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250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

December 28, 2020

VIA ELECTRONIC FILING

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

**RE: RG 13—Oregon Low-Income Energy Efficiency Program (OLIEE)
Annual Report (2019-2020 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 2019-2020 Program Year in accordance with the Company's Tariff P.U.C. Or. 25, Schedule 320.

Please call me at (503) 610-7326 if you have any questions.

Sincerely,

/s/ Rebecca T. Brown

Rebecca T. Brown
Regulatory Compliance

Enclosure

NW Natural

Oregon Low Income Energy Efficiency Program Annual Report to the Public Utility Commission of Oregon Program Year: October 2019- September 2020

I. Summary

The programs supported by the Oregon Low Income Energy Efficiency Program (OLIEE) tariff managed to continue in light of the many challenges in the 2019-20 program year. Collectively our partner agencies completed 248 weatherization projects and engaged several hundred additional NW Natural customers through energy education workshops, energy saver kits and/or received air sealing services.

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.

The OLIEE program assists NWN's low income customers by reducing their natural gas needs through the installation of high-efficient gas equipment and weatherization. The program also empowers customers through energy literacy in conjunction with weatherization as well as a stand-alone service. 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:

Expense category	CAP 10/1/19	CAP 1/1/20
Max per dwelling	\$10,000	\$15,000
Weatherization Only	N/A	<i>\$10,000</i>
Heating Equipment Only	N/A	<i>\$5,000</i>
Max administration per dwelling	\$1,600	\$1,600
Audit and Inspection allotment	<i>\$850</i>	N/A
Agency Administrative expense	<i>\$750</i>	N/A
Max average Health, Safety and Repairs per dwelling	\$1,000	\$1,000
Reimbursement per dwelling	\$12,600	\$17,600

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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IV. Current year weatherization results

In 2019-20 the funds supported over 867 measures installed.

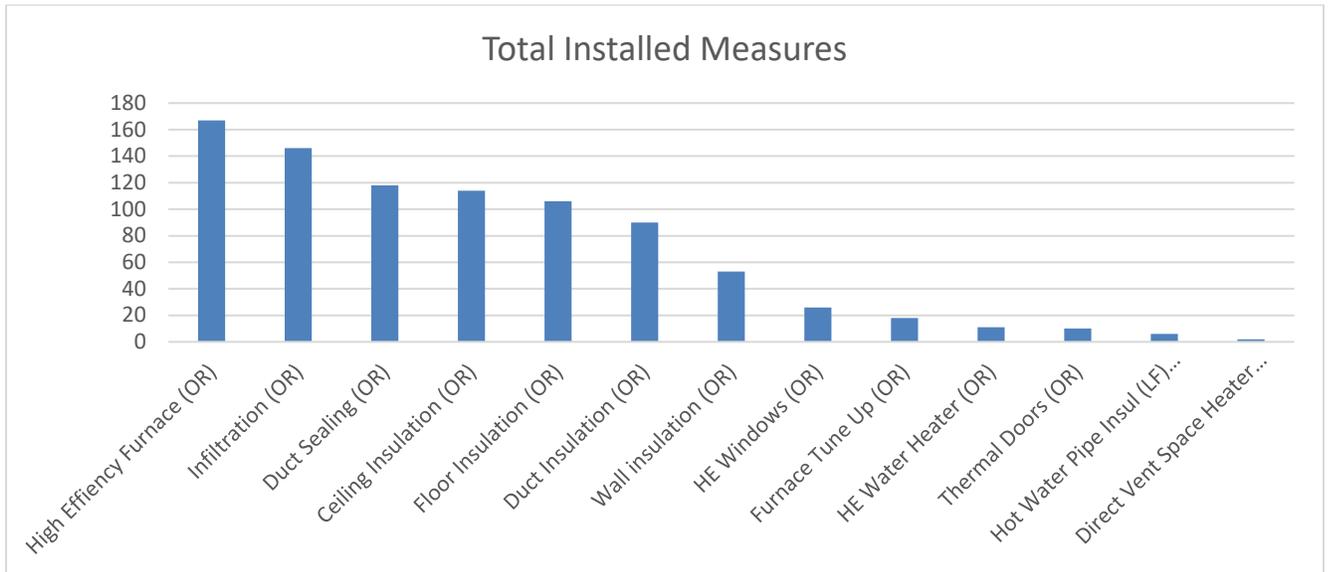


Table 1 – Prior three program years’ CAP results

	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>
Weatherized Dwellings (Target)	306	300	320
Dwellings weatherized (Actual)	248	260	299
Reimbursed Measure Costs	\$1,595,651	\$1,567,192	\$1,935,009
Reimbursed HSR	\$185,938	\$242,617	\$289,364
Est. therms	68,320	73,441	103,708
Est. therms saved per home ³	277	283	347

Targets: At the start of the 2019-20 program year, the program had a goal of maintaining 300 agency served households each year. Installation costs, agency metrics and revenue forecasts resulted in a project forecast of 306. Prior to COVID, agency feedback was positive towards an increase production in conjunction with additional outreach efforts. 2020 did not go as envisioned. Most agencies suspended all work in response to COVID. Additionally, the fire season of 2020 impacted agency operations and working conditions. These combined impacts resulted in that target not being met by September 30, 2020.

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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Table 2: Household targets for 2019-2020

CAP Agency	Counties Served	Targeted Households	Actual Completions
Clackamas County CA	Clackamas	17	13
Community Action Organization	Washington	74	93
Community Action Team, Inc.	Columbia and Clatsop	7	7
Community Services Consortium	Benton, Linn and Lincoln	42	4
Homes for Good	Lane	28	24
Mid-Columbia Community Action Council	Hood River and Wasco	0	0
Mid-Willamette Valley CA	Polk and Marion	28	31
Multnomah County Weatherization & Energy Services	Multnomah	106	73
Yamhill Co CA Partnership	Yamhill	4	3
Oregon Coast Comm Action	Coos	0	0
All Agencies		306	248

These results were discussed with the agencies and the OLIEE Advisory Committee. Several of the largest agencies saw significant impacts to operations that resulted in the large 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 met or exceeded the 2019-20 target.

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V. Customer Counts

In addition to 2019-20 targets, Table 3 provides customer counts by Agency service territory.

Table 3: Targets and Customer Counts

CAP Agency	Residential Meter Count	% of customers	2019-20 % of completions
Clackamas County CA	88,525	14.3%	5.2%
Community Action Organization	135,074	21.9%	37.5%
Community Action Team, Inc.	20,102	3.3%	2.8%
Community Services Consortium	50,019	8.1%	1.6%
Homes for Good Housing Agency of Lane Co	37,713	6.1%	9.7%
Mid-Columbia Community Action Council	5,198	0.8%	0%
Mid-Willamette Valley CA	76,826	12.4%	12.5%
Multnomah County Weatherization & Energy Services	191,124	31%	29.4%
Yamhill Co CA Partnership	11,801	1.9%	1.2%
Oregon Coast Comm Action	1,650	0.3%	0%
All Agencies	618,032		

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VI. Program Funding⁴

Including the 2020 tariff changes that increased the per dwelling total, average project cost still dropped \$25 to approximately \$8,453 during the 2019-20 program year (inclusive of administrative, audit and inspection costs). This is likely due to the project timeline; existing projects did not adjust to a mid-year change. Additionally, fewer whole home retrofits were completed due to COVID restrictions, and there was an increase in the number of equipment-only projects in response to 2020 conditions.

Funding is based on October 1 – September 30 Program Year, which is the same time period project completions are counted. Funding is billed and recorded (as shown below) but 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 – 2019-2020 OLIEE Program Year Funding (12 months revenue)

Program Revenue (10/19-9/20):			
Public Purpose Funding	\$	4,125,209	
Interest and Investment Income	\$	12,982	
Total PY 2019-20 Program Revenue			\$ 4,138,191
Expenses (11/19-10/20):			
			Actual Cap
Total Agency Cost ⁵	\$	(2,108,553)	
Open Solicitation Program (OSP)	\$	(0)	
NWN Administration	\$	(80,499)	1.9% 5%
Energy Education	\$	(112,000)	2.7% 10%
Total PY 2019-20 Expense			\$ (2,301,052)
PY 2019-20 Carryover			\$ 1,837,139

⁴ Projects are typically paid within a month after being submitted and every attempt is made to paid in the program year they are counted. This section reflects actual expenditures. One project from the 2018-19 program year, totaling \$9714.44, was paid out in the 2019-20 program year. That project is not reflected in the 2019-20 totals elsewhere in this report.

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

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VII. Energy Education

The current tariff allows 10% of program collections to be used for client energy education each program year but the program distributed under 5% to prioritize weatherization. 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 (OLGA⁶), 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.

Based on Agency and OAC feedback, NW Natural will continue to support the utilization of Energy Education to find ways to support outreach efforts and enhance waitlist management. A few agency-specific charts 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.

⁶ Oregon Low Income Gas Assistance

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VIII. OLIEE: Open Solicitation Program (OSP) Overview

The OLIEE Tariff seeks to serve all low-income households and allows the Company to partner with organizations serving a similar demographic as the CAP to identify projects that meet the same program intent while providing some diversification of housing stock and, hence, tenant profiles. These projects all fall within the scope of the Open Solicitation Program of the OLIEE tariff.

In 2019-20 the Company prioritized existing agencies and enacting the January 1, 2020 tariff change. There are no active OSP projects. No OSP projects were awarded in the 2019-20 or the 2018-19 Program Years.

NW Natural plans to develop OSP guidelines and hopes to open for proposals to ensure carry-over funding is utilized in a timely manner. The OAC will be provided updates on progress in 2021.

IX. Program Oversight

The OLIEE Advisory Committee (OAC) meets semi-annually to provide deliberation and counsel to NWN. Members include agency representatives (2), the Citizens Utility Board (CUB), the Public Utility Commission (PUC) and the Community Action Partnership of Oregon (CAPO). Northwest Energy Coalition attended OAC meetings during the 2019-20 program year. The intent of this body is to provide feedback and recommendations for program changes and performance.

In 2020 the OAC meet and discussed COVID, wildfire, program changes and the impacts those had on spending and the budget.

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X. Program Accountability

NWN solicited feedback from program partners through an anonymous 10 question survey. Results on the OLIEE program averaged 1.26 out of 1 to 5 scale where 1 was “extremely satisfied” and 5 was “not at all satisfied.” Results are based on total responses of which due to COVID and timing, there were only 7 in 2020.

NWN OLIEE program staff will be looking into continual improvements and focus on “Timeliness” which had improved but slipped in 2020 with one “3” vote. NWN has been tracking the payment turn-around time starting during the 2017-18 year and has been focused on reducing processing times.

OLIEE	2016-17	2017-18	2018-19	2019-20
Professionalism	1.25	1.18	1.0	1.14
Timeliness	1.5	1.27	1.1	1.57
Courtesy	1.25	1.18	1.0	1.29
Helpfulness	1.33	1.27	1.0	1.14
Knowledgeable	1.33	1.27	1.0	1.14

Agencies typically have fewer interactions with other departments at NWN but a question was asked to allow feedback. Other departments of NWN had overall results that averaged 1.48, down from 1.67 last year on a 1 (extremely satisfied) to 5 (not at all satisfied) scale.

Other NWN Dept	2016-17	2017-18	2018-19	2019-20
Accounting / Payment Processing	1.78	1.5	1.0	1.4
Call Center	2	1.33	1.25	1.5
Service Technicians	1.5	1.5	1.4	1.67
Utility Billing / Data Request	2	2.33	1.4	1.33

Some recommendations/comments from the survey:

“Contractors taking a lot longer to complete jobs now than before the pandemic and we have a lot fewer clients returning the necessary paperwork to schedule an audit.”

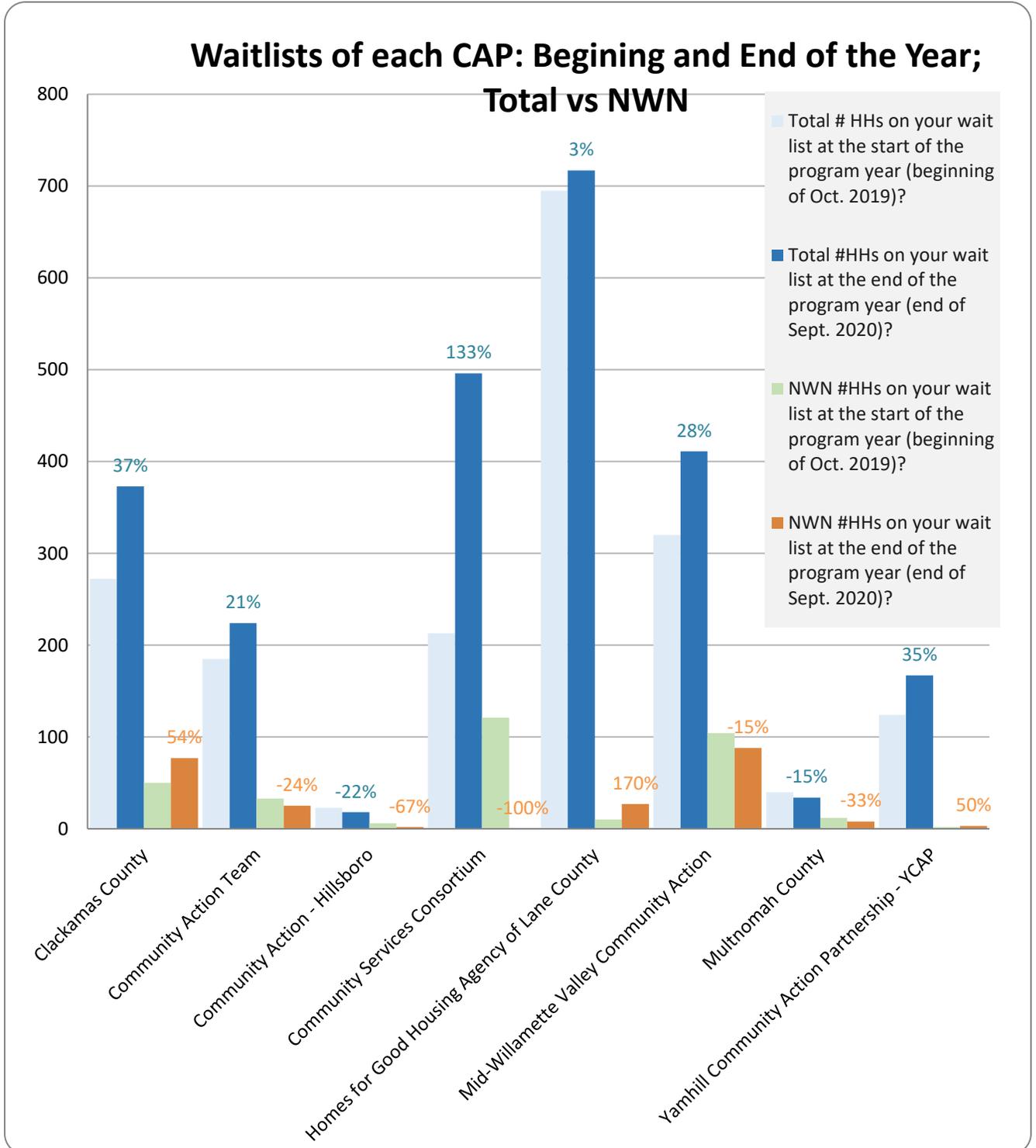
"NW Natural has been a great partner in helping us serve our community and clients. Thanks so much for your continued support of our program and the community members served by our programs!"

“We need NWN's help with outreach”

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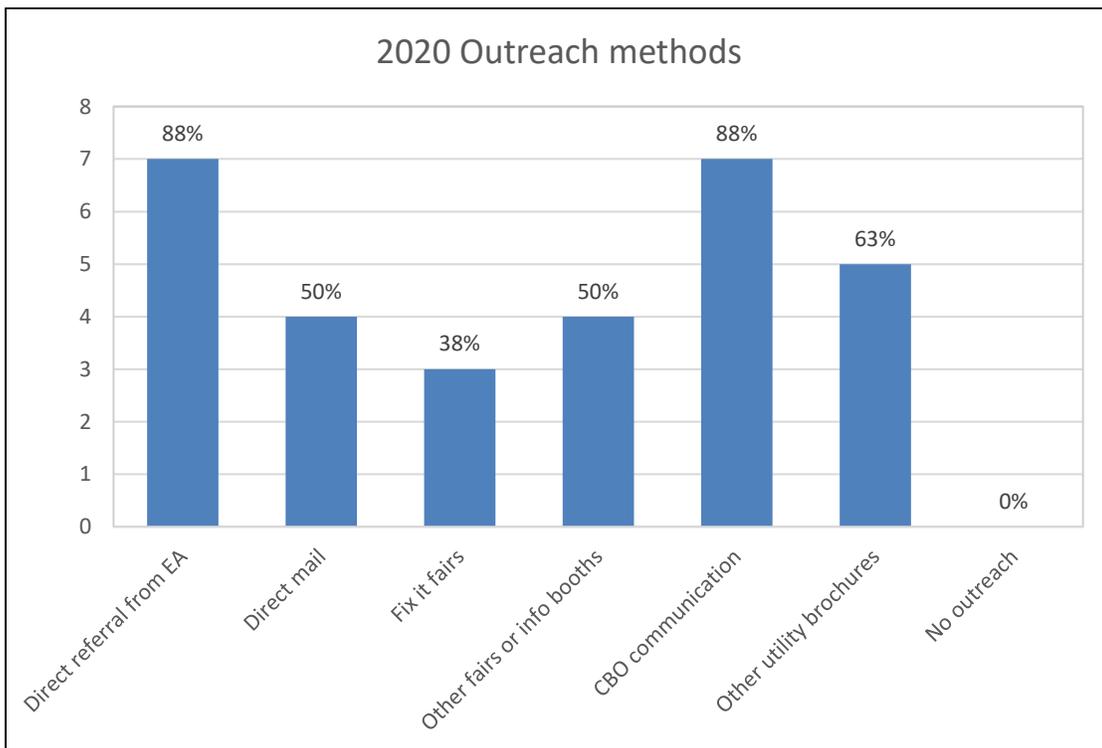
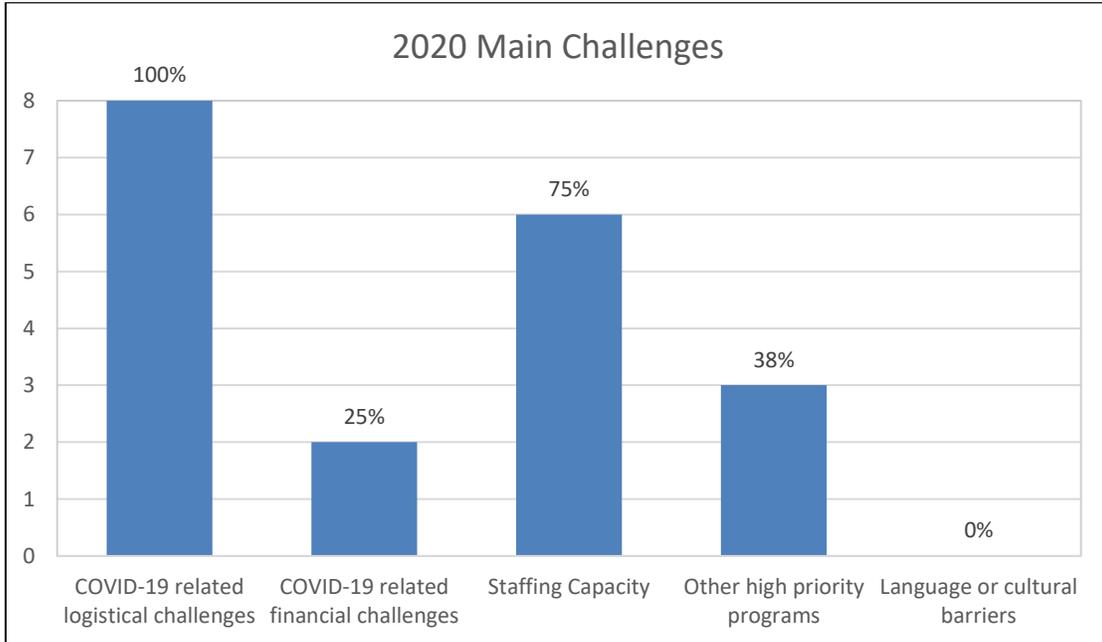
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Appendix 1: Energy Education Details



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