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Secretary
Washington Utilities &
Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Docket Number U-990294
Gas Companies – Operations Rulemaking 480-90 WAC

NW Natural appreciates the opportunity to comment in this matter. NW Natural has been a participant in the various workshops and discussions since the inception of this comprehensive rules review process. We would like to take this opportunity to commend staff on the professional manner in which they managed this very large project. We believe that, for the most part, this effort has resulted in rules that are understandable, fair, and appropriate given the current industry environment. We attribute this to Staff's attention to detail in their review, and their willingness to consider the different perspectives of each participant.

NW Natural has comments on ten of the proposed rules, as follows:

WAC 480-90-108 Application for service. Refer to Section (4)(a) of this rule. Even with the best of intentions, circumstances can arise that will cause the utility to be unable to meet a service date. More often than not, these circumstances are beyond the utility's control. Further, it is not uncommon to find such circumstances arising on the very day of the service date committed to a customer. In such an instance, the utility would be in violation of this rule were it to be approved as proposed. To avoid this, we believe, unintended consequence, we suggest that the language in this section be revised as follows:

(4) The utility must provide the following service dates to the applicant:

(a) For service at a location where utility service facilities exist and will not have to be modified in any way to serve the applicant, the utility must provide a service date at the time of application. ~~If~~ The utility must make reasonable effort to notify the applicant as soon as practicable should it become~~s~~ aware that the service date cannot be met. ~~it must notify the applicant prior to the service date.~~

WAC 480-90-113 Residential service deposit requirements. Refer to Section (1). Any time that the utility has knowledge that a person has committed theft or has tampered with utility facilities gives the utility good cause to require a deposit. Therefore, we suggest the following additions be incorporated at subsection (b) of Section (1):

> *(b) The utility has disconnected the customer's residential service for nonpayment; for theft; or for tampering with utility facilities; or*

For clarity, we also suggest the following editorial change at (1)(c):

> *(c) There is a prior customer living at the residence who owes a past due bill to the utility for service at that address.*

Refer to Section (2) (a). We agree with the intent of this subsection; that the conditions stated in Section (1) would also apply to applicants. However, these conditions should apply even if the applicant was a prior customer of the utility and is re-applying for service. As proposed, the rule could excuse an applicant from a deposit requirement if they were a prior customer of the utility, even if one of the conditions of subsection (1) existed because Section (2)(a) limits the conditions stated in subsection (1) to a relationship with another natural gas utility.

Therefore, we suggest that this subsection be revised as follows:

> *(a) ~~The applicant has met~~ Any of the conditions described in subsection (1) of this section existed on prior occasion as a customer of the utility or as a customer of another natural gas utility;*

Refer to Section (3). As proposed, the rule would require the utility to calculate a deposit based on actual usage at a premise for the previous twelve months. This is a fairly significant change from the existing rule, and one that will negatively impact the utility. The requirement to use actual usage does not take into consideration the fact that not every premise will be occupied twelve months a year. Especially in the case of rental units, the premise could be unoccupied for months at a time. Actual usage then would result in a significantly lower deposit requirement than is warranted. We believe that the provisions of the existing rule continue to be appropriate. Therefore, we suggest that Section (3)(a) and (b) be revised as follows:

(a) For utilities billing monthly, two-twelfths of the estimated annual billings for the service location. ~~'s most recent twelve months' usage, or if service did not exist, two-twelfths of the estimated annual usage~~; or

(b) For utilities billing bimonthly, three-twelfths of the estimated annual billings for the service location. ~~'s most recent twelve months' usage or, if service did not exist, three-twelfths of the estimated annual usage~~.

Refer to Section (5)(d). NW Natural agrees that a reference from a similar utility would suffice as an alternative to a deposit. However, the proposed rule does not specify the

form of the reference, and would place the burden of verifying the applicant's reference on the utility. Even if the utility is able to check the reference by a simple telephone call, this act would increase the time and cost of processing the application. Since this is an option that benefits the applicant, it seems appropriate that the applicant hold the responsibility to produce an acceptable reference that would not require subsequent verification by the utility. We believe that it is also prudent to specify the acceptable form and content of the reference in the rule. Therefore, we suggest that the rule be revised, as follows:

> *(d) The opportunity to provide a ~~reference from a similar utility that can be quickly and easily checked if the conditions in subsection (1) of this section cannot be met.~~ letter from another similar utility on that utility's official stationary, signed by an authorized employee and stating, at a minimum, that the utility served the named applicant within the preceding twelve months, that the applicant voluntarily terminated service, and that the applicant paid the final bill by its due date.*

Refer to Section (6). It is possible that a customer who moves to a new address will have an unpaid balance, but that balance may not necessarily be past-due. The current rule uses the term "outstanding balance". We know of no reason why staff would propose that the rule be changed to apply only to outstanding past-due balances, so we suggest the rule be revised as follows:

> *(6) Transfer of deposit. When a customer moves to a new address within the utility's service territory, the deposit, plus accrued interest and less any outstanding ~~past-due~~ balance owing from the old address, must be transferred or refunded.*

WAC 480-90-118 Nonresidential services deposit requirements. Refer to Section (2). The deposit amount requirements for nonresidential consumers is exactly the same as the requirement for residential consumers. This amount is adequate when applied to small commercial accounts. However, it is wholly inadequate when applied to large commercial and industrial accounts. For these customers, the utility should have the flexibility, by tariff, to collect a deposit in an amount that is more reflective of the financial risk on a customer specific basis. This could mean the collection of a larger deposit amount and/or a requirement that the customer provide another form of security, such as a letter of credit or bond. Therefore, we suggest that Section (2) of this rule be revised as follows:

> *(2) Deposit amount. Except as otherwise provided in a utility's tariff, the utility may require a deposit not to exceed the amount of:*
>
> *(a) For utilities billing monthly, two-twelfths of the estimated annual billings for the service location. ~~'s most recent twelve months' usage, or if service did not exist, two-twelfths of the estimated annual usage~~; or*

(b) For utilities billing bimonthly, three-twelfths of the estimated annual billings for the service location. ~~'s most recent twelve months' usage or, if service did not exist, three-twelfths of the estimated annual usage~~.

Refer to Section (3). Similar to our comments above, we suggest Section (3) of this rule be revised as follows:

(3) Transfer of deposit. When a customer moves to a new address within the utility's service territory, the deposit, plus accrued interest and less any outstanding ~~past-due~~ balance owing from the old address, must be transferred or refunded.

WAC 480-90-123 Refusal of Service. Theft or tampering with utility property should be grounds for refusing to provide service. We suggest Section (1) subsection (f) be revised as follows:

(f) The customer is known by the utility to have tampered with or stolen the utility's property, has used service through an illegal connection, or has fraudulently obtained service as described in WAC 480-90-128, Disconnection of service.

The most common occurrence of tampering by a customer is meter tipping, turning on a meter that has been turned off, or some similar action that typically does not pose a danger to the public. However, from time to time, a customer will tamper with a meter or other utility facilities in a manner that poses significant danger to the customer and/or to the public. When tampering of this nature occurs, the utility must have the right to permanently refuse to serve that customer. While this might seem extreme, it is often the one and only option that a utility has to ensure continued safety to the public and to it's employee's.

We do not believe that subsection (f) sufficiently addresses this type of facilities tampering. Therefore, we suggest that a new subsection be included at Section (2) as follows:

( ) In the utility's judgment, a customer or applicant tampered with the utility's property in such a manner as to cause or have the potential to cause, a significant danger to the life or property of the customer, representatives and employees of the utility, or the public generally.

Refer to Section (3). The topic of prior obligation faced heated discussion during the preceding workshops. While the proposed language is somewhat of an improvement from staff's original proposal, NW Natural continues to be of the opinion that the proposed language sends the message to the consumer that they don't have to pay their utility bill. In fact, it tells them how they can avoid paying their bill.

Staff and public counsel argued that because the utilities could not provide hard data to show that there was significant monetary harm as a result of this provision, that it

remains justified. This logic is difficult to comprehend. This provision clearly, and unnecessarily, harms the utility and its regular paying customers. The degree of monetary harm is largely irrelevant; the mere fact that the provision does or has the potential to unnecessarily harm the utility and the ratepayers should have a bearing as to its reasonableness.

The effect of the rule as proposed is to either force the utility to utilize a collection agent to collect monies owed from an active customer or to identify the amounts as uncollectible. If the utility sends the account to a collection agent, it incurs added expense which can be as much as 50% of the amount to be collected. The customer has no incentive to pay either a collection agent or the utility because they are already receiving service and are aware that their service will not be discontinued if they don't pay the prior obligation amount. Often, the utility does not utilize the formal collection option because the monies owed are of an amount that, on a customer specific basis, do not warrant that expense. So, the utility's uncollectible balances rise, and ratepayers pick up that expense in their monthly rates.

The Oregon Administrative Rules (at OAR 860-021-0335) contain what we believe to be a fair and reasonable approach to managing prior obligation accounts. In Oregon, the utility is allowed to require payment of one-half of the past due prior obligation amount, plus a deposit amount before service is restored. The customer is then able to enter into a time payment arrangement to pay the remaining amounts past due. This is not unduly burdensome to the consumer, it sends the right message to the consumer; that they are responsible to pay their bills, and it helps the utility keep uncollectible amounts manageable.

Therefore, we suggest that Section (3) be revised as follows:

> *(3) The utility may not refuse service to a residential applicant or residential customer <u>for nonpayment of a prior obligation so long as the customer or applicant pays at least one-half of any past due amounts owed on the prior obligation, plus any required deposit, which must be paid in full, and enters into a payment arrangement acceptable with the utility for payment of the remaining prior obligation amounts owed.</u> ~~who has three or fewer prior obligations in any one calendar year.~~ A prior obligation is the dollar amount the utility has billed to the customer and for which the utility has not received payment. ~~at the time service has been disconnected~~.*

<u>WAC 480-90-133. Reconnecting service after disconnection.</u> For reasons consistent with earlier comments, we suggest the following revisions at Section (1)(c):

(c) The customer has paid ~~any~~ <u>all amounts due on the</u> account ~~that is not a~~ <u>exclusive of certain</u> prior obligation ~~account~~ <u>amounts owed,</u> as defined in WAC 480-90-123, Refusal of service, and the customer has paid any required deposit as defined in WAC 480-90-113, Residential service deposit requirements, or WAC 480-90-118, Nonresidential service deposit requirements.

WAC 480-90-153. Disclosure of private information. NW Natural strongly opposes the inclusion in this rule of the language proposed under Section (1). As proposed, the rule would prohibit the utility from using customer information to inform and/or market to its own customers the types of services that, even though they may be unregulated, serve to provide potential benefits to ratepayers generally, such as equipment sales and/or financing services, appliance repair or warranty services, upstream capacity sales services, and many other similar services. This section is unnecessary, and is not in the best interests of the utility or its customers.

We understand the concern to protect the privacy of the consumer and agree that appropriate measures should be taken to ensure customers are properly protected. However, it would appear that the consumer's rights to privacy are sufficiently protected under Section (2). It would be our preference that the proposed Section (1) be eliminated in its entirety. In the alternative, and at a minimum, we suggest that Section (1) be revised as follows:

> *(1) A gas utility may not disclose or permit access to ~~or use~~ private consumer information, as defined in subsection (3) of this section, to any third party for the purposes of marketing unregulated service or product offerings to a customer who does not already subscribe to that service or product, unless the utility has first obtained the customer's written permission to do so.*

WAC 480-90-158. Service connections. Refer to Section (1). To the best of our knowledge, the term "fuel line" is not a commonly used term. For clarity, we suggest the following edits:

> *(1) The gas utility must furnish, install, and maintain piping and other fittings up to the ~~customer's fuel line up to the~~ point of delivery at the customer's premise. The point of delivery is at the outlet of the meter or at the connection to a customer's piping, whichever is farther downstream.*

WAC 480-90-163. Service entrance facilities. Refer to Section (1). It is unclear what is meant by "entrance facilities". For clarity, we suggest the following edits:

> *(1) Provide entrance to the premises to be served at the easiest access point to the utility's distribution system; and*

WAC 480-90-173. Gas utility's responsibility for complaints and disputes. In NW Natural's experience, customers will often write remarks of complaint on their bill stub or even include a separate note with their bill payment. The nature of these remarks can sometimes be construed as a complaint or dispute, although generally the writer does not expect to receive a response from the utility. Responding to every such remark would be burdensome and very costly. It should be clear that this type of complaint does not fall within the parameters of this rule. Therefore, we recommend the following changes at Section (1) and we suggest the addition of a new section as follows:

(1) When a gas utility receives a complaint ~~in any form~~ from a customer or an applicant for service, the utility must acknowledge receipt of the complaint and:

(___) For purposes of this rule, remarks included with or written on bill stubs or checks that do not specify that a response is requested will not be considered a complaint or dispute.

WAC 480-90-183. Complaint meter tests. Refer to Section (5)(a) and (b). The wording implies that the customer was billed for a defective meter, as if they were paying for the meter, not the results of the meter read. We suggest the following changes for clarity:

(a) If the utility can identify the date the customer was first billed ~~for~~ from a defective meter, the utility must refund or bill the customer for the proper usage from that date;
(b) If the utility cannot identify the date the customer was first billed ~~for~~ from a defective meter, the utility must refund or bill the customer for the proper usage, not to exceed six months.

Thank you again for the opportunity to comment in this proceeding.

Sincerely,

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