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March 4, 2025

NWN OPUC Advice No. 25-03

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 301 – Public Purposes Funding Surcharge

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 May 1, 2025.

Thirteenth Revision of Sheet 301-1	Schedule 301	Public Purposes Funding Surcharge
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Purpose

The purpose of this filing is to revise Schedule 301, Public Purposes Funding Surcharge, to update the rate to resume collections for Schedule 320, Oregon Low-Income Energy Efficiency (OLIEE) Programs. As explained below, OLIEE collections were temporarily paused, effective January 1, 2024.

Background

OLIEE Overview

OLIEE provides funding for weatherization projects, high-efficiency gas equipment and energy education services for NW Natural gas customers who qualify as low income. The weatherization work is done in partnership with Community Action Agencies and approved service providers. OLIEE funds are delivered through two programs: (1) Community Action Program (CAP) and the (2) Open Solicitation Program (OSP). The OSP amplifies funding opportunities for certain types of dwellings, tenant profiles, investments and projects that fall outside of CAP parameters. OLIEE programs provide cost-effective, 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. It serves as a funding vehicle or tool to unlock, expedite, and streamline the delivery of energy efficiency projects that help low-income customers reduce energy usage, save money and live in healthier homes.

OLIEE Funding Overview

NW Natural has collected public purpose funding for the OLIEE program since October 2002. Collections are based on a percentage of total energy use billed from Oregon's residential and commercial customers. Due to a recognized need, increase in project potential, project costs, and measures, the collection rate was adjusted in the 2019-2020 program year from 0.55% to 0.85% starting January 1, 2020. Shortly after the increase in funding occurred, shutdowns began across the country 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 pace initially intended or planned. These shutdowns along with supply chain delays further exacerbated the lack of project completions and increased the program carryover. As a result, the increased program fund balance prompted the Company to propose pausing collections. NW Natural filed Advice No. 23-25, docketed as ADV 1562, which was approved by the Commission on its December 28, 2023 Public Meeting.

Resuming OLIEE Collections

As pandemic restrictions and supply chain issues eased, NW Natural has focused on reducing the OLIEE fund balance by expanding the program’s reach to better serve more customers. Enhancements made in the delivery of our programs resulted in increases in holistic project completions, an expanded network of partners delivering these services, improved program reach to include customers up to 80% of average median income, and robust energy education and outreach. The program allows for a 10% allocation toward energy education, enabling NW Natural and its partners to host workshops, attend outreach events, and distribute materials that empower customers with knowledge on energy efficiency and cost-saving strategies. This educational aspect ensures that households not only receive efficiency upgrades but also develop the skills and awareness needed to manage their energy use effectively. These enhancements were made in collaboration with the OLIEE Advisory Committee and in response to feedback from partner CAP agencies.

As a result, spending has increased over the past two years, and augmented by the temporary pause in funding, reduced the fund balance as shown in the table below, reflecting NW Natural’s commitment to:

- Expanding customer outreach and program accessibility
- Funding of health, safety, and repair measures related to deferred maintenance.
- Prioritizing and enhancing the longevity and sustainability of energy efficiency measures installed.

OLIEE Financials 2020-2024				
Program Year	Spend	YoY Spend % change	Carryover Balance	YoY Carryover % change
PY 2020-2021	(\$2,182,016)		\$2,618,341	
PY 2021-2022	(\$2,288,165)	5%	\$3,387,451	29%
PY 2022-2023	(\$3,878,048)	69%	\$11,583,179	242%
PY 2023-2024	(\$6,881,082)	77%	\$8,599,858	(26)%

The balance of the OLIEE fund at the end of 2024 was approximately \$8.6 million. The forecast for the 2024-2025 program year is \$9.25 million. A return to regular OLIEE collection funding will maintain program momentum and financial sustainability. Resuming collections will be critical to support ongoing initiatives, including energy efficiency projects through OSP, health and safety measures, and customer outreach. NW Natural’s administration costs for OLIEE were 2.3% of the overall program expenditures for the last program year. Low administration costs mean more of the money goes back to the community.

OLIEE Impact

OLIEE goes beyond traditional energy efficiency upgrades by funding essential repairs such as mold mitigation, electrical panel upgrades, roof repairs, plumbing, and structural improvements like

drywall, siding, and windows. These repairs are not just about improving living conditions; they directly enhance the effectiveness and longevity of energy efficiency measures, ensuring that investments in insulation, HVAC upgrades, and other improvements yield lasting benefits.

In a recent impact evaluation of OLIEE, NW Natural's third-party evaluator, ADM, determined through a billing analysis that OLIEE participants save an average of 16-19% on their energy bills, along with an average annual arrears reduction of \$213. Moreover, OLIEE fills a crucial gap by covering energy efficiency measures not included in other income qualified programs—such as high-efficiency windows and thermal doors. These measures significantly contribute to reducing energy consumption and lowering utility bills for vulnerable households.

Beyond direct customer benefits, OLIEE also supports the community-based organizations and agencies that administer the program, recognizing the administrative costs associated with outreach, project management, and compliance. These organizations are the backbone of program delivery, ensuring that funding reaches those in need while also fostering community engagement.

Now more than ever, due to the uncertainty of federal funding, our community partners need a diversified pool of funds to deliver these essential services to our customers.

Proposed Changes

NW Natural proposes to resume the OLIEE collection rate of 0.85% for residential and commercial customers subject to Schedule 301 effective May 1, 2025. This funding level is expected to collect approximately \$7.5 million in funding annually. The effect of this filing is to increase the average residential bill by about \$0.71 per month and the average small commercial bill by about \$2.65 per month. The attached Exhibit A provides worksheets demonstrating the calculation of the rate and impact this will have on customer bills.

In compliance with OAR 860-022-0025, NW Natural provides the following table of customer impacts of the proposed changes in this filing.

Class	Rate Schedule	Customers	Average Monthly Bill Change (\$)	Average Monthly Bill Change (%)
Residential	Schedule 2	640,507	\$0.71	0.85%
Commercial	Schedule 3	59,212	\$2.65	0.85%
Commercial	Schedule 27	1,685	\$0.44	0.85%
Commercial Firm Sales	Schedule 31	658	\$20.66	0.85%

There is no change in the Company's operating revenue as a result of this filing.

Conclusion

NW Natural respectfully requests that the Commission approve the proposed revisions of the enclosed tariff sheet to become effective with service on and after May 1, 2025.

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.

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

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Respectfully submitted,

/s/ Rebecca Trujillo

Rebecca Trujillo
Regulatory Consultant

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Thirteenth Revision of Sheet 301-1
Cancels Twelfth Revision of Sheet 301-1

SCHEDULE 301 PUBLIC PURPOSES FUNDING SURCHARGE

PURPOSE:

To specify the method of billing of a Public Purposes surcharge that is to fund public purposes activities to be administered through one or more independent entities. Public purposes activities include, but may not necessarily be limited to, energy efficiency programs, market transformation programs, residential low-income energy efficiency programs, and residential low-income bill payment assistance programs designed to benefit Residential and Commercial Customers within NW Natural's service territory in Oregon.

APPLICABLE:

To Residential and Commercial Customers served on the following Rate Schedules of this Tariff:

Residential	Commercial
Rate Schedule 2	Rate Schedule 3 (03CSF)
	Rate Schedule 27 (27R)
	Rate Schedule 31 (31CSF)

ADJUSTMENT TO RATES: Effective: May 1, 2025

(C)

A Public Purposes surcharge will be assessed on the total energy use billed (the total of the Customer Charge plus the per therm usage charges) and shown as a line item on each customer's monthly bill as follows:

Residential: 4.41% of the total energy use billed

(I)

Commercial: 3.66 of the total energy use billed

(I)

The funds collected from such Public Purposes surcharge shall be allocated to specific separate accounts to fund the specified public purposes program(s) as follows:

RESIDENTIAL:

2.81% will support public purpose funding for **Schedule 350** energy efficiency programs delivered and administered by the Energy Trust of Oregon (Energy Trust).

0.75% will support public purpose funding for **Schedule 310** low-income bill payment assistance activities.

0.85% will support public purpose funding for **Schedule 320** low-income energy efficiency activities.

(I)

COMMERCIAL:

2.81% will support public purpose funding for **Schedule 350** energy efficiency programs delivered and administered by the Energy Trust.

0.85% will support public purpose funding for **Schedule 320** low-income energy efficiency activities.

(I)

(continue to Sheet 301-2)

Issued March 4, 2025
NWN OPUC Advice No. 25-03

Effective with service on
and after May 1, 2025

NW Natural
Rates & Regulatory Affairs
OPUC Advice No. 25-03 - Public Purpose Charges
Oregon Bill Impacts of 2025 Public Purpose Charges

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	Monthly bill <u>w/out PPC</u>	OLIEE related <u>PPC charge</u>	Monthly bill <u>w/ PPC</u>
<u>Residential</u>			
Current Bill (OLIEE PPC = 0.00%)	\$82.99	\$0.00	\$82.99
Proposed Bill (OLIEE PPC = 0.85%)	\$82.99	\$0.71	\$83.70
\$ Change		\$0.71	\$0.71
% Change			0.85%
RS2 using average therms/month:	55		
<u>Commercial</u>			
Current Bill (OLIEE PPC = 0.00%)	\$311.62	\$0.00	\$311.62
Proposed Bill (OLIEE PPC = 0.85%)	\$311.62	\$2.65	\$314.27
\$ Change		\$2.65	\$2.65
% Change			0.85%
RS3 using average therms/month:	251		
<u>Notes:</u>			
Current Bill (OLIEE PPC = 0.00%)			
Proposed Bill (OLIEE PPC = 0.85%)			

**NW Natural
 Schedule 301**

OLIEE-Related PPC Calculation

Schedule	customers	Estimated collection for tracker year	Addition for new PPC charge	Current average bill with new PPC	Current average bill with old PPC	Total % Bill Change
2R	640,507	\$ 638,309,183	\$ 0.71	\$ 83.70	\$ 82.99	0.85%
27 dry-out	1,685	\$ 1,035,719	\$ 0.44	\$ 51.98	\$ 51.54	0.85%
3C Firm Sales	59,212	\$ 221,742,636	\$ 2.65	\$ 314.27	\$ 311.62	0.85%
31C Firm Sales	658	\$ 18,893,719	\$ 20.66	\$ 2,451.75	\$ 2,431.09	0.85%
Total expected collection		<u>\$ 879,981,257</u>				
PPC 1 year		<u>\$ 7,479,841</u>				
Proposed OLIEE PPC Rate		0.85%				
Current OLIEE related PPC		0.00%				
Change		0.85%				