

## Small Business Economic Impact Statement Questionnaire

**1. Please identify by WAC number each draft rule that is consistent with your company's current operating practices.**

The following rules are consistent with Cascade Natural Gas Corporation's current operating procedures or will have no impact on the company:

### General Rules

- 480-90-011 Application of rules
- 480-90-xx1 Exemption from rules in Chapter 480-90.
- 480-90-016 Saving clause.
- 480-90-xx2 Resolving disputes about the meaning of these rules.
- 480-90-xx3 Severability
- 480-90-021 Definitions.
- 480-90-026 Tariffs and special contracts.
- 480-90-061 Written contracts.
- 480-90-066 Distribution line extension tariff.
- 480-90-999 Adoption by reference

### Consumer Rules

- 480-90-046 Application for service
- 480-90-xx4 Nonresidential services deposit requirements
- 480-90-xx5 Reconnecting service after disconnection.
- 480-90-072 Payment arrangements
- 480-90-xx6 Winter low-income payment program.
- 480-90-076 Service responsibility.
- 480-90-xx7 Customer proprietary information.
- 480-90-081 Service connections.
- 480-90-086 Service entrance facilities
- 480-90-096 Gas utilities responsibility for complaints and disputes.
- 480-90-161 Complaint Meter Tests.

### Accounting Rules

- 480-90-031 Accounting system required.
- 480-90-xx9 Financial reporting requirements.
- 480-90-032 Expenditures for political activities.
- 480-90-036 Securities, affiliated interest and transfers of property.
- 480-90-043 Promotional advertising.
- 480-90-181 Retention of records and reports.

### Gas Standards and Metering Rules

- 480-90-101 Heating value of gas
- 480-90-126 Meter readings
- 480-90-131 Meter charges
- 480-90-136 Meter set assembly location

480-90-141 Meter identification  
480-90-146 Initial accuracy of meters  
480-90-151 Metering tolerance  
480-90-166 Statement of meter test procedures  
480-90-171 Frequency of periodic meter tests  
480-90-176 Meter history records

**2. Please identify by WAC number each draft rule that will require modification of existing operating practices or adoption of a new operating practice. With respect to each such draft rule please provide your assessment of how it may affect your business.**

480-90-041 Information to Consumers- The rule, as proposed, expands the information required to be included in the “rights and responsibilities” brochure (-041(1)). Currently, general utility information such as the Company’s regular business hours, mailing address, toll-free number and the 24-hour emergency number is not included in the Company’s rights and responsibilities brochure. Rather, it is included in the Welcome letter that is sent to the new customer with the rights and responsibilities brochure. Although the rule as proposed does not change an operating practice, it will have an impact on the Company’s costs, as it will require new brochures to be produced. Additionally, there could be additional postage costs, as the new brochure would be larger than the existing and could put the weight of the package over the 1-ounce limit for the existing mailing rate. If the brochure exceeds the 1 ounce limit, the additional postage costs would be \$.243/ new customer which would represent approximately \$9,000 per year.

480-90-051 Residential service deposit requirements-The proposed rule has tightened the restriction on when the utility may request a deposit. The new guidelines require 3 delinquency notices, as opposed to 2, prior to collecting a deposit (051-(1)(a)). This will limit the Company’s ability to collect deposits on higher risk accounts and therefore the utility has more risk of customer’s defaulting on their payments. Additionally, in 051-2(b), the proposed rule limits the utility’s ability to collect deposits on applicants if they can demonstrate employment during the prior year. If the rule is not modified to require “consecutive” employment during the prior 12 months, the utility may not be able to collect deposits on higher risk applicants.

480-90-056 Refusal of Service – The proposed rule will allow the Company the option of refusing service to customers with 3 or more prior obligations within the calendar year. This may reduce the level of write-offs, although, the limitation of 3 per calendar year may not have a significant impact as most customers are turned-off for non-payment in the spring and do not turn back on until the fall. Consequently, this situation typically occurs one time per year.

480-90-071 Disconnection of Service—In section 071(5) the proposed rule states that deposits will be charged on the customer’s next regular bill. This implies that

customers must receive a combined billing for gas usage and deposits. Currently, deposits are tracked in a separate system and therefore producing a combined invoice would require manual production of the invoices and, upon receipt of payment, additional bill processing expenses. This would result in an increase of \$22 per combined bill. If the rule is modified to allow for separate invoicing, as long as payment is not required prior to the customer's normal utility bill, then there will be no impact on the utilities existing processes. Section (5)(a) removed the requirement of the name of the effected person be included on the medical certificate. Deletion of this information from the medical certificate form will require the Company to reproduce its medical certificate form. Lastly, in section (5)(b), the extension of the maximum medical certificate duration from 30 to 60 days, may reduce some of the administrative burden associated with medical certificates, as they will not be renewed as often.

480-90-091 Access to premises – Currently field employees have a company ID card, but it is not a photo ID. The proposed rule will require that new ID cards be issued to field personnel. This will represent a one-time expense of less than \$400.

480-90-106 Billing requirements and payment date. Currently, the Company's tariff does not detail the method used for estimating a customer's bill. Therefore, the change will require the Company to file tariff revisions to include this information.

480-90-211 Payment Locations – The proposed rule requires that payment agencies be accessible at no charge to the applicants/customers. Currently, the rule does not explicitly require the payment agencies not to charge customers. At this time, none of the payment agencies utilized by the Company charge the customers and therefore will have no impact on the Company at this time. However, in time, the proposed rule could reduce the number of payment agencies available, which in turn could result in the utilities being forced to add additional business offices to meet the requirements of "locally accessible".

480-90-xx8 Natural Gas customer notification requirements - The proposed rule increases the notification requirements by (1) requiring that each affected customer receive at least 30 days notice and (2) limits the methods available for providing the required notification. Currently, the rules require 30 day notification through a posting at the local business offices/payment agencies or, if business offices are not available through personal contacts, letters or mailing pieces, newspaper articles or advertisements and radio and television announcements. Cascade provides notice to the public by postings at local business offices and pay stations and as a result, the proposed rule will result in additional costs to the utility. The Company will either be required to produce separate mailings to all affected customers or will have to delay its filing by 30 days to guarantee that all customers have received 30 days notification through their bill insert. Additionally, the proposed rule requires notification prior to filing a PGA to educate customers. This too will result in additional costs to the utility to prepare and mail the additional notification.

480-90-xx10—PGA rule. Although this is a new rule, the Company currently files its PGA annually. The new rule will require the Company to modify its tariff to include its PGA procedures. Additionally, the Company will be required to provide deferral balances on a monthly basis, however, the Company is currently doing so on an informal basis. The primary impact this new rule will have on Cascade will be the change in interest rate proposed in the 3<sup>rd</sup> draft. If the rule is adopted as proposed, the Company's earnings would be impacted based on the difference between the mandated interest rate (1-year T-bill rate) and the Company's short-term borrowing rate. Gas cost deferral balances represent temporary changes in the utility's working capital and are typically financed through short-term borrowings. Therefore, any difference between the two rates will result in either a benefit or a cost to the utility depending upon whether the deferred balance represents a future charge or refund to ratepayers.

3. **For each revised or new draft rule, please indicate the WAC number and provide a description or list of:**
- (i) any cost savings the rule might promote,**
  - (ii) any new costs the rule might impose, and**
  - (iii) any non-monetary costs or benefits that might result from the rule.**

480-90-011 NO ADDITIONAL COSTS OR BENEFITS  
480-90-xx1 NO ADDITIONAL COSTS OR BENEFITS  
480-90-016 NO ADDITIONAL COSTS OR BENEFITS  
480-90-xx2 NO ADDITIONAL COSTS OR BENEFITS  
480-90-xx3 NO ADDITIONAL COSTS OR BENEFITS  
480-90-021 NO ADDITIONAL COSTS OR BENEFITS  
480-90-026 NO ADDITIONAL COSTS OR BENEFITS  
480-90-061 NO ADDITIONAL COSTS OR BENEFITS  
480-90-066 NO ADDITIONAL COSTS OR BENEFITS  
480-90-999 NO ADDITIONAL COSTS OR BENEFITS

480-90-041 Estimated costs to reproduce the rights & responsibilities brochure are \$1,000. Additional mailing costs if expanded brochure exceeds the 1ounce maximum weight would result in increased annual costs of \$9,000/year

480-90-046 NO ADDITIONAL COSTS OR BENEFITS

480-90-051 Non-quantifiable costs associated with the additional risk of customers defaulting on bills where the Company does not hold a deposit due to the increased restrictions.

480-90-xx4 NO ADDITIONAL COSTS OR BENEFITS

480-90-056 Non-quantifiable benefits associated with lower risk of customers' habitually being turned off and therefore avoiding payment to the utility of their outstanding

balance. The proposed rule may reduce the level of write-offs. Company does not currently track number of prior obligations in a calendar period, therefore it is impossible to estimate the benefits.

480-90-071 –Additional costs associated with single invoicing of gas usage and deposits would equal \$22 per deposit billing. Based on an estimated 100 medical certificates/year, the total annual increase in expense could be \$2,200.

Modification of medical certificates to remove patient’s name would be a one-time cost of \$175 to reproduce the forms.

Extension of the medical certificate’s duration from 30 to 60 days may reduce some of the administrative burden, as they will not be renewed as often. Estimated cost savings is 30 minutes of Customer Service Representative’s time @ a loaded labor rate of \$21.50 per medical certificate renewal. Estimated number of medical certificates is less than 100 per year. Therefore the maximum estimated savings is \$1,075/year.

480-90-xx5 NO ADDITIONAL COSTS OR BENEFITS

480-90-072 NO ADDITIONAL COSTS OR BENEFITS

480-90-xx6 NO ADDITIONAL COSTS OR BENEFITS

480-90-076 NO ADDITIONAL COSTS OR BENEFITS

480-90-xx7 NO ADDITIONAL COSTS OR BENEFITS

480-90-081 NO ADDITIONAL COSTS OR BENEFITS

480-90-086 NO ADDITIONAL COSTS OR BENEFITS

480-90-091 Additional cost associated with new photo ID—approximately \$400.

Estimated ID card would be approximately \$2/card times the number of operations employees (202 as of 10/2000).

480-90-096 NO ADDITIONAL COSTS OR BENEFITS

480-90-106 Estimated one time costs associated with revising the Company’s tariff to include bill estimation procedures is \$850.

480-90-161 NO ADDITIONAL COSTS OR BENEFITS

480-90-211 NO ADDITIONAL COSTS OR BENEFITS AT THIS TIME. Future risk associated with limitation on availability of payment agencies willing to continue in this line of business.

480-90-xx8 In order to comply with the proposed requirements in section 1, the utility will be required to either postpone it’s filing by 30 days to insure that all customers receive a bill insert or will be required to pay for direct mailings to all affected customers. Based on Cascade’s current Washington customer base it would cost \$49,500 per filing to notify customers through direct mailings. To the extent that the notification delays a filing by 30 days, in order to notify customers through a bill insert, the rule could have a greater impact in lost revenues for a month. For example, if the proposed increase was

\$1.00 per month, based on Cascade's Washington September 2000 customer base, the impact of delaying the effective date by 1 month would be \$144,000 of lost revenues. Estimated costs associated with developing and producing the PGA customer education notification (section 2 requirement) is .02/bill insert or approximately \$2,880. There may be non-monetary benefits associated with increased customer understanding of the PGA process, which may in turn reduce future complaints over PGA rate changes.

480-90-031 NO ADDITIONAL COSTS OR BENEFITS  
480-90-xx9 NO ADDITIONAL COSTS OR BENEFITS  
480-90-032 NO ADDITIONAL COSTS OR BENEFITS  
480-90-036 NO ADDITIONAL COSTS OR BENEFITS  
480-90-043 NO ADDITIONAL COSTS OR BENEFITS  
480-90-181 NO ADDITIONAL COSTS OR BENEFITS

480-90-xx10 The estimated cost to update the Company's tariff to include the PGA procedure is estimated as a \$850 one-time expense. Costs to the Company and/or customers due to the proposed change in interest rates will vary over time. The Company currently accrues interest based on the Company's monthly short-term borrowing rate which over the past 12 month period has ranged from 5.6% to 6.8%, with a twelve-month average of 6.32%. The current interest rate paid on customer deposits is 5.01%. Recalculating the outstanding deferral account balances to accrue interest at the 5.01% rate for the 12 months ended September 30, 2000 would have reduced the Company's interest expense, and subsequently its liability to ratepayers, by \$224,971. During Fiscal 2000, this would have represented a benefit to the utility by allowing it to borrow these funds at a lower rate than it would pay to borrow funds on a short-term basis from a bank. The impact of this proposed change in future periods will vary based on the differences between the 1-year T-bill rate and the rates the Company is able to secure for short-term borrowing and will either represent a cost or a benefit depending upon whether the deferred balances represent future charges or refunds to ratepayers.

480-90-101 NO IMPACT  
480-90-126 NO IMPACT  
480-90-131 NO IMPACT  
480-90-136 NO IMPACT  
480-90-141 NO IMPACT  
480-90-146 NO IMPACT.  
480-90-151 NO IMPACT.  
480-90-166 NO IMPACT.  
480-90-171 NO IMPACT.  
480-90-176 NO IMPACT.

- 4. Estimate of benefits: For each new or revised rule described or listed in response to question number 3(i), please provide:**
- (a) your best estimate of direct and indirect quantifiable benefits, and**
  - (b) an assessment of how these benefits may change over time.**

**Please note that the benefits may include a possible reduction in informal complaints, formal complaints, and litigation that might otherwise be experienced in the absence of the rule.**

REQUESTED INFORMATION INCLUDED IN ABOVE RESPONSE

- 5. Estimate of costs: For each new or revised rule described or listed in response to the question number 3(ii), please provide your best estimate of quantifiable direct and indirect costs. If possible, these costs should be broken down into: capital costs (major investment such as production capital costs), operating and maintenance costs (further broken into sub-accounts which includes but not limited to human capital costs such as administrative and government, professional or consultants, laborers, etc., costs; operating cost; maintenance cost), and opportunity costs. Please identify each cost item as fixed, variable, average or incremental, state whether the costs are anticipated to be one-time costs or periodic costs (e.g., monthly, cyclical, or annual). Please state each anticipated cost in appropriate units (e.g., \$/yr, \$/hr, \$/customer, \$/kW, \$/kWh).**

INFORMATION INCLUDED IN RESPONSE TO QUESTION #3

- 6. For each estimate of benefits and costs (in 4 and 5 above), please describe the data and methodology used for the calculations, citing any engineering cost estimating manual or other guidelines used to prepare your estimates.**

All estimates above based on Fiscal 2000 loaded labor rates for the appropriate personnel involved in the task. Estimates for postage based on current postage rates. Printing production costs based on average Fiscal 2000 costs.

- 7. Non-monetary costs or benefits: For each new or revised rule described or listed in response to the question number 3(iii), please provide a narrative description of the nature of the cost and/or benefit and its anticipated impact on your company.**

INFORMATION INCLUDED IN #3 ABOVE

- 8. For each estimate of benefits and costs, please indicate the annual frequency or number of times that customers from each service class (residential, commercial, and industrial) may utilize each rule in order to assess the expected annual cost per customer per rule.**

INFORMATION INCLUDED IN #3 ABOVE