Oregon Public Utility Commission

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Report is required by: Statute Order Note: A one-time submission required by an order is a compliance filing and not a report (file compliance in the applicable docket) Other Schedule 320 of NW Natural's Tariff (For example, federal regulations, or requested by Staff)
Is this report associated with a specific docket/case? No Yes, docket number: RG 13
List Key Words for this report. We use these to improve search results.
NW Natural, Oregon Low-Income Energy Efficiency Annual Report, OLIEE,
Send the completed Cover Sheet and the Report in an email addressed to PUC.FilingCenter@state.or.us
Send confidential information, voluminous reports, or energy utility Results of Operations Reports to PUC Filing Center, PO Box 1088, Salem, OR 97308-1088 or by delivery service to 201 High Street SE Suite 100, Salem, OR 97301.

250 SW Taylor Street Portland, OR 97204 503-226-4211 nwnatural.com

December 28, 2022

VIA ELECTRONIC FILING

Public Utility Commission of Oregon 201 High Street SE, Suite 100 PO Box 1088 Salem, Oregon 97308-1088

RE: RG 13—Oregon Low-Income Energy Efficiency Program (OLIEE)
Annual Report (2021-2022 Program Year)

Northwest Natural Gas Company, dba NW Natural (NW Natural or the Company), hereby submits its Oregon Low-Income Energy Efficiency Program (OLIEE) Annual Report for the 2021-2022 Program Year in accordance with the Company's Tariff P.U.C. Or. 25, Schedule 320.

Please address correspondence on this matter to me at (503) 610-7326 with copies to the following:

eFiling
Rates & Regulatory Affairs
NW Natural
250 SW Taylor Street
Portland, Oregon 97204
Telephone: (503) 610-7330

Fax: (503) 220-2579 eFiling@nwnatural.com

Sincerely,

/s/ Rebecca Trujillo

Rebecca Trujillo Regulatory Compliance

Enclosure

Oregon Low Income Energy Efficiency Program
Annual Report to the Public Utility Commission of Oregon
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I. Summary

The programs supported by the Oregon Low Income Energy Efficiency Program (OLIEE) tariff managed to continue considering the many challenges in the 2021-2022 program year which included staffing changes, and continued challenges related to COVID 19. CAP agencies weatherized 165 dwellings and engaged several hundred additional NW Natural customers through energy education workshops, energy saver kits and tried out new ways of doing outreach such as posting billboards in their service area.

II. OLIEE Overview

Since October 2002, NW Natural (NWN) has collected public purpose funding for its Oregon Low-Income Energy Efficiency program (OLIEE). That rate started at one quarter of one percent (0.25%). During the 2017-18 program year the collection increased to one fifty-fifth of one percent (0.55%) total energy use billed from Oregon's residential and commercial customers. Due to a recognized need, and increase in project potential, project costs, and measures, collection was adjusted again in the 2019-20 program year and to equal to one eighty-fifth of one percent (0.85%) starting on January 1, 2020. This increase in funding came just as shutdowns were occurring across the state due to COVID-19. Due to restrictions and limitations associated with home services, staffing at CAP agencies, and other partners, the increased funding was not able to be distributed at the speed initially intended or planned. This resulted in an increased carryover balance for program years 2019-2020, 2020-2021, and 2021-2022.As program staff count and capacity return to pre-pandemic levels, distributions will increase. Headwinds associated with supply chain constraints may continue to impact program delivery, but program staff are making best efforts to navigate these challenges.

The OLIEE program assists NWN's low-income customers by reducing their natural gas use through the installation of high-efficient gas equipment and weatherization. The program also empowers customers to reduce consumption through energy literacy in conjunction with weatherization as well as standalone services. The program is applicable to dwellings occupied by customers who meet income guidelines as established in Oregon's annual Low-Income Home Energy Assistance Program (LIHEAP) State Plan¹. On average, the OLIEE program reduces participating customers' gas usage by approximately 20%² annually.

III. OLIEE Community Action Program (CAP) Program

OLIEE partners with CAP Agencies in each county to administer the OLIEE program. These agencies utilize matching funds derived from the Office of Community Services' Low-Income Home Energy Assistance Program (LIHEAP) and the US Department of Energy's Weatherization Assistance Program (WAP). NWN contributes to each eligible gas home's weatherization and energy efficiency efforts as follows:

 $^{^1\,}https://www.oregon.gov/ohcs/pages/low-income-energy-assistance-oregon.aspx$

² According to 2011 Impact Evaluation performed by Forefront Economics.

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Per Project Reimbursement caps

Expense category	CAP 1/1/20
Max per dwelling	\$15,000
Weatherization Only	\$10,000
Heating Equipment Only	\$5,000
Max administration per dwelling	\$1,600
Max average Health, Safety and Repairs per dwelling	\$1,000
Reimbursement per dwelling	\$17,600

IV. Current year weatherization results

In 2021-2022 the funds supported over 702 measures installed.

Installed Measures in Program year 2021-2022

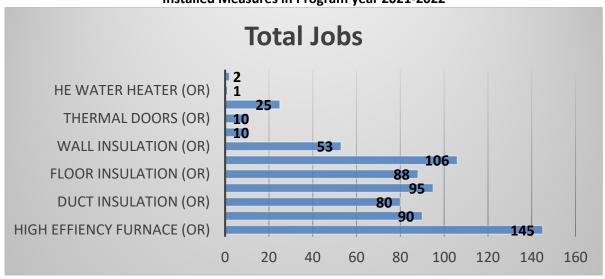


Table 1 – Prior three program years' CAP results

(Due to staffing changes target numbers for heat year 2021-2022 are not available)

	2021-2022	2020-2021	2019-2020	2018-2018
Weatherized Dwellings (Target)	N/A	545	306	300
Dwellings weatherized (Actual)	165	341	248	260
Reimbursed Measure Costs	\$1,312,939	\$1,561,476	\$1,595,651	\$1,567,192
Reimbursed HSR	\$127,790	\$156,805	\$185,938	\$242,617
Est. therms	58,037	60,394	68,320	73,441
Est. therms saved per dwelling ³	284	316	277	283

³ Estimated therms saved as calculated by the Oregon Department of Energy (ODOE) -approved modeling software, RemRate, Energy Trust of Oregon and/or Regional Technical Forum.

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Program Completions: The table below provides project completion counts at partner Community Action agencies. In previous years this table also included targets collected at the beginning of the heat year. For the program year covered in this report, we do not have projections because of staff turnover timing. However, we will capture this data for this coming year and include it in the 2023 report to provide a more complete narrative of the challenges and successes that the CAP agencies experience during the year. In program year 2021-2022 project completions continued to be impacted. Work in homes has increased in complexity in response to COVID and broad economy wide challenges. Many CAP agency partners still experience lower staffing levels than prior to the pandemic despite growing community demand. Additionally, HVAC equipment continues to see issues in the supply chain. Products and materials essential to weatherization projects are not as readily available. Despite challenges, the program continues to focus on serving more dwellings, including Multifamily dwellings where possible.

Table 2: CAP project completions 2021-2022

CAP Agency	Counties Served	Completions
Clackamas County CA	Clackamas	1
Community Action Organization	Washington	75
Community Action Team, Inc.	Columbia and Clatsop	2
Community Services Consortium	Benton, Linn and Lincoln	3
Homes for Good	Lane	6
Mid-Columbia Community Action Council	Hood River and Wasco	0
Mid-Willamette Valley CA	Polk and Marion	0
Multnomah County Weatherization & Energy Services	Multnomah	71
Yamhill Co CA Partnership	Yamhill	7
Oregon Coast Comm Action	Coos	0
All Agencies		165

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These results were discussed with the agencies and the OLIEE Advisory Committee. Several of the largest agencies continued to see significant impacts to operations that resulted in the sustained drop in production due to COVID. Those agencies have reliably met their quotas in previous years and without COVID, it is likely the OLIEE program would have come even closer to completions in the past.

V. Customer Counts

In addition to 2021-2022 completions, Table 3 provides customer counts by Agency service territory.

Table 3: Targets and Customer Counts

CAP Agency	Residential Meter Count	% of customers	2021-22 % of completions
Clackamas County CA	91,806	14.3%	.6%
Community Action Organization	139,943	21.8%	45.5%
Community Action Team, Inc.	21,018	3.3%	1.2%
Community Services Consortium	52,361	8.2%	1.8%
Homes for Good Housing Agency of Lane Co	39,389	6.1%	3.6%
Mid-Columbia Community Action Council	5,434	0.8%	0%
Mid-Willamette Valley CA	80,476	12.5%	0%
Multnomah County Weatherization & Energy Services	196,590	30.7%	43%
Yamhill Co CA Partnership	12,450	1.9%	4.2%
Oregon Coast Comm Action	1,810	0.3%	0%
All Agencies	641,277		

VI. Program Funding⁴

Average reimbursement cost per dwelling was \$7,325 (inclusive of administrative, audit and inspection costs). Additionally, fewer whole home retrofits were completed due to COVID, and there was an increase in the number of equipment-only projects in response to the conditions of the past few years.

Funding for the program is based on a program year of October 1 – September 30, which is the same time period during which project completions are counted. Funding is billed and recorded (below) but

⁴ Projects are typically paid within a month after being submitted and every attempt is made to be paid in the program year they are counted. This section reflects actual expenditures.

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not collected or deposited until the start of the following month. Interest is also paid the month following when it was earned.

Project completions are by date of agency completion, not by date of receipt or processing by NW Natural. Expenses are tracked on a cash basis. The one month offset in the chart below is a result of these factors.

Table 4 – 2021-2022 OLIEE Program Year Funding (12 months revenue)

Program Revenue (10/21-9/22):	
Public Purpose Funding	\$ 5,638,729.58
Interest and Investment Income	\$ 36,886.12
Total PY 2021-22 Program Revenue	\$ 5,675,615.70

Expenses (10/21-9/22):			Actual	Сар
Total Agency Cost⁵	\$ (1,564,592)			
Open Solicitation Program (OSP)	\$ (553,892)			
NWN Administration	\$ (45,681)		.8%	5%
Energy Education	\$ (124,000)		2.2%	10%
Total PY 2020-21 Expense		\$ (2,288,165)		
PY 2020-21 Carryover		\$ 3,387,450.7		

VII. Energy Education

The current tariff allows 10% of program collections to be used for client energy education each program year, but the program 2021-2022 disbursement was only 2.2% this was due to disruptions during the program year such as staffing changes. Despite these disruptions our partner agencies continue to work with customer to provide energy education resources.

The Company's goal is to create synergies in the delivery and funding of traditional low-income services - weatherization and bill assistance – while better serving this customer group. By targeting customers on the weatherization wait lists (OLIEE) and previous recipients of bill assistance (OLGA)⁶, NWN specifically hopes to:

- Provide more immediate attention and services to customers on weatherization wait lists.
- Provide education and direct install measures to customers whose homes do not qualify for OLIEE.
- Show OLGA customers how to use less gas and decrease their dependency on bill payment assistance.
- Encourage eligible households to sign up for weatherization services.

⁵ Agency costs include measure reimbursement, health, safety and repair allowance as well as administrative costs.

⁶ Oregon Low Income Gas Assistance

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Based on Agency and OLIEE Audit Committee (OAC) feedback, NW Natural will continue to support the utilization of Energy Education to find ways to support outreach efforts, streamline enrollment, and enhance waitlist management. A few agency-specific examples are included in Appendix 1.

NW Natural is pleased with the agency efforts and seeks to foster inter-agency collaboration to help create an even stronger education program.

VIII. OLIEE: Open Solicitation Program (OSP) Overview

As outlined in Schedule 320, the primary goal of the Open Solicitation Program (OSP) is to provide cost-effective, energy efficiency assistance to a greater number of low-income households in NW Natural's Oregon service territory utilizing a broad and diverse network of delivery channels. OSP is funded through the Oregon Low Income Energy Efficiency (OLIEE) program and amplifies opportunities for certain types of dwellings, tenant profiles, investments and projects that fall outside of the conventional OLIEE program—the reimbursement-based offering that is administered in partnership with Community Action Partner Agencies.

OSP is a competitive grants program. By invitation only, NW Natural will consider proposals for new affordable housing developments, existing retrofit opportunities and owner-occupied and rental dwellings; and will encourage proposals that include a component for energy education, environmentally sustainable practices and collaboration with other entities or programs.

In 2021, NW Natural embarked on a year-long process to restore delivery of the OSP. While NW Natural had previously funded OSP projects, the program had been inactive for a few years to allow the program processes and controls to be refined. Following a comprehensive update, the program is again an active offering to assist harder to reach customer populations. The program will enable the delivery of energy savings for low-income customers that have not historically been well served by the conventional CAP offerings.

The following details offer an overview of the first OSP project of 2022. NW Natural's newest OSP grant will provide full energy retrofits for six buildings that house, shelter and care for approximately 320 low-income⁷ children, youth and adults with intellectual and developmental disabilities each year.

OSP Partnership: The partnership model brings together three leading institutions: the Oregon Energy Fund (OEF), Albertina Kerr and the Oregon chapter of the National Association of Minority Contractors (NAMCO).

OEF, the project lead, is Oregon's premier energy assistance nonprofit and has helped more than 300,000 residents pay their energy bills. As NW Natural's contracted partner, OEF will be responsible for all decisions, manage all funds as fiduciary, coordinate all other partners' work and produce interim and final reports. All partners will work under a series of Memos of Agreement and independent contracts. The resulting upgrades will address structural deficiencies that Albertina Kerr is unable to afford or implement itself, while also lowering energy costs and increasing the overall health and quality of life for

⁷ All residents receive support through one or more federal programs including Medicaid, Supplementary Security Income (SSI), free/reduced government lunch, Bureau of Census definition of disability, etc. and therefore meet OSP income eligibility qualifications.

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low-income group home residents. Kerr has no building or facilities capital fund; they resolve what issues they can via their annual operating budget, which does not allow for necessary updates unless the facility is otherwise to be rendered uninhabitable.

Albertina Kerr, one of Oregon's leading social service organizations for Oregonians experiencing mental illness and intellection and development disabilities, will manage client engagement and resident care throughout the process. It is typically difficult to provide weatherization services to people experiencing I/DD and other severe mental illness, who often live in third-party housing with limited access for outside visitors. It is important, too, to maintain a calm and consistent atmosphere due to the nature of their disabilities, which can naturally conflict with the disruption of ongoing construction. This grant removes this barrier by partnering directly with the organization that both owns the buildings and serves its residents.

NAMCO, a nationally respected coalition of Black, Indigenous and other minority trade workers, will serve as the onsite construction manager, acquire all necessary permits and oversee the initial building inspections and the physical repairs. Site evaluations and technical analysis studies will be provided through Energy Trust of Oregon's (ETO) Custom Energy Assessments offering.

The first installment of \$75,000 was awarded February 2022 to fund OEF's administrative costs during the facility inspection and site evaluation phase of the project. These site audits determined the scope of retrofit and upgrade work needed for the Kerr properties. The second installment of \$476,492, was awarded in August 2022 and covered projects costs for Kerr's Subacute facility—a 24-bed residential clinic that serves over 300 people each year. The third phase of the project is underway and on track for completion in 2023.

IX. Program Oversight

The OLIEE Advisory Committee (OAC) meets semi-annually to provide deliberation and counsel to NWN. Members include agency representatives (6), the Citizens Utility Board (CUB), the Public Utility Commission (PUC) and the Community Action Partnership of Oregon (CAPO). In 2021 individual partner agencies also participated in significant numbers. Northwest Energy Coalition attended OAC the meeting program year 2021-2022. The intent of this body is to provide feedback and recommendations for program changes and performance. The Company should meet with the OAC at least 2 times a year. Due to staffing changes, the Company was only able to meet with OAC once during the program year. Now that the Company is fully staffed, we are looking forward to meeting at least 2 times a year. In 2022, the OAC met and discussed staffing, outreach strategies, and OSP reactivation.

X. Program Accountability

NWN solicited feedback from program partners through an anonymous 10 question survey. Results on the OLIEE program averaged 1.1 out of 1 to 5 scale where 1 was "extremely satisfied" and 5 was "not at all satisfied." Results are anonymous and respondents vary from year to year. All responses are optional, and scores are based on total responses of which due to COVID and timing can also vary. There were seven in 2022, compared to 12 in 2021.

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Customer service survey results for OLIEE program year 2021-2022

OLIEE	2017-2018	2018-19	2019-20	2020-21	2021-22
Professionalism	1.18	1.00	1.14	1.10	1.00
Timeliness	1.27	1.10	1.57	1.00	1.00
Courtesy	1.18	1.00	1.29	1.00	1.00
Helpfulness	1.27	1.00	1.14	1.00	1.00
Knowledgeable	1.27	1.00	1.14	1.20	1.00

Agencies typically have fewer interactions with other departments at NW Natural, but a question was asked to allow feedback. Other NW Natural departments had overall results that averaged 12, an improvement from last year on a 1 (extremely satisfied) to 5 (not at all satisfied) scale. We are always looking for improvements, especially when it comes to payment processing and getting funding to our partners in a timely manner.

Customer service survey results for interactions within NW Natural 2021-2022

Other NWN Dept	2017-18	2018-19	2019-20	2020-21	2021-22
Accounting / Payment Processing	1.50	1.00	1.40	1.20	1.66
Call Center	1.33	1.25	1.50	1.30	1.00
Service Technicians	1.50	1.40	1.67	1.30	1.00
Utility Billing / Data Request	2.33	1.40	1.33	1.50	1.20
Philanthropy	0.00	0.00	0.00	0.00	1.00

Some recommendations/comments from the survey:

"Love to continue discussions of receiving funds in a grant (example, electric utilities) rather than through rebates."

"You have made some wonderful changes thank you! With the new arrangement, the only thing I could suggest to improve is where we have caps, if we fall under that, allow us to move the remaining dollars around other measures."

[&]quot;Continue open communication and collaboration efforts."

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Appendix 1: Energy Education Details

Outreach in high-volume areas such as Washington and Multnomah Counties continues to be an important element of the Energy Education funding. Those two agencies regularly maintain single digit waitlists.

The remaining counties had waitlists that vary largely based on the presence of customers. Energy Education continues to provide tips and kits to assist these customers until they can be served. Funding is also utilized to reach, enroll, and process these customers more quickly.

During the program year 2021-2022, we saw increased collaborations with our CAP agencies to do outreach via bill inserts and billboards across different counties. Due to COVID, all agencies were providing in-home and/or virtual energy education to clients. A selection of materials is attached as reference.





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FILTERS, FILTERS, FILTERS

There are filters in many of your home's appliances. They help prolong the life of the appliance, help it run more efficiently, protect indoor air quality and may even reduce health and fire hazards. Some of these filters are described below. Check your owner's manuals for more specific information.



Furnace Filters. A furnace filter is designed to keep dust and dirt out of your furnace. Check filters at least every three months. If there's a layer of dust on the filter and you can't see through when held up to the light, it needs to be changed or cleaned.

Disposable filters have MERV ratings that show the size of particles they catch. High MERV ratings are often promoted as having health benefits, but they restrict air flow and makes the furnace work harder. They also are more expensive and need to be changed more often. A furnace filter is there to protect the furnace, not to improve indoor air quality. Look for a filter with a MERV rating of 8 or less.

Some furnaces have a filter you can wash and re-use, such as a hog hair filter or an electrostatic filter. Make sure you know what type of filter you have and check it and clean it at least every three months.

Filters are not always easy to find. Start by turning thermostat down to keep furnace from coming on. Some filters simply lay flat on top of the air intake. In other cases, you may need to remove a metal cover to find the filter. Filter may be in a vertical slot at the side of the furnace or there may be two filters in an inverted "V" above the air intake. Sometime filters aren't in the furnace at all, they are installed behind the return grill located on the wall or ceiling.

Do **NOT** install a filter both behind the return grill and the furnace. Do **NOT** put filters in heating vents. This reduces air flow, causes higher utility bills, may damage ducts or even the furnace. Do **NOT** close more than 1-2 heating vents during heating season.





Ductless Heat Pump (DHP). The indoor unit has filters to capture dirt and dust. They need to be checked and cleaned at least every three months. Open the front of DHP and carefully remove filters. Use a clean, dry cloth to gently wipe the filters clear of dirt and dust. Then put filters back in DHP and close cover.

Window Air Conditioner. A window air conditioner has a filter that needs to be cleaned. For many models, you just need to turn off the unit and open or remove the front cover. Remove the filter and shake off any dust. You may want to soak filter in soapy water, then rinse it off and let it air dry. When completely dry, put filter back in unit and close cover.





Range Hood. If you have a range hood above your oven, look inside. If you see a metal filter, it needs to be cleaned or replaced regularly. Some filters can go in the dishwasher. Some can be cleaned by soaking in hot water with dishwashing or dishwasher detergent. Or soak in hot water with 3 tablespoons of vinegar and 2 teaspoons of baking soda. It will fizz! Let the filter air dry and then reinstall. If water used to soak filter is greasy, pour it

through coffee filter or paper towel to remove grease so it doesn't damage plumbing. Charcoal filters for recirculating hoods simply need to be replaced.

Dryer. Excess lint in the dryer trap makes the dryer to be less efficient. If lint collects in the dryer duct, it can become a fire hazard. Remove lint from the filter after every load. Check behind dryer to make sure duct is attached, short, straight and vented to outside. Check outside vent to make sure it is clean, that any dampers or flaps are free to move, and that air comes out when dryer is running.

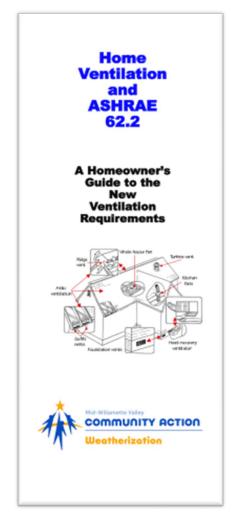


Energy Conservation

503.906.6550

weatherization@caowash.org

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NW Natural partners with Community Action in Washington County to provide FREE weatherization services to qualified residents. You can stay warmer in winter, cooler in the summer and save money year-round.

See if you qualify -