

# Our Communities, Our Customers

## We Grew Up Here

We've operated for over 160 years with a focus on investing in and interacting with our communities. We're a key employer and an essential service provider, and we look for ways to lead beyond our walls, with programs to assist our most vulnerable community members, robust support for local nonprofits, and substantial civic involvement.



# Caring for Our Customers

## Superior Service and Customer Satisfaction

It is not just what we do, but how we do it. We owe our continued success to our customers and our dedicated employees, who live NW Natural's core value of service every day.

In 2020, our customer service center answered more than 800,000 calls, and our service technicians, along with other field resources, responded to about 210,000 requests. Our internal customer satisfaction survey continued to show high satisfaction ratings<sup>21</sup> among contacted customers:

**93%** OF CUSTOMERS SATISFIED WITH SERVICE TECHNICIANS

**89%** OF CUSTOMERS SATISFIED WITH PHONE REPRESENTATIVES

**77%** OVERALL SATISFACTION WITH NW NATURAL CUSTOMER SERVICE

## Among the Best in the West and the U.S. in J.D. Power Study

Thanks to our customers, NW Natural scored second in the West for large utilities in the 2020 J.D. Power Gas Utility Residential Customer Satisfaction Study. In a year when our customers needed us more than ever, we received the second highest score in our history. We continue to be a customer favorite, placing in the top two for the seventeenth time in the West large segment, which represents utilities serving 500,000 or more residential customers.



NW Natural also scored in the top 10 in the nation among large gas utilities, which it has done every year for 18 years since it began participating in the study. The study measures residential customer satisfaction with natural gas utilities across six categories: safety and reliability; billing and payment; price; corporate citizenship; communications; and customer service.

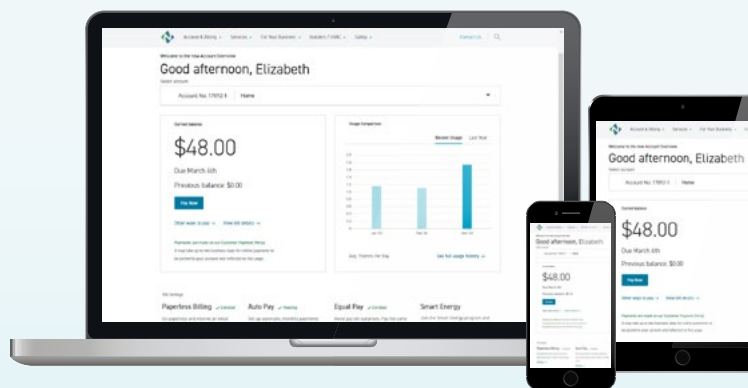
## Customer Champion in Escalent Study

NW Natural placed second among all electric, combo, and gas utilities in the nation as well as the West in the 2020 Syndicated Utility Trusted Brand & Customer Engagement™ Residential study by Escalent (formerly Cogent), earning NW Natural the designation of Customer Champion. The study goes beyond J.D. Power customer-satisfaction scores to gauge the level to which customers want to do business with utility brands. It benchmarks and trends performance of the largest 140 utilities on the Engaged Customer Relationship (ECR) score, a composite index of service satisfaction, brand trust and product experience performance based on customer interviews.

<sup>21</sup> Percentage of customers rated us either 9 or 10 on a 10-point scale, where 1 means poor and 10 excellent. Note: the methodology for this study switched from telephone to web beginning in July 2020. As expected, the scores declined modestly as people tend to provide more candid feedback online than when talking to a human interviewer.

## A Great Customer Experience on Any Device

Excellent service includes investing in easy-to-use customer-facing technology. In October 2020 NW Natural launched a new website that customers can access from a smartphone, tablet or computer and is designed to give customers a seamless experience on any device. The redesigned nwnatural.com was developed with input from customers to create an experience tailored to their needs. It features a modern design, faster response times, new options for security and self-service, and a dashboard that makes it easy for customers to manage their account in one spot. Mobile users – who account for half the traffic to the website – now have access to 100% of the content available on nwnatural.com. With accessibility features such as keyboard navigation, larger font sizes, and transcripts available for videos, the site can serve a more diverse set of customers. Concurrent with the website launch, NW Natural rolled out an improved Interactive Voice Response (IVR) system for people who call in, as well as an online payment processing system that gives customers new features and options.



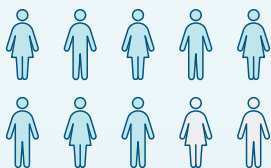




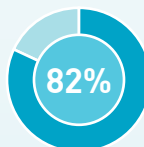
## Homebuyers Have a Strong Preference for Natural Gas

In December 2020, we engaged Escalent to conduct an independent study to understand homebuyers' energy preferences in our service territory. The result: local homebuyers favor—and will pay more for—homes with natural gas. Buyers recognize that natural gas is affordable and efficient, prefer it to electricity for heating and cooking, and consider it a key feature when looking for their “ideal” single-family home.

### RESEARCH CONFIRMS A STRONG PREFERENCE FOR NATURAL GAS



**8 IN 10 PROSPECTIVE HOMEBUYERS SAY NATURAL GAS IS PREFERABLE TO ELECTRICITY FOR HEATING AND COOKING**



**WOULD PAY \$50,000 MORE FOR NATURAL GAS**



**83% CHOOSE A NATURAL GAS HOME**

Source: Escalent December 2020 Study

# Clean, Affordable Natural Gas

Natural gas is the most affordable utility bill our customers have. We maintain a constant focus on efficient operations as we strive to keep our service affordable for our customers.

## REDUCTIONS IN BILLS OVER THE LAST 15 YEARS

**39% ↓**  
RESIDENTIAL BILLS

**43% ↓**  
SMALL COMMERCIAL BILLS

## RESIDENTIAL AVERAGE MONTHLY UTILITY BILLS

Natural Gas <sup>22</sup>	Electricity for Home that: <sup>23</sup>		Water & Sewer <sup>24</sup>	Cell Phone <sup>25</sup>
Gas Space & Water Heating	Has Gas Space & Water Heating	Is an All-Electric Home		
\$60	\$58	\$147	\$102	\$148
\$118				

Today, our customers are paying about 40% less for natural gas than they did 15 years ago. Affordability of natural gas utility bills depends on the wider economic dynamics of our service territory, the cost of the natural gas commodity, and the efficiency with which we operate our organization.

The Portland metro area continues to be one of the most affordable cities on the West Coast, and the commodity cost for natural gas has been declining over the last decade, due to technology advancements that have made the U.S. the world's largest supplier of natural gas.

**110 YEARS**

**NATURAL GAS SUPPLY AVAILABLE TO MEET U.S. ENERGY NEEDS<sup>26</sup>**

NW Natural works to maintain affordability by focusing on effective and efficient operations. A typical monthly gas bill for a residential customer using 50 MMBtu or 100 MMBtu of gas delivered per year is \$45.32 and \$82.65, respectively.

In June 2020, NW Natural issued a record \$17 million in bill credits in Oregon. The average residential customer in Oregon received a credit of about \$16.88, which equates to savings of 30% of an average monthly bill. With so many people facing financial challenges due to COVID, it was an excellent time to share these cost savings. The credits resulted from services provided at the company's underground natural gas storage facility at Mist, Oregon, as well as from efficient pipeline capacity management. Bill credits in 2020 were a record for customers, reflecting the first full year of an updated revenue-sharing mechanism with the Oregon Public Utility Commission. For the past 16 years, NW Natural has issued nearly \$160 million in bill credits to Oregon customers.

## NW NATURAL GAS UTILITY STATS

Sector	Customers (as of 12/31/2020)	Gas Delivered (During 2020)		Natural Gas Rate (Weighted Average Rates from 11/1/20 – 10/31/21)	
		THERMS	MMBtu	VARIABLE RATE PER THERM	FIXED RATE PER MONTH
Residential	704,675	435,226,263	43,522,626	\$0.90	\$8
Commercial	68,713	242,044,737	24,204,474	\$0.79	\$25
Industrial	768	82,933,355	8,293,336	\$0.61	\$244
Transportation	320	382,692,436	38,269,244	\$0.11	\$889
<b>TOTAL</b>	<b>774,476</b>	<b>1,142,896,791</b>	<b>114,289,680</b>		

<sup>22</sup> Natural gas bill data for NW Natural customers with current rates and normal weather usage

<sup>23</sup> Electric bill information uses current rates in NW Natural's service territory and the Oregon Public Utility Commission Stat Book and other regional sources for usage information

<sup>24</sup> Water and wastewater bill is the average combined bill for a typical U.S. household over 50 municipalities in 2019 per Bluefield Data Insight Report, August 2020 average Oregon rates could differ from this

<sup>25</sup> Cell phone bill data is from J.D. Power's 2020 Oregon Wireless - Full Service Purchase Experience study for average bill for people that made a recent cell phone purchase

<sup>26</sup> Source: U.S. Energy Information Administration - Natural Gas Data

# Caring for Our Communities

Our communities are the key stakeholders in our business. They are our customers, our neighbors, and our family and friends. Community matters are overseen by our Public Affairs and Environmental Policy Committee of our board of directors. Our VP of public affairs and sustainability is the NW Natural executive tasked with primary responsibility for community and government affairs and community involvement.

## Stakeholder Engagement

We value our stakeholders and the communities we serve, and that is why we actively seek a broad range of perspectives in our decision-making processes. Our senior management and board of directors use feedback received through our various outreach activities to help inform our business strategy and decisions. Our community of stakeholders starts with our employees and extends to our customers, business partners, suppliers, organized labor unions, shareholders, lenders, financial analysts, regulators, government officials, community leaders, the media and nonprofits and other organizations.



We regularly engage with stakeholders to provide ongoing opportunities for communication, discussion and collaboration, with the goal of informing business decisions through meaningful dialogue. As a regulated utility, we remain transparent through our ongoing meetings, workshops and proceedings before the public utility commissions in the states in which we do business. In addition, approximately every two years, we develop our integrated resource plan (IRP), a strategic plan designed to demonstrate how we will meet our customers' energy needs now and into the future while fulfilling our commitment to help the region achieve important climate goals. The IRP is developed through a process open to the public, informed by feedback and a formal review by a diverse set of interested parties, and is ultimately filed with the public utility commissions that regulate our business.

### NOTABLE ENGAGEMENTS IN 2020

- Moved customer surveys to an online format, allowing us to reach more customers overall and receive input from a broader demographic; as a result, we were able to survey approximately 3,650 residential customers in 2020
- Published our inaugural Environmental, Social and Governance Report, helping a variety of stakeholders understand the important work we've been doing in these areas
- Participated in ongoing policy, potential renewables project and climate action planning discussions at the federal, state and local level, and worked with elected officials, community leaders and nongovernmental organizations to share our low carbon pathway goals and pipeline decarbonization strategies
- Successfully engaged with stakeholders in connection with rulemaking under Oregon Senate Bill 98, which allows us to acquire renewable natural gas for our customers
- Established an arrearage management program, allowing up to 1% of our 2019 retail revenues to be used for grants to support our residential customers during the pandemic

Service ethic is one of our core values, and a way we foster this value is by engaging regularly with customers through satisfaction surveys and our website, newsletter and social media channels. Our Government Affairs team regularly solicits feedback from governments, legislators, nonprofit organizations and community members on important issues, trends and policies so we can be responsive to the communities we serve. We also engage with our communities through partnership, programs and philanthropic support of nonprofit organizations that provide essential services. In 2020, increased need associated with the pandemic resulted in additional direct engagement with nonprofits serving those most vulnerable.

We aim to be the employer of choice and engage with employees through a wide variety of channels such as internal and external websites, meetings and events, communications and surveys, including our annual engagement survey. In 2020, we also engaged more frequently via "pulse" surveys and other means in order to attend to employee concerns related to COVID. We have a hotline, maintained by a third party, available for our employees, our communities or anyone else to anonymously raise concerns.

## Bill Payment Assistance

As a partner in the communities we serve, we care deeply about equity and we provide a variety of programs to financially assist our most vulnerable community members.

We work with multiple organizations and agencies to help low-income customers pay their bills and stay warm. **More than \$4.1 million was disbursed to over 10,000 households in need during the 2020 program year.** In March 2020, due to COVID, we voluntarily suspended late fees and customer disconnections. The suspension of disconnections for nonpayment continued until summer 2021 for the majority of our residential customers, and we resumed our normal processes for the majority of our commercial and industrial customers in December 2020. To support customers during the pandemic, we provided more flexible payment arrangements to our residential, commercial, and industrial customers. In the spring of 2021, prior to resuming residential disconnection for nonpayment, we began offering an arrearage management program for our residential customers. This program allows NW Natural to provide up to 1% of our 2019 retail revenues to be used for grants to our customers to help reduce their balance and avoid disconnection. In 2020 prior to the pandemic, about 0.5% of our residential customers were disconnected for nonpayment, and 77% of those customers were reconnected to the gas system within 20 days.

Customers and shareholders contributed \$160,000 to NW Natural's Gas Assistance Program (GAP) in 2020 to help the most vulnerable low-income families and seniors in our communities cover heating costs. **Since GAP began in 1982, it has raised more than \$6.5 million for community-action agencies to distribute directly to those in need. NW Natural covers the program's administrative costs so 100% of the funds raised can be donated. GAP supplements federal and state assistance programs.**

## Low-Income Energy-Efficiency Programs

For many customers, upgrading to energy-efficient equipment is too costly. The Oregon and Washington Low-Income Energy-Efficiency Programs paid for by public purpose charges, help income-qualified customers weatherize and upgrade to high-efficiency equipment.

### PROGRAMS TO ASSIST CUSTOMERS

- Suspension of disconnections during extreme winter weather events, prolonged periods of extreme cold and the winter holidays
- Time Payment Agreements (TPAs) that allow customers to pay a portion of their bill to avoid disconnection
- Energy assistance programs that provide funding to our low-income customers
- Installment payment plans
- Medical exemptions for our customers with certificates from their doctors
- Arrearage management program for residential customers affected by the pandemic

Households earning less than 200% of the federal poverty level can receive assistance at no cost. Improvements include caulking and sealing, insulation, window upgrades and furnace tuneups or replacements.

In 2020, NW Natural added \$1.7 million to the energy-efficiency funds dedicated to low-income customers in Oregon and now provides \$4.8 million total each plan year. Funding goes toward weatherization projects and deeper energy-efficiency upgrades, reaching additional low-income households and supporting the development of new programs each year. The expansion to reach more households faster is made possible by establishing new partnerships with affordable-housing agencies, serving multifamily properties in addition to single-family homes, and allowing low-income customers to access Energy Trust of Oregon efficiency incentives.



**248 OREGON PROJECTS**

**SAVING OVER 68,000 THERMS  
OR 6,800 MMBTU**



**8 WASHINGTON PROJECTS**

**SAVING ABOUT 21,100 THERMS  
OR 2,110 MMBTU**



**20% REDUCTION**

**AVERAGE ANNUAL  
GAS USAGE REDUCTION**



## Helping Homes for Good

Homes for Good in Eugene, Oregon, serves as a hub for affordable housing and owns 700 low-income units it operates on a limited maintenance budget. In 2020, when the centralized water heaters started to fail in a 150-unit building for low-income seniors and people with disabilities, NW Natural was ready to help out. The company contributed engineering expertise toward system planning and covered the full cost of purchasing and installing new water heaters, as well as upgraded water and natural gas piping. This project was the first of its kind for NW Natural, which had previously provided services like these only to low-income residents of single-family homes.

In 2021, NW Natural is working on a plan to support Homes for Good's weatherization program, which helps income-qualified homeowners and renters reduce energy use in their homes with services and upgrades such as duct sealing, heating-equipment repairs, insulation and improved ventilation.



**"We are beyond grateful for our partnership with NW Natural."**

— Ela Kubok, Homes for Good communication director

## Charitable Donations

NW Natural gave \$0.9 million to local nonprofits in 2020 through our shareholder-funded corporate philanthropy fund. These funds go to more than 250 organizations and focus on the needs and resiliency of children and families at risk, with additional support for education and health; diversity, equity and inclusion; environmental stewardship; and arts and culture.

Our corporate giving values and guiding principles reflect those of NW Natural. Diversity, equity and inclusion guide our priorities for giving, and we believe they are core to the success of our business. We're committed to working with the community to improve outcomes for people who face barriers based on racial, social, economic and geographic inequalities. That's why we prioritize requests from organizations that demonstrate actions, programming and practices that align with a commitment to DEI principles.

While many companies pared down or suspended their philanthropic contributions in 2020, we emphasized giving. Our partner nonprofits needed us to be flexible as they navigated the pandemic, and we tailored our giving to their needs,

## NW NATURAL GAVE OVER \$0.9 MILLION to local nonprofits in 2020 through our shareholder-funded corporate philanthropy fund.

demonstrating NW Natural's longstanding commitment to being a caring neighbor our communities can rely on.

### Spirit of Giving

Even while working apart, NW Natural employees came together to support our communities in 2020. Responding to the great needs they saw, they stepped up multiple times and gave generously to local nonprofits. Employees and retirees gave \$175,000 to their favorite nonprofits through the company's annual Spirit of Giving campaign and a special COVID giving opportunity. They answered the call to support local nonprofits helping people most vulnerable to COVID, donated to a relief fund to help NW Natural employees and others affected by wildfires in the Northwest, and over Christmas they provided aid to customers in the Hood River area who suffered an extensive outage from a car crashing into a Williams Northwest Pipeline facility that delivers gas to NW Natural's system. NW Natural also redirected in-kind donations it typically makes to the community by providing food through its food service department and use of its meeting space to causes in immediate need due to COVID. Donations were matched by the Corporate Philanthropy Fund, for a total impact of \$350,000, a record amount and a significant increase over the \$300,000 that was raised in 2019 through the Spirit of Giving campaign.

# Top 10 Employee-Supported Nonprofits in 2020

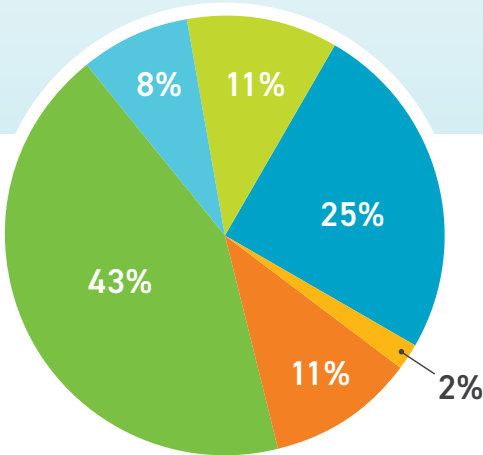
## BASED ON THE NUMBER OF EMPLOYEE CONTRIBUTIONS:

- |                                       |   |
|---------------------------------------|---|
| 1. Oregon Food Bank                   | 6. Oregon Community Warehouse   |
| 2. Portland Homeless Family Solutions | 7. A Village for One  |
| 3. Meals on Wheels                    | 8. American National Red Cross  |
| 4. Oregon Humane Society              | 9. CASA for Children  |
| 5. Janus Youth Programs               | 10. Black United Fund of Oregon/United Way of the Columbia-Willamette |



## 2020 CORPORATE CONTRIBUTIONS BY CATEGORY

- Families & Children in Crisis
- Youth Services & Education
- Diversity Equity & Inclusion
- Environmental Stewardship
- Arts & Culture
- Civic



## Dollars for Doers

NW Natural employees are committed to serving, and they volunteer in their communities every day. Each year, the Dollars for Doers program invites employees to apply for contributions for the nonprofits they serve as volunteers. The program, funded with shareholder dollars through the corporate philanthropy fund, is one of the ways NW Natural supports our culture of caring and the good work employees do in the community. Though 2020 offered fewer opportunities for in-person volunteering, employees found new ways to volunteer in their communities. Employees assisted nonprofits with research, created remote learning opportunities for children, set up COVID safety protocols for the nonprofits, and even played key roles in helping with overhauls of nonprofit fundraisers in a new format.



TOP: Willa Proby chaired the March of Dimes' March for Babies Portland walk in 2019 and 2020. BOTTOM: Marilyn Webber long-time volunteer with the Oregon Humane Society.

32	NUMBER OF 2020 GRANTS	457	AVERAGE EMPLOYEE HOURS VOLUNTEERED PER MONTH	5,478	TOTAL EMPLOYEE HOURS VOLUNTEERED IN 2020
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# 2020-2022 Programs of Focus

## Programs of Focus Going Forward

In 2019, NW Natural selected five nonprofit Programs of Focus for 2020 - 2022. The company is scheduled to give each organization \$35,000 annually for unrestricted operational support, plus in-kind resources and volunteer support from NW Natural employees. NW Natural made its scheduled contribution for 2020. With a focus on organizations that serve children and families at risk, recipients were chosen through a competitive process by a selection committee that included employees from across the company.



**A VILLAGE FOR ONE** empowers each member of the community to unite with others to heal the impact of commercial sexual exploitation on our youth and our community. It provides a safe and healthy environment for young people to heal physically, mentally and spiritually, along with training, outreach and advocacy.



**BONNEVILLE ENVIRONMENTAL FOUNDATION'S "CLEAN ENERGY. BRIGHT FUTURES"** program supports educator leadership, and seeks to illuminate energy career pipelines, eliminate opportunity gaps and inequitable access to these careers, and bring energy education to life in classrooms. In 2020, NW Natural worked with the program to begin developing a curriculum for teachers to educate their students about renewable natural gas and renewable hydrogen.



Melissa Moore (left) with Amy Paterson (right)

## Living NW Natural's Core Value of Caring

Melissa Moore, NW Natural's Corporate Communications Director in 2020, is dedicated to making life easier for parents who need childcare during medical appointments. In 2020 she was recognized as NW Natural's Volunteer of the Year for her decade of work as co-founder of My Little Waiting Room, which offers free, trustworthy drop-in childcare for parents with medical appointments.

Moore founded the nonprofit in 2010 with her friend Amy Paterson, who was undergoing treatment for breast cancer and having difficulty finding someone to care for her toddler during her appointments. Since then, My Little Waiting Room has served families during more than 60,000 visits, and the organization now has operations at two hospitals in Portland, Oregon. Sadly, Paterson passed away in 2018, but Moore serves as board chair and keeps My Little Waiting Room true to its mission to provide a place "Where Children Thrive as Families Heal." She embodies NW Natural's core value of caring and our spirit of giving.



**COMMUNITY WAREHOUSE** is the only furniture bank serving the greater Portland area. Its mission is to provide essential household furnishings to neighbors in need, creating stronger homes and brighter futures for all. It has grown dramatically since it was first organized in the mid-1990s.



**JANUS YOUTH PROGRAMS** serves more than 6,000 at-risk children, youth and families each year, providing a second chance for kids who have few resources and no place to turn for help. Since it was founded in 1972, Janus has become one of the largest nonprofits in the Northwest, operating more than 40 different programs in Oregon and Washington.



**PORTLAND HOMELESS FAMILY SOLUTIONS** empowers homeless families with children to get into housing and stay long term. It envisions a community where no family experiences homelessness and where every family receives the support and compassion necessary to thrive.

## Paperless Signups Support Foster Kids

To thank our many customers who receive paperless bills, NW Natural shareholders donated \$5,000 to CASA (Court Appointed Special Advocates), a nonprofit dedicated to ensuring local children in foster care have someone to advocate in court for their best interests. The support came at a time when the organization was preparing for a surge in the number of children entering foster care as a result of stressors facing many families at home during the pandemic. NW Natural donated an additional \$5,000 to acknowledge new paperless enrollments between March 1 and July 1. The result: 4,673 customers enrolled in paperless billing, CASA received \$10,000, and NW Natural was able to highlight the organization's work in addition to reducing consumer waste and helping the environment.



## Political Contributions

NW Natural makes campaign contributions to state and local candidates and political committees and caucuses, as allowed by law. Our Code of Ethics sets forth our expectations regarding the use of company funds for political purposes. We also maintain memberships in various business and trade associations that advocate on public policy. In 2020 we made campaign contributions and had lobbying expenditures totaling \$285,000.<sup>27</sup>

### FOR MORE INFORMATION SEE ALSO:

- [Supporting our Community](#)
- [Bill Assistance Programs](#)

<sup>27</sup> Calculated using Internal Revenue Service guidance