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REPORT NAME: NW Natural 2010-2011 Oregon Low Income Energy Efficiency (OLIEE) Annual Report

COMPANY NAME: NW Natural

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If yes, please submit only the cover letter electronically. Submit confidential information as directed OAR 860-001-0070 or the terms of an applicable protective order.

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Report is required by:  OAR Enter Rule number:  
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 Other Enter reason: Schedule 320 of NWN's Tariff

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Key words: NW Natural, 2010-2011, OLIEE, Annual Report, Oregon Low Income Energy Efficiency

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December 30, 2011

Public Utility Commission of Oregon  
550 Capitol Street, N.E. Suite 215  
P.O. Box 2148  
Salem, Oregon 97308-2148

Attention: Filing Center

RE: RG-\_\_\_\_, Oregon Low-Income Energy Efficiency Program (OLIEE)  
Annual Report (Program Year 2010-2011)

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), submits herewith its Oregon Low-Income Energy Efficiency Program (OLIEE) Annual Report for the Program Year 2010-2011 in accordance with the Company's Tariff P.U.C. Or. 24, Schedule 320.

Please do not hesitate to contact me should you have any questions about this report.

Sincerely,

*/s/ Jennifer Gross*

Jennifer Gross  
Tariffs & Regulatory Compliance Consultant  
Rates Department

Enclosure

# NW Natural

Oregon Low Income Energy Efficiency Program  
Annual Report To the Public Utility Commission of Oregon  
Program Year: October 2010- September 2011

## I. OLIEE: CAP Overview:

Since October 2002, NW Natural (NWN) has collected public purpose funding for its Oregon low income energy efficiency program (OLIEE). This collection is equal to one quarter of a percent (0.25%) of gross revenues received from Oregon's residential and commercial customers.

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 is applicable to owners or renters, in single or multi-family dwellings, who meet income guidelines as established in Oregon's annual LIHEAP<sup>1</sup> State Plan. The efforts of OLIEE reduce participating customers' gas usage on average, by approximately 20%<sup>2</sup> annually.

## II. Matching Funds:

During the current program year, OLIEE funds covered 72% of total of weatherization costs. The program pays 90% of qualifying measure costs but caps the contribution at \$4000 per home. Additionally, it pays a flat administrative fee of \$225 and a Health, Safety, and Repair (HSR) component not to exceed an average of \$440 per home. The remaining 10% and any job costs exceeding the cap are paid through other funding sources, namely: Low Income Home Energy Assistance Program (LIHEAP) and Weather Assistance Program (WAP) which are referred to generally as "OLIEE matching funds."

## III. Current year results:

|                                 | <u>2010-2011</u> | <u>3-year Pilot<br/>Average</u> |
|---------------------------------|------------------|---------------------------------|
| Homes weatherized (Target)      | 500              | 525                             |
| Homes weatherized (Actual)      | 339              | 531                             |
| Total Weatherization (Wx) Costs | \$ 1,462,422     | \$ 2,089,253                    |
| Reimbursed Measure Costs        | \$ 1,048,428     | \$ 1,356,734                    |
| Health and Safety and Repair    | \$ 151,898       | \$ 170,876                      |
| Est. therms                     | 108,141          | 157,547                         |

<sup>1</sup> Low Income Home Energy Assistance Program (LIHEAP)

<sup>2</sup> According to 2011 Impact Evaluation performed by Forefront Economics

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|   |         |         |
|---|---------|---------|
| Est. therms saved per home <sup>3</sup> | 319     | 297     |
| Wx cost per est. therm saved            | \$13.52 | \$13.26 |
| Wx reimb per est. therm saved           | \$9.70  | \$8.61  |

## IV. Program Funding:

|   |                          |
|---|--------------------------|
| <b>Program Revenue:</b>                 |                          |
| Public Purpose Funding                  | \$ 1,608,098             |
| Interest and Investment Income          | \$ 2,992                 |
| <b>Total PY 2010-11 Program Revenue</b> | <b>\$ 1,611,091</b>      |
| <b>Expenses:</b>                        |                          |
| Total Agency Cost                       | \$ (1,276,817)           |
| NWN Administration                      | \$ (90,000)              |
| Evaluation                              | \$ (37,287) <sup>4</sup> |
| <b>Total PY 2010-11 Expense</b>         | <b>\$ (1,404,104)</b>    |
| <b>PY 2010-11 Excess Funding</b>        | <b>\$ 206,987</b>        |

## V. Future Look: (Program Year 2011-12)

|                                      |                     |                     |
|--------------------------------------|---------------------|---------------------|
| Cash balance as of 9/30/11           | \$ 2,023,821        |                     |
| Assumed Revenues based on prior year | <u>\$ 1,608,098</u> |                     |
| <b>Total cash available</b>          |                     | <b>\$ 3,631,920</b> |
| Minimum home equivalent <sup>5</sup> |                     | 759                 |

While funding is available for at least 759 units, agencies predict they have capacity to weatherize approximately 400-500 in the 2011-12 program year, provided sufficient matching funds remain available. See Table 1 for targets by agency. Additionally, this table provides actual results for program year 2010-11 and waiting list information.

<sup>3</sup> Estimated therms saved reflect predictions by the Oregon Department of Energy (ODOE) -approved modeling software, RemRate. The impact evaluation performed in May 2011, showed only 53% of the estimated savings were actually realized. To compensate for the inflated predictions, ODOE provided advanced RemRate training for all agencies and NWN established savings thresholds. Therefore, while the current year energy estimates have not been evaluated, NW Natural expects a higher realization rate and therefore a lower cost-per therm than during the three-year OLIEE pilot.

<sup>4</sup> A third party evaluation was performed during the prior program year but was paid for in the 2010-2011 program year.

<sup>5</sup> Based on cash available, less NWN administrative fee (\$90,000) divided by max spend per home (\$4665)

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**Table 1: Results, Projections and Wait List data<sup>6</sup>**

| CAP Agency                          | Service area                | PY 2011-12 Targets |            | PY 2010-11 Actual | Gas home wait list <sup>7</sup> | Total Wait list <sup>7</sup> |
|-------------------------------------|-----------------------------|--------------------|------------|-------------------|---------------------------------|------------------------------|
|                                     |                             | Conservative       | Stretch    |                   |                                 |                              |
| Clackamas County Comm Action        | Clackamas Co                | 40                 | 60         | 39                | 213                             | 683                          |
| Community Action Organization       | Washington Co               | 65                 | 75         | 40                | 182                             | 405                          |
| Community Action Team, Inc.         | Columbia Co                 | 54                 | 60         | 3                 | <i>110</i>                      | <i>387</i>                   |
| Community Services Consortium       | Benton, Linn & Lincoln Co's | 50                 | 55         | 50                | 140                             | 550                          |
| Housing & Comm Svcs of Lane Co      | Lane Co                     | 28                 | 36         | 17                | 107                             | 1069                         |
| Mid-Columbia Comm Action Council    | Wasco and Sherman Co        | 3                  | 5          | 3                 | 80                              | 800                          |
| Mid-Willamette Valley Comm Action   | Polk and Marion Co          | 40                 | 60         | 40                | <i>427</i>                      | <i>1840</i>                  |
| Office of School & Comm Partnership | Multnomah Co                | 100                | 125        | 130               | 45                              | 165                          |
| Yamhill Co Comm Action Partnership  | Yamhill Co                  | 10                 | 16         | 17                | 67                              | 554                          |
| <b>All Agencies</b>                 |                             | <b>390</b>         | <b>492</b> | <b>339</b>        | <b>1371</b>                     | <b>6453</b>                  |

## VI. OLIEE OSP: Habitat for Humanity

Under the Open Solicitation Program, NWN contributed funds towards eleven 92% efficiency gas furnaces, ten tankless water heaters, and seven Energy Star tank water heaters to Habitat for Humanity during 2011. "Habitat offers homeownership opportunities to families making \$21,900 – \$43,800 (for a family of four) by selling homes at cost, making no profit, after the family contributes 500 sweat equity hours."<sup>8</sup> This falls well within the low income guidelines as established by the Oregon LIHEAP State Plan and NWN expects to continue this contribution for at least another year.

<sup>6</sup> Because gas service is new to Coos Co., homes with gas do not typically qualify as low income. SW Oregon Community Action has had no OLIEE participation for three years, so it has been removed from this list; however, it is still eligible to participate in OLIEE.

<sup>7</sup> Italicized text is used to reflect last year's waiting list numbers.

<sup>8</sup> <http://habitatportlandmetro.org/about-us/>