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**VIA ELECTRONIC FILING**

Amanda Maxwell, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop S.E.  
Lacey, Washington 98503

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State Of WASH.  
UTIL. AND TRANSP.  
COMMISSION

**Re: U-210800—NW Natural Response to Notice of Opportunity to File Written Comments**

Dear Ms. Maxwell:

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), appreciates the opportunity to respond to the Washington Utilities and Transportation Commission’s (“Commission”) March 19, 2022, Notice of Opportunity to File Written Comments (“Notice”) in docket U-210800.

**Disconnection and Reconnection**

1. *Does your company currently have a residential disconnection and/or reconnection fee in its filed tariff?*
  - a. *If so, please provide citations to all appropriate tariff references.*

Yes. The processes for disconnection and reconnection are provided in Rule 5 Disconnection and Reconnection Procedures of NW Natural’s tariff. Reconnection fees are described in Schedule C Miscellaneous Charges (see Sheet C.1 and Sheet C.2).

Please see NW Natural Washington Tariff – Rule 5 [here](#) or included as Attachment 1.

Please see NW Natural Washington Tariff – Schedule C [here](#) or included as Attachment 2.

2. *Please provide the following information regarding the fees your company collected in 2018 and 2019, respectively:*
  - a. *Please provide the total dollar amount collected from residential customers for disconnection fees and reconnection fees each year, identifying each fee category separately.*
  - b. *Please provide the total number of residential customer accounts and the number of customer accounts assessed disconnection fees or reconnection fees each*

*year. Please identify each fee category separately, include only reconnection fees for previously disconnected customers, and exclude new customers reconnecting at an existing service address.*

- c. Please provide the percentage of retail revenue your company derived from residential customer disconnection fees and reconnection fees each year, identifying each fee category separately.*
- d. If these disconnection fees and reconnection fees were removed from the company's tariff and recovered in base rates instead, how much would residential bills increase based on your company's currently approved rate spread? Please provide both a percentage increase and an average residential customer bill increase amount.*

a and b: Please note NW Natural charges reconnection fees and does not charge disconnection fees. The table includes the total number of fees charged along with the counts of both associated distinct customers and distinct accounts to take into account prior obligation accounts.

YEAR	Total Residential Customers	Distinct Customers Charged Fee	Distinct Accounts Associated w Fees Charged	Fee Count	Fee Total
2018	77,357	1,102	1,132	1,256	\$ 50,275.00
2019	80,116	1,051	1,083	1,224	\$ 49,275.00

c: The Company derived 0.08% of retail revenue from reconnection fees for each year, 2018 and 2019.

d: Using the 2019 reconnection fees and the Company's most current compliance filing in UG-200994, a residential bill would increase \$0.04, or 0.06%.

*3. Please provide the following information regarding the cost of disconnection and reconnection in 2018 and 2019, respectively, identifying each fee category separately.*

- a. What is the total cost the company incurred disconnecting residential customers each year?*
- b. What is the total cost the company incurred reconnecting residential customers each year?*
- c. What is the average annual cost for disconnection and reconnection by year?*
- d. If your company has deployed advanced metering infrastructure (AMI), please provide separately a cost breakdown of disconnection and reconnection fees for residential customers with AMI meters installed. Please also provide a side-by-side comparison of costs incurred both to disconnect and reconnect non-communicating meters with costs incurred to disconnect and reconnect AMI meters.*

a: The Company estimates costs for disconnections as follows – please note these numbers reflect Total Company (Oregon and Washington) numbers.

	<b>2018</b>	<b>2019</b>
All disconnections	\$1,214,408	\$1,210,143
Disconnections for non-payment	\$862,501	\$844,226

b: The Company estimates costs for reconnections as follows – please note these numbers reflect Total Company (Oregon and Washington) numbers:

	<b>2018</b>	<b>2019</b>
All reconnections	\$2,584,605	\$2,400,986
Reconnections after disconnection for non-payment	\$800,297	\$749,026

c: The Company estimates the average annual cost per disconnection and reconnections as follows – please note these numbers reflect Total Company (Oregon and Washington) numbers:

	<b>2018</b>	<b>2019</b>
All disconnections	\$25.25	\$26.03
Disconnections for non-payment	\$24.63	\$25.07
All reconnections	\$66.41	\$66.12
Reconnections after disconnection for non-payment	\$61.14	\$60.86

d: This question is not applicable to NW Natural; we have not deployed advanced metering infrastructure.

4. Please provide the following information related to residential disconnections for non-payment in 2018 and 2019, respectively.

- a. The number of disconnections
- b. The average duration of disconnection
- c. The average duration of disconnection for non-payment for low-income customers each year?

a and b: The first row reflects disconnects where reconnects occurred at the same premise for the same customer.

<b>Disconnections for non-payment</b>	<b>2018</b>	<b>2019</b>
Disconnection with Reconnection	1288	1254
Average Duration of Disconnection (days)	10	9
Disconnection with no Reconnection	291	302

c: The first row reflects disconnects where reconnects occurred at the same premise for the same customer.

<b>Disconnections for non-payment - low-income</b>	<b>2018</b>	<b>2019</b>
Disconnection with Reconnection	55	41
Average Duration of Disconnection (days)	17	6
Disconnection with no Reconnection	4	6

Note - low income is defined as any energy assistance received by the customer during calendar years 2018 or 2019.

5. *Please provide the following information regarding disconnections among low-income residential customers:*

- a. *In each of 2018 and 2019, what percentage of total residential customer disconnection fees and reconnection fees were charged to low-income customers? Please identify the percentage for each fee category separately.*
- b. *What percentage of customers facing disconnection successfully applied for and received energy assistance that allowed them to avoid disconnection in 2018 and 2019, respectively?*

a: Please note NW Natural charges reconnection fees and does not charge disconnection fees. The percentage of reconnection fees charged in 2018 and 2019 to low-income residential customers was 4.54% and 3.10%, respectively. Note – low income is defined as any energy assistance received by the customer during calendar years 2018 or 2019.

b: NW Natural does not have this information.

6. *Please identify barriers you have encountered to payment for low-income customers, members of highly impacted communities, and/or vulnerable populations. For the companies, what steps has your company taken to address identified barriers, if any? Please describe the results of these steps and provide any data you have relied upon for this analysis.*

In compliance with the Commission’s approval of the development of the Company’s low-income needs assessment (LINA) in Order 05 in docket UG-200994, NW Natural is in the process of conducting the LINA with the third-party contractor Applied Economics Group. The LINA will be completed in the summer of 2022. NW Natural intends that the LINA will provide insight about barriers low-income customers face with regard to participating in energy assistance and energy efficiency programs, characteristics of historically

underserved communities, as well as household demographic data, including but not necessarily limited to age, language, race, cultural identification, employment status, presence of disabilities. We will share the LINA with our stakeholders when it is complete so that we can better tailor our programs to the communities we serve.

## Deposits

7. *Does your company currently collect deposits from residential customers?*  
*a. If so, please identify all references in your tariff governing residential customer deposits.*

Yes. The processes for deposits are provided in Rule 2 Establishment of Credit and Rule 3 Deposits of NW Natural's tariff.

Please see NW Natural Washington Tariff – Rule 2 [here](#) or included as Attachment 3.

Please see NW Natural Washington Tariff – Rule 3 [here](#) or included as Attachment 4.

8. *Please provide the following information regarding the residential customer deposits collected by your company in 2018 and 2019, respectively:*  
*a. Please provide the total dollar amount collected for residential customer deposits each year.*  
*b. How many customer accounts paid deposits each year?*  
*c. What percentage of retail revenue did your company derive from residential customer deposits each year?*  
*d. How many customers used part or all their deposit to offset account balances?*  
*e. What percentage of customers who used part or all their deposit to pay for account balances each year requested reconnection within 12-months of disconnection?*

a: Residential customer deposits paid in 2018 and 2019 were \$161,229 and \$146,316, respectively.

b: The number of residential customer deposits in 2018 and 2019 were 1,799 and 1,705, respectively.

c: Customer deposits do not represent revenue; they are booked as regulatory liabilities and held, with interest, until customers can satisfy credit requirements. When a customer's account closes or has satisfied credit requirements, the deposit is returned, with interest, onto the customer's account. This deposit return would be booked as a reduction to the customer's accounts receivable and would have no revenue impact to the Company.

d: Prior to the COVID-19 pandemic, deposits were not used to offset active customer account balances. When a customer's account closes or has satisfied credit requirements, the deposit is returned, with interest, onto the customer's account. The following table

provides the counts for residential deposit refunds. The differences between distinct customers, accounts and refunds are due to prior obligation – customers may have more than one account due to prior obligation.

Refund Year	Distinct Customers	Distinct Accounts	Distinct Refunds
2018	1,603	1,671	1,689
2019	1,583	1,655	1,678

e: As mentioned above, prior to the COVID-19 pandemic, deposits were not used to offset active customer account balances. When a customer’s account closes or has satisfied credit requirements, the deposit is returned, with interest, onto the customer’s account. The following table summarizes our best estimate of the count of Washington residential customers that experienced a deposit refund later followed by a disconnection and completion of at least one reconnection within a year of the initial disconnection.

Year or Refund	Disconnected Customers	Reconnect <= 365 days	Percentage
2018	169	134	79.3%
2019	83	69	83.1%

9. Please provide the following information regarding deposits among low-income customers in 2018 and 2019, respectively:

- a. What percentage of customers who paid deposits were low-income customers?
- b. If possible, please identify the percentage of customers who paid deposits who are members of a highly impacted community or vulnerable population.

a. The percentage of customers who paid deposits in 2018 and 2019 that were low-income customers is 5.06% and 3.13%, respectively. Note – low income is defined as any energy assistance received by the customer during calendar years 2018 or 2019.

b. NW Natural does not have information regarding highly impacted communities or vulnerable populations.

**Late fees**

10. Does your company’s tariff currently include a late fee for residential customers? a. If so, please identify all the appropriate tariff references.

Yes. Late Fees are described in Schedule C Miscellaneous Charges (see Sheet C.1 and Sheet C.2).

Please see NW Natural Washington Tariff – Schedule C [here](#) or included as Attachment 2.

11. Please provide the following information regarding the late fees your company collected in 2018 and 2019, respectively:
- a. Please provide the total dollar amount collected in late fees for each year.
  - b. How many residential customer accounts paid late fees each year?
  - c. What percentage of retail revenue did your company derive from residential late fees each year?
  - d. If late fees were no longer collected and were to be recovered in base rates instead, how much would residential bill increase based on your current approved rate spread? Please provide both a percentage increase and an average residential customer bill increase amount.

a and b:

Row Labels	Sum of Fee Count	Sum of Fee Total
<b>2018</b>	<b>57779</b>	<b>\$ 88,739</b>
Residential	50487	\$ 58,086
Commercial	7168	\$ 24,766
Industrial	124	\$ 5,887
<b>2019</b>	<b>59296</b>	<b>\$ 90,480</b>
Residential	51580	\$ 60,100
Commercial	7589	\$ 25,329
Industrial	127	\$ 5,051
<b>Grand Total</b>	<b>117075</b>	<b>\$ 179,219</b>

c: The Company derived 0.14% and 0.13% of retail revenue from late fees for the years 2018 and 2019, respectively.

d: Using the 2019 late fees and the Company's most current compliance filing in UG-200994, a residential bill would increase \$0.07, or 0.10%.

12. Please provide the following information regarding late fees affecting low-income customers in 2018 and 2019, respectively:
- a. What percentage of late fees were charged to low-income customers each year?
  - b. If possible, please identify the percent of customers charged late fees in each year who were members of a highly impacted community or vulnerable populations.

a: The percentage of total late fees charged to low-income customers in 2018 and 2019 was 1.65% and 1.49%, respectively. Note – low income is defined as any energy assistance received by the customer during calendar years 2018 or 2019.

b: NW Natural does not have information regarding highly impacted communities or vulnerable populations.

## **Credit and Collection**

*13. Please provide all references in your company's tariff, and citations to all applicable rules and regulations, governing the credit and collection processes used by your utility.*

Applicable rules and terms regarding NW Natural's credit and collection processes primarily include, but are not limited to, the following Company tariff schedules: Rule 2 Establishment of Credit, Rule 3 Deposits, Rule 4 Billing, Payment Responsibilities and Payment Arrangements, Rule 5 Disconnection and Reconnection Procedures, Schedule B Bills and Bill Payment Options and Schedule C Miscellaneous Charges.

Applicable Washington Administrative Code references primarily include, but are not limited to, WAC 480-90-123 Refusal of Service, WAC 480-90-128 Disconnection of Service, WAC 480-90-133 Reconnecting Service After Disconnection, WAC 480-90-138 Payment Arrangements, and WAC 480-90-143 Winter Low-Income Payment Program.

*14. Please provide the following information regarding credit and collection:*

- a. A detailed narrative describing your company's credit and collection process. As part of this narrative, please identify both internal and external processes and explain how they operate, including any voluntary customer service principles;*
- b. If applicable, the number of customers sent to collections in each of 2018 and 2019; and*
- c. If applicable, the number of low-income customers who had account balances sent to collections in the year the customer received energy assistance.*

a: Please see Attachment 5.

b: In 2018, there were 1,127 accounts sent to collections. In 2019, there were 1,055 accounts sent to collections.

c: In 2018 and 2019, there were 33 and 18 low-income customers, respectively, who had account balances sent to collections in the year the customer received energy assistance. Note – low income is defined as any energy assistance received by the customer during calendar years 2018 or 2019.

## **Disconnection Notices**

*15. Has your company identified opportunities to improve customer notice rules? Please describe those opportunities and the steps your company is taking to implement them.*



NW Natural has not yet identified opportunities to improve customer notice rules, but the Company will actively participate in docket U-210800 and may bring forth suggested improvements as issues are identified in the rulemaking process.

*16. Please provide a list of all languages in which your company provides translated disconnection notices.*

In each notice we send, we include an insert in six languages that advises the customer that we are contacting them about their gas bill and they need to contact us immediately. That insert includes translation for the following languages:

English, Spanish, Russian, Vietnamese, Thai, and Lao.

When the customer calls us, we have representatives that can help them in Spanish; for other languages, we utilize the Language Line, which provides interpreter services in over 240 languages. More information can be found at: <https://www.language.com/s/Phone>.

*17. How does your company determine in which language(s) the customer should receive written communications (particularly in relation to the disconnection notice)?*

Please see the Company's response to question 16.

*18. Has your company identified any barriers in the process of providing notices to customers?*

*a. If so, please identify and describe these barriers.*

*b. Has your company taken steps to address any identified barriers?*

*c. Have the steps taken either reduced the number of disconnections or otherwise yielded results in terms of improving the disconnection process? If so, please provide the results and any analysis your company has conducted of the results.*

No. The Company has not identified any barriers in the process of providing notices to customers.

a: n/a

b: n/a

c: n/a

*19. Are you aware of any policies, rules, or guidance concerning equity in developing or providing customer notice in use by other companies or state commissions? If so, please identify the policies, rules, or guidance, referencing the company or state commission that has adopted the policy, rule, or guidance.*

NW Natural is not aware of policies, rules or guidance regarding equity in developing or providing customer notice in use by other companies or state regulatory commissions. NW Natural notes that the rules for customer notice in Oregon, which is the Company's other natural gas state jurisdiction, are similar to the rules in Washington.

*20. Are you aware of any best practices or examples from other jurisdictions or other utility sectors that the Commission should consider in this proceeding regarding late fees, disconnection fees, reconnection fees, deposits, credit and collection practices, and customer notices? If so, please identify these best practices or examples, referencing the company or jurisdiction that has adopted these practices.*

NW Natural is not aware of best practices or examples from other jurisdictions or other utility sectors that could be recommended for Commission consideration in this proceeding regarding the indicated topics. NW Natural notes that the Public Utility Commission of Oregon (PUC) is undertaking a similar rulemaking for the consumer rules provided in Oregon Administrative Rules Chapter 860 Division 21. This rulemaking, docketed by the PUC as AR 653, is still in the informal stage and is expected to continue through this year.

NW Natural appreciates the opportunity to provide these comments. Please address questions and correspondence on this matter to the following:

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Sincerely,

*/s/ Zachary Kravitz*

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Attachments  
210800-NWN-Cmt-Rule-5-Attach-1-04-29-2022

210800-NWN-Cmt-Sched-C-Attach-2-04-29-2022  
210800-NWN-Cmt-Rule-2-Attach-3-04-29-2022  
210800-NWN-Cmt-Rule-3-Attach-4-04-29-2022  
210800-NWN-Cmt-Attach-5-04-29-2022