April 29, 2022

Ms. Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Docket No. U-210800 – Cascade Natural Gas Comments Regarding Potential Long-Term Changes and Improvements to Customer Notice, Credit, and Collection Rules

Dear Ms. Maxwell:

Cascade Natural Gas Corp. (“Cascade” or “Company”) hereby submits the following responses to the questions posed in the Commission’s Notice of Opportunity to File Written Comments, dated March 18, 2022, in Docket U-210800.

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.

Schedule 200, Miscellaneous Charges, and Rule 5, Disconnection and Reconnection of Service, both have information pertaining to disconnection and reconnection of residential customers.

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.

Cascade Natural Gas does not collect disconnection fees. CNGC does collect a Field Visit fee of $10 when a technician visits a customer’s premise to disconnect service and that customer takes action to avoid being disconnected - e.g. the customer pays cash at the door or goes to visit a payment location to make a payment. Those fees are included in the total dollar amount of fees and total number of accounts assessed fees. The data also includes reconnection fees for reconnects worked during regular business hours and after hours.

a. 2018 - $83,971.79 (Field Visit Charge = $10,484.80)  
   2019 - $72,679.96 (Field Visit Charge = $8,773.28)

b. 2018 – 3,464 (Field Visit Charge = 1,044)  
   2019 – 3,058 (Field Visit Charge = 874)

c. 2018 - 0.037%  
   2019 - 0.029%

d. Cascade’s last approved rate spread was an equal percentage to all customer classes; thus, the percentages reflected in part (c) would be the percentage increase to all customer classes. Using the current average residential bill of $54.08, the average increase amount would be the following:  
   2018 - $0.02023 per month per residential customer  
   2019 - $0.01589 per month per residential customer

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.
Please note, it has been several years since Cascade Natural Gas has evaluated our fee schedule or done a recent time study. For the purpose of this response, we are estimating costs for service field trips based on general loaded labor and equipment rates.

a. 2018 – 250,600.00
   2019 – 205,860.00

b. 2018 – 105,800.00
   2019 – 96,000.00

c. It is unclear what exactly is being asked for within the question, but the average annual disconnect cost was $228,230 and the average annual recovery cost was $100,900 over the two periods.

d. Cascade does not have AMI or remote capabilities.

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. 2018 – 3387
      2019 – 2944

   b. 2018 – 37.09 days
      2019 – 37.88 days

   c. 2018 – 23.46 days
      2019 – 28.42 days

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?

Cascade Natural Gas does not collect disconnection fees. CNGC does collect a Field Visit fee of $10 when a technician visits a customer’s premise to disconnect service and that customer takes action to avoid being disconnected - e.g. the customer pays cash at the door or goes to visit a payment location to make a payment. Those fees are included in the total dollar amount of fees and total number of accounts assessed fees. The data also includes reconnection fees for reconnects worked during regular business hours and after hours.

a. 2018 – 4.1%
   2019 – 2.8%

b. 2018 - 3% of low-income customers having received an Urgent disconnection notice received some form of energy assistance to avoid disconnection.*
   2019 – 2.5% of low-income customers having received an Urgent disconnection notice received some form of energy assistance to avoid disconnection.*

*% shown may be understated when considering in 2018 and 2019 not all customers receiving an Urgent notice were eligible for disconnection. Accounts were reviewed for risk factors such as length of service, time since last payment and account balance and only those deemed highest risk were considered for disconnection. CNGC does not have a list of the accounts considered highest risk, therefore, we utilized the list of customers receiving a disconnect notice to identify customers at risk of disconnection.

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.

Barriers to providing assistance to low-income customers include language obstacles and customer engagement. To address these barriers, in 2021 Cascade Natural Gas added translation features to the company website that allows any page, including energy assistance pages, to be translated to the eight most prevalent languages in Washington state. Cascade Natural Gas also includes Spanish text in all energy assistance outreach materials. In 2021 CNGC also partnered with Language Line to provide interpreter services for up to 240 different languages. The company’s Customer Service Representatives are able to utilize this service while interacting with any customer who speaks any of the 240 languages interpreted through the Language Line service. Paid social media, Google Ads, radio, and event sponsorships have raised awareness among customers of the assistance options available to them both through Cascade Natural Gas directly, and through our Community Action partners. As a result of these efforts, the number of Cascade Natural Gas customers past due have decreased by ~32% since 20191.

1 Slight fluctuations from month-to-month.
In response to the COVID-19 pandemic, we created three instant grant programs for our customers experiencing difficulty paying their bill. These grants are an important and drastic change in how we have served low-income customers historically. These programs removed the barriers and burdens customers encountered when working with Community Action agencies in the past which included providing extensive documentation, attempting to secure one of the limited number of appointments that are available each month, having to go to an agency in person, the difficulty of reaching a staff member by phone, and relying on them to offer all of the grant opportunities for which a customer may qualify. The instant grants immediately improved the process for customers who endure financial stress daily while providing the company direct opportunities to build trust and improve communication with the group within our customer base who would likely benefit most. As a result, customers will be more likely to contact us in the future when they are experiencing financial difficulty because their experience has become positive instead of fearful; we know this is true given the number of repeat instant grant requests for the programs we have offered. Working with a third party can be very beneficial, and we encourage our customers to do so, but it may also add barriers that discourage customers from applying for financial aid. The option for and relief of an instant grant has been significant for our customers.

7. Does your company currently collect deposits from residential customers?

   a. If so, please identify all references in your tariff governing residential customer deposits.

   Rule 4, Customer Deposits and Other Security, contains the information on deposits for residential customers.

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.

      a. 2018 - $454,435.13
         2019 - $410,162.10

   b. How many customer accounts paid deposits each year?

      b. 2018 – 5,842
         2019 – 5,392

   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. 2018 - 5.842
         2019 - 5.392
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. 2018 - 0.50%
      2019 - 0.37%

   b. 2018 - 0.013%
      2019 - 0.009%

10. Does your company’s tariff currently include a late fee for residential customers?

   a. If so, please identify all the appropriate tariff references.

      Schedule 200, Miscellaneous Charges, and Rule 6, Billings and Payments, contain information on Cascade’s late fees for residential customers.

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) 2018 - $325,172.48  
   2019 - $322,146.63

b) 2018 – 86,442  
   2019 – 84,102

c) 2018 – 0.145%  
   2019 – 0.130%

d) Cascade’s last approved rate spread was an equal percentage to all customer classes; thus, the percentages reflected in part (c) would be the percentage increase to all customer classes. Using the current average residential bill of $54.08, the average increase amount would be the following:
   a. 2018 - $0.0783 per month per residential customer  
   b. 2019 - $0.0704 per month per residential customer

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) 2018 – 1.291%  
   2019 – 1.339%

b) 2018 – 0.512%  
   2019 – 0.508%

CNGC does not track income information of its customers. We identified low-income customers, or vulnerable populations, as customers who received any type of energy assistance during the calendar year (LIHEAP, WEAF, Winter Help, etc.).

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.

RULE 4 CUSTOMER DEPOSITS AND OTHER SECURITY

ESTABLISHING CREDITWORTHINESS
An applicant or customer may establish creditworthiness by either providing the information that demonstrates a deposit is not required or by paying a deposit or providing another acceptable form of security.

DEPOSIT CRITERIA
1) RESIDENTIAL DEPOSIT CRITERIA
   a. deposit may be required if any of the following are true:
      i. The applicant is not able to demonstrate continuous employment during the prior twelve months and is neither currently employed nor has a regular source of income;
      ii. Another party in the dwelling owes a past due balance with the utility;
      iii. The applicant, customer or another party in the dwelling has previously tampered with, diverted or stolen utility service;
      iv. The customer or applicant has received three or more delinquency notices in the prior twelve months from the Company or another like-utility; or
      v. The applicant was previously a customer who has had his/her gas service disconnected for nonpayment from the Company or another like-utility.

Procedure:
- Currently Cascade Natural Gas does not require any residential deposits to start or reconnect service. Prior to the moratorium, new applicants who could not demonstrate continuous employment during the prior twelve months and was neither currently employed nor had a regular source of income were required to pay a deposit, with the option to pay in installments.

- CNG Washington residential accounts that have been disconnected due to Non-Payment are classified as Prior Obligation. Prior to the moratorium, Prior Obligation accounts required a deposit upon reconnection based on 1/6 annual consumption at the Premise. 1/3 of the deposit was required to be paid prior to reconnection.

RULE 5 DISCONNECTION AND RECONNECTION OF SERVICE

DISCONNECTION OF SERVICE
The Company may or shall discontinue service for any of the following reasons:
d. For payment of a delinquent balance with a check that is dishonored by a bank or financial institution; or

Procedure:
When a payment is made to avoid disconnection and is later returned for non-sufficient funds (NSF):
- If the customer received all required collection notices when payment cancelled the collection process, Credit agent will make a manual call to the customer to attempt to collect on the returned payment; otherwise, the account will enter into the Severance process.
The next business day, depending on resource availability, the Credit agent again reviews this account for payment. If no payment is received, a disconnect is scheduled for the next available business day based on field resource availability.

- If the customer had not received all the required collection notices at the time the payment posted to the account, agent will make a manual call to the customer to attempt to collect on the returned payment. The system will automatically monitor the account and start the collection process if the account meets the debt criteria. The account is again evaluated for risk and necessary noticing is sent when applicable.

When a payment is made to reconnect service after non-pay disconnection and is later returned for non-sufficient funds (NSF):

- Credit agent will make a manual call to the customer to attempt to collect on the NSF check; otherwise, the severance process is restarted based on previous notices and full NSF amount is due to reconnect. No paper or electronic checks are accepted to prevent disconnection.

e. For failure to stay current on an agreed upon payment plan.

Procedure:
The Credit department is not notified when a customer breaks a long-term Payment Arrangement. The system will evaluate the debt again for collection eligibility after the next bill.

The System will notify the Credit department when a short-term Pay Plan breaks in the system. Credit agent will:

- Review Account to see if Pay Plan cancelled a Collections or Severance process.
- If customer received all required collection notices for the debt when the Pay Plan cancelled the high-risk collection process, agent will make a manual call to the customer to attempt to collect, or, if eligible, enter into another pay plan; otherwise, the severance process is restarted based on previous notices and disconnection is scheduled for no less than two days out, depending on field resource availability.
- If the account was not in a high-risk collections process or in severance when entering into the Pay Plan, agent will make a manual call to the customer to attempt to collect or, if eligible, enter into another pay plan; otherwise, the system will automatically monitor the account and start the collection process if the account meets the debt criteria. The account is evaluated for risk and necessary noticing is sent when applicable.

NOTIFICATION OF DISCONNECTION OF SERVICE FOR NONPAYMENT
Except as otherwise allowed per WAC 480-90-128(1) and (2), the Company will provide the customer with no less than two notices prior to involuntary disconnection for nonpayment. The first will be a mailed written notice with a stated disconnection date that is no less than eight business days after the date of mailing. The second notice will be mailed no less than five calendar days prior to the disconnection date.
Advance notice of disconnection is not required when disconnection is for meter tampering, diverting service, other theft of service, or for hazardous or unsafe conditions.

When a customer makes a payment subsequent to the issuance of a notice to disconnect service due to nonpayment, whether payment is made to prevent a disconnection of service or to reactivate service that was disconnected, and the payment is not honored by the bank or other financial institution, the account will be deemed unpaid. The Company will attempt to notify the customer in person, by telephone, or by written notice of the payment failure and the Customer will have one business day to correct the failure. If a valid payment is not received, service to the customer may be disconnected after the due date of the previously issued five-day notice and without further written notice. This process may proceed separately from the normal notice process described herein.

Procedure:
Residential accounts meeting the debt criteria and having been assigned a High-Risk classification due to risk factors shown on the account receive the following notifications prior to disconnection eligibility according to the following timeline.

- Automated outbound call Day 0
- Disconnection of Service Notice Day 3
- Urgent Notice Day 8
- Start Severance Process Day 11
- Manual Call from Credit Agent Day 12
- Eligible for disconnection Day 13

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. The following is a detailed narrative of Cascade Natural Gas’ credit and collection processes.

- Accounts are established as Low, Medium, and High risk before they enter Collections.
  - Low risk customers follow a collection path with just one event: an automated call with no threat of disconnection.
  - Medium risk accounts follow a collection path with two events: an automated call and a softer reminder letter; no threat of disconnection.
High risk accounts follow a collections path with several events: an automated call, required disconnect notices and if no payments are received or payment arrangements made, an agent-led manual call prior to scheduling a field visit for disconnection.

- Because this is custom programming, we can adjust the path based on conditions on the Account.
  - For example, if an Account is deemed Low Risk, but has no phone number, we will automatically advance it to the Medium Risk Category, so that a written reminder can be sent and contact with that customer is not lost.
  - Likewise, if an Account is deemed High Risk, but the amount owing on the Account is covered in full by a held deposit (provided we can collect deposits), then the risk will automatically be reduced.

A high-risk Residential Account will follow the following collection timeline:

- Automated Call Day 0
- Disconnection of Service Notice Day 3
- Urgent Notice Day 8
- Start Severance Process Day 11 (System notification to Credit Department through nightly processing)
- Manual Agent-Led Call Day 12 (or first available work date)
- Eligible for Disc Day 14 (or first available schedule date)

- Other outbound contact points include:
  - Manual agent-led calls any time a short-term pay plan is not kept by the customer.
  - Manual agent-led calls any time a payment is returned for non-sufficient funds.
  - Manual agent-led calls to customers who may qualify for certain energy assistance opportunities.
- At any point, a customer can contact Cascade with payment of their past due balance, schedule a payment arrangement, or discuss energy assistance options that would prevent disconnection.

SEVERANCE AND WRITE OFF

After an account creates a closing bill, if there is no attempt to reconnect service, the customer has 36 days before the debt enters into a Write-Off Process. During the 68-day Write-Off Process, the customer receives two written final bill letters and a manual agent-led call, attempting to contact the customer for payment or payment arrangement and to notify the customer that referral to a collection agency is imminent. From the time of the final bill to the time the debt is written-off and sent to a third-party collection agency is approximately 105 days.

b. The number of customers sent to collections in each of 2018 and 2019:
2018 – Approximately 4,577 referrals to 3rd party collection agencies*
2019 – 4,045 referrals to 3rd party collection agencies
* In 2018 Cascade implemented a new Debt Recovery System and signed new contracts with collection agencies. During this time there was a significant transition in our data which may impact our ability to provide exact numbers.

c. The number of low-income customers who had account balances sent to collections in the year the customer received energy assistance.

2018 – 23*
2019 - 25

* In 2018 Cascade implemented a new Debt Recovery System and signed new contracts with collection agencies. During this time there was a significant transition in our data which may impact our ability to provide exact numbers.

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.

Cascade Natural Gas often utilizes Option 1 for Customer Notice Requirements; however, we improve upon customer notice exposure and read rates by utilizing all or a combination of the following in conjunction with bill inserts: bill onserts, social media, email, and website messaging.

In July 2021, Cascade Natural Gas worked with the WUTC Consumer Protection group in accordance with the term sheet for U-200281 to revise Past Due and Urgent customer notices to remove all language perceived as threatening. The revised notices also include detailed energy assistance information as well as how and where payments are accepted.

Additionally, on March 23, 2022, Cascade implemented a significant change to our billing system functionality that customizes the collections experience for residential customers into three unique paths based on risk factors identified on the account and introduced a new friendlier reminder letter in lieu of a disconnect notice.

Prior to the change, all Residential customers in Washington qualifying for collections started the same collection path. Due to system limitations, all accounts received a disconnect notice even though some customers may have only required a gentle reminder.

Even with the system limitations, while all Accounts entering into collections received disconnect notices, only those Accounts that qualified as high-risk were worked by the Credit Department for disconnection. Analysis was done outside of the system based on risk factors such as time in service, account balance, time since last payment and percentage of last payment, in order to ensure that only the most high-risk accounts were considered for disconnection; however, it didn’t prevent disconnect notices from being sent to customers who may not have needed that kind of message.

By modifying the system, our new process allows us to analyze Residential accounts before they enter the collections process. Residential Accounts now fall into one of three new risk classes
and based on the risk class, will follow one of three unique collection paths. In testing, we saw a significant reduction in the number of customers receiving disconnect notices and we expect to see at least equally positive results in our live environment.

THREE NEW RESIDENTIAL RISK CLASSES AND COLLECTION EVENTS:

- **Low**
  - Starts the new Low-Risk Collections Process
  - Receives only an automated call.
  - Not eligible for disconnection.

- **Medium**
  - Starts the new Med-Risk Collections Process.
  - Receives an automated call and a new friendly reminder letter.
  - Not eligible for disconnection.

- **High**
  - Starts one of the Collections Processes that existed in the system previously.
  - Receives an automated call and appropriate letters of disconnection designed for WA during the appropriate season.
  - Manual agent-led call made to avoid disconnection. At any time, customers can avoid disconnection by making contact with the company to pay their past due amount in full, establish a payment arrangement or apply for energy assistance.
  - If no actions are taken by the customer, the account is eligible for disconnection.

Once an Account is evaluated and initially assigned to one of the three risk classes, there are additional risk factors applied that can adjust the risk class up or down, such as when an account is initially low-risk and has no phone number on file for the automated call, or when the account is high risk but has a paid deposit that is larger than the amount in arrears.

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

Notices sent by Cascade Natural Gas are only in English but include the following line in Spanish, “If you need translation help, call Cascade Natural Gas Corporation.”

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

Cascade Natural Gas utilizes data provided by the United Stated Census Bureau in conjunction with analytics from our utility website to determine languages that should be represented in our written communications, including disconnect notices.

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.

Cascade Natural Gas has not encountered any barriers in the process of providing notices to customers.

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.

Cascade Natural Gas is participating in discussions with the Oregon Public Utilities Commission, advocates, and peer utilities involving possible changes to their consumer protection rules, Rule 21. These changes being discussed include modifying late fee, reconnect fee, deposit, and credit and collections processes, including timing of disconnection notices and the disconnect process to increase protections specifically for customers designated as low income. The possible changes being discussed are not targeted to all customers who may be subject to these fees or disconnects. These discussions are ongoing with no changes adopted at this point.

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.

Cascade Natural Gas is participating in discussions with the Oregon Public Utilities Commission, advocates, and peer utilities involving possible changes to their consumer protection rules, Rule 21. These changes being discussed include modifying late fee, reconnect fee, deposit, and credit and collections processes, including timing of disconnection notices and the disconnect process to increase protections specifically for customers designated as low income. The possible changes being discussed are not targeted to all customers who may be subject to these fees or disconnects. These discussions are ongoing with no changes adopted at this point. The other states in which Cascade operates are not proposing any changes to normal fees, deposits, collection practices, or customer notices as allowed by rules or tariffs. Cascade believes that approach is a best practice and does not violate the regulatory cause causation principle to have the cost borne by those who cause the expense.

Cascade appreciates the opportunity to comment. If you have any questions, please feel free to contact me at 208.377.6015 or cngcregulatory@cngc.com.

Sincerely,

/s/ Lori A. Blattner