

Snyder, Jennifer (UTC)

From: King, Onita <ork@nwnatural.com>
Sent: Thursday, May 21, 2015 12:41 PM
To: Hancock, Christopher (UTC)
Cc: Russell, Kristen (UTC)
Subject: RE: Follow-up questions re: credit card comments
Attachments: A 150561 NW Natural Follow-Up to WUTC Questions 5-21-15.pdf

Christopher,

I've attached a document that contains our responses to your follow-up questions.

Let me know if you need any further information.

Onita King
NW Natural
Rates & Regulation
503.721.2452

From: Hancock, Christopher (UTC) [mailto:chancock@utc.wa.gov]
Sent: Monday, May 18, 2015 3:58 PM
To: King, Onita
Cc: Russell, Kristen (UTC)
Subject: [External]Follow-up questions re: credit card comments

Good afternoon Ms. King. I had a few follow-up questions for you in regards to Northwest Natural's initial comments in docket A-150561. Northwest Natural is unique among our energy utilities as the only one that does not have direct charges to their customers that want to use cards.

- 1) You noted in your comments that Visa does not allow you to implement a surcharge on customers paying with Visa cards; are surcharges applied to Discover and MasterCard customers, and if so, are these applied by NW Natural or by the processing third-party?
- 2) How do you allocate these costs between Oregon customers (where you can recover your costs), and Washington customers (where you currently cannot)?
- 3) Referring to the bottom of Page 3 – In what sense were customers that used cards in the prior arrangement (\$3.95 fee) considered "at-risk"? Have you seen a reduction in uncollectables and bad debt?
- 4) Other utilities have told me that they are unable to get the utility rate on card processing, but it seems you have. Could you describe what it takes for a utility to qualify for this?
- 5) Does the company feel that customer usage of debit and credit cards has stabilized at 14%, or is there the expectation that this trend towards card usage will only continue?
- 6) In 2005, 73% of NW Natural's customers paid with check, compared to less than 30% in 2014. Meanwhile, NW Natural saw card usage increase from 2% in 2012, to 14% in 2014. Which is to say, many customers have moved away from checks and towards credit and debit cards, but certainly not all of the customers that abandoned checks have chosen cards. What other methods have those check-paying customers moved into, as they abandoned using checks?
- 7) Aside from the Oregon PUC, and your anticipated efforts at collecting costs in your future Washington rate case, did NW Natural encounter any other regulatory burdens in the process of adopting a no-fee model for card usage?

Thank you for your comments, as they've been very informative, and thank you for answering these follow-up questions.

Christopher Scott Hancock
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