

February 14, 2024

NWN OPUC Advice No. 24-02

VIA ELECTRONIC FILING

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

Re: Schedule 320 – Oregon Low-Income Energy Efficiency (OLIEE) Programs

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 March 20, 2024.

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|---------------------------------|--------------|--|
| Second Revision of Sheet 320-2 | Schedule 320 | Oregon Low-Income Energy Efficiency (OLIEE) Programs (continued) |
| Third Revision of Sheet 320-3 | Schedule 320 | Oregon Low-Income Energy Efficiency (OLIEE) Programs (continued) |
| Seventh Revision of Sheet 320-4 | Schedule 320 | Oregon Low-Income Energy Efficiency (OLIEE) Programs (continued) |
| Second Revision of Sheet 320-6 | Schedule 320 | Oregon Low-Income Energy Efficiency (OLIEE) Programs |

Purpose

The purpose of this filing is to request revisions to Schedule 320 that would allow more funds to be allocated to customers in need of energy efficiency measures.

Background

Schedule 320 describes the OLIEE Program, which is funded through a designated portion of the Schedule 301 “Public Purposes Funding Surcharge.” The OLIEE program is comprised of two parts: 1) the Community Action Program (CAP) and 2) the Open Solicitation Program (OSP).

Proposed Changes**1. Sheet 320-2**

Program Administration, Evaluation and Verification (continued) section:

- a. NW Natural is proposing to update the details for the existing availability of a program impact and process evaluation to learn about opportunities to improve the program through outreach, education, or other methods. The proposed update removes the outdated cost cap and adds language to allow for a competitive bid process with assistance from the OLIEE Advisory Committee on the program evaluation details.

2. Sheet 320-3

Agency Qualifications and Responsibilities for CAP Funds section:

- a. Item 4: At the advice of stakeholders through engagement in NW Natural's Community Equity and Advisory Group, NW Natural proposes to allow agencies that are already working with higher income brackets to qualify customers at up to 80% of Average Median Income. This will enable customers to have greater access to EE measures and create an opportunity for these agencies that are already working within these income brackets to be able to use OLIEE funds to increase EE measures for their clients.
- b. Item 8: The Company proposes changing the requirement to attend training workshops to "may attend" as opposed to current language that states, "must attend." This section also clarifies that funding for training sessions will be covered under this tariff.

3. *Sheet 320-4*

CAP Administration and Delivery Costs section:

- a. NW Natural is adding language to clarify the amounts for payments of agency administrative costs (inclusive of inspections and audits). The proposed language includes the clarification that Projects under \$11,500 may receive payments for administrative costs of up to \$3,500 but may not be higher than the cost of measures installed. Project costs that exceed \$11,500 may receive up to 30 percent in administrative payment.
- b. In addition, the Company proposes language that allows for agencies to request upfront funding of programs at the beginning of a funding cycle.

Energy Efficiency Measures section:

- c. In addition to minor housekeeping edits in this section, NW Natural proposes to add two EE measures. The first adds any measures identified as cost effective under the Department of Energy (DOE) Priority List. The second addition includes measures identified as cost effective under a Deemed Measure Priority List (DMPL).
- d. Finally, NW Natural proposes removing project caps at the request of our partner agencies. Thus, the final change in this section is the removal of the table that outlined the project caps. This has been replaced with clarifying language to specify that qualified measures will be eligible for reimbursement of up to 100% of the installed cost of the measure.

4. *Sheet 320-6*

Open Solicitation Program (OSP) Description section:

- a. NW Natural proposes housekeeping changes in this section for clarity and to make a change that was inadvertently omitted in a 2019 advice filing to specify that OLIEE projects, including OSP projects, are available at the premise level and not just at a customer or occupant level. In 2019, several revisions were made to Schedule 320 (NW Natural OPUC Advice No. 19-19) that allowed for a clearer and more efficient administration of the program. The tariff filing approved in December 2019, clarified that the premise rather than an occupant must have an active customer account to ensure broader applicability of the program in situations where the occupant is not the responsible party for the gas account. However, in that filing the update to the use of the term "premise" versus "occupant" was only made on Sheet 320-1 and the same corresponding change was mistakenly omitted from Sheet 320-6, which necessitates this housekeeping change now.

OLIEE Advisory Committee Involvement

NW Natural discussed these proposed changes with the OLIEE Advisory Committee at meetings held December 5, 2023, and January 12, 2024. Meeting attendees were helpful in providing feedback and input on these changes that are reflected in this filing. In addition, to assess the reach of the proposed initiatives and to ensure equitable access to low-income communities, NW Natural proposes to examine the following key performance indicators within the two income brackets of those at 200% FPL and those within the 60-80% SMI income range:

- Number of households served in each income bracket
- Cost of project per household in each income bracket
- Energy Savings within each income bracket
- Types of measures installed within each income bracket

NW Natural will also be conducting a redesign of our project forms used by our agencies to ensure that we are capturing the correct data. Additionally, we look forward to launching a post-weatherization survey this year to ensure customer satisfaction and allow for customer feedback.

Conclusion

NW Natural respectfully requests that the Commission approve the proposed revisions of the enclosed tariff sheets to become effective with service on and after March 20, 2024.

In compliance with OAR 860-022-0025, NW Natural states that this filing has no immediate rate impact. Costs for the OLIEE program are deferred and recovered through customer rates in Schedule 301. Schedule 301 provides cost recovery for Schedules 310, 320, and 350 and is typically updated for Schedule 350 programs annually. The Company is not proposing any changes for cost recovery in Schedule 301 as a result of this filing.

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.

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

eFiling
NW Natural Rates & Regulatory Affairs
250 SW Taylor Street
Portland, Oregon 97204
Fax: (503) 220-2579
Telephone: (503) 610-7330
eFiling@nwnatural.com

Respectfully submitted,

/s/ Rebecca Trujillo

Rebecca Trujillo
Regulatory Consultant

SCHEDULE 320
OREGON LOW-INCOME ENERGY EFFICIENCY (OLIEE) PROGRAMS
(continued)

PROGRAM ADMINISTRATION, EVALUATION AND VERIFICATION (continued):

Following the end of each Program Year, the Company and the OLIEE Advisory Committee (OAC) will evaluate the need for an independent organization to conduct a process and/or impact evaluation for the OLIEE programs. Such evaluation shall be paid from the OLIEE account and will include a competitive bid process with assistance from the OLIEE Advisory Committee to ensure cost effective spending.

(C)
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(C)

PROGRAM ADVISORY COMMITTEE:

The OLIEE Advisory Committee (OAC) will assist in advising the Company on OLIEE program implementation, and evaluation. The OAC will be comprised of at least one member each from the Company, the Commission staff, the Community Action Partnership of Oregon (CAPO), plus two or more representatives from the CAP, and when appropriate, one or more representatives from the OSP. The OAC will have no decision-making authority. The OAC will meet at least twice each program year.

ALLOCATION OF FUNDS:

The amount of funds available to support each OLIEE program will be determined by NW Natural as follows:

1. At the beginning of each Program Year, the Company will determine the allocation of funds between the CAP and the OSP based on an estimate of the amount of funds available for that Program Year. Funds will be allocated first to the CAP and second to the OSP.
2. Any amounts not disbursed in the Program Year will carry over to the next Program Year.

I. COMMUNITY ACTION PROGRAM (“CAP”) DESCRIPTION

CAP provides a home energy evaluation of qualifying low income Customers’ dwellings, and if applicable, the installation of energy efficiency measures for the purpose of increasing the energy efficiency of the dwellings. CAP services are performed by qualifying Agencies that contract with NW Natural. When authorized by the Company, CAP may provide no more than 10% of its forecasted Program Year budget for energy education programs. Funding for energy education will be determined at the sole discretion of the Company.

(continue to Sheet 320-3)

SCHEDULE 320
OREGON LOW-INCOME ENERGY EFFICIENCY (OLIEE) PROGRAMS
(continued)

Agency Qualifications and Responsibilities for CAP Funds:

1. In order to qualify to participate in the OLIEE program, an Agency must be a legal entity that has been in the business of providing housing or energy efficiency services to low-income customers for at least one year. Any Agency that is contracting or subcontracting with the State of Oregon, Department of Housing and Community Services (OHCS), which is eligible to administer funding under the Federal Low Income Energy Assistance Program (LIEAP) is automatically authorized to participate. All other Agencies must first apply to the Company for authorization to participate. The conditions upon which the Company will approve an application will include but are not necessarily limited to (a) availability of funds, (b) Agency location, and (c) number of residential dwellings served by NW Natural.
2. All Agencies must enter into a written contract with the Company in order to participate in the administration and delivery of funds under this program.
3. Each participating Agency will have sole responsibility to screen and approve applicants for eligibility. Each Agency shall follow the established protocols for the qualification of and disbursement to eligible participants in accordance with the guidelines of this program and the guidelines promulgated by OHCS and the Low-Income Energy Assistance Act of 1981 and subsequent amendments, as outlined in the OHCS Omnibus Contract.
4. In the event an agency is able to qualify applicants at a higher income bracket without precluding them from administering the program or blending funds, agencies may qualify applicants up to 80% AMI. (N)
(N)
(N)
5. Each participating Agency shall be responsible to complete and return to the Company, all required paperwork and other documentation as may be necessary for the Company to process the request in a form prescribed by the Company. (T)
6. Each participating Agency must agree to abide by the program parameters established in this Schedule including using, where applicable, the Department of Energy (DOE) approved residential, energy analysis software tool ("Energy Analyzer Software") in determination of all measures that qualify for funding under CAP. (T)
7. An Agency that fails to abide by the terms and conditions set forth in this tariff schedule may be removed from participating in the CAP Program. (T)
8. Each participating Agency may attend any training workshops offered in collaboration with the Company, OHCS, CAPO and DOE. Workshops are designed to ensure agencies are consistently and accurately entering data into the Energy Analyzer Software. The Company shall inform Staff of the selected workshop trainer and provide a summary report on the workshop's accomplishments. Funding for these trainings is available through the OLIEE program. (C)
(C)

Customer Qualifications for CAP Funds

All CAP funds collected under this program will be used to weatherize qualified dwellings inhabited by customers of NW Natural. In the event the Company receives a request for premise from two or more Agencies, the Company will process only one request.

(continue to Sheet 320-4)

SCHEDULE 320
OREGON LOW-INCOME ENERGY EFFICIENCY (OLIEE) PROGRAMS
(continued)

CAP Administration and Delivery Costs

Each Agency will be reimbursed from the OLIEE Account for administrative costs and direct program costs incurred by them in their administration and delivery of the OLIEE program. The Agency fee will be paid to each Agency along with the measure rebate payments.

Projects under \$11,500 may receive administrative payments of up to \$3,500, including inspections and audits, the administrative payment may not be higher than the cost of measures installed. Any project over \$11,500 may receive up to 30% in administrative payment including inspection and audit. (C)
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(C)

The Company will process measure rebate payments and Agency payments within thirty (30) days from the date the Company receives all completed documentation in support of such rebate request(s). When needed, upfront funding may be requested by an agency at the beginning of the funding cycle based on an agreed upon proposal presented to the Company. (C)
(C)

Annual Program Year Targets (households)

At the beginning of each Program Year, each participating Agency will be assigned a home completion target that supports the achievement of an annual program target. Agency targets may be adjusted from time to time throughout a Program Year, as necessary. Nothing precludes Agencies from serving more than the annual target of homes in any program year provided sufficient funds are available and approved by the Company. The Company will include the expected targets for the following year, by Agency, in the Annual Report.

Energy Efficiency Measures

Qualifying energy efficiency measures are: 1) Energy efficiency measures recommended when the dwelling is modeled in the Energy Analyzer Software. All measures prescribed by the Energy Analyzer Software for the whole house, including (non-HSR) gas furnaces, must meet or exceed a group Savings to Investment Ratio (SIR) of 1.0 or better unless identified below. The SIR calculation will use the Energy Information Administration's Oregon residential natural gas price as the cost against which the benefits are measured. 2) The replacement of non-functioning or red-tagged heating equipment with a high efficiency gas furnace. Heating equipment is considered red-tagged when a representative from the Company or an Agency has deemed the appliance unsafe to operate. 3) Measures, including smart thermostats, attic insulation and wall insulation, identified as cost effective by third party organizations (Regional Technical Forum, Energy Trust of Oregon, etc.). 4) Measures identified as cost-effective under the department of energy (DOE) Priority List. 5) Measures identified as cost effective under a Deemed Measure Priority List (DMPL). Agencies must provide a copy of the Energy Analyzer report, DOE priority list, or DMPL. (T)
(T)
(N)
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(N)
(D)

Qualified measures, as defined above, are eligible for reimbursement up to 100% of the total cost of all installed measures. (C)
(C)

To accommodate timing differences between measure installations, the payment may be disbursed through one or more requests. Under no circumstances will the payment exceed the actual installed cost of the measure(s). The Company may coordinate with other funders (e.g., Energy Trust of Oregon) to facilitate payments and appropriate reporting of measures. (T)

(continue to Sheet 320-5)

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and after March 20, 2024

SCHEDULE 320
OREGON LOW-INCOME ENERGY EFFICIENCY (OLIEE) PROGRAMS
(continued)

II. OPEN SOLICITATION PROGRAM (OSP) DESCRIPTION

The overall goal of the OSP is to cost-effectively provide energy efficiency assistance to a greater number of low-income households in NW Natural’s Oregon service territory through a broad and diverse network of delivery channels. The Company will invite proposals that include projects for new affordable housing, existing retrofit opportunities, and owner-occupied or rental dwellings, and will encourage proposals that include a component for energy education, environmentally sustainable practices, and collaboration with other entities or programs.

At the Company’s discretion, a portion of OLIEE funds may be allocated to OSP projects where the Company has determined that there are sufficient OLIEE and that such projects would result in an increase in the number of low-income households being served under the OLIEE program. Any such OSP project will be made available to those premises that qualify to receive services under this Schedule 320.

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(T)

The Company will make the final determination as to which proposals will be awarded contracts under the OSP. As needed, the Company will review proposals with the OLIEE Advisory Committee (OAC).

(T)

GENERAL TERMS:

This schedule is governed by the terms of this Schedule, 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.

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