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February 12, 2021

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
621 Woodland Square Loop SE
Lacey, WA 98503

Regarding: **Docket No. U-200281 – COVID-19 Response & Disconnection Moratorium**

Dear Mr. Johnson,

Cascade Natural Gas Corporation (Cascade), hereby submits the following comments in accordance with the Notice of Opportunity to File Written Comments (Notice) issued by the Washington Utilities and Transportation Commission (Commission) in Docket U-200281 on January 26, 2021. In the Notice the Commission asked that utilities be prepared to discuss the following topics at the February 17, 2021, Recessed Open Meeting and to provide written comments on the same topics:

- The progress of Arrearage Management Plans or debt forgiveness discussions, including whether each utility intends to implement a plan.
- Communication and outreach actions for customers with past due balances and communications regarding the resumption of disconnections.
- Current customer COVID-19 data as specified in Order 01.
- Bill assistance readiness with specific fund availability and projected needs.
- Plans to resume credit and collection processes.

Cascade discusses these comments below and will further discuss this information on February 17, Recessed Open Meeting. Cascade is ready and prepared for the disconnection moratorium to be lifted. With the bill assistance, energy assistance, and flexible payment arrangements available to assist our customers; there is no reason a Cascade customer should find themselves in a disconnection situation. Starting the collections process on April 30, 2021, would not lead to any residential customers being disconnected prior to June 22. Beyond that date, disconnection would only occur if the customer did not respond to the numerous communications provided by Cascade regarding the assistance and options available to them.

Cascade continues to recommend that the Commission focus not on the date that disconnections may resume, but rather on Cascade's preparedness to assist customers when collections do resume. Further extending the disconnection moratorium may put some customers in a worse

situation as it relates to the accumulation of arrearage debt. Trends in data shows the increase in the overall arrearages is largely coming from those customers who are +90-days behind on their bill(s). However, the total number of customers with arrearage balances is not growing at the same pace, and in some cases is declining. This means that a small portion of our customers are facing significant, and growing, arrearage balances. It is imperative that Cascade be able to reliably engage with its customers, discuss assistance options, and help customers plan for the resumption of our normal collection practices, which can be accomplished by establishing a firm end to the disconnection moratorium.

Cascade provides the following comments and will discuss this information at the Recessed Open Meeting.

Debt Forgiveness Discussion

Cascade has a meeting scheduled for February 26, 2021, with Community Action Agencies (Agencies) and other stakeholders to go over Cascade's bill assistance program proposal before filing with the Commission. Thus, in accordance with Revised Term Sheet approved by Order No. 01 in this docket, Cascade anticipates filing our bill assistance program on March 1, 2021, after incorporating stakeholders' feedback from the pre-filing meeting.

Cascade's bill assistance program is intended to fully eliminate the arrearage balances from as many customer accounts as possible, thereby delivering a "clean slate" for each customer that receives assistance. To accomplish this, Cascade plans to distribute its assistance funding via two program components:

1. An automatic, one-time Automatic Hardship Grant, not to exceed \$2,500 or result in an account credit, for residential customers with proven history of low-income program eligibility (customer has received energy assistance within previous two years), and;
2. A Financial Hardship Grant, not to exceed \$2,500 or result in an account credit, for residential customers at or below 300% FPL that have not received energy assistance within the past 24 months and have arrears resulting from hardship associated with COVID-19 (unpaid, past due balance).

While the Automatic Hardship Grant will be administered by Cascade, the Financial Hardship Grant will be available to qualifying customers via a variety of access points, thereby improving the ease by which customers can obtain the debt relief. These access points include Agencies that already deliver Cascade's existing low-income programs under Washington Energy Assistance Fund and other energy assistance services to customers within Cascade's service territory. This approach enables Cascade to provide immediate assistance to customers expressing hardship.

Cascade trusts that the magnitude of the Grants proposed will provide the most value in fully relieving a customer's arrearage debt, so the customer can then focus their efforts on only current energy charges and any additional COVID-19 complications they may be facing. Cascade also recognizes that there may be more accumulated arrearage debt than bill assistance dollars available when the disconnection moratorium expires, so attention was paid to providing options that are in alignment with, or complimentary to, existing or future energy assistance offerings to

fully maximize customer benefits. Cascade’s bill assistance program will be filed with a proposed effective date of April 1, 2021, to reduce any gap between Cascade’s HEART grant and this new program. In addition, implemented concurrently with the bill assistance program is payment arrangements that are extended up to 18 months for residential customers.

Communication and Outreach

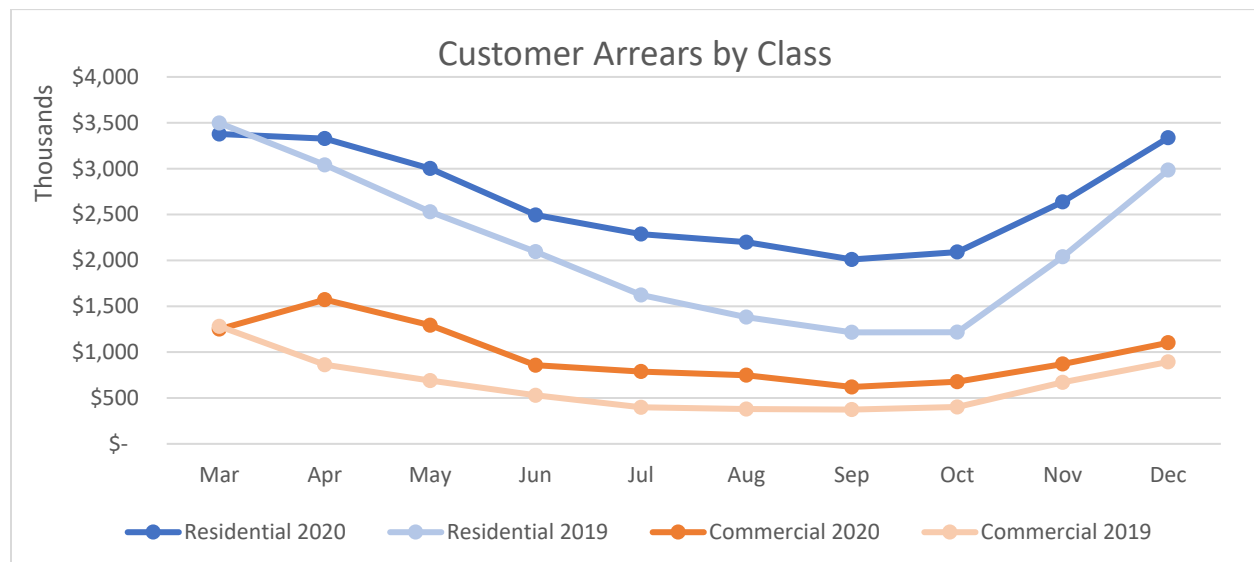
Cascade is developing a comprehensive customer outreach and communication plan to make customers aware of the new COVID-19 debt relief, energy assistance, and payment arrangements available to them. In accordance with Order 01 in this docket, Cascade will provide all customers with a 30-day notice letting them know of the assistance available to them prior to the resumption of collections activity.

In addition, Cascade will distribute targeted communications to those customers that find themselves in arrears, starting first with those customers who have the oldest aging balances (+90-days) and then staggering communications to those with newer aging balances. The intent of such a communications approach is to ensure that those furthest behind are the first to receive additional information on debt relief, thereby giving them the opportunity to be the first to seek assistance. Staggered communications will also help to ensure that Cascade can respond to elevated phone calls into its Call Center in a timely manner.

Lastly, Cascade will use broad-based communications strategies to reach its customers, including email, bill messages, digital and print ads, social media, Cascade’s website, and through the partner Agencies that deliver the bill assistance described above.

Customer COVID-19 Data

The following chart depicts the state of customer arrearage debt as of December 31, 2020. The data used to develop the chart was filed with the Commission on January 28, 2021, per Order 01 in Docket U-200281.

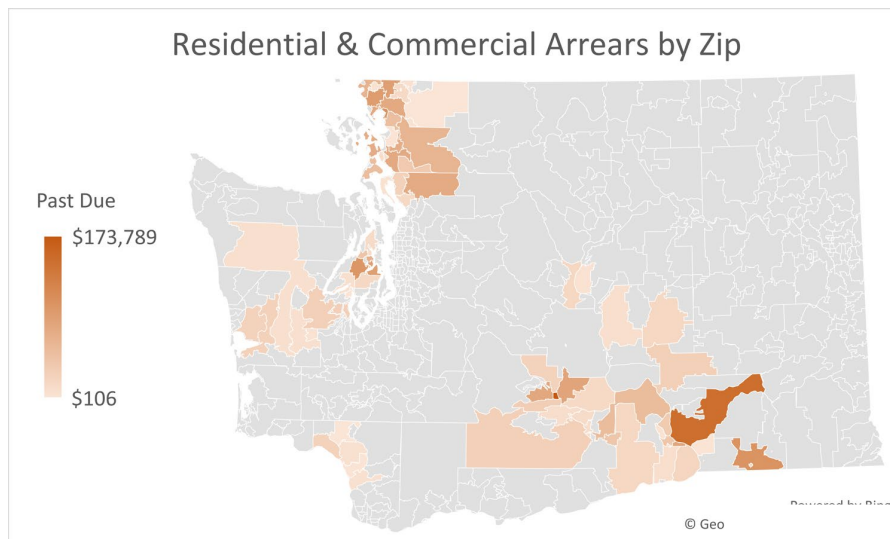


Analyzing the arrearage data, Cascade identified that approximately 93% of its customers have maintained payments on their energy bills similarly to prior to the COVID-19 pandemic. The 7% of customers unable to keep current on their bills struggled before COVID-19, only now their collective arrearage debt is significantly higher. This is evident in the amount of debt that is +90-days old, which is highlighted in the following chart.

Aging of Residential Arrears

<u>+30-Days</u>		<u>+60-Days</u>		<u>+90-Days</u>	
2019	2020	2019	2020	2019	2020
\$1,279,930	Mar \$1,290,143	\$1,473,812	Mar \$1,209,306	\$743,357	Mar \$878,446
\$854,618	Apr \$1,032,608	\$1,221,567	Apr \$1,097,489	\$964,598	Apr \$1,197,853
\$622,669	May \$478,733	\$852,691	May \$998,799	\$1,054,243	May \$1,524,491
\$426,389	Jun \$408,510	\$596,200	Jun \$449,773	\$1,072,526	Jun \$1,637,070
\$310,276	Jul \$370,858	\$389,308	Jul \$416,357	\$923,592	Jul \$1,499,008
\$313,501	Aug \$314,354	\$304,391	Aug \$389,670	\$763,700	Aug \$1,494,373
\$248,922	Sep \$295,834	\$339,648	Sep \$279,192	\$626,801	Sep \$1,435,338
\$518,311	Oct \$447,390	\$222,030	Oct \$304,464	\$477,057	Oct \$1,339,085
\$1,028,826	Nov \$798,126	\$624,370	Nov \$535,322	\$385,934	Nov \$1,304,908
\$1,530,034	Dec \$1,325,705	\$961,917	Dec \$669,289	\$492,383	Dec \$1,341,548

Customer payment trends, as of December 31, 2020, reveal the number of customers with a past due balance is approximately 19% lower than the previous year at 14,587 in 2020 compared to 17,938 in 2019. For commercial customers, 1,591 were past due at the end of 2020 compared to 1,695 in 2019.



Regarding payment arrangements, Cascade has fewer customers seeking arrangements, most likely attributed to past due notices not being sent to customers. In December 2020, 820 residential customers had payment arrangements set up compared to 1,435 in 2019 – an almost

43% reduction in payment arrangements. For commercial customers, 51 had payment arrangements in December 2020 compared to 105 in December 2019.

Lastly, from January through December 2020 Cascade's residential customers received 3,431 energy assistance payments totaling \$1,562,429 compared to 2,649 payments totaling \$1,135,333 for the same period in 2019. Even with the significant increase in energy assistance payments received arrearage balances continue to grow substantially.

Credit & Collections Processes

Prior to collections resuming Cascade will issue the 30-day notice to all customers as described above. If Cascade issues the 30-day notice beginning on April 30, the earliest potential disconnection could take place is June 22, and that is only if a residential customer does not respond to any of Cascade's outreach attempts or distributed communications. Based on historic information, Cascade knows that approximately 38% of customers do not pay their bill by the due date, with 16% of those customers not paying by the next bill due date. Additionally, prior to any disconnections occurring, Cascade plans to support its known low-income customers by providing field visits that offer the customer an additional opportunity to pay, make payment arrangements, or seek further assistance. With these additional precautions, coupled with the COVID-19 debt relief and existing energy assistance, as well as extended payment arrangements and enhanced customer communications, it provides ample support for Cascade's customers once the collections process is resumed. Cascade's intent is that no customer will find themselves in a situation where they face disconnection.

Again, Cascade will reiterate that it is ready and prepared for the disconnection moratorium to come to an end and that it stands ready to assist customers with the financial challenges they may be facing regarding their energy bills due to COVID-19. With the COVID-19 debt relief, energy assistance offerings, and flexible payment arrangements available, Cascade is confident it has the tools and resources in place to provide customers the assistance they need in order to prevent disconnections from occurring.

If there are any questions regarding this report, please contact me at (509) 734-4593.

Sincerely,

/s/ Michael Parvinen

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