 1.0   | \$0         | \$0.00109 |
| 31       | 42I Firm Sales            | Block 1       | 1,266,148 | \$0.75461                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 32       |                           | Block 2       | 871,827   | \$0.73700                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 33       |                           | Block 3       | 146,523   | \$0.70198                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 34       |                           | Block 4       | 10,867    | \$0.67895                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 35       |                           | Block 5       | 0         | \$0.64824                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 36       |                           | Block 6       | 0         | \$0.60982                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 37       | 42C Firm Trans            | Block 1       | 217,853   | \$0.15376                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 38       |                           | Block 2       | 435,705   | \$0.13764                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 39       |                           | Block 3       | 435,705   | \$0.10553                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 40       |                           | Block 4       | 665,436   | \$0.08445                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 41       |                           | Block 5       | 0         | \$0.05629                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 42       |                           | Block 6       | 0         | \$0.02111                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 43       | 42I Firm Trans            | Block 1       | 840,318   | \$0.15086                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 44       |                           | Block 2       | 1,062,417 | \$0.13503                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 45       |                           | Block 3       | 936,547   | \$0.10354                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 46       |                           | Block 4       | 2,527,103 | \$0.08283                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 47       |                           | Block 5       | 1,239,686 | \$0.05523                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 48       |                           | Block 6       | 0         | \$0.02071                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 49       | 42C Interr Sales          | Block 1       | 226,932   | \$0.76839                     | 1.0                                       | \$13,596                             | \$0.01715  | 1.0                                       | \$1,027   | \$0.00130                            | 1.0   | \$4,539     | \$0.00573 |
| 50       |                           | Block 2       | 425,616   | \$0.74928                     | 1.0                                       | \$0                                  | \$0.01536  | 1.0                                       | \$0       | \$0.00116                            | 1.0   | \$0         | \$0.00513 |
| 51       |                           | Block 3       | 194,048   | \$0.71125                     | 1.0                                       | \$0                                  | \$0.01177  | 1.0                                       | \$0       | \$0.00089                            | 1.0   | \$0         | \$0.00393 |
| 52       |                           | Block 4       | 93,667    | \$0.68621                     | 1.0                                       | \$0                                  | \$0.00942  | 1.0                                       | \$0       | \$0.00071                            | 1.0   | \$0         | \$0.00314 |
| 53       |                           | Block 5       | 0         | \$0.65288                     | 1.0                                       | \$0                                  | \$0.00628  | 1.0                                       | \$0       | \$0.00047                            | 1.0   | \$0         | \$0.00210 |
| 54       |                           | Block 6       | 0         | \$0.61118                     | 1.0                                       | \$0                                  | \$0.00236  | 1.0                                       | \$0       | \$0.00018                            | 1.0   | \$0         | \$0.00079 |
| 55       | 42I Interr Sales          | Block 1       | 128,853   | \$0.75105                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 56       |                           | Block 2       | 91,079    | \$0.73376                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 57       |                           | Block 3       | 0         | \$0.69936                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 58       |                           | Block 4       | 0         | \$0.67671                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 59       |                           | Block 5       | 0         | \$0.64652                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 60       |                           | Block 6       | 0         | \$0.60879                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 61       | 42C Inter Trans           | Block 1       | 0         | \$0.14295                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 62       |                           | Block 2       | 0         | \$0.12797                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 63       |                           | Block 3       | 0         | \$0.09813                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 64       |                           | Block 4       | 0         | \$0.07851                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 65       |                           | Block 5       | 0         | \$0.05235                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 66       |                           | Block 6       | 0         | \$0.01961                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 67       | 42I Inter Trans           | Block 1       | 830,413   | \$0.14372                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 68       |                           | Block 2       | 1,522,701 | \$0.12865                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 69       |                           | Block 3       | 1,166,628 | \$0.09865                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 70       |                           | Block 4       | 2,984,749 | \$0.07894                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 71       |                           | Block 5       | 1,303,638 | \$0.05263                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 72       |                           | Block 6       | 0         | \$0.01973                     | 0.0                                       | \$0                                  | \$0.00000  | 0.0                                       | \$0       | \$0.00000                            | 0.0   | \$0         | \$0.00000 |
| 73       | 43 Firm Trans             | 0             | \$0.00578 | 0.0                           | \$0                                       | \$0.00000                            | 0.0        | \$0                                       | \$0.00000 | 0.0                                  | \$0   | \$0.00000   |           |
| 74       | 43 Interr Trans           | 0             | \$0.00521 | 0.0                           | \$0                                       | \$0.00000                            | 0.0        | \$0                                       | \$0.00000 | 0.0                                  | \$0   | \$0.00000   |           |
| 75       | Intentionally blank       |               |           |                               |   |                                      |            |   |           |                                      |   |             |           |
| 76       |                           |               |           |                               |   |                                      |            |   |           |                                      |   |             |           |
| 77       | Totals                    | 107,792,550   |           |                               | \$57,618,303                              | \$4,723,916                          |            | \$57,618,303                              | \$356,887 |                                      | \$57,618,303                                | \$1,577,257 |           |
| 78       |                           |               |           |                               |   |                                      |            |   |           |                                      |   |             |           |
| 79       | Sources for line 2 above: |               |           |                               |   |                                      |            |   |           |                                      |   |             |           |
| 80       | Inputs page               |               |           |                               | Line 37                                   |                                      |            | Line 45                                   |           |                                      | Line 45                                     |             |           |
| 81       | Tariff Schedules:         |               |           |                               |   |                                      |            |   |           |                                      |   |             |           |
| 82       | Schedule #                |               |           |                               | Sched 215                                 |                                      |            | Sched 215                                 |           |                                      | Sched 215                                   |             |           |
| 83       |                           |               |           |                               |   |                                      |            |   |           |                                      |   |             |           |
| 84       | Note:                     |               |           |                               |   |                                      |            |   |           |                                      |   |             |           |

Note: Allocation to rate schedules or blocks with zero volumes is calculated on an overall margin percentage change basis.

NW Natural  
 Rates & Regulatory Affairs  
 2023-2024 PGA Filing - Washington: September Filing  
 PGA Effects on Average Bill by Rate Schedule  
 Calculation of Effect on Customer Average Bill by Rate Schedule [1]

|   |         | Washington<br>PGA Normalized<br>Volumes page,<br>Column D | Therms in<br>Block | Normal<br>Therms<br>Monthly<br>Average use | Minimum<br>Monthly<br>Charge | Current<br>11/1/2022<br>Billing<br>Rates | 11/1/2022<br>Current<br>Average Bill[2] | Proposed<br>11/1/2023<br>R&C Energy Eff.<br>Rates [3] | Proposed<br>11/1/2023<br>R&C Energy Eff.<br>Average Bill | Proposed<br>11/1/2023<br>R&C Energy Eff.<br>% Bill Change |
|---|---------|---|--------------------|--|------------------------------|--|---|---|--|---|
|   |         |   |                    |  |                              |  | F=D+(C * E)                             | H=D+(C * G)   |  |   |
| Schedule  | Block   | A   | B                  | C  | D                            | E  | F                                       | G   | H  | I   |
| 1R  |         | 318,916   | N/A                | 16.0                                       | \$5.50                       | \$1,59190                                | \$30.97                                 | \$1,67009   | \$32.22  | 4.0%  |
| 1C  |         | 22,569  | N/A                | 51.0                                       | \$7.00                       | \$1,60601                                | \$88.91                                 | \$1,67320   | \$92.33  | 3.8%  |
| 2R  |         | 60,471,175  | N/A                | 58.0                                       | \$8.00                       | \$1,41591                                | \$90.12                                 | \$1,46295   | \$92.85  | 3.0%  |
| 3 CFS   |         | 19,986,400  | N/A                | 249.0                                      | \$22.00                      | \$1,25038                                | \$333.34                                | \$1,29228   | \$343.78   | 3.1%  |
| 3 IFS   |         | 277,642   | N/A                | 1,218.0                                    | \$22.00                      | \$1,22899                                | \$1,518.91                              | \$1,22899   | \$1,518.91   | 0.0%  |
| 27  |         | 80,870  | N/A                | 23.0                                       | \$9.00                       | \$1,02062                                | \$32.47                                 | \$1,07804   | \$33.79  | 4.1%  |
| 41C Firm Sales  | Block 1 | 1,570,103   | 2,000              | 3,712.0                                    | \$250.00                     | \$1,03667                                |   | \$1,06963   |  |   |
|   | Block 2 | 2,126,827   | all additional     |  |                              | \$0,98320                                |   | \$1,01223   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$4,006.58                              |   | \$4,122.20   | 2.9%  |
| 41I Firm Sales  | Block 1 | 405,389   | 2,000              | 4,578.0                                    | \$250.00                     | \$0,96687                                |   | \$0,96687   |  |   |
|   | Block 2 | 803,153   | all additional     |  |                              | \$0,92170                                |   | \$0,92170   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$4,559.88                              |   | \$4,559.88   | 0.0%  |
| 41C Interr Sales  | Block 1 | 0   | 2,000              | 0.0  | \$250.00                     | \$1,01490                                |   | \$1,04546   |  |   |
|   | Block 2 | 0   | all additional     |  |                              | \$0,96393                                |   | \$0,99084   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$250.00                                |   | \$250.00   | 0.0%  |
| 41I Interr Sales  | Block 1 | 0   | 2,000              | 0.0  | \$250.00                     | \$0,95740                                |   | \$0,95740   |  |   |
|   | Block 2 | 0   | all additional     |  |                              | \$0,91323                                |   | \$0,91323   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$250.00                                |   | \$250.00   | 0.0%  |
| 41C Firm Trans  | Block 1 | 148,853   | 2,000              | 4,664.0                                    | \$500.00                     | \$0,38083                                |   | \$0,38083   |  |   |
|   | Block 2 | 298,848   | all additional     |  |                              | \$0,33552                                |   | \$0,33552   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$2,155.49                              |   | \$2,155.49   | 0.0%  |
| 41I Firm Trans  | Block 1 | 0   | 2,000              | 0.0  | \$500.00                     | \$0,37098                                |   | \$0,37098   |  |   |
|   | Block 2 | 0   | all additional     |  |                              | \$0,32687                                |   | \$0,32687   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$500.00                                |   | \$500.00   | 0.0%  |
| 42C Firm Sales  | Block 1 | 701,175   | 10,000             | 17,264.0                                   | \$1,300.00                   | \$0,80750                                |   | \$0,82922   |  |   |
|   | Block 2 | 698,884   | 20,000             |  |                              | \$0,78434                                |   | \$0,80378   |  |   |
|   | Block 3 | 213,654   | 20,000             |  |                              | \$0,73831                                |   | \$0,75322   |  |   |
|   | Block 4 | 43,634  | 100,000            |  |                              | \$0,70801                                |   | \$0,71993   |  |   |
|   | Block 5 | 0   | 600,000            |  |                              | \$0,66761                                |   | \$0,67555   |  |   |
|   | Block 6 | 0   | all additional     |  |                              | \$0,61709                                |   | \$0,62007   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$15,072.45                             |   | \$15,430.86  | 2.4%  |
| 42I Firm Sales  | Block 1 | 1,266,148   | 10,000             | 19,128.0                                   | \$1,300.00                   | \$0,75461                                |   | \$0,75461   |  |   |
|   | Block 2 | 871,827   | 20,000             |  |                              | \$0,73700                                |   | \$0,73700   |  |   |
|   | Block 3 | 146,523   | 20,000             |  |                              | \$0,70198                                |   | \$0,70198   |  |   |
|   | Block 4 | 10,867  | 100,000            |  |                              | \$0,67895                                |   | \$0,67895   |  |   |
|   | Block 5 | 0   | 600,000            |  |                              | \$0,64824                                |   | \$0,64824   |  |   |
|   | Block 6 | 0   | all additional     |  |                              | \$0,60982                                |   | \$0,60982   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$15,573.44                             |   | \$15,573.44  | 0.0%  |
| 42C Firm Trans  | Block 1 | 217,853   | 10,000             | 73,112.0                                   | \$1,550.00                   | \$0,15376                                |   | \$0,15376   |  |   |
|   | Block 2 | 435,705   | 20,000             |  |                              | \$0,13764                                |   | \$0,13764   |  |   |
|   | Block 3 | 435,705   | 20,000             |  |                              | \$0,10553                                |   | \$0,10553   |  |   |
|   | Block 4 | 665,436   | 100,000            |  |                              | \$0,08445                                |   | \$0,08445   |  |   |
|   | Block 5 | 0   | 600,000            |  |                              | \$0,05629                                |   | \$0,05629   |  |   |
|   | Block 6 | 0   | all additional     |  |                              | \$0,02111                                |   | \$0,02111   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$9,902.81                              |   | \$9,902.81   | 0.0%  |
| 42I Firm Trans  | Block 1 | 840,318   | 10,000             | 68,813.0                                   | \$1,550.00                   | \$0,15086                                |   | \$0,15086   |  |   |
|   | Block 2 | 1,062,417   | 20,000             |  |                              | \$0,13503                                |   | \$0,13503   |  |   |
|   | Block 3 | 936,547   | 20,000             |  |                              | \$0,10354                                |   | \$0,10354   |  |   |
|   | Block 4 | 2,527,103   | 100,000            |  |                              | \$0,08283                                |   | \$0,08283   |  |   |
|   | Block 5 | 1,239,686   | 600,000            |  |                              | \$0,05523                                |   | \$0,05523   |  |   |
|   | Block 6 | 0   | all additional     |  |                              | \$0,02071                                |   | \$0,02071   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$9,388.28                              |   | \$9,388.28   | 0.0%  |
| 42C Interr Sales  | Block 1 | 226,932   | 10,000             | 39,178.0                                   | \$1,300.00                   | \$0,76839                                |   | \$0,76427   |  |   |
|   | Block 2 | 425,616   | 20,000             |  |                              | \$0,74928                                |   | \$0,74559   |  |   |
|   | Block 3 | 194,048   | 20,000             |  |                              | \$0,71125                                |   | \$0,70841   |  |   |
|   | Block 4 | 93,667  | 100,000            |  |                              | \$0,68621                                |   | \$0,68394   |  |   |
|   | Block 5 | 0   | 600,000            |  |                              | \$0,65288                                |   | \$0,65137   |  |   |
|   | Block 6 | 0   | all additional     |  |                              | \$0,61118                                |   | \$0,61062   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$30,497.35                             |   | \$30,356.29  | -0.5%   |
| 42I Interr Sales  | Block 1 | 128,853   | 10,000             | 18,328.0                                   | \$1,300.00                   | \$0,75105                                |   | \$0,75105   |  |   |
|   | Block 2 | 91,079  | 20,000             |  |                              | \$0,73376                                |   | \$0,73376   |  |   |
|   | Block 3 | 0   | 20,000             |  |                              | \$0,69936                                |   | \$0,69936   |  |   |
|   | Block 4 | 0   | 100,000            |  |                              | \$0,67671                                |   | \$0,67671   |  |   |
|   | Block 5 | 0   | 600,000            |  |                              | \$0,64652                                |   | \$0,64652   |  |   |
|   | Block 6 | 0   | all additional     |  |                              | \$0,60879                                |   | \$0,60879   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$14,921.25                             |   | \$14,921.25  | 0.0%  |
| 42C Inter Trans   | Block 1 | 0   | 10,000             | 0.0  | \$1,550.00                   | \$0,14295                                |   | \$0,14295   |  |   |
|   | Block 2 | 0   | 20,000             |  |                              | \$0,12797                                |   | \$0,12797   |  |   |
|   | Block 3 | 0   | 20,000             |  |                              | \$0,09813                                |   | \$0,09813   |  |   |
|   | Block 4 | 0   | 100,000            |  |                              | \$0,07851                                |   | \$0,07851   |  |   |
|   | Block 5 | 0   | 600,000            |  |                              | \$0,05235                                |   | \$0,05235   |  |   |
|   | Block 6 | 0   | all additional     |  |                              | \$0,01961                                |   | \$0,01961   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$1,550.00                              |   | \$1,550.00   | 0.0%  |
| 42I Inter Trans   | Block 1 | 830,413   | 10,000             | 0.0  | \$1,550.00                   | \$0,14372                                |   | \$0,14372   |  |   |
|   | Block 2 | 1,522,701   | 20,000             |  |                              | \$0,12865                                |   | \$0,12865   |  |   |
|   | Block 3 | 1,166,628   | 20,000             |  |                              | \$0,09865                                |   | \$0,09865   |  |   |
|   | Block 4 | 2,984,749   | 100,000            |  |                              | \$0,07894                                |   | \$0,07894   |  |   |
|   | Block 5 | 1,303,638   | 600,000            |  |                              | \$0,05263                                |   | \$0,05263   |  |   |
|   | Block 6 | 0   | all additional     |  |                              | \$0,01973                                |   | \$0,01973   |  |   |
|   | TOTAL   |   |                    |  |                              |  | \$1,550.00                              |   | \$1,550.00   | 0.0%  |
| 43 Firm Trans   |         | 0   | N/A                | 0.0  | \$38,000.00                  | \$0,00578                                | \$38,000.00                             | \$0,00578   | \$38,000.00  | 0.0%  |
| 43 Interr Trans   |         | 0   | N/A                | 0.0  | \$38,000.00                  | \$0,00521                                | \$38,000.00                             | \$0,00521   | \$38,000.00  | 0.0%  |
| Intentionally blank   |         |   |                    |  |                              |  |   |   |  |   |
| [1] Rate Schedule 41 and 42 customers may choose demand charges at a volumetric rate or based on MDDV. For convenience of presentation, demand charges are not included in the calculations for those schedules.                                  |         |   |                    |  |                              |  |   |   |  |   |
| [2] Residential current bill as of April 1, 2023  |         |   |                    |  |                              |  |   |   |  |   |
| [3] Proposed rates include the effect of removing the current Schedule 215 adjustment and applying the proposed Schedule 215 adjustment. The rate shown is for illustrative purposes only and assumes no other changes to rates occur November 1. |         |   |                    |  |                              |  |   |   |  |   |
| Sources:  |         |   |                    |  |                              |  |   |   |  |   |
| Direct Inputs   |         |   | per Tariff         |  |                              | per Tariff                               |   |   |  |   |
| Rates in summary  |         |   |                    |  |                              |  |   |   |  |   |
| Column A  |         |   |                    |  |                              |  |   |   |  |   |

**NW Natural**  
**Rates & Regulatory Affairs**  
**2023-2024 PGA Filing - Washington: September Filing**  
**Summary of Deferred Accounts**

| Account<br>A                         | Balance<br>8/31/2023<br>B | Sep-Oct<br>Estimated<br>Activity<br>C | Sep-Oct<br>Interest<br>D | Estimated<br>Balance<br>10/31/2023<br>E | Estimated<br>Interest<br>During<br>Amortization<br>F | Total<br>Estimated<br>Amount for<br>(Refund) or<br>Collection<br>G | Amounts<br>Excluded from<br>PGA Filing<br>H | Amounts<br>Included in<br>PGA Filing<br>I |
|--------------------------------------|---------------------------|---------------------------------------|--------------------------|---|--|--|---|---|
|                                      |                           |                                       |                          | E = sum B thru D                        | 8.02%  | G = E + F<br>Excl. Rev Sens  |   |   |
| <b>DSM &amp; LOW INCOME PROGRAMS</b> |                           |                                       |                          |   |  |  |   |   |
| 151894 WA DSM AMORTIZATION           | 21,657                    | 76,815                                | 711                      | 99,183                                  |  |  |   |   |
| 151898 WA ENERGY EFFICIENCY          | 547,843                   | (320,066)                             | 0                        | 227,777                                 |  |  |   |   |
|                                      | 569,500                   | (243,251)                             | 711                      | 326,960                                 | 14,377   | 341,337  |   | 341,337                                   |
| 151896 WA DSM - HISTORICAL           | 0                         | 0                                     | 0                        | 1,508,537                               |  |  |   |   |
|                                      | 0                         | 0                                     | 0                        | 1,508,537                               | 0  | 1,508,537  |   | 1,508,537                                 |

Company: Northwest Natural Gas Company  
 State: Washington  
 Description: Washington EE Amortization  
 Account Number: 151894  
 Program under Schedule G  
 Temp Increment under Schedule 215  
 UG-181053

1 Debit (Credit)

2

3

| 4   | Month/Year               | Note | Amortization | Transfers    | Interest Rate | Interest   | Activity     | Balance      |
|-----|--------------------------|------|--------------|--------------|---------------|------------|--------------|--------------|
| 5   | (a)                      | (b)  | (c)          | (d)          | (e1)          | (e2)       | (f)          | (g)          |
| 6   |                          |      |              |              |               |            |              |              |
| 217 | Nov-22                   |      | 37,202.53    | (732,137.34) | 4.91%         | (2,919.55) | (697,854.36) | (704,492.57) |
| 218 | Dec-22                   |      | 138,736.38   |              | 4.91%         | (2,598.72) | 136,137.66   | (568,354.91) |
| 219 | Jan-23                   |      | 141,472.08   |              | 6.31%         | (2,616.65) | 138,855.43   | (429,499.48) |
| 220 | Feb-23                   |      | 123,225.78   |              | 6.31%         | (1,934.47) | 121,291.31   | (308,208.17) |
| 221 | Mar-23                   |      | 123,545.52   |              | 6.31%         | (1,295.84) | 122,249.68   | (185,958.49) |
| 222 | Apr-23                   |      | 89,791.31    |              | 7.50%         | (881.64)   | 88,909.67    | (97,048.82)  |
| 223 | May-23                   |      | 50,048.38    |              | 7.50%         | (450.15)   | 49,598.23    | (47,450.59)  |
| 224 | Jun-23                   |      | 27,844.14    |              | 7.50%         | (209.55)   | 27,634.59    | (19,816.00)  |
| 225 | Jul-23                   |      | 22,391.35    |              | 8.02%         | (57.61)    | 22,333.74    | 2,517.74     |
| 226 | Aug-23                   |      | 19,058.97    |              | 8.02%         | 80.52      | 19,139.49    | 21,657.23    |
| 227 | Sep-23 <i>forecasted</i> |      | 24,490.75    |              | 8.02%         | 226.58     | 24,717.33    | 46,374.56    |
| 228 | Oct-23 <i>forecasted</i> |      | 52,323.81    |              | 8.02%         | 484.79     | 52,808.60    | 99,183.16    |

229

230 **History truncated for ease of viewing**

231

232 **Notes**

233 **1** - Transfer in amounts from accounts 186310 and 186312 approved for amortization.

Company: Northwest Natural Gas Company  
 State: Washington  
 Description: Washington EE True-Up Deferral  
 Account Numl 151898  
 Program under Schedules G  
 Temp Increment under Schedule 215  
 UG-181053

| 1  | Month/Year        | Note              | Deferral     | Transfers | Activity     | Balance        | Notes |
|----|-------------------|-------------------|--------------|-----------|--------------|----------------|-------|
| 2  | (a)               | (b)               | (c)          | (d)       | (g)          | (h)            |       |
| 3  |                   |                   |              |           |              |                |       |
| 4  | Beginning Balance |                   |              |           |              |                |       |
| 44 | Nov-22            | NEW               | (387,069.42) |           | (387,069.42) | 744,628.87     |       |
| 45 | Dec-22            |                   | (589,520.70) |           | (589,520.70) | 155,108.17     |       |
| 46 | Jan-23            |                   | (485,475.76) |           | (485,475.76) | (330,367.59)   |       |
| 47 | Feb-23            |                   | (460,353.62) |           | (460,353.62) | (790,721.22)   |       |
| 48 | Mar-23            |                   | (445,436.28) |           | (445,436.28) | (1,236,157.50) |       |
| 49 | Apr-23            |                   | (279,454.24) |           | (279,454.24) | (1,515,611.74) |       |
| 50 | May-23            |                   | 941,274.36   |           | 941,274.36   | (574,337.37)   |       |
| 51 | Jun-23            |                   | 58,134.05    |           | 58,134.05    | (516,203.32)   |       |
| 52 | Jul-23            |                   | 981,958.56   |           | 981,958.56   | 465,755.24     |       |
| 53 | Aug-23            |                   | 82,087.75    |           | 82,087.75    | 547,842.99     |       |
| 54 | Sep-23            | <i>forecasted</i> | (102,075.56) |           | (102,075.56) | 445,767.43     |       |
| 55 | Oct-23            | <i>forecasted</i> | (217,990.47) |           | (217,990.47) | 227,776.96     |       |

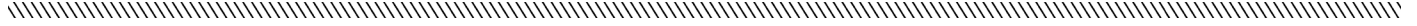
Company: Northwest Natural Gas Company  
 State: Washington  
 Description: Washington EE Deferral - Historical  
 Account Number: 151896

| Debit (Credit) |  |              |              |               |          |              |              |  |
|----------------|--|--------------|--------------|---------------|----------|--------------|--------------|--|
| Month/Year     | Note   | Accumulation | Transfers    | Interest Rate | Interest | Activity     | Balance      |  |
| (a)            | (b)  | (c)          | (d)          | (e2)          | (e1)     | (f)          | (g)          |  |
| 1              | Beginning Balance                            |              |              |               |          |              | 0.00         |  |
| 40             | Nov-22 NEW                                   | 8,630.05     | (738,668.56) | 4.91%         | 5,625.32 | (724,413.19) | 1,384,763.30 |  |
| 41             | Dec-22                                       | -            |              | 4.91%         | 5,665.99 | 5,665.99     | 1,390,429.29 |  |
| 42             | Jan-23                                       | -            |              | 6.31%         | 7,311.34 | 7,311.34     | 1,397,740.63 |  |
| 43             | Feb-23                                       | -            |              | 6.31%         | 7,349.79 | 7,349.79     | 1,405,090.42 |  |
| 44             | Mar-23                                       | -            |              | 6.31%         | 7,388.43 | 7,388.43     | 1,412,478.85 |  |
| 45             | Apr-23                                       | -            |              | 7.50%         | 8,827.99 | 8,827.99     | 1,421,306.84 |  |
| 46             | May-23                                       | -            |              | 7.50%         | 8,883.17 | 8,883.17     | 1,430,190.01 |  |
| 47             | Jun-23                                       | -            |              | 7.50%         | 8,938.69 | 8,938.69     | 1,439,128.70 |  |
| 48             | Jul-23                                       | -            |              | 8.02%         | 9,618.18 | 9,618.18     | 1,448,746.88 |  |
| 49             | Aug-23                                       | -            |              | 8.02%         | 9,682.46 | 9,682.46     | 1,458,429.34 |  |
| 50             | Sep-23                                       | -            |              | 8.02%         | 9,747.17 | 9,747.17     | 1,468,176.51 |  |
| 51             | Oct-23                                       | -            |              | 8.02%         | 9,812.31 | 9,812.31     | 1,477,988.82 |  |
| 52             |  |              |              |               |          |              |              |  |
| 53             | <b>History truncated for ease of viewing</b> |              |              |               |          |              |              |  |
|                | 1- adjusted for rounding                     |              |              |               |          |              |              |  |





# 2022 Annual Energy Efficiency Report NW Natural - Washington



**ENERGY TRUST OF OREGON**

**JUNE 15, 2023**

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## **I. Introduction, background, oversight, and goals**

### **A. Introduction**

This annual report covers all of NW Natural's energy efficiency activities in Washington for 2022. The completion of the program year marks the 13<sup>th</sup> year that Energy Trust of Oregon has provided services and incentives to residential and commercial customers of NW Natural in Washington. This report addresses progress toward annual and biennial goals, information on expenditures, gas savings, projects completed, incentives paid during the year and highlights of program activity.

### **B. Background**

At the request of NW Natural and following approval granted by the Washington Utilities and Transportation Commission (WUTC), Energy Trust began implementing NW Natural's demand-side management programs in Southwest Washington on October 1, 2009. The first year was viewed as a pilot. In 2011, the WUTC approved NW Natural's use of Energy Trust as implementer of Commercial and Residential conservation programs for NW Natural in Washington. With the passage of HB1257, reporting has shifted to biennial planning. This annual report marks the progress made within the first year of the 2022-2023 Biennial Energy Efficiency Plan.

### **C. Oversight**

The Energy Efficiency Advisory Group (EEAG) was created at the direction of the WUTC to provide advice and oversight for NW Natural and Energy Trust energy-efficiency offerings in Washington. The advisory group is comprised of representatives from NW Natural, Energy Trust, WUTC, Washington Public Counsel, Energy Project, Association of Western Energy Consumers and the Northwest Energy Coalition.

### **D. Goals**

In 2021, NW Natural, in accordance with HB1257, conducted a Conservation Potential Assessment with a third-party to establish conservation goals for the 2022-2023 biennium. NW Natural in collaboration with the EEAG, established performance metrics for 2022. This report presents Energy Trust's performance against those goals, and progress made toward the biennial plan. The total savings goal for the incentive program was 318,722 therms. This goal is comprised of 133,073 therms for residential and 185,649 therms for commercial.

## E. Portfolio Summary

| <b>Program Track</b>          | <b>2022 Savings Goal<br/>(therms)</b> | <b>2022 Actuals (therms)</b>       | <b>Percentage of Goal<br/>Achieved</b> |
|-------------------------------|---------------------------------------|------------------------------------|--|
| Commercial Incentive Program  | 185,649                               | 244,841                            | 132%                                   |
| Residential Incentive Program | 133,073                               | 150,873                            | 113%                                   |
| Low-Income Weatherization     | 5,425                                 | 2,581                              | 48%                                    |
| NEEA Market Transformation    | TBD                                   | 32,175                             | N/A                                    |
| RTF Regional Collaboration    | N/A                                   | N/A                                | N/A                                    |
| Pilot & Trial Programs        | N/A                                   | N/A                                | N/A                                    |
| Evaluation                    | N/A                                   | N/A                                | N/A                                    |
| <b>Savings Total</b>          | <b>324,147</b>                        | <b>430,470</b>                     | <b>133%</b>                            |
| <b>Biennial Goal (therms)</b> | <b>620,915</b>                        | <b>Percentage to Biennial Goal</b> | <b>69%</b>                             |

## II. Energy Trust Annual report highlights

### A. General

- In 2022, Energy Trust achieved 118% of the annual portfolio goal.
- Gas efficiency projects installed in 2022 by NW Natural's Washington customers saved 395,714 annual therms of natural gas— 244,841 therms in the commercial sector and 150,873 in the residential sector.

### B. Commercial sector highlights

- **The commercial sector achieved 132% of its annual goal.**
- The top performing measures were refrigeration case doors, custom building controls, custom chillers, boilers, fryers, and custom operations and maintenance.
  - Refrigeration case doors from 10 projects at grocery stores in Vancouver recognized 89,857 therms, while a large project at the Vancouver Innovation Center that saved 46,685 therms rolled over from 2021, contributing to the program surpassing savings goals.
- The program offered bonus incentives for boilers and recognized 12 boiler projects, including seven in educational facilities. Boiler participation doubled compared with 2021.
- In-person outreach picked up to near pre-pandemic levels. Events included the Association of Professional Energy Managers forums, the Asian American Hotel Owner Association conference and HVAC contractor meetings.
- Equipment cost increases, equipment delays and contractor availability pushed several projects into 2023. Additionally, several customers delayed projects slated for 2022 due to staffing challenges.

### C. Residential sector highlights

- **The residential sector achieved 113% of its annual goal.**
- The top performing measures were gas furnaces, smart thermostats, EPS™ New Construction and windows.
- Smart thermostats and thermostat optimization made up 43% of home retrofit savings in 2022, up from 30% in 2021, and contributed a larger portion of all Residential savings in 2022 than in previous years. This increase was driven by the launch of new online marketplace that makes it easier for customers to buy discounted smart thermostats, leading customers to buy nearly twice as many smart thermostats as purchased through the old platform in 2021.
- Contractor capacity was a challenge throughout the year as many started 2022 with a full schedule of projects and labor shortages that made it difficult to hire and retain staff to keep up with demand. Additionally, equipment shortages related to supply chain disruptions challenged contractors and customers.
- Fewer rental property owners took advantage of a \$1,000 gas furnace bonus for single-family rentals. This is despite the offer running for all of 2022 and being advertised at the same rate and through the same channels.
- Savings from EPS New Construction decreased due to Washington's new residential energy code, from 31% of all residential saving in 2021 to 14% in 2022. Savings are expected to continue to decrease in 2023 and 2024, when the offering will end.

### D. Trade Ally Network highlights

- **By the end of 2022, 390 trade allies served Washington**, up from 370 in 2021. This includes 176 trade allies based in Washington.

## E. Program evaluations

- **In quarter one**, Energy Trust finalized the Analysis of Energy Trust Residential Insulation Impacts 2013-2018. The report can be found online at <https://www.energytrust.org/wp-content/uploads/2022/03/Summary-Memo-of-Recurve-Insulation-Impacts-Final.pdf>
- **In quarter two**, Energy Trust finalized the 2021 Fast Feedback Annual Report. The report can be found online at <https://www.energytrust.org/wp-content/uploads/2022/04/Energy-Trust-2021-Fast-Feedback-End-of-Year-Report-FINAL.pdf>
- **In quarter three**, Energy Trust finalized the Process Evaluation of the Residential Program. The report can be found online at [https://www.energytrust.org/wp-content/uploads/2022/08/Residential-Process-Evaluation-Final\\_wSR.pdf](https://www.energytrust.org/wp-content/uploads/2022/08/Residential-Process-Evaluation-Final_wSR.pdf)
- **In quarter four**, Energy Trust finalized the 2020 Existing Buildings Impact Evaluation. The report can be found online at [https://www.energytrust.org/wp-content/uploads/2023/01/EB2020Impact\\_Final\\_wSR.pdf](https://www.energytrust.org/wp-content/uploads/2023/01/EB2020Impact_Final_wSR.pdf)

## F. Washington Utilities and Transportation Commission performance metrics

The tables below compare quarterly results to 2022 goals, as established in NW Natural's Energy Efficiency Plan for Washington.

### 2022 Results compared to goals

| Metric                           | Goal              | Annual       | Q1 results        | Q2 results        | Q3 results        | Q4 results        |
|----------------------------------|-------------------|--------------|-------------------|-------------------|-------------------|-------------------|
| Therms Saved                     | 318,722           | 395,714      | 37,505            | 39,986            | 77,433            | 240,789           |
| Total Program Expenditures       | \$ 2,979,668      | \$ 3,315,452 | \$ 551,364        | \$ 608,195        | \$ 893,594        | \$ 1,262,298      |
| Average Levelized Cost Per Therm | Less than \$0.65  | \$ 0.64      | \$ 0.83           | \$ 1.04           | \$ 0.88           | \$ 0.43           |
| Utility Cost at Portfolio Level  | Greater than 1.00 | \$ 2.31      | Reported annually | Reported annually | Reported annually | Reported annually |

### 2021 Results compared to goals (for reference)

| Metric                             | Goal              | 2021 Total Amount | Q1 results        | Q2 results        | Q3 results        | Q4 results        |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Therms Saved                       | 386,680           | 345,322           | 52,172            | 122,960           | 62,964            | 107,227           |
| Total Program Expenditures         | \$3,322,803       | \$3,069,312       | \$682,019         | \$941,612         | \$606,543         | \$839,138         |
| Average Levelized Cost Per Therm   | Less than \$0.65  | \$0.63            | \$0.86            | \$0.61            | \$0.65            | \$0.53            |
| Energy Trust Programs Utility Cost | Greater than 1.00 | 2.84              | Reported annually | Reported annually | Reported annually | Reported annually |

**2022 Utility Cost Test and Total Resource Cost Test benefit/cost ratios by program**

| <b>Program</b>  | <b>Utility Cost Test Benefit/Cost Ratio</b> | <b>Total Resource Cost Test Benefit/Cost Ratio</b> |
|---|---|--|
| Commercial Programs                                       | 3.35  | 2.00   |
| Residential Programs                                      | 3.02  | 2.23   |
| <b>Total NW Natural Washington Energy Trust Programs*</b> | 3.17  | 2.09   |
| NW Natural Low Income Program (only)                      | 1.96  | 1.83   |
| <i>Total NW Natural Washington Programs</i>               | 3.15  | 2.09   |
| <i>Total Washington Portfolio**</i>                       | 3.58  | 2.34   |

**2021 Utility Cost Test and Total Resource Cost Test benefit/cost ratios by program (for reference)**

| <b>Program</b>  | <b>Utility Cost Test Benefit/Cost Ratio</b> | <b>Total Resource Cost Test Benefit/Cost Ratio</b> |
|---|---|--|
| Commercial Programs                                       | 2.96  | 2.71   |
| Residential Programs                                      | 2.78  | 1.59   |
| <b>Total NW Natural Washington Energy Trust Programs*</b> | 2.84  | 1.85   |
| <b>NW Natural Low Income Program (only)</b>               | 1.88  | 1.72   |
| <b>Total NW Natural Washington Programs</b>               | 2.82  | 1.85   |
| <b>Total Washington Portfolio**</b>                       | 2.88  | 1.90   |

\* Does not include NEEA or WALIEE expenses.

\*\* Includes costs associated with NEEA's gas market transformation efforts. NEEA results reflect one-year savings and costs only.



### III. Annual results

#### A. Activity highlights—sites served

|                          | Q1 | Q2 | Q3 | Q4 | Total |
|--------------------------|----|----|----|----|-------|
| <b>Commercial</b>        |    |    |    |    |       |
| Food Service             | 7  | 9  | 4  | -  | 20    |
| HVAC                     | 1  | 2  | 4  | 14 | 21    |
| Operations & Maintenance | -  | 4  | -  | 7  | 11    |
| Process cooling          | -  | -  | -  | 1  | 1     |
| Process heating          | -  | -  | -  | 1  | 1     |
| Refrigeration            | -  | -  | -  | 10 | 10    |
| Study                    | 2  | -  | 3  | 1  | 6     |
| Water Heating            | -  | 2  | 2  | 4  | 8     |
| Weatherization           | -  | -  | -  | -  | -     |

|                      | Q1  | Q2  | Q3  | Q4  | Total |
|----------------------|-----|-----|-----|-----|-------|
| <b>Residential</b>   |     |     |     |     |       |
| EPS new construction | 131 | 65  | 81  | 46  | 323   |
| HVAC                 | 130 | 147 | 154 | 202 | 633   |
| HVAC Controls        | 10  | 67  | 161 | 871 | 1,109 |
| Water Heating        | 4   | 4   | 4   | 4   | 16    |
| Weatherization       | 55  | 68  | 50  | 104 | 277   |

#### B. Revenue

| Source        | Annual actual revenue | Annual budgeted revenue |
|---------------|-----------------------|-------------------------|
| NW Natural \$ | 3,150,874 \$          | 3,150,874               |

#### C. Expenditures

|                           |                            | Annual actual expenditures | Annual budgeted expenditures | Budget variance   |
|---------------------------|----------------------------|----------------------------|------------------------------|-------------------|
| <b>Commercial</b>         | Commercial                 | \$ 1,438,468               | \$ 1,316,716                 | \$ 121,752        |
|                           | Commercial administration  | \$ 92,068                  | \$ 73,274                    | \$ 18,794         |
|                           | <b>Commercial Total</b>    | <b>\$ 1,530,537</b>        | <b>\$ 1,389,990</b>          | <b>\$ 140,546</b> |
| <b>Residential</b>        | Residential                | \$ 1,677,556               | \$ 1,505,877                 | \$ 171,678        |
|                           | Residential administration | \$ 107,371                 | \$ 83,801                    | \$ 23,570         |
|                           | <b>Residential Total</b>   | <b>\$ 1,784,927</b>        | <b>\$ 1,589,678</b>          | <b>\$ 195,249</b> |
| <b>Total expenditures</b> |                            | <b>\$ 3,315,463</b>        | <b>\$ 2,979,668</b>          | <b>\$ 335,795</b> |

## D. Incentives paid

|                         | Annual actual incentives | Annual actual expenditures | Percent incentives/<br>expenditures |
|-------------------------|--------------------------|----------------------------|-------------------------------------|
| Commercial              | \$ 888,718               | \$ 1,530,537               | 58%                                 |
| Residential             | \$ 1,068,221             | \$ 1,784,927               | 60%                                 |
| <b>Total Incentives</b> | <b>\$ 1,956,939</b>      | <b>\$ 3,315,463</b>        | <b>59%</b>                          |

- Incentives paid account for approximately 69% of annual program expenses when total program expenses are adjusted down by 15% to account for costs that a utility-delivered program would recover through rates.

## E. Savings

|             | Annual savings<br>therms      | Annual goal<br>therms | Percent<br>achieved | Levelized<br>cost/therm |                |
|-------------|-------------------------------|-----------------------|---------------------|-------------------------|----------------|
| Commercial  | Existing Buildings - custom   | 82,872                | 124,155             | 67%                     |                |
|             | Existing Buildings - standard | 137,241               | 29,722              | 462%                    |                |
|             | New Buildings - custom        | -                     | -                   | N/A                     |                |
|             | New Buildings - standard      | 4,257                 | 12,177              | 35%                     |                |
|             | Strategic Energy Management   | 20,471                | 19,595              | 104%                    |                |
|             | <b>Commercial total</b>       | <b>244,841</b>        | <b>185,649</b>      | <b>132%</b>             | <b>\$ 0.53</b> |
| Residential | Home retrofit                 | 120,718               | 103,486             | 117%                    |                |
|             | Midstream and retail          | 7,299                 | 12,525              | 58%                     |                |
|             | Small multifamily             | 1,237                 | 3,113               | 40%                     |                |
|             | EPS new construction          | 21,619                | 13,949              | 155%                    |                |
|             | <b>Residential total</b>      | <b>150,873</b>        | <b>133,073</b>      | <b>113%</b>             | <b>\$ 0.78</b> |
|             | <b>Total</b>                  | <b>395,714</b>        | <b>318,722</b>      | <b>118%</b>             | <b>\$ 0.64</b> |

## Appendix 1: Energy efficiency measure counts and savings

Table 1: Residential sector measures<sup>3</sup>

| Category             | Measure                           | Measures installed | Total therms saved |
|----------------------|-----------------------------------|--------------------|--------------------|
| EPS new construction |                                   | 323                | 21,619             |
|                      | <b>EPS new construction total</b> | <b>323</b>         | <b>21,619</b>      |
| HVAC                 | Furnace                           | 593                | 54,443             |
|                      | Gas fireplace                     | 1,030              | 9,543              |
|                      | <b>HVAC total</b>                 | <b>1,623</b>       | <b>63,986</b>      |
| HVAC controls        | Thermostat                        | 1,107              | 43,948             |
|                      | Thermostat Optimization           | 7                  | 8,103              |
|                      | <b>HVAC controls total</b>        | <b>1,114</b>       | <b>52,051</b>      |
| Water heating        | Tank water heater                 | -                  | -                  |
|                      | Tankless water heater             | 16                 | 986                |
|                      | <b>Other total</b>                | <b>16</b>          | <b>986</b>         |
| Weatherization       | Ceiling insulation                | 20                 | 1,572              |
|                      | Floor Insulation                  | 12                 | 481                |
|                      | Wall insulation                   | 2                  | 25                 |
|                      | Windows                           | 387                | 8,930              |
|                      | <b>Weatherization total</b>       | <b>421</b>         | <b>11,007</b>      |
| <b>Grand total</b>   |                                   | <b>3,498</b>       | <b>150,873</b>     |

<sup>3</sup> Totals may not match Table E due to rounding.

**Table 2: Commercial sector measures<sup>4,5</sup>**

| <b>Category</b>                           | <b>Measure</b>                  | <b>Measures installed</b> | <b>Total therms saved</b> |
|---|---------------------------------|---------------------------|---------------------------|
| <b>Foodservice</b>                        | Fryer                           | 30                        | 11,639                    |
|   | Oven                            | 8                         | 1,060                     |
| <b>Foodservice total</b>                  |                                 | <b>38</b>                 | <b>12,698</b>             |
| <b>HVAC</b>                               | Boiler                          | 17                        | 26,969                    |
|   | Building controls               | 4                         | 48,271                    |
|   | Demand Control Ventilation      | 3                         | 1,468                     |
|   | Gas furnace                     | 9                         | 620                       |
|   | Radiant heating                 | 2                         | 684                       |
| <b>HVAC total</b>                         |                                 | <b>35</b>                 | <b>78,011</b>             |
| <b>Operations &amp; maintenance</b>       | Building Operator Certification | 4                         | 6,681                     |
|   | Custom Operations & Maintenance | 7                         | 20,471                    |
| <b>Operations &amp; maintenance total</b> |                                 | <b>11</b>                 | <b>27,152</b>             |
| <b>Process cooling</b>                    | Custom chiller                  | 1                         | 29,677                    |
| <b>Process cooling total</b>              |                                 | <b>1</b>                  | <b>29,677</b>             |
| <b>Process heating</b>                    | Custom heat recovery            | 1                         | 4,924                     |
| <b>Process heating total</b>              |                                 | <b>1</b>                  | <b>4,924</b>              |
| <b>Refrigeration</b>                      | Refrigeration                   | 10                        | 89,856                    |
| <b>Refrigeration total</b>                |                                 | <b>10</b>                 | <b>89,856</b>             |
| <b>Study</b>                              | Study                           | 6                         | -                         |
| <b>Study total</b>                        |                                 | <b>6</b>                  | <b>-</b>                  |
| <b>Water heating</b>                      | Aerator                         | -                         | -                         |
|   | Tank water heater               | 6                         | 1,589                     |
|   | Tankless water heater           | 8                         | 933                       |
| <b>Water heating total</b>                |                                 | <b>14</b>                 | <b>2,522</b>              |
| <b>Weatherization</b>                     | Ceiling insulation              | -                         | -                         |
|   | Wall insulation                 | -                         | -                         |
| <b>Weatherization total</b>               |                                 | <b>-</b>                  | <b>-</b>                  |
| <b>Grand Total</b>                        |                                 | <b>116</b>                | <b>244,841</b>            |

<sup>4</sup> Totals may not match Table E due to rounding.

<sup>5</sup> Since a single fryer may have multiple vats, the fryer figure is the number of vats installed.

## Appendix 2: Customer satisfaction

Energy Trust conducted short web and phone surveys of NW Natural customers in Washington who participated in Energy Trust programs in 2022 to determine their satisfaction with Energy Trust. Results from 181 residential customers and 17 commercial customers indicate a generally high level of customer satisfaction. Most residential customers in Washington were satisfied with their overall program experience, but a small proportion were neutral or dissatisfied with regard to the turnaround time to receive their incentive and the incentive application form. These numbers are consistent with previous program years.

**Table 1: NW Natural Washington residential customer satisfaction 2022**

| Residential (n=181)                  | Dissatisfied | Neutral | Satisfied |
|--------------------------------------|--------------|---------|-----------|
| Overall experience                   | 3%           | 4%      | 93%       |
| Incentive application form           | 2%           | 7%      | 91%       |
| Turnaround time to receive incentive | 12%          | 4%      | 84%       |

Most commercial customers in Washington were satisfied with their overall program experience, incentive amount, ease of applying for the incentive, interaction with program representatives, performance of their project or system and turnaround time to receive the incentive.

**Table 2: NW Natural Washington commercial customer satisfaction 2022**

| Commercial (n=17)                       | Dissatisfied | Neutral | Satisfied |
|---|--------------|---------|-----------|
| Overall experience                      | 0%           | 6%      | 94%       |
| Incentive amount                        | 0%           | 6%      | 94%       |
| Ease of applying for incentive          | 0%           | 0%      | 100%      |
| Interaction with program representative | 0%           | 0%      | 100%      |
| Performance of project or system        | 0%           | 6%      | 94%       |
| Turnaround time to receive incentive    | 0%           | 0%      | 100%      |

## Washington Market Transformation 2022 Program Results

In 2022 NW Natural participated in the Northwest Energy Efficiency Alliance’s (NEEA) Gas Collaborative to support regional Market Transformation. NEEA is in its fourth year of reporting natural gas savings, and annual savings will continue to increase over time as programs in the portfolio advance into full-scale market development. Funding is on a regional basis and invoiced based on actuals spent for work on the 5-year plan. There were no activities specific to NW Natural in 2022, all reported savings based on funder share attributed to building codes and state standards. A summary of the NEEA funder memo can be found on the following pages.

**Table 1: 2022 Market Transformation Expenditures**

| Market Transformation |       | Budget    | Actual   |
|-----------------------|-------|-----------|----------|
| NEEA                  | Total | \$ 88,148 | \$88,148 |

**Table 2: 2022 Market Transformation Savings Summary**

| Market Transformation | Reported Therm Savings |
|-----------------------|------------------------|
| Building Codes        | 31,465                 |
| Standards             | 710                    |
| Programs              | TBD                    |
| <b>Total Savings</b>  | <b>32,175</b>          |

## 2022 Savings Estimate Summary

NEEA estimates NW Natural’s 2022 annual natural gas energy savings associated with its initiatives is 32,175 Annual Therms<sup>6</sup> (Table 2). These savings are above the NEEA baseline<sup>7</sup> and exclude an estimate of savings that NW Natural and local utilities claim through locally run programs. NEEA allocates energy savings based on funder share for voluntary programs and an estimate of service area shares for codes and state standards.

**Table 3: 2022 Annual Report Net Market Effects Savings Estimates (Annual Therms)**

| Program   | Gas Program Measures<br>(Net Market Effects) |
|---|--|
| Residential Codes (2018 WSEC)                               | 29,605                                       |
| Commercial Codes (WSEC-C)                                   | 1,860  |
| Standards (Commercial Packaged Boilers & Cooking Equipment) | 710  |
| Efficient Rooftop Units                                     | TBD  |
| <b>Total Savings</b>  | <b>32,175</b>                                |

Net Market Effects = Total Regional Savings - Local Program Savings - Baseline Savings

## Building Codes

### Commercial Codes:

The 2022 savings come from work on the 2018 Washington State Energy Code, which went into effect in February 2021. The share of new construction floor area permitted under the code begins to ramp up from the code effective date. The savings analysis uses energy use intensity (EUI) values resulting from whole-building energy simulations conducted by NORESKO<sup>8</sup>.

### Residential New Construction Codes:

WSEC 2018 code went into effect in February 2021 and saves on average 16% more energy than WSEC 2015. NEEA started counting savings in August 2021 to allow time to build under the new code. NEEA completed a post code adoption market research report in May 2022 to assess the early effects of the credits on building practices. The assessment showed a major shift in fuel selection for primary heat where natural gas had previously been the common selection. NEEA has since conducted a follow-up study to allow more time for builders to adjust to the new code; the new study estimates that 18% of new homes are using gas as the primary source for space heating. NEEA is using these results for 2022 savings estimates.

### Standards

NEEA is reporting Net Market Effects savings from the Washington commercial equipment appliance standard based in draft evaluation results from Michaels Energy. The company determined that NEEA and its partners had a primary role in providing regional data and generating alignment among stakeholders on the commercial kitchen equipment standards.

<sup>6</sup> The term Annual Therms refers to the fact that NEEA reports first-year savings only in order to represent a sustained reduction in load.

<sup>7</sup> NEEA estimates Baseline as the savings that would have occurred without NEEA, utility, the Bonneville Power Administration, and the Energy Trust of Oregon’s market intervention.

<sup>8</sup> NORESKO. 2022. 2018 Washington State Energy Code Energy Savings Analysis for Nonresidential Buildings.

## Efficient Rooftop Units

The Efficient Rooftop Units program advanced to Market Development<sup>9</sup> in late 2022. The program's goal is to accelerate the adoption of efficient gas rooftop units in the like-for-like replacement market while working to influence the adoption of improved test procedures and more stringent federal standards.

To measure savings, NEEA collects sales data annually from HVAC distributors and manufacturers in addition to data from the annual local utility program survey. The HVAC sales data for 2022 will not be available until summer 2023 which is why savings are still to be determined.

## Allocation Methodology

NEEA allocates code savings for gas measures using a service area approach. The approach uses EIA residential consumer sales for Residential Codes and nonresidential volume for Commercial Codes (Table 2).

For voluntary programs, NEEA allocates regional savings (Idaho, Montana, Oregon and Washington) using shares of investment by funder. These shares vary by funding cycle. Savings from previous investments receive the previous funder share. Savings from current investments receive the current funder share. Table 5 shows the funder shares.

**Table 4: State Code Savings Allocation Share**

| Sector      | WA    | OR    | ID    |
|-------------|-------|-------|-------|
| Residential | 6.62% | 0.00% | 0.00% |
| Commercial  | 4.15% | 0.00% | 0.00% |

**Table 5: NW Natural Funder Share**

| Business Plan | Gas Funding Share |
|---------------|-------------------|
| 2019          | 2.73%             |
| 2020-2024     | 3.11%             |

<sup>9</sup> The purpose of this phase is to create lasting market change through direct market interventions designed to remove barriers, leverage market opportunities, and tap influencers and existing channels for diffusion. Interventions are strategic, planned and adaptively managed as market dynamics change and more information is gained. During annual planning, NEEA staff look for the most impactful market levers and activities that could bolster or accelerate the achievement of alliance MT goals.



## Gas Measure Analysis

### 2022 Regional Engagement

The Regional Technical Forum (RTF) is an advisory committee to the Northwest Power and Conservation Council that meets monthly to review analysis and make decisions on methodologies for estimating energy efficiency savings. The energy saving estimates generated are vital to creating an accurate snapshot of the region's efficiency potential. With funding and support from gas utilities, including NW Natural, the RTF began considering gas measures in 2020. 2022 marks the third year that the RTF has been adding gas measures to their portfolio. NW Natural participated by providing relevant input for the development of the RTF's gas measures. The list of active measures and analysis can be found on the RTF website:

<https://rtf.nwcouncil.org/measures/>

| Regional Engagement |       | Budget    | Actual   |
|---------------------|-------|-----------|----------|
| RTF                 | Total | \$ 10,600 | \$10,600 |

## Washington Low Income Energy Efficiency Program 2022 Program Results

NW Natural partners with Clark County's Community Development Office to serve Clark County customers and Washington Gorge Action Programs (WAGAP) serving Skamania and Klickitat counties to administer its Washington Low Income Energy Efficiency (WALIEE) program. While offerings are available in Skamania and Klickitat counties, the agency that serves these counties did not provide services to any customers through WALIEE during 2022. Results below are specific to Clark County's Department of Community Services.

Program year 2022 saw changes in personnel for both Clark County and NW Natural. The number of homes served continues to be down from pre-pandemic numbers, and The Company's goal outlined in the 2022 EE plan was not met. Increased outreach methods will take place in 2023 with bill inserts targeting customers in Clark County to increase the visibility of the program. We continue to work with Clark County to identify outreach opportunities in the community. In addition to the whole weatherization projects completed by Clark County they also provided 6 furnace tune-ups that helped clients maintain their equipment to the highest efficiency levels, these tune-ups are included in our efficiency results below.

NW Natural's low-income programs experienced a shift in program reporting as agencies move toward using the Department of Commerce's Weatherization Program Priority List. Prior to the list, agencies would use a computerized energy modeling tool to quantify savings and calculate the Savings Investment Ratio (SIR). The Deemed Measures Priority List (DMPL) includes weatherization measures that are considered cost effective and can be installed without an energy model. NW Natural's Schedule I, allows reimbursement for priority list measures and received 9 of these projects without associated savings in 2022. To address the difference in reporting, NW Natural assigned savings to the deemed measures utilizing historic program data. NW Natural is looking to conduct an impact evaluation on the program to ensure claimed savings are being realized.

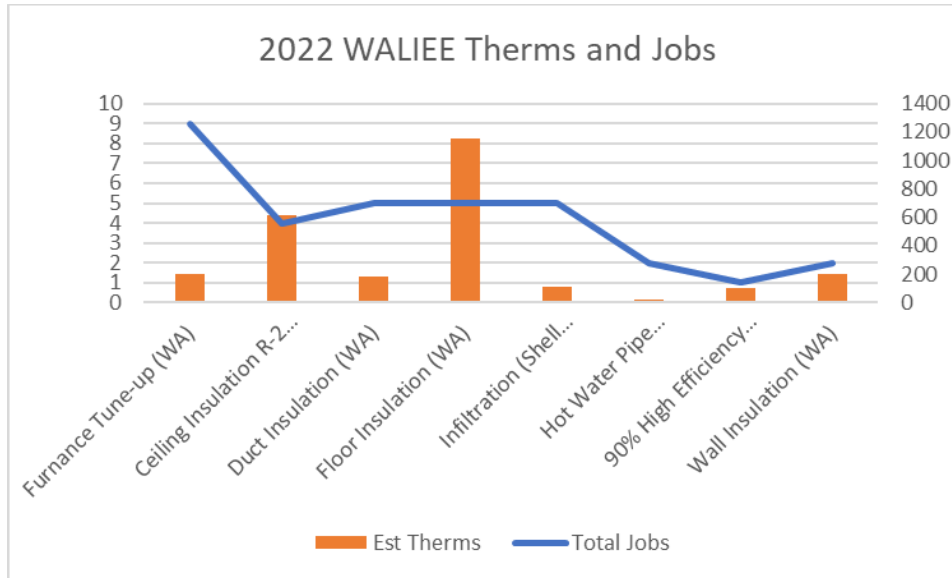
The estimated cost per therm in 2022 is at a historic high due to multiple factors including the uncertainty in claimed saving and high inflation rates experienced in 2022 which drove project costs up. Furnace tune-ups were also included in cost per therm calculation which added to project costs but yielded no savings. Despite a notably higher cost per therm metric, the program saw a slight increase in its cost-effectiveness over the previous program year which shows the program is still operating effectively. NW Natural recognizes that the costs for weatherization have increased and have engaged Clark County as well as the EEAG stakeholders to increase funding to enable more weatherization projects. A \$4,000 increase, as needed, in flexible funds per project will roll out in 2023 to help address health and safety measures required for energy efficiency. NW Natural is confident that the increase in funding paired with targeted outreach efforts will lead to more homes weatherized in the Company's Washington territory.

In WAGAP's territory, staffing and limited customers have been the historical challenge for the program's gas efforts. In 2019 Community Action Council of Lewis, Mason & Thurston Counties (CACLMT) was selected to provide services in WAGAP's territory. NW Natural continued engagement with the Energy Project and CACLMT, to help address these issues and support gas customers and projects.

The agencies are allotted 25% of reimbursable job costs for administrative costs and allowed an average of \$1,000 per home for Health, Safety, and Repairs (HSR), which are not subject to cost effectiveness tests. A WALIEE job could cost the program no more than the base \$7,992 plus the Low-Income Program Adjustment of \$5,508 for a total of \$13,500. Projects in 2022 averaged \$6,642 per home.

## Measure Analysis

The figure below provides a breakdown of weatherization occurrences by measure, as well as the associated annual therm savings.



**Figure 1: Measure Occurrence and Savings**

**Table 1: Historical Efficiency Results**

| Efficiency Metric                                     | 2022     | 2021     | 2020     | 2019      | 2018     | 2017     | 2016     |
|---|----------|----------|----------|-----------|----------|----------|----------|
| Homes served  | 11       | 11       | 3        | 22        | 16       | 13       | 16       |
| Average Reimbursement per home <sup>10</sup>          | \$5,295  | \$4,996  | \$4,436  | \$8,657   | \$5,739  | \$5,305  | \$4,807  |
| Total Reimbursed                                      | \$58,251 | \$54,960 | \$13,308 | \$190,457 | \$91,828 | \$68,965 | \$76,918 |
| Average estimated therms saved per home <sup>11</sup> | 235      | 324      | 377      | 918       | 474      | 472      | 378      |
| Total estimated therms saved                          | 2,581    | 3,568    | 1,132    | 20,170    | 7,578    | 6,132    | 6,048    |
| Estimated Cost per therm                              | \$22.57  | \$15.40  | \$11.76  | \$9.44    | \$12.12  | \$11.25  | \$12.72  |

<sup>10</sup> Note reimbursed costs only reflect NWN's contribution for home weatherization. HSR and Admin are excluded.

<sup>11</sup> An impact evaluation has not been conducted on these homes so the actual per therm savings has not been verified. The therm estimates are based on modeling software estimates which convert financial savings to therm savings.

Due to changes to schedule I the following measures are part of the State of Washington Department of Commerce Weatherization Program Priority List and are deemed cost-effective. The following are estimated cost savings based on previously modeled measures. NW Natural is looking to conduct an impact evaluation to have better estimates on savings.

**Table 2: Estimated Efficiency Results**

| <b>Efficiency Metric</b>                | <b>Priority List Projects</b> | <b>Modeled Projects</b> |
|---|-------------------------------|-------------------------|
| Homes Served                            | 9                             | 2                       |
| Average Reimbursement per Home          | \$4,367                       | \$8,933                 |
| Total Reimbursement                     | \$43,674                      | \$14,577                |
| Average Estimated therms saved per home | 210                           | 344                     |
| Total estimated therms saved            | 1893                          | 688                     |
| Estimated Cost per therm                | \$23.07                       | \$21.19                 |

**Table 3: Performance and Goal Metrics**

| <b>2022 Performance Metric</b>                            | <b>Goal</b> | <b>Actual</b> |
|---|-------------|---------------|
| Homes Served  | 10          | 11            |
| Max reimbursement per home (Actual figure = avg per home) | \$7,992     | \$6,642       |
| Adjustment Program Max (Actual figure =avg per home)      | \$5,508     | \$0           |
| Average estimated therms saved per home <sup>12</sup>     | 341         | 235           |
| Total estimated therms saved                              | 6,480       | 2,581         |
| Total expenditure   | \$157,624   | \$73,064      |

<sup>12</sup> See footnote 2.

## Washington Pilot & Trials 2022

### Industrial Audits

Subsequent to the conclusion of NW Natural's 2021 Conservation Potential Assessment (CPA), NW Natural began scoping a pilot for Industrial rate customers. The Industrial rate class has not historically had access to NW Natural's energy efficiency programs in Washington. To better understand the potential within this customer class NW Natural conducted an RFP in 2022 to find a vendor to deliver high-level audits to customers on industrial and transport rates in Washington.

Energy 350 was selected as the vendor for the audits which became available to customers late in Q3 of 2022. The work surrounding the pilot in 2022 focused primarily on outreach development. To keep costs low, NW Natural is leveraging internal Key Account Managers (KAMs) to recruit participants for the program. Findings from the audits will be used to inform the development of an incentive program and provide a pipeline of leads for the launch of a program.

Development of this pilot was laid out in the 2022-2023 Biennial Energy Efficiency Plan, but there are no savings associated with this pilot as it is an intelligence gathering effort. The pilot may be credited with savings earned once an incentive program is launched.

| Industrial Audit Pilot | 2022 Expenditure |
|------------------------|------------------|
|                        | \$378            |