ITEM NO. RA7

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 23, 2021

REGULAR X CONSENT ____ EFFECTIVE DATE May 3, 2021

DATE: March 16, 2021

TO: Public Utility Commission

FROM: Michelle Scala

THROUGH: Bryan Conway and Michael Dougherty **SIGNED**

SUBJECT: NORTHWEST NATURAL GAS COMPANY:
(Docket No. ADV 1249/Advice Nos. 21-02 and 21-02A)
Proposes Schedule R, Residential Arrearage Management Program.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Northwest Natural Gas Company's (NW Natural or Company) request to create Schedule R, Residential Arrearage Management Program, effective with service rendered on and after May 3, 2021, and further direct NW Natural to:

1. Conduct a review with interested stakeholders on the implementation of NW Natural's Arrearage Management Program, with consideration given to modifying program offerings, no later than the time at which 50 percent of program funds have been committed;[1] and

2. Host a workshop with interested stakeholders, within 45 days of the Schedule R effective date, on targeting outreach of its programs to communities and customers who have been disproportionately impacted by the COVID-19 pandemic.

[1] Committed refers to the cumulative amount allocated within the AMP program.

DISCUSSION:

Issue

Whether the Commission should approve NW Natural's Advice Nos. 21-02 and 21-02A, which create new Schedule R, Residential Arrearage Management Program, in accordance with the Stipulation approved in Order No. 20-401, effective with service rendered on and after May 3, 2021.

Applicable Law

Oregon Revised Statute (ORS) 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable.

Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes. ORS 757.220; Oregon Administrative Rules (OAR) 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

In Order No. 20-401 the Commission approved a Stipulated Agreement in Docket No. UM 2114. Paragraph 18 of the Stipulated Agreement states as follows:

> Each Utility, prior to resuming disconnections, will establish a program to identify and manage residential customer arrearages associated with the pandemic to prevent bad debt accumulating on utility accounts. The program may identify and waive residential arrearages at an initial one-time funding amount of at least 1 percent of each utility's 2019 Oregon retail revenues (approximately $39 million combined total for all utilities), not to be increased without prior Commission approval…On or before October 1, 2022, Parties can propose a process to address any unspent funds if the Utility program covers arrearage forgiveness in accordance with the Utility's funding addendums and funds are remaining. Utilities may include program costs and uncollectible expense identified in deferral tracking.[2]

[2] Staff notes that these funds are in addition to any low-income assistance programs that certain customers will be able to obtain through Community Action Agencies (CAA) or counties.

Analysis

Background
On March 8, 2020, Oregon Governor Kate Brown declared a state of emergency due to the public health threat posed by COVID-19. Governor Brown also directed Oregonians to stay at home to the greatest extent possible in Executive Order No. 20-12 (March 23, 2020). The state of emergency has been extended, most recently, in Executive Order 21-05 (February 25, 2021) through May 2, 2021, unless extended or terminated earlier by the Governor.

On June 9, 2020, the Commission conducted a special public meeting on the "Impact to Utility Customers during the COVID-19 Pandemic and Future Economic Recovery." As a result of this meeting, Docket No. UM 2114 was opened to address the challenges caused by the COVID-19 Pandemic. A Stipulated Agreement in Docket No. UM 2114 for the energy utilities was approved by the Commission in Order No. 20-401 on November 5, 2020 (Agreement or Stipulation).

The Stipulation requires that energy utilities establish an arrearage management program prior to the resumption of residential disconnections. As written, Paragraph 4 of the Stipulation states, "[f]or residential customers the Utilities may resume the 15-day disconnection notice (in accordance with OAR 860-021-0405) on April 1, 2021."[3] However, Paragraph 4 also specifies that "[t]he Commission will have ongoing oversight to determine whether to extend the April 1, 2021 date to a later date based on ongoing economic and pandemic conditions."

On February 23, 2021, after comment and discussion from interested parties, the Commission adopted Staff's recommendation to extend the disconnection moratorium to June 15, 2021; and, further directed Staff to report back to the Commission in mid-May 2021 regarding the moratorium and whether additional changes should be considered.[4]

Arrearage Management Plan (AMP) Principles and Guidance
Neither the Agreement nor Commission Order No. 20-401 in Docket No. UM 2114 establishes specific program criteria for review of a filed AMP. On consideration of the basic goal for the UM 2114 investigation – to mount an integrated, timely, well-informed response to the pandemic – Staff developed principles and guidance for its review of arrearage management plans and has shared these principles during discussions on the various utility filings. In light of increasing arrearages for residential customers and

[3] UM 2114, Order No. 20-401, Appendix A at 13.
[4] UM 2114, Order No. 21-057.

the great need for utilities to reach out to customers most affected by the pandemic, these principles and guidance include:[5]

- A well-defined, sophisticated Outreach Plan that reaches as many customers as possible and that includes:
    - Priority to communities (zip codes) with the highest number of customers in arrears.
    - Communications in languages that are prevalent in the company's service territory.
    - Partnering with community-based organizations to provide information on Arrearage Management programs.
    - Information on resources that can assist customers from falling into arrears.

- Prioritization of funds should be directed to customers as follows:
    - To those customers enrolled in low-income programs (LIHEAP, OEAP, OLGA, LIRAP, OLIBA) and ensure that these customers are not disadvantaged by program requirements.
    - To customers in the 91+ day arrears followed by those in 61+ day arrears.
    - To customers on medical certificates.

- Harmonization of using AMPs with extended time-payment arrangements (TPAs) when possible and practical.

- Evenhanded treatment of similarly-situated customers.

- No programs should result in an ending credit on a customer's account.

- No programs should provide arrearage funding support to customers not in arrears.

- Include a review with Staff and interested stakeholders of the implementation of a company's Bill Assistance Program, with consideration given to modifying program offerings, no later than the time at which 50 percent of program funds have been committed.

[5] These principles were not formally provided to the energy utilities although several have been discussed in meetings with the utilities. The principles are listed here as the first formal enunciation.

- Include workshops with interested stakeholders on targeting outreach of its programs to communities and customers who have been disproportionately impacted by the COVID-19 pandemic within 45 days of the tariff effective date.

- Provide accurate and timely reports to PUC staff and interested stakeholders. A minimum of two reports prior to the mid-May Public Meeting Check-in with the Commission.

Staff believes this set of principles will help to guide both the analysis of and the implementation of the programs.

The principles were distributed to the Companies in early March. While similarities can be found in all of the proposed programs, there are notable differences. Staff recognizes that each Company has a distinct service territory and the respective customer bases have different characteristics. Staff does not seek to be overly prescriptive in AMP structure, to the extent that the individual programs align with the principles set forth above.

NW Natural's Arrearage Management Program
On February 25, 2021, NW Natural filed its Tariff Advice No. 21-02, requesting approval to create new Schedule R, Residential Arrearage Management Program (Program). Following discussions with Staff NW Natural filed replacement sheets to clarify eligibility in the program for residential customers with past due balances and increase the maximum amount of relief under the Instant Grant from $100 to $300 and under the 50/50 Matching Grant from $300 to $600. The revised tariff also included language limiting crisis grants offered in excess of the $300 Instant Grant up to a maximum of $1,000.

NW Natural residential arrears totaled $10,041,888 in January 2021, with approximately 33 percent of customer arrears falling into the 91+ days arrearage category. In accordance with the level of funding available to utilities for arrearage management programs under the Stipulation,[6] up to one percent of NW Natural's 2019 Oregon total retail revenues, equaling approximately $6,167,000, will be available to fund the Company's program costs, as outlined below.

As proposed in Advice No. 21-02, NW Natural's Arrearage Management Program would provide three Arrearage Management options to residential customers whose accounts are in arrears. Those three options are as follows:

[6] UM 2114, Order No. 20-401, Appendix A, at 18.

1. Instant Grant – A one-time grant up to $300 for past due or full account balance intended for qualified customers with smaller past due balances who express economic hardship.

2. 50/50 Matching Grant Option – Provides a payment match option that offers up to a $600 credit matching the qualified customer's payment, applied directly to the past due or full account balance.

3. Time Payment Arrangement (TPA) with Matching Grant Option – Provides customers an option in which the qualified residential customer enrolls in a TPA and receives a matching grant payment directly to their past due account for each monthly installment, paid at the time the customer's TPA payment posts. The grant is equal to 50 percent of the total account balance with matching grant payments divided equally by the number of payments required by the TPA. No down payment is required and a levelized payment arrangement can be made to bring the customer's account current in addition to a "Current bill plus" payment plan.

All three programs require customers to be more than 31 days in arrears to receive a benefit. Each eligible customer may receive funding up to the Program maximum of $1,200; however, no option may leave a credit on a customer's account. The programs may be used individually or in any combination, depending on the circumstances and needs of each customer. The program options do not preclude participation on the basis of the amount of arrears on a customer's account. In exceptional situations when customers are unable to make any payment due to various forms of additional financial hardship due to crises above and beyond those commonly experienced due to the COVID-19 pandemic, Instant Grants greater than $300 may be considered (crisis grant). A qualified customer may receive a crisis grant up to $1,000, not to exceed the customer's total past due balance at the time of enrollment. Additionally, a customer receiving a crisis grant is still subject to the total Program benefit cap of $1,200. The Company expressed that providing customers options to combine programs and/or be considered for Crisis Grants creates flexibility and more customized assistance options for customers.

Staff finds that these parameters are consistent with several of the Staff AMP principles set forth above.

The Company expressed that it considered several factors to determine the maximum benefit amount for the program. In a response to a Staff information request, the Company indicated that these factors included annual residential gas use, other energy assistance options available to customers, including flexible TPAs, and limitations associated with the amount of authorized Program funds relative to the level of total

arrears. The Company's proposal also includes flexibility in Program caps for "exceptional cases" maximum benefit amounts set forth above are intended to meet the needs of a variety of customers with differing means and abilities to pay past due balances.

The Company wishes to incentivize customers who are able to reconcile their balances or pay balances over time, while also providing an option of immediate relief for customers who have no means to pay. Based on residential customer arrears balances, NW Natural's Arrearage Management Plan provides customers options to help clear past due balances of approximately 99 percent of customer accounts. The following table shows the distribution of residential customers in arrears based on amounts past due as of February 2021.[7]

Table 1 – Oregon Customer Arrears Balances

OREGON RESIDENTIAL CUSTOMERS IN ARREARS		
Past Due Balance	**Count of Accounts**	**% of Representation**
$1,500+	142	0.2%
$1,000-$1,500	661	0.8%
$500-$1,000	4,395	5.6%
$200-$500	15,183	19.2%
$100-$200	20,612	26.0%
$100 and below	38,186	48.2%
Total	79,179	100%

Staff Review
Staff initially learned of NW Natural's Arrearage Management Program offerings when the Company discussed its intended bill assistance options with stakeholders at a December 17, 2020, UM 2114 Arrearage Management Workshop.

After this initial workshop, NW Natural presented its Program in greater detail to stakeholders at a February 1, 2021, workshop. Shortly thereafter, NW Natural filed its proposed tariff on February 25, 2021.

Staff remained actively involved in the stakeholder process, including, but not limited to, development and solicitation of internal and external feedback on NW Natural's Arrearage Management Program. Staff conducted several calls with NW Natural, provided feedback to the Company on its initial tariff proposal, and issued 18 information requests. Further, Staff has been continuously reviewing the

[7] NW Natural Response to Staff IR No. 18.

comprehensive monthly arrearage reports required by Order No. 20-401 as they become available.

Staff notes that the effective date for NW Naturals Arrearage Management plan, May 3, 2021, is later than originally expected. The Company indicated that the programming changes required of its Customer Information System to accommodate the AMP were more complex than expected and necessitated the effective date be extended out from the original April 1, 2021, date relayed at the preliminary workshops. Because this date is still well before the date utilities may be authorized to resume issuing disconnection notices, Staff does not have concerns regarding the effective date.

Staff Objectives
The Stipulation adopted in Order No. 20-401 provides a broad range of customer protection measures, including a moratorium on disconnections, the waiving of late fees until 2022, and the creation of funding for arrearage management programs meant to prevent bad debt from accumulating on utility accounts. Staff's overarching objective in supporting adoption of these measures is to mitigate the sustained economic hardship brought on by an unprecedented global pandemic as it affects utility customers.

As described in the Stipulation, the role of an arrearage management program is to "identify and manage residential customer arrearages associated with the pandemic to prevent bad debt [from] accumulating on utility accounts." That being said, there are a myriad of ways in which any of the companies might best achieve this purpose. Following the approval of Docket No. ADV 1233/Advice No. 21-01,[8] and the filings of the remaining five utilities' bill assistance programs, it became clear that each utility was approaching program design quite differently. Due to the wide range of designs and in an effort to structure a thorough review without being unnecessarily restrictive in recommendations to the utilities and the Commission, Staff developed a set of AMP principles and guidance would serve both Staff and the Utilities going forward. Thus, in the absence of foresight and the novelty of the pandemic's impacts, Staff acknowledges that there is not yet, if ever, a one-size-fits-all approach to AMPs.

Staff further notes that Order No. 20-401 allows for the costs of the Company's Arrearage Management Program to be tracked and recorded for future rate recovery in NW Natural's COVID-19 deferral.[9] This means that funds used to relieve current arrears (and prudently incurred incremental program costs tracked separately), will be

[8] Portland General Electric Company's Residential Bill Assistance Program
[9] NW Natural's COVID-19 deferral can be monitored through Docket No. UM 2068. NW Natural's quarterly COVID-19 report can be monitored through Docket No. RG 90.

collected in rates to be determined at a future date and implies potential impacts for all NW Natural customers.

NW Natural Residential Arrears
A critical piece in evaluating the reasonableness of NW Natural's proposal is to understand the amount and distribution of residential arrearage data. The Figures below depict the changes in NW Natural residential arrears in 2020.

Figure 1 – NW Natural Residential Arrears Jan 2020 – Jan 2021

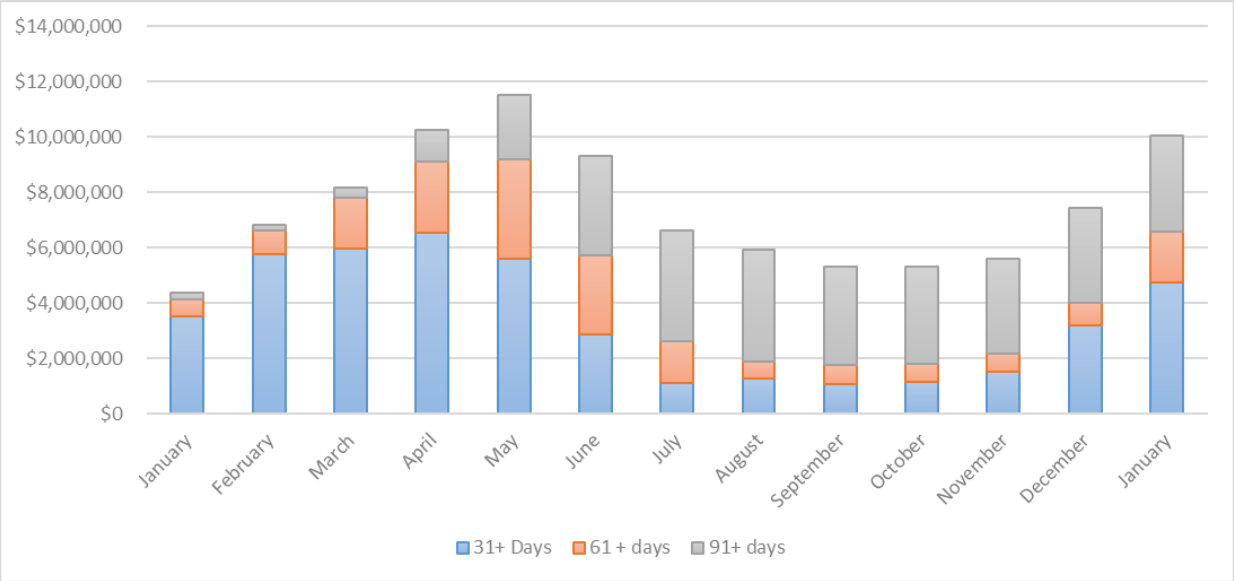

Figure 2 – NW Natural Average Residential Arrears Jan 2020 – Jan 2021

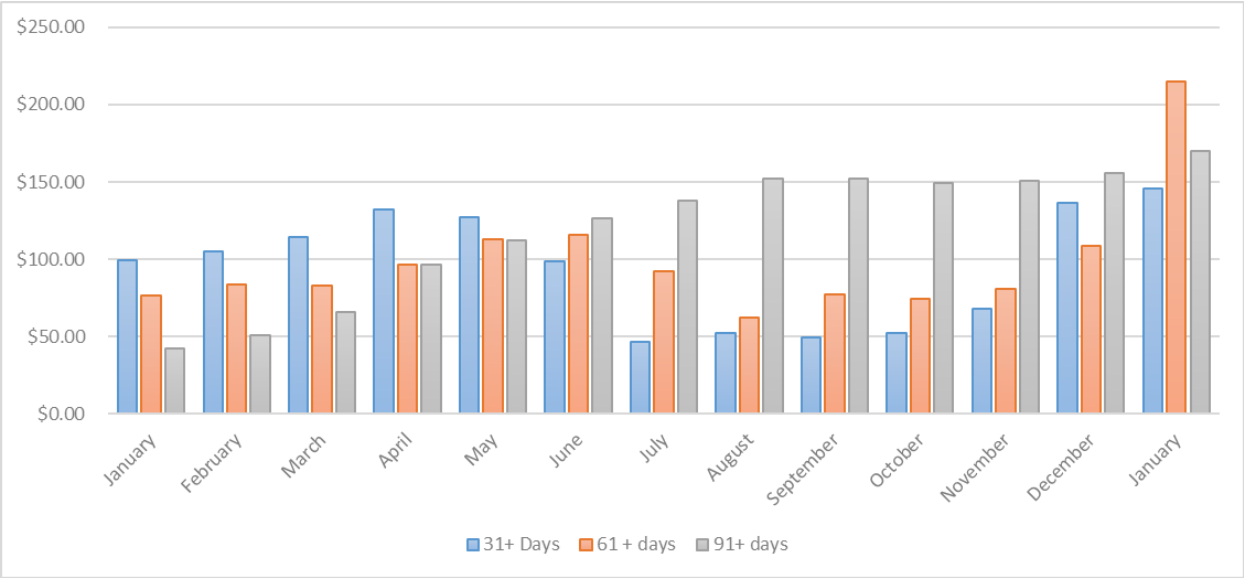

Figure 3 – Residential Arrears Distribution – 91+ Days Jan 2020 – Feb 2021

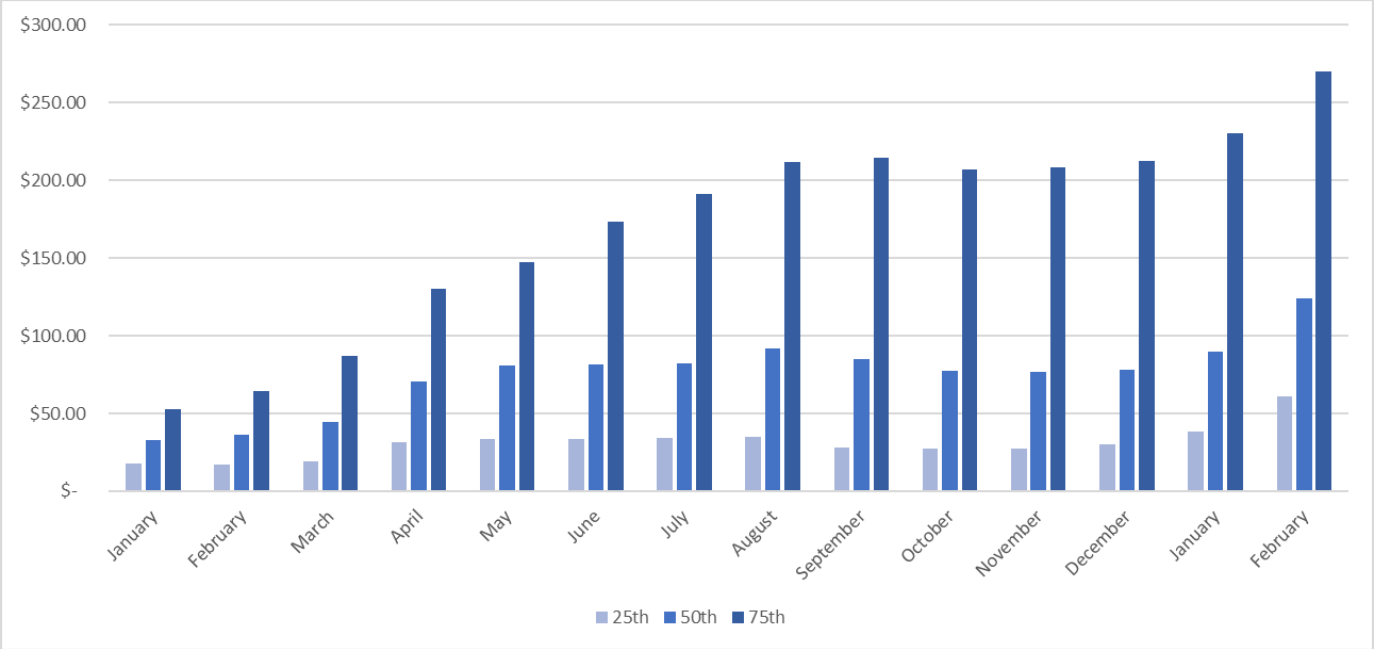

Table 2 – Residential Arrears Distribution

	January 2020			February 2021		
Balance	**31-60 Days**	**61-90 Days**	**91+ Days**	**31-60 Days**	**61-90 Days**	**91+ Days**
25th	$ 32.11	$ 19.32	$ 17.89	$ 38.67	$ 41.09	$ 60.83
50th	$ 65.69	$ 41.79	$ 32.56	$ 81.55	$ 79.79	$ 124.21
75th	$ 106.60	$ 67.57	$ 52.37	$ 121.37	$ 117.27	$ 269.66
Maximum	$ 1,750.38	$ 514.05	$ 1,143.83	$ 1,492.81	$ 2,070.09	$ 3,390.76

Data points include:

31+ Days Segment, January 2020 to January 2021

- Customers in Arrears – Decreased by 2,610 (7.39 percent)
- Residential Arrears – Increased by $1.26 million (35.89 percent)
- Average Residential Arrears – Increased by $46.31 (46.73 percent)

61+ Days Segment, January 2020 to January 2021

- Customers in Arrears – Increased by 236 (2.88 percent)
- Residential Arrears – Increased by $1.18 million (187.98 percent)
- Average Residential Arrears – Increased by $138.00 (179.92 percent)

91+ Days Segment, January 2020 to January 2021

- Customers in Arrears – Increased by 15,061 (279.63 percent)
- Residential Arrears – Increased by $3.24 million (1,422.95 percent)
- Average Residential Arrears – Increased by $127.51 (301.17 percent)

Based on the data, there is a clear trend in customer arrearages becoming concentrated in the 91+ days' arrears category as a result of the COVID-19 pandemic. This suggests that many customers impacted by the COVID-19 pandemic have fallen further and further behind, and continue to experience financial hardship.

As seen in Figure 1, in January 2020, prior to the pandemic, only 5.2 percent of residential arrears were over 91+ days. The number of occurrences in the 91+ days category increased in late summer with slight declines in subsequent months and most recently registering at approximately 34.6 percent of residential arrears. This percentage, while less than the August peak of 68.1 percent, is still significantly higher than pre-pandemic conditions and does not reflect a decrease in arrearage debt overall. On the contrary, in the most recently available data, total arrears have increased over

the last eight months to $10.04 million. Growing balances overall, and increases in the 61+ and 91+ day categories indicate that fewer payments are being made to reconcile longer term past due balances. Staff continues to have concerns over customers falling deeper and deeper into debt.

The total number of NW Natural residential customers in arrears increased by 12,687 (25.94 percent) between January 2020 and January 2021, from 48,916 to 61,603. This change is less dramatic than what was observed in the early months of the pandemic but Staff will monitor the data closely to the extent that effects of the winter heating season and ice storm are expected soon. Approximately, 33 percent of customers are more than 91 days in arrears, of which 5 percent have more at least $500 in past due balances.

The number of NW Natural residential customers in arrears was 10 percent in January 2021 (61,603 out of 621,557 customers). The total average arrears balance increased from approximately $89.09 in January 2020 to $163.01 in January 2021.

Based on authorized Program funding of $6.167 million and January 2021 residential arrears of more than $10.041 million, NW Natural can meet approximately 61 percent of the Company's total Oregon customer arrearages without implementing matching programs or using any state or federal support funds such as LIHEAP.

As shown in the Table 3 below, certain communities within NW Natural's service territory have been disproportionately impacted by the pandemic. Table 3 highlights values by zip code within NW Natural's service territory that fall in the top ten percent in terms of total accounts in arrears, percentage of customers in arrears, average arrears balance, percentage of Oregon customers with arrears, percentage of customers with arrears in the 91+ days category, and average 91+ arrears balance. Staff notes that when reviewing percentages of arrears and average balances across NW Natural's service territory, comparisons between zip codes may be limited to the extent customers are disproportionately distributed throughout the service territory.

Table 3 - January 2021 Residential Zip Code Arrearage Data

OR Residential Customer Accounts in Arrears					Total Average Arrears	91+ Day Average Arrears
Zip Code	31-60	61-90	91+	Total Accounts		
97009	47	9	23	79	$235.20	$287.83
97024	154	20	69	243	$161.30	$209.31
97034	204	63	103	370	$213.00	$233.47
97042	4	2	4	10	$215.40	$154.11
97045	902	146	349	1,397	$157.54	$177.21
97053	23	3	5	31	$161.49	$300.07
97055	205	63	125	393	$177.22	$209.68
97062	209	82	85	376	$183.61	$227.27
97068	803	104	217	1,124	$175.51	$200.44
97080	831	162	413	1,406	$181.97	$206.86
97086	613	97	273	983	$203.56	$230.32
97106	10	0	15	25	$261.32	$277.42
97111	1	1	1	3	$390.20	$682.71
97121	29	4	12	45	$144.39	$219.42
97123	101	242	465	808	$185.75	$176.55
97133	73	10	20	103	$155.77	$230.34
97202	646	145	368	1,159	$140.32	$128.91
97206	910	225	578	1,713	$153.40	$146.46
97211	214	247	538	999	$185.12	$178.44
97213	641	169	399	1,209	$150.52	$139.64
97214	662	147	392	1,201	$114.53	$119.95
97217	400	189	484	1,073	$158.27	$144.20
97219	303	183	303	789	$201.55	$198.72
97220	681	137	380	1,198	$176.90	$184.24
97221	45	31	88	164	$259.41	$240.60
97222	731	141	337	1,209	$164.13	$172.12
97223	652	117	346	1,115	$167.71	$178.14
97225	369	66	126	561	$163.51	$212.49
97229	1,072	187	387	1,646	$167.15	$176.98
97230	786	140	415	1,341	$177.95	$184.18
97231	32	10	28	70	$234.74	$213.50
97233	634	129	440	1,203	$189.29	$203.67
97236	672	167	452	1,291	$191.59	$201.40
97266	648	192	571	1,411	$187.54	$176.28
97267	750	142	293	1,185	$168.25	$212.07
97301	375	169	484	1,028	$168.79	$171.76
97304	40	97	155	292	$187.33	$181.93
97305	271	92	302	665	$192.55	$197.73
97347	28	12	27	67	$186.93	$197.10
97360	26	9	30	65	$217.79	$240.13
97364	11	0	6	17	$180.10	$222.75
97368	44	5	21	70	$175.85	$266.09
97377	2	0	2	4	$268.79	$229.96
97381	78	23	83	184	$194.93	$185.44
97384	2	0	5	7	$289.70	$266.70
Total	**32,717**	**8,439**	**20,447**	**61,603**	**$163.01**	**$169.85**

Prioritization of Funds

As noted above, the Stipulation language approved in Order No. 20-401 states that the purpose of the arrearage management programs is to, "identify and manage residential customer arrearages associated with the pandemic to prevent bad debt accumulating on utility accounts."

Staff notes that while the purpose of the Bill Assistance Program is not to create an additional low-income assistance program that limits eligibility based on traditional assistance household income qualifiers, there is evidence that workers in occupations with lower wages were disproportionally displaced by the COVID-19 crisis.[10] Additionally, community stakeholders have repeatedly expressed that certain low-income and Black, Indigenous, and People of Color communities are more vulnerable to the economic and health impacts of the COVID-19 pandemic. Staff has made efforts to address these concerns, in part, among Staff AMP principles, directing utilities to prioritize assistance for customers enrolled in low-income programs, with longer past due balances, and those on medical certificates.

Further, due to the majority arrears falling in the 91+ days category, and the substantial increase in average residential customer arrears that has occurred as a result of the pandemic, Staff is acutely aware of the importance for prioritization of funding for customers with the greatest level of debt (and potential to become bad debt) and risk of disconnection.

NW Natural's Arrearage Management Program does not utilize any low-income qualifiers or explicit prioritization of funds to target certain customer groups. Any customer that calls into NW Natural and is eligible for the AMP will be accommodated. However, the Company does plan to deploy a targeted Outreach Program[11] as a means of reaching higher-risk groups sooner. More specifically, the Outreach Program categorizes customers by 30+, 60+, and 90+ days past due as well as customers who have received energy assistance (EA) in the previous 24-months in order to flag them as priority groups. The first priority group is made up of those who have received EA in the previous two years. This group is followed by the 90+ day group where customers have the oldest arrearages.

In all contacts, Customer Service Representatives will offer an array of options that may be available to them for assistance. Staff also questioned whether or not the Company

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[10] https://research.stlouisfed.org/publications/economic-synopses/2020/07/14/which-earnings-groups-have-been-most-affected-by-the-covid-19-crisis#:~:text=In%20conclusion%2C%20workers%20in%20occupations,unemployment%20rate%20increased%20to%205.34.

[11] NW Natural response to OPUC Staff IR No. 9.

had considered providing automatic grants on the basis of a demonstrated history of energy assistance or other income qualifiers. In response, NW Natural articulated that the Company decided not to do auto-enrollment in the AMP for low-income customers in Oregon at this time due to the availability of increased LIHEAP funding for low-income customers per the CARES Act legislation. The Company expressed its desire to see those funds disbursed to its customers and wished to take a combined approach to that group of customers during the aforementioned Outreach Program because it is likely they will need to take advantage of both programs over time. The Company stated it wants to encourage its customers to pursue energy assistance to the greatest extent possible, however the AMP will not be withheld from low-income customers on the basis of energy assistance. NW Natural remains amendable to an auto-enrollment option in the future if it determines that it may be a more effective way to assist low-income customers in the future.

In a response to Staff, the Company provided information[12] showing that 10,161 residential customer accounts received energy assistance in the past 24-months. The response further provided that among these accounts is a total arrears balance of $937,297 and an average account balance of $92.24. Staff notes that the Instant Grant available through NW Natural's Program is greater than the average past due balance for this customer group. Where balances exceed the average, the Program allows for customers to select a combination of matching options in addition to the Instant Grant. Given this information Staff feels that if the targeted Outreach is successful in engaging the EA customer group early on, there is likely to be sufficient funding to provide assistance in paying down all of those accounts. Further, NW Natural has indicated that to the extent allowable by agencies administering EA, the Company will allow those payments to be used for the customer contribution in matching programs.

Staff concerns have been reasonably satisfied by NW Natural's responses and Staff is supportive of the Company's plan. However, to the extent that the Program does not demonstrate a prioritization of certain at-risk communities in terms of targeted funding reserves, Staff will closely monitor the effectiveness and distribution of funds under NW Natural's Arrearage Management Program structure to determine if changes are necessary in the future.

Coordination with Other Assistance Options

NW Natural's Arrearage Management Program is designed to be inclusive of all Oregon residential customers with an account balance of at least 31 days past due expressing financial hardship due to COVID-19. Only customers who are current on their accounts and have given no indication of financial hardship or inability to pay their monthly bill will

[12] NW Natural response to OPUC Staff IR No. 5.

be considered ineligible for the AMP.[13] Customers already enrolled in a TPA, wishing to participate in Schedule R will have their existing payment arrangement cancelled and be offered a new TPA that includes a matching AMP grant. The customer would also be sent a verification letter that described the terms of their new payment plan and all matching grant payments would appear on each monthly bill as the customer made payments.

Customers in NW Natural's service territory may also be eligible for EA programs administered by local CAP agencies, including but not limited to LIHEAP, Oregon Low-Income Gas Assistance (OLGA), Gas Assistance Program (GAP), and Oregon Heat Program. Customers participating in these programs or wishing to participate in these programs are equally eligible to participate in the AMP. Additionally, as described earlier in this memo, NW Natural will work with customers to inform them of all the available EA options in their area as a means of creating a more robust solution that is intended to help customers reconcile their current past due balance and access resources to prevent bad debt from accumulating again.

Staff finds these practices properly accommodate customers who have already made efforts[14] to pay down their past due balance into the AMP program and align with other payment assistance options available in its service territory.

Outreach, Marketing, and Communications
In large part, the success of NW Natural's proposed Arrearage Management Program will rely on the Company's ability to effectively promote and enroll eligible customers in the appropriate Program offering. In addition to traditional communications, the Company is developing outreach to community based organizations (CBOs) and key stakeholders regarding the AMP. NW Natural indicated that in order to help CBOs communicate effectively on the Program offerings, it intends to issue email notifications to Energy Trust networks, engage and provide materials to food pantry meal delivery programs, perform check-in calls to homebound seniors through Neighborhood House, and distribute notices and/or brochure materials at affordable housing programs and Head Start. Additionally, NW Natural delivered a presentation on the AMP to CAP agencies at the quarterly Oregon Energy Coordinators Association (OECA) meeting in February. There, they reported discussing partnerships with the Company in order to assist clients and customers who may need additional energy assistance options.

To ensure the Company optimizes internal communication tools and customer experience, NW Natural indicated it will be offering an extensive training workshop to its Community Service Representatives in April to prepare for the AMP. Currently, the

[13] NWN response to OPUC Staff IR No. 2.
[14] Enrolled in a TPA.

Company employs English and Spanish speaking representatives at the Customer Contact Center. NW Natural also uses the Language Line to obtain interpreters and handle all requests for languages other than English as needed. The Company attests that is can accommodate any language needs a customer might have, including American Sign Language.[15]

Throughout the process, Staff and stakeholders have expressed strong interest in first reaching out to customers who have been most directly affected by the pandemic. This helps ensure that there is enough funding for these customers. As discussed in an earlier section of this memo, NW Natural will be performing targeted outreach to certain customer groups that are typically considered at higher-risk of service interruption. Specifically, these groups include recipients of EA in the last 24-months and customers with arrears older than 90 days. NW Natural does not wish to limit funds based on income eligibility as this time for any of the grant options but remains amenable to changes should the Company deem necessary and/or the Commission direct it to do so.

Staff supports NW Natural's plans to work with CBOs and other stakeholders to provide information on its AMP to customers. Staff hopes that these partnerships will help NW Natural apply an equity lens in rolling out its AMP and promote participation while enhancing the customer experience.

To further refine these efforts, Staff recommends that the Commission require NW Natural to host a workshop with interested stakeholders and CBOs within 45 days of the effective date of Schedule R. The purpose of the workshop is to discuss how NW Natural can work with these groups to target program outreach and encourage participation among those groups who have been disproportionately affected by COVID-19. Staff believes that CBOs and other residential customer advocates who have direct, daily, interaction with vulnerable populations should be best suited to help NW Natural conduct targeted outreach to eligible customers.

Stakeholder Feedback/Participation

As noted above, many different entities attended workshops and provided feedback to Staff and the Company, either directly or through their participation in larger workshops. Staff appreciates that stakeholders have been deeply involved throughout the UM 2114 investigation and Stipulation implementation process, participating in numerous workshops and providing meaningful feedback and recommendations.
These stakeholders include (though are not limited to): Community Action Partnership of Oregon (CAPO), Community Energy Project (CEP), Northwest Energy Coalition

[15] NW Natural response to OPUC Staff IR No. 11.

(NWEC), Oregon Citizens' Utility Board (CUB), and Small Business Utility Advocates (SBUA).

While no stakeholders have filed written comments at the time of preparing this memo, Staff solicited feedback on NW Natural's proposal from several residential customer-focused stakeholders. The message from these stakeholders was varied, but expressed support for the flexibility of crisis grants and the combinable menu of options offered by the Company.[16]

Staff will monitor and attempt to quickly react to how NW Natural's Program is being utilized by customers, and agrees that NW Natural should also monitor and make adjustments to the Program in as timely as possible, if necessary, to ensure that funds are being allocated appropriately. To Staff's knowledge, this will be the first time that the utilities are operating a large-scale AMP program (particularly one that is not-exclusively available to low income customers).

To mitigate potential unintended inequities or ineffective bill assistance options, it is imperative that NW Natural work with stakeholders to collect and report relevant and necessary data on how program funds are allocated, and to whom. As noted above, Staff is recommending that NW Natural host a workshop with interested stakeholders to discuss how best to partner with community and residential customer focused organizations to target its Program outreach efforts to those groups or communities that have been disproportionately affected by the pandemic. In such a workshop, Staff expects that stakeholders and the Company will also determine what data collection and reporting on such efforts is necessary to effectively evaluate the success of these programs. Example data metrics may include nine-digit zip code and voluntary demographic data.

If approved by the Commission, NW Natural's Arrearage Management Program will be one of the remaining five energy Utility Bill Assistance Programs set to deploy this year. As such, it is imperative that we be willing to adjust the programs as necessary. Staff recommends that the Commission require that NW Natural and interested stakeholders conduct a review of NW Natural's Arrearage Management Program no later than the time at which 50 percent of funds are committed/expended.

Staff believes this allows for a sufficient cushion (50 percent expenditure would mean approximately $3.1 million of the authorized funds are still available for assistance), which allows NW Natural to implement its Program as soon as possible for those who

[16] Staff notes that since this feedback was provided, NW Natural revised its tariff to include a limit for crisis grants at $1,000. The Company agreed to limit crisis grants to a defined benefit maximum in response to Staff concerns regarding the scope of crisis grants.

are able to take advantage of the current Program offerings, while also providing for flexibility to adapt the program based on its level of success, and learnings from Oregon's five other regulated utilities' design and implementation of their assistance programs.

Effects of Filing
NW Natural's Advice Nos. 21-02 and 21-02A request approval to create a new tariff schedule, Schedule R, Residential Arrearage Management Program. In accordance with the Stipulation approved in Commission Order No. 20-401, Schedule R will be available to all residential customers who develop arrears of more than 31+ days.

It is unknown how many customers will utilize NW Natural's Arrearage Management Program; however, the Program may provide up to $6.167 million in arrearage forgiveness to eligible customers, and will run either through October 1, 2022, until the Company reaches the spending limit, or until the Commission otherwise approves termination of the program.

This filing does not include an increase or decrease in customer rates, or change NW Natural's revenue at this time; however, as noted above, program funds and prudently incurred incremental expenses to provide this Arrearage Management Program will be tracked for later recovery in NW Natural's COVID-19 Deferral.

Conclusion

Based on the circumstances outlined above, and Staff's review of the Company's filing, Staff concludes that NW Natural's Residential Arrearage Management Program is in compliance with the Stipulation approved in Order No. 20-401 and meets the Arrearage Management Plan Principles outlined in Staff's memo. As such, Staff recommends that the Commission approve the Company's tariff as proposed in Advice Nos. 21-02 and 21-02A. The Company has reviewed this report and has no objection.

PROPOSED COMMISSION MOTION:

Approve Northwest Natural Gas Company's Advice Nos. 21-02 and 21-02A, which creates Schedule R, Residential Arrearage Management Program, effective with service rendered on and after May 3, 2021, and direct NW Natural to do the following:

1. Conduct a review with interested stakeholders on the implementation of NW Natural's Arrearage Management Program, with consideration given to modifying program offerings, no later than the time at which 50 percent of program funds have been committed; and

2. Host a workshop with interested stakeholders within 45 days of the Schedule R effective date on targeting outreach of its programs to communities and customers who have been disproportionately impacted by the COVID-19 pandemic.