

April 18, 2022

NWN OPUC Advice No. 22-02

**VIA ELECTRONIC FILING**

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
P.O. Box 1088  
Salem, OR 97308-1088

**Re: NEW Schedule – Residential Low-Income Bill Discount Program**

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revisions to its Tariff P.U.C. Or. 25, stated to become effective on July 15, 2022.

Original Sheet 330-1	Schedule 330	Residential Bill Assistance Program
Original Sheet 330-2	Schedule 330	Residential Bill Assistance Program
Original Sheet 335-1	Schedule 335	Bill Assistance Program Cost Recovery
Ninth Revision of Sheet v	Tariff Index	Tariff Index

**Purpose**

The purpose of this filing is to request Public Utility Commission of Oregon (Commission) approval for an income-qualified bill discount program for residential customers. This proposed program is interim in nature and is intended to address the needs of our customers in the near-term as the Commission undertakes its investigation into the implementation of Oregon House Bill 2475 (HB 2475) legislation.

**Background**

In docket UM 2211, Commission Staff outlined the framework and timeline for utilities to implement differential rate programs in response to HB 2475. Staff's timeline includes a broad investigation into the implementation of HB 2475, including the implementation of interim differential rate programs.

The UM 2211 Staff framework calls for gas utilities to provide:

- interim action proposals;
- enhancement of existing bill assistance programs (filings made by February 28, 2022); and,
- implementation of interim differential rate proposals (effective fourth quarter 2022).

NW Natural filed its interim action proposal on February 28, 2022, in docket UM 2211, which included: i) proposing revisions to its Arrearage Management Program (AMP); ii) developing a low-income bill discount program to be in place by the next heating season; iii) conducting a Low-Income Needs Assessment (LINA); and iv) developing a long-term low-income rate program that is informed by the LINA and Staff's HB 2475 investigation in docket UM 2211.

The Company’s enhancements to the AMP were filed on February 17, 2022 and were approved by the Commission on March 22, 2022.

In this filing, NW Natural proposes an interim low-income bill discount program in this filing that will be implemented by November 1, 2022, in time for the 2022-2023 heating season.

**Proposed Process Timeline**

NW Natural respectfully requests approval for the bill discount program and the enclosed tariffs by July 15, 2022, to ensure the program can be implemented by the November 1, 2022 go-live date. The program will require updates to NW Natural’s Customer Information System (CIS) and website, along with significant processes to be developed regarding enrollment, communication, surveys, and communications.

<b>Event*</b>	<b>Timeline</b>
Stakeholder roundtable	March 31, 2022
Office hours for additional discussion on proposed program	April 7, 2022
Filing	April 18, 2022
April technical workshop	Week of April 29, 2022
May technical workshop(s)	Week of May 16, 2022
June technical workshop(s)	Week of June 6, 2022
<b>Commission approval</b>	<b>July 15, 2022</b>
NW Natural bill discount program CIS and website design, implementation, and testing	June – September 2022, testing in September/October 2022 before go-live
Development of new processes and/or deliverables: <ul style="list-style-type: none"> <li>• enrollment form development and distribution</li> <li>• finalize enrollment processes and training</li> <li>• work with OHCS and Community Action Agencies to enable referrals/data sharing</li> <li>• work with third-party for development and planning of surveys</li> <li>• develop and test process for auto-enrollments</li> <li>• set up accounting and reporting processes</li> </ul>	June – October 2022
Bill discount program go-live	November 1, 2022

\*Please note workshop dates are flexible and more will be added as needed

NW Natural understands that Staff may also propose additional opportunities for written comments and/or workshops. NW Natural will work with Staff and all stakeholders to ensure that stakeholders have adequate time to respond to any Staff requests for written comments.

**Proposed Program**

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

***Eligibility***

The bill discount tiers are based on state-median income (SMI) percentages and are proposed as follows:

	SMI %	Bill Discount %
Tier 1	30% SMI	25%
Tier 2	45% SMI	20%
Tier 3	60% SMI*	15%

*\*Customers in single households are eligible for Tier 3 at a wage level the higher of 60% SMI or full-time minimum wage Income*

Note that eligibility for Tier 3 is also extended to single households working full-time at minimum wage using the minimum wage set for the Portland Metro Area.

***Eligibility verification***

Self-certification of income will be required every two years and post-enrollment sample audits of enrollment forms will be conducted to verify income qualifications to ensure the integrity of the program.

NW Natural will work with Staff and stakeholders to identify reasonable exemptions from post-enrollment eligibility verification audits to ensure participation in the program is not hindered due to circumstances that could cause verification to be burdensome or traumatic.

***Consideration of Staff Framework Criteria***

NW Natural addresses the baseline evaluation criteria identified by Staff in its UM 2211 framework as follows:

**Eligibility**

- Customers will be able to enroll with self-certification of income qualifications through the NW Natural call center, the Agencies, or a form that will be available both online and in hard copy form. Forms that are not submitted via the Company’s website may be submitted by mail or electronic mail.
- NW Natural will coordinate with Oregon Housing and Community Services and the Agencies to establish a process to permit the Agencies to share income information with NW Natural, which will enable NW Natural to enroll eligible customers in the program.
- When the program rolls out, NW Natural will auto-enroll customers that have previously received energy assistance within the past two years. The enrollment will be at the Tier 3 level and enrollees will receive a letter explaining the program and how to apply for a greater discount or how to opt out if desired or if income level has changed. Enrollment will expire two years after the most recent energy assistance payment.

- Eligibility criteria has been set to reflect the recently approved bill discount program for Portland General Electric Company (PGE). NW Natural intends to review the income tiers and discount percentages when additional information is available from the LINA and Staff's UM 2211 investigation to identify the need for any changes or improvements.

#### Level of Relief

- The use of the tiers whereby lower levels of income will receive a higher bill discount is intended to prioritize relief for the lowest-income customers with higher energy burden.
- As mentioned above, NW Natural intends to review the income tiers and discount percentages when additional information is available from the LINA and Staff's UM 2211 investigation to identify any changes that would better address relieving energy burden.

#### Tracking and accounting

- NW Natural will work with Staff and the Commission to establish reporting requirements, including information by zip code and month.
- As mentioned above, direct program costs will be tracked in a balancing account and be available for review. Administrative costs will be tracked separately for future ratemaking consideration.

#### Bundling

- NW Natural anticipates the design of the enrollment form/process will include an authorization from customers to enable referral for additional assistance programs, including weatherization programs. The Company anticipates the sharing of eligible customer information for referral to its existing low-income energy efficiency program known as Oregon Low-Income Energy Efficiency (OLIEE) program. OLIEE is administered by the Company in partnership with the Agencies and other organizations that perform weatherization and related efficiency and energy efficiency education services.

#### Outreach and engagement

- NW Natural looks forward to working with Staff and stakeholders before, during and after the filing and approval of this bill discount program. Stakeholder expertise in the service of targeted customers will serve as valuable information in implementing and maintaining this program. NW Natural has previously shared its plans regarding the low-income bill discount program in UM 2211 discussions in 4<sup>th</sup> quarter 2021. The bill discount program was also included as part of the Company's HB 2475 interim action plan filed on February 28, 2022. A stakeholder roundtable workshop was held on March 31, 2022. Additional technical workshops will be scheduled after the filing of this proposal to facilitate additional input.
- The Company will also seek input and perspective from its Community Equity and Advisory Group (CEAG), a broad panel of representatives from community-based organizations who can share their expertise and knowledge of the communities they serve. The Company is finalizing the initial organization of the CEAG and its third-party facilitator; the launch of CEAG is anticipated in April 2022.
- NW Natural anticipates performing surveys of program participants at enrollment and again before each two-year certification cycle ends.
- The Company will continue the robust and extensive community outreach established for its AMP to ensure low-income, fixed-income, seniors, and hard-to-reach communities are aware of the bill discount program and how to enroll.

### **Cost Recovery**

NW Natural proposes an automatic adjustment clause through proposed new tariff Schedule 335 to recover the direct costs of the low-income bill discount program, which includes the cost of the bill discount. A balancing account will be used to track the collections and direct costs to ensure costs and collections match without under- or over-recovery over time. Administrative costs to develop, implement and maintain the program will be deferred and tracked separately for recovery in a future proceeding. This treatment is consistent with Commission Order No. 22-113 in docket UM 2233, which approved the use of deferred accounting for costs associated with the implementation of HB 2475. The order indicated: “incremental administrative costs will be separate deferred and tracked for later ratemaking” and “all costs would accrue interest at the modified blended (MBT) rate.”

For the initial rollout of Schedule 335, NW Natural proposes recovery of \$1,038,181, which represents the estimated bill discount if 7,500 customers enroll. The 7,500 was derived from the average annual number of customers (pre-pandemic) participating in our low-income energy assistance program known as Oregon Low-Income Gas Assistance (OLGA). The 7,500 and related \$1 million bill discount cost is not intended as a cap for the program but represents a rough estimate that is conservative for purposes of establishing a level of cost recovery for the rollout of this program.

In compliance with OAR 860-022-0025 and OAR 860-022-0030, NW Natural states that the effect of the proposed Schedule 335 will increase the Company’s annual Oregon revenues by \$1,038,181, or about 0.14%.

The monthly bill of the average residential customer served under Rate Schedule 2 using 53 therms per month will increase by \$0.09, or 0.14%. The monthly increase for the average Rate Schedule 3 commercial customer using 237 therms is \$0.32, or 0.13%, the monthly increase for the average Rate Schedule 27 customer using 45 therms is \$0.06, or 0.13% and the monthly increase for the average Rate Schedule 31 customer using 2,630 therms is about \$2.84, or 0.15%. The average Rate Schedule 32 customer using 36,103 therms will see a monthly increase of about \$7.46, or 0.05%. Work papers supporting the rate and bill impact calculations will be separately submitted in electronic format.

The number of customers affected by the proposed change is 644,573 residential customers, and 61,891 commercial and industrial customers.

### **Conclusion**

NW Natural respectfully request the Commission approve this tariff change to become effective July 15, 2022.

In accordance with ORS 757.205, copies of this letter and the filing made herewith are available in the Company’s main office in Portland, Oregon and on its website at [www.nwnatural.com](http://www.nwnatural.com).

Please address correspondence on this matter to me with copies to the following:

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Respectfully submitted,

*/s/ Natasha Siores*

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**SCHEDULE 330  
RESIDENTIAL BILL ASSISTANCE PROGRAM –  
OPTIONAL FOR QUALIFYING CUSTOMERS**

**PURPOSE:**

The purpose of this schedule is to implement an optional bill assistance program for income-qualifying residential customers.

**APPLICABLE:**

To all income-qualified Residential Customers taking service under Rate Schedule 2 of this Tariff. Income-qualified is defined as Customers with gross household income at or below 60% of Oregon State Median Income (SMI), adjusted for household size. For customers in single-person households, eligibility is extended to those with gross household incomes the greater of 60% SMI or full-time wages at Oregon minimum wage rates for Portland Metro area.

This program will begin on November 1, 2022.

**BILL DISCOUNT:**

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

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

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

**SPECIAL CONDITIONS:**

1. An Applicant for this bill assistance program must be the account holder and is required to provide an application that includes a self-declaration of household size and income. Household size reflects all permanent residents in the home, including adults and children. Qualifying income refers to total gross annual income, both taxable and nontaxable, from all sources for all persons in the applicant’s household.
2. Renewal of a Customer’s enrollment is required every two years. It is the customer’s responsibility to notify the Company if there is a change in income qualification status.
3. NW Natural may also auto-enroll eligible customers that have received energy assistance with a Tier 3 bill discount. Auto-enrolled customers may provide additional information to qualify for higher tier discounts and must re-enroll every two years.
4. All applications are subject to post-enrollment verification audit sampling, which may require a showing of proof of household size and income. Bill discounts will be suspended for Customers found to be ineligible or non-responsive during post-enrollment audits and customers may be rebilled for periods of ineligibility. Customers may re-apply for this program upon providing verification of eligibility.
5. Customers are only eligible to receive bill credits under this rate schedule at one residential location at any one time and only for new charges billed after enrollment or re-enrollment.

(continue to Sheet 330-2)

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Effective with service on  
and after July 15, 2022

(N)

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**SCHEDULE 330  
RESIDENTIAL BILL ASSISTANCE PROGRAM –  
OPTIONAL FOR QUALIFYING CUSTOMERS**

**GENERAL TERMS:**

This Schedule is governed by its terms, the General Rules and Regulations contained in this Tariff, any other Schedules that by their terms or by the terms of this Schedule apply to service under this Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

(N)

(N)

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**SCHEDULE 335  
BILL ASSISTANCE PROGRAM  
COST RECOVERY**

**PURPOSE:**

This Schedule recovers the costs of the Company’s Low-Income Bill Discount Program offered under **Schedule 330** “Residential Low-Income Bill Discount Program”. This Adjustment Schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210.

**APPLICABILITY:**

This Schedule applies to all bills of customers taking service on the rate schedules listed below:

**Application to Rates:**

Effective: **November 1, 2022**

A charge will be assessed on each bill for the applicable Rate Schedules:

Rate Schedule	Charge per Bill
2	\$0.09
3	\$0.32
27	\$0.06
31	\$2.84
32	\$7.46

**GENERAL TERMS:**

Service under this Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this, any other schedules that by their terms or by the terms of this Schedule apply to service under this Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

(N)

(N)

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# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

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