

**Exhibit No. \_\_ (JGG-4T)**  
**Docket No. UG-170929**  
**Witness: Jennifer G. Gross**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION  
Complainant,

v.

CASCADE NATURAL GAS  
CORPORATION,

Respondent.

DOCKET UG-170929

**CASCADE NATURAL GAS CORPORATION  
REBUTTAL TESTIMONY OF JENNIFER G. GROSS**

**March 23, 2018**

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## I. INTRODUCTION

1 **Q. Are you the same Jennifer G. Gross who filed direct testimony in this proceeding on**  
2 **behalf of Cascade Natural Gas Corporation (“Cascade” or “Company”)?**

3 A. Yes, as Exhibit No. \_\_ (JGG-1T).

4 **Q. What is the purpose of your testimony?**

5 A. The purpose of my testimony is to present two items: 1) Cascade’s response to  
6 Washington Utilities and Transportation Commission Staff’s (Staff) recommendations  
7 regarding the Company’s low-income bill discount program as presented in the Response  
8 Testimony of Jing Liu; and 2) Cascade’s response to Public Counsel’s proposed  
9 adjustments to the Schedule 200, Miscellaneous Charges as discussed in the Response  
10 Testimony of David J. Panco of Staff and the Response Testimony of Carla A.  
11 Colamonici of Public Counsel.

12 **Q. Are you sponsoring any exhibits in this proceeding?**

13 A. Yes. I sponsor Exhibit No. (JGG-5), which is Public Counsel’s response to the  
14 Company’s Data Request No. 1.

## II. LOW-INCOME BILL DISCOUNT PROGRAM

15 **Q. Please describe the Company’s current low-income bill pay assistance program.**

16 A. The Company currently has a program called the Washington Energy Assistance Fund  
17 (WEAF) program that offers qualifying low-income customers a lump sum grant of up to  
18 \$500 per program year that is applied to the customer’s natural gas account. Community  
19 Action Agencies (CAAs) determine customer eligibility to participate in the program and  
20 determine the appropriate grant amount for each applicable customer.

21 **Q. Did the Company propose any changes to its WEAF program in its direct testimony**  
22 **filed in this case?**

23 A. No. In the Direct Testimony of Michael Parvinen, the Company stated it was not  
24 proposing any modifications since the program changes adopted as part of the

1 Company's last general rate case, Docket No. UG-152286, had been in effect for less  
2 than a year at the time of the Company filed its direct testimony in this case.<sup>1</sup>

3 **Q. Did any parties propose to change the WEAFF Program?**

4 A. Yes. Staff witness Jing Liu proposed replacing the Company's grant-based financial  
5 assistance program with a bill discount program. Ms. Liu's proposed bill discount  
6 program would provide qualifying, low-income customers with a 30 percent bill discount  
7 rate if the customer has received LIHEAP on their natural gas bill in that program year or  
8 a 50 percent bill discount rate if the customer has not received LIHEAP on their natural  
9 gas bill in that program year.<sup>2</sup>

10 **Q. Why did Ms. Liu propose changes to the WEAFF program?**

11 A. Ms. Liu states that "the way CAA's calculate the WEAFF for income-qualified households  
12 allows for over-subsidization of a significant number of customers."<sup>3</sup> Ms. Liu goes on to  
13 state that the practice of issuing grants that are higher than they need to be depletes the  
14 limited resources available to the WEAFF program and potentially prevents other  
15 customers from receiving WEAFF grants.<sup>4</sup>

16 **Q. Does the Company agree with Ms. Liu's reasoning for proposing changes to the**  
17 **WEAFF Program?**

18 A. Yes. Cascade shares Ms. Liu's concerns about the potential for over-subsidization and  
19 the potential result that over subsidization will diminish the limited funding that might  
20 otherwise be available for other qualified low-income customers.

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<sup>1</sup> Direct Testimony of Michael Parvinen, Exh. No. MPP 1T at 11:5-15.

<sup>2</sup> Response Testimony of Jing Liu, Exh. No. JLL-1CT at 43.

<sup>3</sup> Response Testimony of Jing Liu, Exh. No. JLL-1CT at 34:4-5.

<sup>4</sup> Response Testimony of Jing Liu, Exh. No. JLL-1CT at 34:5-8

1 **Q. Has the WEAF Advisory Group discussed formalizing the way grants are**  
2 **determined under the WEAF Program?**

3 A. Yes. As Ms. Liu mentioned, she sent two proposals to the WEAF Advisory Group and  
4 requested comments.<sup>5</sup> The proposals were discussed at the April 19, 2017, WEAF  
5 Advisory Group meeting. The WEAF Advisory Group decided to form a subcommittee  
6 to review the proposals. The subcommittee was scheduled to meet several times, but  
7 each meeting was canceled due to an inability for participants to find an agreeable time to  
8 meet.

9 **Q. Does the Company support Ms. Liu's proposed rate discount program?**

10 A. For the most part, yes. Cascade believes Ms. Liu presented a very thoughtful and well  
11 supported proposal. The Company is not able to implement two specific program  
12 parameters proposed by Ms. Liu, which are described in greater detail below. However,  
13 the Company generally supports Ms. Liu's proposal.

14 **Q. Please explain which charges would be subject to a bill discount under Ms. Liu's**  
15 **proposal.**

16 A. Ms. Liu describes the application of the discount as follows:

17 The bill discount that I propose should apply to the basic service charge, margin  
18 rate, and gas cost rate. The discount could also be applied to adder schedules (for  
19 example, conservation, surcharges) to the extent that it is technically feasible to  
20 implement it in the Company's billing system. The bill discounts should not,  
21 however, be applied to miscellaneous charges and one-time charges such as  
22 customer deposits, disconnections, and re-connection fees, non-sufficient funds  
23 check fees, field visit charges, new premise charges, etc.<sup>6</sup>

24 **Q. Does the Company agree with Ms. Liu's proposed application of the discount?**

25 A. Yes. The Company agrees that a discount should be applied to the basic service charge,  
26 the delivery charge, the margin rate, and all adjustment schedules but not to non-  
27 recurring charges (miscellaneous charges) and deposits. It is reasonable to discount the

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<sup>5</sup> Response Testimony of Jing Liu, Exh. No. JLL-1CT at 44:1-9.

<sup>6</sup> Response Testimony of Jing Liu, Exh. No. JLL-1CT at 44:19-23 and 45:1-2.

1 recurring charges for monthly gas service because these costs represent customers'  
2 energy burden—the cost to heat their home—and lowering customers' energy burden is a  
3 goal of the WEAFF program.<sup>7</sup> On the other hand, the miscellaneous charges are not part  
4 of the customer's energy burden; these charges that are incurred for delinquent payment  
5 behavior or non-payment. Miscellaneous charges are intended to be a disincentive for  
6 late or missing payments. Customers can either pay or seek assistance to pay their bills  
7 in a timely manner to avoid these charges.<sup>8</sup> Discounting these fee amounts would  
8 inappropriately eliminate the price signal, or the incentive to avoid the charge.

9 **Q. On pages 50-52 of her testimony, Ms. Liu lists six parameters for her proposed bill**  
10 **discount program. Please list and comment on each parameter.**

11 A. Below are the six parameters Ms. Liu proposes for the bill discount program followed by  
12 the Company's comments on each parameter:

13 *1. Cascade must provide CAAs with the Customer's most recent 12-month bill history*  
14 *without reducing it by energy assistance.*

15 The Company can accommodate this parameter. The Company is able to modify  
16 the web portal that CAAs use to access customers' 12-month billing histories so that the  
17 CAA will be able to see the amount the customer would have otherwise paid if that  
18 customer had not been on a discount rate.

19 *2. CAAs must provide customers with LIHEAP support if the customer is eligible and if*  
20 *LIHEAP is applicable.*

21 The Company appreciates the intent of this parameter, which is to ensure that  
22 customers receive a federal benefit if they qualify so that WEAFF is a supplement (and not  
23 a substitute) for LIHEAP, but neither the Company nor the Commission can enforce it as

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<sup>7</sup> Four program goals were adopted for the WEAFF program in the Settlement Agreement to the Company's 2015 general rate case, UG-152286. The third goal is "Lower the energy burden of program participants."

<sup>8</sup> The Company's Winter Help program is a bill assistance program available to low income qualified customers regardless of whether or not they qualify for LIHEAP or have already received their allotted annual LIHEAP benefits.

1           neither the Company nor the Commission has authority over the CAAs' administration of  
2           LIHEAP funds.

3           *3. The program will allow CAAs to certify customers with stable income every two years*  
4           *instead of requiring certification every year.*

5           The Company believes this is a helpful parameter. Allowing certain customers,  
6           whose financial situation is unlikely to change, to enroll in the bill discount rate program  
7           for 24 rather than 12 months reduces the unnecessary administrative work of  
8           reauthorizing a customer the second year.

9           *4. Cascade shall explicitly note the expiration date of the discount benefit on the*  
10           *customer's bill, so the customer can renew the benefit in a timely manner.*

11           This is a complicated request. As proposed, customers might qualify and start  
12           receiving bill discount rate benefits on any business day of the year. Their benefits would  
13           last for either 12 or 24 months. The proposed bill message for a customer qualifying for  
14           benefits one day would have a different expiration date on it than the bill message for a  
15           customer qualifying for benefits the next day. Under this parameter, each bill message  
16           would be personalized. Doing this would require a level of flexibility that the  
17           Company's billing system cannot accommodate.

18           *5. A customer will not be eligible for the discount program if the customer has a credit of*  
19           *\$300 or more.*

20           The Company believes this is a reasonable parameter as it protects all other  
21           customers from over subsidizing low-income bill pay assistance participants. The  
22           Company can comply with this parameter by manually monitoring the customer's credit  
23           balance when it modifies a customer's account so that it receives the bill discount rate.  
24           This approach is consistent with how the Company enforces the \$300 credit limit on its  
25           current WEAFF program.

1           6. *The bill discount benefit will be capped at \$700, subject to Cascade's technical ability*  
2           *to implement such a cap in its billing system.*

3           The Company's billing system does not have the flexibility necessary to  
4           implement a bill discount benefit cap. Because the average residential customer's  
5           customer pays approximately \$569<sup>9</sup> per year for natural gas, the average residential  
6           customer on the 30 percent bill discount rate would be receiving a benefit of  
7           approximately \$171 a year, and the average residential customer on the 50 percent bill  
8           discount rate would be receiving a benefit of approximately \$285 a year. Since the  
9           average customer's benefit is so much lower than the proposed cap of \$700, the  
10          Company believes a \$700 cap on benefits would rarely be triggered and is unnecessary.

11 **Q. How does Ms. Liu propose that program funding would be collected?**

12 A. The amount discounted from bills and administrative fees paid to CAAs would be  
13 collected through an adjustment schedule, currently set up in the Company's tariff as  
14 Schedule 593, WEAFF Program Cost Recovery. The Company would file each year to  
15 adjust Schedule 593 to collect the budget amount for the program year less any carryover  
16 from the prior year. The budget amount would be no higher than the amount for the  
17 program year as adopted in Order No. 05 issued in UG-152286.<sup>10</sup>

18 **Q. Is Staff's proposal for the discount rate program funding recovery acceptable to the**  
19 **Company?**

20 A. Yes.

21 **Q. If Ms. Liu's proposed bill discount program were adopted, how soon would the**  
22 **Company be able to implement the proposed discount rate?**

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<sup>9</sup> See Exh. RJ-5, Column (c), Line 16 for average annual residential bill under current rates.

<sup>10</sup> Program year budgets were initially adopted in Commission Order No. 04 issued in Docket No. UG-152286. These amounts were increased by 15 percent plus a 5 percent soft cap in Order No. 05 issued in Docket No. UG-152286.



1 A. The Company believes it would take approximately two months to make the necessary  
2 changes to the Company's billing system and web portal to implement Ms. Liu's  
3 proposed bill discount rate and the billing system changes. However, as noted above, the  
4 Company's proposed implementation estimation does not include a program benefit cap  
5 or a unique bill message stating each customer's benefit expiration date, as the  
6 Company's billing system cannot accommodate these proposals. If a change were  
7 adopted by August 1, the Company believes it could offer a bill discount rate by October  
8 1, the beginning of the low-income bill pay assistance program year.

9 **Q. Does the Company see benefits of having a low-income discount rate rather than a**  
10 **grant program?**

11 A. Yes, the Company believes a discount rate could be a positive change for the program.

12 **Q. Please explain the benefits the Company believes would be experienced by**  
13 **converting its grant program to a low-income discount rate.**

14 A. The Company agrees with the benefits identified by Ms. Liu in her testimony<sup>11</sup> and offers  
15 its own summary of benefits:

- 16 • A discount rate would promote fairness by standardizing how CAAs distribute  
17 benefits.
- 18 • A discount rate would also prevent customers from accruing high credit balances on  
19 their accounts, or rather, being over-subsidized by other customers.
- 20 • A discount rate would be less administratively burdensome for CAAs as they would  
21 ensure a customer is income qualified but would no longer have to fill out a matrix to  
22 determine the amount of benefits a customer should receive.

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<sup>11</sup> Ms. Liu lists 9 benefits of the low-income discount rate program in her Response Testimony of Jing Liu, Exh. No. JLL-1CT, at 59-60.

1 • Customers participating in the program are guaranteed a steady stream of benefits all  
2 year-round, and customers with fixed incomes remain qualified for benefits for 24  
3 months instead of 12.

4 **Q. Does the Company see any drawbacks with this program?**

5 A. A discount rate does not address the immediate needs of a customer with a large  
6 arrearage, but the Company believes its donation and shareholder-funded, low income  
7 bill pay assistance program (Winter Help) could be used in a targeted way to address  
8 such situations.

9 **Q. Does the Company recommend that the Commission adopt Ms. Liu's proposed rate  
10 discount program?**

11 A. Yes, with the caveat that the program does not need to include a benefit cap of \$700 or a  
12 message on the bill stating the customer's program expiration date. If the Commission  
13 were to adopt this program change as part of its resolution of this rate case, Cascade  
14 anticipates that it could implement the new program with the start of the new program  
15 year on October 1, 2018.

#### IV. MISCELLANEOUS CHARGES

16 **Q. Please summarize the Company's proposal to increase certain Schedule 200,  
17 Miscellaneous Charges.**

18 A. In its Opening Testimony, Cascade requested the following increases to Schedule 200  
19 charges;

- 20 • Reconnection charge, regular business hours: increase from \$24 to \$28
- 21 • Reconnection charge, after hours: increase from \$60 to \$70
- 22 • Disconnect Visit Charge: increase from \$10 to \$12
- 23 • Returned Check Charge: increase from \$18 to \$21
- 24 • New Premise Charge: eliminate the fee
- 25 • Pilot Light Service Charge: increase from \$20 to \$24

1 Hereafter, I will generally refer to these charges as Miscellaneous Charges, though these  
2 charges do not include all fees published in Schedule 200 but are all the charges the  
3 Company is seeking to revise in this proceeding.

4 **Q. What was the basis for the Company’s requested increases to its Miscellaneous**  
5 **Charges?**

6 A. The Miscellaneous Charges have not been updated since 2007, and therefore, due to  
7 inflation, the Miscellaneous Charges do not reflect the same costs in real terms as they  
8 did when the Commission approved them. In my direct testimony filed in this case, the  
9 Company requested to increase the Miscellaneous Charges by taking the Commission-  
10 approved amounts—the amounts deemed fair, just, and reasonable—and multiplying  
11 those amounts by a Consumer Price Index (CPI) inflationary adjustment factor to account  
12 for changes in the cost of money over time.<sup>12</sup>

13 **Q. Did parties address the Company’s request regarding Schedule 200, Various**  
14 **Miscellaneous Charges?**

15 A. Yes. David J. Panco of Staff and Carla A. Colamonici of Public Counsel addressed the  
16 Company’s request to increase miscellaneous fees in their testimony.

17 **Q. Please describe Staff’s position.**

18 A. David J. Panco said, “Staff concludes that the proposed charges result in outcomes that  
19 are fair, just, and reasonable.”<sup>13</sup>

20 **Q. Why does Staff support the Company’s proposed Miscellaneous Charges?**

21 A. Staff reviewed the Company’s proposed Miscellaneous Charges in comparison with those  
22 of other providers and in other jurisdictions, and concluded that the Company’s proposed  
23 increases to Miscellaneous Charges result in fees that are “generally similar for similar  
24 services from other providers in and in other jurisdictions.”<sup>14</sup>

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<sup>12</sup> Direct Testimony of Jennifer G. Gross, Exhibit JGG-1T at 6:4-16.

<sup>13</sup> Testimony of David J. Panco, Exhibit DJP-1T at 13:5-6.

<sup>14</sup> Testimony of David J. Panco, Exhibit DJP-1T at 13:2-5.

1 **Q. Does the Company agree with Staff’s rationale for supporting the increases to the**  
2 **Miscellaneous Charges?**

3 A. Yes. Staff compared the Company’s proposed Miscellaneous Charges with the approved  
4 fees for similar services at other gas utilities in Washington and Cascade’s approved  
5 charges in Oregon.<sup>15</sup> Staff concluded that the charges were “generally similar to the  
6 charges for similar services from other providers in other jurisdictions.”<sup>16</sup> Staff’s  
7 approach seems appropriate for non-cost based fees. By comparing the Company’s  
8 proposed charges with rates for like charges by other utilities, Staff is essentially  
9 verifying that the Company’s proposal is consistent with the proxy market rates.

10 **Q. Please describe Public Counsel’s position.**

11 A. Carla A. Colamonici of Public Counsel presented three recommendations: first, Ms.  
12 Colamonici stated the Commission should reject the Company’s proposed increases for  
13 its Miscellaneous Charges, and Cascade should conduct an analysis on the current effect  
14 its charges have on customer behavior and the ultimate effects of any proposed increases;  
15 second, Ms. Colamonici said the Company’s Returned Check Fee should be reduced  
16 from \$18 to \$15 so the fee is cost-based; and third, the Company should discontinue  
17 offering the pilot light service.<sup>17</sup>

18 **Q. Does the Company support Public Counsel’s three recommendations?**

19 A. While the Company agrees with Public Counsel’s recommendation that the Company  
20 discontinue pilot light service, the Company disagrees with the remainder of Public  
21 Counsel’s recommendations. Specifically, the Company disagrees with Public Counsel’s  
22 recommendations that the Miscellaneous Charges should not be increased, that the  
23 Company perform an analysis of the current and proposed charges effect on customer  
24 behavior, and that the Returned Check Fee should be reduced. The Company will discuss

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<sup>15</sup> Testimony of David J. Panco, Exhibit DJP-1T at 12:16-20.

<sup>16</sup> Testimony of David J. Panco, Exhibit DJP-1T at 13:4-5.

<sup>17</sup> Response Testimony of Colamonici, Exhibit CAC-1T at 15:3-13.

1 its concerns with the Public Counsel’s proposals first, and then discuss the  
2 discontinuation of pilot light service.

3 **Q. On what basis did Public Counsel recommend that the Commission reject the**  
4 **Company’s requested increases to its Miscellaneous Charges, and require the**  
5 **Company to conduct an analysis on the effect its current and proposed charges have**  
6 **on customer behavior?**

7 A. Public Counsel provides several reasons to support its recommendation. Public Counsel  
8 argues generally that the Company has not demonstrated that the Miscellaneous Charges  
9 should be raised,<sup>18</sup> and concludes that an increase to the fees is unnecessary, because the  
10 instances of all Miscellaneous Charges but the Returned Check Fee that were charged per  
11 calendar year has decreased.<sup>19</sup> Public Counsel further requests the Company perform  
12 analysis on the current effect of the Company’s Miscellaneous Charges on customer  
13 behavior and the ultimate effects of any proposed increase, because the charges are not  
14 fully cost based charges.<sup>20</sup>

15 **Q. Does Cascade agree with Public Counsel’s claim that the Company has not**  
16 **demonstrated that Miscellaneous Charges should be raised?**

17 A. No. Cascade explained in its direct case that the Miscellaneous Charges have not been  
18 updated since 2007.<sup>21</sup> Even though the charges are not cost-based, the Company has  
19 observed that the costs of performing the tasks associated with the fees—which are  
20 primarily related to field visits for the disconnect charge, field visit charge, and reconnect  
21 charge—have increased since significantly since 2007. The Company proposed to make  
22 an inflation adjustment to the charges approved in the UG-060256 Settlement in part to  
23 reflect the fact that the costs for the field visits have increased. Additionally, with respect

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<sup>18</sup> Response Testimony of Colamonici, Exhibit CAC-1T at 8:13-14.

<sup>19</sup> Response Testimony of Colamonici, Exhibit CAC-1T at 8:22-23.

<sup>20</sup> Response Testimony of Colamonici, Exhibit CAC-1T at 15:8-9.

<sup>21</sup> The Schedule 200 fees were updated in the Company’s 2006 rate case, Docket No. UG-060256.

1 to the returned check charge, the Company believes that the current charge does not send  
2 an appropriate price signal.

3 **Q. Could you please explain more about how the costs associated with the field visits**  
4 **have increased?**

5 A. The field visit and the associated work, which result in a customer incurring a disconnect  
6 visit charge, disconnection charge or a reconnection charge, is performed by a Service  
7 Mechanic B. When the Company last filed to increase its Miscellaneous Charges in the  
8 Company's 2006 general rate case (UG-060256), the hourly labor rate for a Service  
9 Mechanic B was \$25.19 per hour; the current rate for a Service Mechanic B is \$33.86.<sup>22</sup>  
10 This is a 34 percent increase in labor costs since when the time when the Miscellaneous  
11 Charges were last increased, and at that time, the Miscellaneous Charges were not set  
12 based on actual costs but were increased to close the gap between actual costs and the  
13 fee. Since the 2006 rate case, the gap between actual costs incurred to do the work  
14 increase and the price charged has grown wider. This growing gap demonstrates that the  
15 price signal the customer is receiving is disproportionate to the amount the customer is  
16 paying.

17 The Company explained in Direct Testimony that the intent of the fees generally  
18 is not to recover actual costs but to set the fees at a rate that is high enough to motivate  
19 customers to change payment behavior to avoid incurring the fee. By adjusting the  
20 Commission-approved fees by the CPI inflation calculator for the timeframe 2007  
21 through 2017, the Company is proposing fees that in real terms are the same as the  
22 amounts the Commission deemed fair, just and reasonable in UG-060256. Staff also  
23 provided testimony in this case indicating that the proposed Miscellaneous Charges are

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<sup>22</sup> Rates for the Service Mechanic B are per the Collective Bargaining Agreements in place at the time.

1 consistent with those charged by other utilities and in other jurisdictions, and which, in  
2 this case, Staff also declared fair, just, and reasonable.<sup>23</sup>

3 **Q. Why does the Company believe it is important to increase the Miscellaneous**  
4 **Charges?**

5 A. It is important to update the Miscellaneous Charges for two reasons:

- 6 • First, since the charges have not been increased since 2007, the gap between actual  
7 costs and the rate charged is widening which means other customers are subsidizing  
8 the field work for nonpaying customers more than was intended when the  
9 Commission approved the Miscellaneous Charges in UG-060256.
- 10 • Second, the fees no longer send the appropriate cost signal to customers regarding  
11 value of the service being procured.

12 **Q. Public Counsel argues that the reduced number of instances that Miscellaneous**  
13 **Charges were charged to customers year over year proves that the fees do not need**  
14 **to be increased to discourage customers from incurring the fees.<sup>24</sup> Do you agree?**

15 A. No.

16 **Q. Why not?**

17 A. As stated in the Company's response to Public Counsel's Data Request No. 78, the  
18 Company believes that the reduced number of instances that Miscellaneous Fees were  
19 charged is attributable to the Company's efforts to work proactively with customers to  
20 avoid the types of activities resulting in such charges.

21 **Q. Please explain this further.**

22 A. Due to rising Operations and Maintenance (O&M) costs, Cascade made a concerted  
23 effort to reduce field visits which for a customer subject to disconnection means  
24 potentially incurring a disconnect visit charge, disconnection charge and a reconnection

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<sup>23</sup> Testimony on David J. Panco, Exhibit DJP-1T, page 13, lines 5-6.

<sup>24</sup> Response Testimony of Colamonici, Exhibit CAC-1T at 8:22-23.

1 charge. The Company's work to reduce field visits included increasing the number of  
2 manual phone call attempts prior to issuing a field visit order to disconnect the nonpaying  
3 customer. Because of the Company's increased efforts to contact customers prior to  
4 issuing a field visit order, Cascade saw an immediate and sustained reduction in credit-  
5 related field work (disconnects, reconnects) without a corresponding increase in the  
6 Company's overall bad debt results.

7 As stated in the Company's response to Public Counsel's Data Request No. 78,  
8 the Company has done what it can to minimize bad debt and the expense of field activity;  
9 increasing the Miscellaneous Charges is "the final lever available for influencing  
10 customer behavior."<sup>25</sup>

11 **Q. Are there other reasons why the number of Miscellaneous Charges did not increase**  
12 **year over year.**

13 A. Yes. With respect to the Disconnect Visit Fee, the number of times that fee was charged  
14 went down significantly after 2015 due to changes in the way the Company applies the  
15 fee.<sup>26</sup> Specifically, the Company determined pursuant to a settlement agreement with  
16 Staff that it would only charge the Disconnect Visit Fee when a field visit is made for  
17 purposes of disconnection and disconnection *does not occur*.<sup>27</sup> Previously, Cascade was  
18 charging the Disconnect Visit Fee any time a representative was dispatched for  
19 disconnection, regardless of whether the disconnection actually occurred.<sup>28</sup>

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<sup>25</sup> Exhibit CAC-4.

<sup>26</sup> See *Wash. Utils. & Transp. Comm'n v. Cascade Natural Gas Corp.*, Docket UG-140381, Order No. 03 at ¶14 (June 10, 2015) (acknowledging that Cascade's prior practice of charging a disconnect visit fee when customers are actually disconnected was consistent with the Commission's disconnect fee rule, but that Cascade would nonetheless update its tariff and change its disconnect fee practices so that the charge would only apply when a Company representative is dispatched to disconnect service for non-payment and the visit does not result in a disconnection of service).

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*



1 **Q. Please comment on Public Counsel’s request that the Company perform an analysis**  
2 **on the effect its current and proposed Miscellaneous Charges have on customer**  
3 **behavior.**

4 A. The Company does not believe this request is practicable, as it is unclear how any such  
5 analysis would be performed without actually changing the Miscellaneous Charges. The  
6 description—an analysis on the effect its current and proposed Miscellaneous Charges  
7 have on customer behavior—is fairly specific, but Ms. Colamonici has not provided  
8 enough detail for the Company to comment on or implement the analysis Public Counsel  
9 is recommending.<sup>29</sup>

10 **Q. Did you ask Public Counsel for more information about the parameters for such an**  
11 **analysis?**

12 A. Yes. The Company requested that Public Counsel provide an explanation of the  
13 recommended analysis as well as examples of such analysis performed by other energy  
14 utilities. Public Counsel provided neither an explanation of the recommended analysis  
15 nor examples where other utilities performed an analysis such as Ms. Colamonici  
16 recommends.<sup>30</sup>

17 **Q. Has the Commission previously required an analysis of the impact of Miscellaneous**  
18 **Charges on customer behavior?**

19 A. Cascade is not aware of the Commission having previously required this sort of analysis  
20 to support the establishment of Miscellaneous Charges.

21 **Q. Does Public Counsel describe in its testimony the ways in which Miscellaneous**  
22 **Charges are typically set?**

23 A. Yes. Ms. Colamonici explains that typically the charges are set by comparing the costs to  
24 other Washington utilities or through settlement.<sup>31</sup> This was the basis Mr. Panco used

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<sup>29</sup> Response Testimony of Colamonici, Exhibit CAC-1T at 15:8-9.

<sup>30</sup> Exhibit No. \_\_ (JGG-5),

<sup>31</sup> Response Testimony of Colamonici, Exhibit CAC-1T at 11:9-13.

1 when he determined the Company's proposed Miscellaneous Charges were fair, just, and  
2 reasonable.<sup>32</sup>

3 **Q. Did Cascade compare its Miscellaneous Charges to those used by other Washington**  
4 **utilities?**

5 A. Yes. In preparation for this rate case, the Company performed a cross-check of its  
6 current and proposed Miscellaneous Charges with like fees at other Washington utilities,  
7 and like Mr. Panco, determined the proposed fees were in line with the rates other  
8 utilities were charging.

9 **Q. Public Counsel recommends that the Returned Check Fee be cost-based since the**  
10 **costs for the work necessary to process a returned check are less than the**  
11 **Company's proposed Returned Check Fee; but above, you state that the Returned**  
12 **Check fee should not be cost based. Please explain.**

13 A. In my initial testimony, I said Miscellaneous Charges are not cost based but should be set  
14 at a level high enough to discourage customers from incurring the charge. The Returned  
15 Check Fee is the one fee where the identified costs associated with processing a returned  
16 check are less than the actual fee, but the instances that the fee have been charged has  
17 steadily risen year over year. As pointed out by Ms. Colamonici, "[t]he Returned Check  
18 Charge contains the highest number of occurrences and has the largest amount of repeat  
19 customers."<sup>33</sup> Ms. Colamonici states that the increased instances the Returned Check Fee  
20 was charged since 2010 is minimal.<sup>34</sup> However, the Returned Check Fee was charged  
21 1090 times in 2010 and nearly 4500 times in 2017.<sup>35</sup> The Company does not believe a

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<sup>32</sup> Testimony of David J. Panco, Exhibit DJP-1T at 13:5-6.

<sup>33</sup> Response Testimony of Colamonici, Exhibit CAC-1T at 10:7-8.

<sup>34</sup> Response Testimony of Colamonici, Exhibit CAC-1T at 13:7-8.

<sup>35</sup> Exhibit CAC-5.

1 312 percent increase over 7 years is minimal when the corresponding residential  
2 customer growth was only 7.95 percent over those same 7 years.<sup>36</sup>

3 This charge needs to be increased to send the appropriate price signals to dissuade  
4 a customer from forestalling disconnection by writing a check that will not honored by  
5 the bank. Washington Statue, RCW 62A.3-515 says a returned check fee can be up to  
6 \$40. The Company contends that the fee is currently too low as evidenced by the 312  
7 percent increase in instances this fee has been charged from 2010 to 2017.

8 **Q. Please respond to Public Counsel's recommendation that the Company cease**  
9 **offering pilot light service.**

10 A. The Company agrees with this recommendation. The Company offered this service so  
11 that customers living in smaller communities with few or no heating, ventilating and air  
12 conditioning contractors who could light pilots. The Company believes that as its service  
13 territory areas have grown and as electronic ignitions have becomes more common, the  
14 pilot light service is no longer necessary to ensure customers can use natural gas safely in  
15 their homes.

## V. CONCLUSION

16 **Q. What are your conclusions about the issues you discuss in your testimony?**

17 A. First, in response to Ms. Jing Liu's proposed changes to the WEA program, the  
18 Company supports offering a rate discount that would replace the Company's current  
19 lump sum credit program. The rate discount program could conform to Ms. Liu's  
20 proposal with the exception of having a \$700 cap on annual benefits and including a  
21 personalized bill message regarding the benefit expiration date.

22 The Company agrees with Mr. Panco's rationale for supporting the Company's  
23 proposed increases to its Miscellaneous Charges, and disagrees with Public Counsel's

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<sup>36</sup> Average monthly customer counts are taken from Report No. CA1499 which draws data from the Company's Customer Care and Billing (CC&B) System.

1            recommendations to reject the Company’s proposed increases and require further analysis  
2            comparing impacts on customer behavior based on the current and proposed charges. The  
3            Company agrees with only one of Ms. Colamonici’s recommendations—that the  
4            Company cease offering a Pilot Light Service.

5    **Q.    Does this conclude your testimony?**

6    A.    Yes.