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August 19, 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 August 3, 2022, in Docket U-210800.

1. Regarding requests for the Commission to consider whether disconnecting customers for non-payment remains necessary:

a. What is the annual and average cost to the utility to (a) disconnect and (b) reconnect customers? What customer count is used in these calculations?

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

- a. 2018 – 250,600
2019 – 205,860
- b. 2018 – 105,800
2019 – 96,000

Customer counts for disconnect/reconnect are: 2018 (3,464) and 2019 (3,058).

b. What is the annual and average cost to the utility due to a customer’s late payment? What customer count is used in these calculations?

Cascade’s response to Data Request No. 11(a) filed earlier in comments in this docket on April 29, 2022, showed late fee revenues of \$325,172.48 and \$322,146.63 in 2018 and 2019, respectively. Cascade’s late fee is a 1% charge on past due balances. The average late fee revenue over the two-year period was \$323,659.56. The total past due balances were \$32,365,955.50 (\$323,659.56/1%) annually for an average impact on the receivable balance of \$2,697,162.96 (\$32,365,955.5/12). Working Capital is increased by the \$2.7 million.

The average customers charged late fees based on Data Request No. 11 in this docket was 85,272.

c. How much revenue does the utility collect annually from customers for (a) disconnection, (b) reconnection, and (c) late fees?

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.

2018 - \$83,971.79 (Field Visit Charge = \$10,484.80)

2019 - \$72,679.96 (Field Visit Charge = \$8,773.28)

d. What concerns factor against eliminating disconnections for non-payment?

Without the possibility of disconnecting for non-payment of utility bills, some customers may not be motivated to pay their bills, contact the utility to establish a payment arrangement, or contact the utility and/or Community Action Agency to request bill pay assistance. Allowing arrearages, and ultimately write-offs, to increase would shift the cost to other customers and is out of alignment with the regulatory cost causation principle. In addition, allowing customers to continue to utilize gas service with essentially no obligation to pay could result in unnecessary, increased usage since there would be no risk that the occupant would ultimately be required to pay for the usage. This would place additional burden on a utility's system as well as the environment. Lastly, allowing customers to continue to utilize natural gas service with no obligation to pay could result in no contact from customers with the utility. Lack of contact with the utility could lead to safety and environmental impacts if the property is abandoned without the utility's knowledge.

e. Please explain how disconnecting customers for non-payment is, or is not, in the public interest.

Disconnecting customers for non-payment is in the general public's interest since disconnection of service serves as a motivator for payment for services or to contact the utility or agencies to discuss payment arrangement and/or assistance options. Not disconnecting customers would shift a greater burden of higher write-off balances to other customers and is out of alignment with the regulatory cost causation principle.

f. Is there a practice that would be more equitable than disconnection for non-payment?

Many energy assistance options exist to help customers avoid being disconnected for non-pay. In addition, Cascade works with customers to customize payment arrangements based on the customer's situation and needs. Cascade makes many efforts via multiple communications channels to reach customers to discuss all of these options, including a manual outbound call from our Credit and Collections Team, before taking the last-resort step of disconnection of service. Based on the many options available and the numerous contact attempts made before issuing a disconnect order, Cascade cannot think of a more equitable practice.

g. How else could companies be assured those customers would continue to pay or seek assistance if disconnection for non-payment were disallowed?

For the reasons stated in 1d and 1e, Cascade is not able to develop any methods with which companies could be assured that customers would continue to pay or seek assistance if disconnection for non-payment were disallowed. Customer behavior during the COVID disconnect moratorium and since the full moratorium shifted to the current Commission Staff disconnect review process has provided insight into what would occur if disconnection were completely disallowed. Since the moratorium was implemented in late March 2020 many customers stopped paying their bill and have not made attempts to contact the company to discuss options. Despite having more assistance funding available than at any other time, some through automatic grants requiring no action from the customer, the utility companies experienced record arrearages. Those arrearages have declined since the current WUTC disconnect review process was implemented, but they have not decreased at the same rate as Cascade's Oregon arrearages where disconnect processes have mostly returned to pre-COVID status. Oregon is moving toward implementing additional protections for customers designated as low-income but not going as far as completely prohibiting disconnections for non-pay for any customers. Cascade believes that is a more reasonable approach than prohibiting disconnects completely. Oregon's proposed rule changes: [NoticeFilingTrackedChanges \(17\).pdf \(state.or.us\)](#)

2. Should additional information be provided to customers prior to disconnection for non-payment?

Cascade makes extensive efforts to contact customers before disconnecting service and only disconnect as a last resort, typically when the customer is not responding to any contact attempts, not seeking assistance, or consistently not following through on payment arrangement commitments. In addition to the Energy Assistance information referenced in the response to question 2a and Rights and Responsibilities information referenced in the response to question 2b, the following notifications and/or information is provided to customers prior to disconnection: Automated Call advising to contact Cascade, Disconnect of Service Notice, Urgent Notice, Manual Outbound Call, and site visit by Cascade Service Mechanic. The Disconnect of Service and Urgent notices both contain Energy Assistance information and Payment Options. Cascade is not aware of any additional information that needs to be provided to customers prior to disconnection for non-payment.

a. What, if any, information regarding assistance is currently being provided and what information should be provided?

Cascade Natural Gas provides detailed assistance information, including all forms of available assistance and where/how to apply, using the following methods:

- Company website
- Personalized letters to customers
- Customer emails
- Phone contact from Customer Service and Credit & Collection Representatives
- Reminder letters, Past Due and Urgent Notices
- Door Tags
- Brochures and signage at CAAs
- Google Ads
- Paid and organic social media posts

- Radio advertising
- Streaming audio advertising
- Display ads
- Bill inserts
- Bill onserts

b. What, if any, information regarding customer rights and protections should be provided?

A Rights and Responsibilities insert is provided once per year and in the new customer packet. A list of rights and responsibilities also appears on the company website.

c. Should disconnection for non-payment notices include Commission contact information?

Commission contact information is already included on Cascade’s disconnect notices. Cascade is not opposed to adding Commission contact information to non-pay notices. All stakeholders will need to keep in mind that, if the information is placed on the front of notices, it could result in reduction of font size of other important information or removal of other important information completely.

3. What percent of customers are billed through e-billing or paperless billing?

38% of Washington Cascade customers are on ebills.

a. What percent of customers who are signed up for e-billing or paperless billing are also members of highly impacted communities and/or vulnerable populations?

Cascade does not collect demographic or income information; therefore, the company is not able to answer this question at this time.

b. On average, what percent of customers who receive their tariff change notices electronically access their notice?

0.17% of customers over the past 12 months (August 08, 2021 – August 08, 2022) who receive their tariff change notices electronically access their notice.

4. How does your company define “low-income”? How should “low-income” be defined?

Cascade defines low-income as any customer who has received any type of Energy Assistance in the previous 12 months. Energy Assistance is defined as LIHEAP, WEAFF, Winter Help, or Big Heart Grants. In addition to this definition, Cascade believes low-income should be defined as any resident receiving any type of Federal or State needs-based assistance. However, the company currently only receives information on LIHEAP recipients and does not receive information on customers who receive any other type of Federal or State assistance. A process would need to be established for the company to receive that information in order to expand the definition from what Cascade uses today.

5. How does your company assess the impact of its disconnection practices in areas defined as highly impacted communities and vulnerable populations?

Currently, Cascade does not assess the impact of its disconnection practices in areas defined as highly impacted communities and vulnerable populations; however, these types of issues should be brought up and addressed within general rate cases. In accordance with Order 05 in Docket

UG-200568, Cascade has prepared a disconnection reduction plan with the objective of describing Cascade's three broad-based strategies to reduce disconnections. Cascade's first strategy revolves around payment options, arrangements, and alerts. The second strategy centers around preventative disconnection and collection process. The last strategy revolves around energy assistance, arrearage management, and energy burden discounts.

In addition, the Low-Income Advisory Group was established per the 2016 settlement agreement in Order 04 in Docket UG-152286. This group meets at least twice per year and includes representatives of our Community Action agency partners, Commission Staff, The Energy Project, Public Counsel, and Cascade representatives. Meetings are conducted with both agenda items and an open forum for general discussion offered by any group member. Cascade has found these meetings productive and helpful to ensure all members are heard. Regular topics include program performance, ongoing concerns, evaluating the program's budget, and exploring alternative program designs. The settlement agreement established the following four program goals to guide decisions in all aspects of program design:

- a) Keeping customers connected to energy service.
- b) Providing assistance to more customers than are currently served.
- c) Lowering the energy burden of program participants.
- d) Collecting data necessary to assess program effectiveness and to inform ongoing policy discussions.

In 2021, Cascade consulted with Avista Utilities regarding a Community-Based Organization (CBO) pilot program established as a COVID-19 pandemic response for low-income bill payment assistance. Additional information was obtained from Avista's Community Action partner who utilized the program for clients. Using both resources, Cascade created a CBO program which was presented to the Low-Income Advisory Group in December 2021. With the feedback from group members, the Advisory Group will continue to develop and implement a CBO program suitable for all parties as soon as practicable. These CBOs could include entities that serve marginalized communities, including but not limited to rural, immigrant, tribal, or people of color. Such organizations will focus on community-based outreach to target the hardest-to-reach customers with disabilities, language barriers, and limited access to communications. Cascade has made independent efforts to establish new, informal partnerships with CBOs throughout the service territory. These efforts have been productive and will continue to share and promote the energy assistance options that are available to our customers who are their clients.

6. What information does your company use to determine which customers should be disconnected? Does your company use any of the following information to determine if a customer should be disconnected?

a. Credit Scores (either external or internal)

No, Cascade does not use external credit scores or assign a permanent internal credit score that is used in collections. However, once an account meets the debt threshold described in 6b and 6c, a temporary calculation is made using the information in 6d (calculation is not stored) that determines which of Cascade's three collection paths the account will take during that bill/collection cycle. Not all accounts that meet the debt criteria in 6a and 6b will enter a collection path for disconnection.

b. A dollar amount threshold

Yes, a dollar amount threshold, in combination with the delinquency threshold noted below, is a minimum criterion to start one of Cascade's three collection paths. A Residential account must owe at least \$50.00 before the account is eligible for collections.

c. A delinquency threshold (for example 30 days, 60 days, 90 days, or any other interval)

Yes, in combination with the dollar criteria of \$50.00, the minimum debt must be at least 35 days old before the account is eligible for collections.

d. Is there any other account information factored in to determine if a customer should be disconnected, and if so, please identify that information?

Yes. Cascade also considers the following information:

- Amount of arrears
- Number of days past due
- Days since last payment
- Last payment amount
- Number of days in service
- NSF History

7. Does your company offer the following features on its website or online customer portal?

a. Self-enrollment for a customer's preferred payment arrangements

Somewhat. Customers may submit a preferred payment plan through an automated chat session. However, the payment arrangements are subject to review and approval upon submission.

b. Changing a customer's preferred payment due date to parallel receipt of income

Not offered at the moment, still working on system upgrades before such a feature can be accessible.

c. Bill Assistance information (a link or contact information to their local community action council or other information specific to that customer)

Yes, www.cngc.com contains detailed assistance information, including contact information for all area CAAs.

d. The ability for a customer to select their preferred language for correspondence or communications (if other than English)

Cascade's website is translatable to the following languages:

- Chinese
- English
- Indonesian
- Japanese
- Korean
- Russian
- Spanish
- Ukrainian
- Vietnamese

8. TEP raises concerns that the 60-day renewal requirement in the Commission’s rule governing medical emergencies may be difficult for customers.

a. What percent of medical emergencies are not renewed for a second 60-day period?

- 2019 – 81% did not renew
- 2018 – 60% did not renew

b. Could medical emergencies remain in effect for the stated duration of the condition, rather than having a set expiration?

The current rule states that medical emergencies will remain in effect for the stated duration of the condition but no longer than 60 days. Cascade feels that there must be a point of renewal, as well as a limit on renewal. Medical conditions and household members can change quickly, and Cascade would not want to risk storing sensitive information that may no longer be valid.

Cascade feels it is more appropriate to let sensitive customer information, that is only pertinent to the utility based on the status of a customer’s account, expire, and renew with verification if that condition continues to exist.

c. Should a 60-day renewal be required for customers experiencing chronic conditions?

Cascade feels that there must be a point of renewal; either at 60 days or at another reasonable point in time. This renewal must exist because medical conditions and household members may change. Also, if a medical condition is chronic and the household is in a financially difficult position causing the threat of disconnection, there are resources that will provide payment assistance and prevent long-term disconnection.

9. For premise visits prior to disconnection for non-payment of customers with medical certificates and low-income customers, please provide the number of visits conducted and the number of visits that resulted in customers making payment at the door in 2018 and 2019.

2018:

- *For customers who provided a medical certificate at any time in the year **2018**, there were **6** orders dispatched for non-payment and **5** payments collected after the field visit to prevent disconnection.
- **For customers receiving assistance used to define low-income at any time in the year **2018**, there were **83** orders dispatched for non-payment and **28** payments collected after the field visit to prevent disconnection.

2019:

- *For customers who provided a medical certificate at any time in the year **2019**, there were **3** orders dispatched for non-payment and **2** payments collected after the field visit to prevent disconnection.
- **For customers receiving assistance used to define low-income at any time in the year **2019**, there were **61** orders dispatched for non-payment and **19** payments collected after the field visit to prevent disconnection.

*This data does not reflect payments returned NSF or whether the qualifying medical certificate was active before or after the payment collected in the field

**This data does not reflect payments returned NSF or whether the qualifying energy assistance payments were received before or after the payment collected in the field.

10. Please provide your company's internal deposit requirement criteria, including a narrative description of the criteria, factors, and relevant information used to determine whether customers are required to pay a deposit.

Currently Cascade is not charging Residential deposits. Prior to the moratorium, if an applicant/customer met two of the following three criteria when starting new service, no deposit was required:

- 12 months of continuous employment
- Own the property
- 12 months of service with CNG in past 2 years with satisfactory payment/credit history

11. Please describe your company's reporting practices to credit bureaus, including historic practices, collection agencies used, and the terms of all contracts with (and the policies of) all collection agencies used.

Cascade and the collection agencies with whom Cascade holds contracts do not report CNG accounts to credit bureaus. Prior to 2020, Cascade had one Collection Agency reporting to bureaus. It is not our intention at this time to resume this practice.

12. Please explain how your company uses customer credit scores.

External credit scores are not obtained for Cascade Residential customers.

13. Please provide a list, including addresses, of all payment locations, the tender accepted at each location, and any fees.

Please see Cascade Natural Gas Payment Locations – Quick Collect Cash Only.PDF and Cascade Natural Gas Payment Locations – Washington Payment Locations.PDF. No fees are associated with any of the locations. The Walmart locations are cash only and all other locations accept cash, card, or check.

14. Does your company use liens in any of its practices? If so, please explain your practice(s).

No, Cascade does not use liens in any of its practices.

15. Are there any other changes the Commission should consider to the customer notice rules in WACs 480-90-193, 480-90-194, 480-90-195, 480-90-197, 480-90-198, 480-100-193, 480-100-194, 480-100-195, 480-100-197, 480-100-198? Please provide any suggested changes in legislative format (track changes).

Please see attached 480-90-193.pdf and 480-90-197.pdf for proposed deletions. Cascade proposes deleting WAC 480-90-193(2) because it considers it to be antiquated, impractical, and unsafe. Also, 480-90-193 (1)(c) should cover any need for a physical copy of a tariff or section/page of a tariff. The company also proposes eliminating WAC 480-90-197(4) because it is outdated due to the many other options the company has for methods of notice.

16. Should the Commission broaden the requirements for offering payment arrangements? For example, see Maine's Consumer Protection Standards for Electric and Gas

Transmission and Distribution Utilities at p. 23, linked here.¹ Should the Commission adopt a similar policy?

Cascade is supportive of reviewing the current payment arrangement options to determine if they offer adequate options and flexibility. Cascade believes the Maine rules are overly complex and burdensome and would seek to establish payment arrangement options that are clear and easy for customers to understand and adhere to as well as not overly burdensome for the company to manage.

17. If disconnections for non-payment continue:

a. The Commission currently requires site visits prior to disconnecting a customer with a medical certificate or a customer who has received energy assistance. Should a site visit be required prior to all disconnections for non-payment?

Cascade Service Mechanics must turn off gas service at the customer's premise. This process is not changing in the foreseeable future. When visiting the customer's premise to disconnect service the Cascade Service Mechanic is required to knock on the customer's door to notify the customer of the purpose of their visit and to take payment by check to avoid disconnect if offered by the customer. If a customer indicates they would like to make a payment by a method other than check, the Cascade Service Mechanic provides the customer with information on how they can make payments with Customer Service or at Convenience Pay locations and allows the customer time to do so.

b. Should the Commission require a minimum overdue account balance prior to disconnecting for non-payment?

Since circumstances vary by utility service type (electric or gas), service territory (urban vs. rural mix), and utility company, Cascade does not support requiring a minimum overdue account balance prior to disconnecting for non-payment. Cascade believes each utility should maintain the flexibility to establish reasonable thresholds for overdue amounts and days past due that would lead to an account entering the collections process and becoming at risk of being disconnected if the customer does not respond to any utility efforts to make contact and resolve the past due balance, establish a payment arrangement, or facilitate energy assistance.

c. Should the Commission require Commission approval before a utility disconnects a customer, as it did in Docket U-200281?

No. The Commission's intentions to make sure no customer is unnecessarily disconnected can impede our business processes and result in additional expense for the company and our customers. At times, the current WUTC Staff disconnect review process results in delayed responses back to the company. In some instances, those delays require the company to restart the Collections process. Restarting the Collections process results in wasted company resources and added expense. In addition, the process shifts Cascade resources from other functions, e.g., attempting to contact customers to discuss their account and options. This shifting of resources leads to higher past due balances as the company is able to assist fewer customers. Higher past due balances likely lead to higher write-offs, which also leads to greater write-off expense being borne by Cascade's customers. Continuing this process or implementing a similar process causes more harm than good to the overall customer base.

18. Should the Commission consider adding energy assistance requirement rules? If so, what should be included?

No, Cascade does not believe the Commission should consider adding energy assistance requirement rules. As stated in answers to other questions, customers are already provided multiple opportunities over an extended period of time to respond to the customer's contact attempts to make a payment, establish payment arrangements, or be referred to a Community Action Agency to receive assistance through LIHEAP, WEA, and Winter Help. In addition, as required by Legislation, Cascade will implement a rate discount program no later than October 1, 2023. The rate discount program will add to the long list of assistance options available to Cascade customers to help them avoid disconnection of service.

a. Should there be requirements for Percent Income Payment Plans?

Cascade does not support requirements for Percent Income Payment Plans (PIPP). The company believes each utility should have the flexibility to work with stakeholders, including Commission Staff, to develop rate discount plans that meet the unique needs of customers in the utility's service territory.

b. Should there be requirements for Arrearage Management Plans?

Cascade's Washington Energy Assistance Fund (WEAF) Program is the company's current AMP. The company plans to continue WEA or a similar program that includes an AMP. Therefore, the company doesn't oppose the Commission requiring companies to have an AMP. However, as with a PIPP requirement, the company believes each utility should have the flexibility to work with stakeholders, including Commission Staff, to develop AMPs that meet the unique needs of customers in the utility's service territory.

19. How might the Commission modify the notice methods listed in WAC 480-90-194(1)-(3) and WAC 480-100-194(1)-(3) to better reach customers?

The current 30-day notice as well as the required content for notices are appropriate. However, with a transition away from traditional media, including inserts, consideration should be given to digital mediums for reaching customers. A combination of email, text messaging, paid social media campaigns, and website content is more effective and representative of where customers go for information.

a. Considering the reduced consumption of traditional newspaper media, is it still appropriate for customer notices to be published in newspapers?¹

No.

b. Are there any alternatives to newspaper publishing we should consider?

Paid social media campaigns, along with email and text messages.

20. Should the Commission require utilities to provide to the Commission a copy of any customer notice made in connection with a tariff filing before the notice is distributed to customers?¹

No. Cascade already works with Commission's Consumer Protection section and Public Council in drafting general rate case notices, while notices for other tariff filings would delay the process

¹ See WAC 480-90-198(1) and WAC 480-100-198(1).

which typically do not have a lot of lead time in putting together. In addition, Cascade already incorporates feedback from the Commission Staff and others and applies them within related upcoming notices, especially if they are routine filings.

21. What can the Commission do to help ensure customers know about tariff filings and to help ensure that customers know about the Commission?

Cascade welcomes the opportunity to work with and help the Commission ensure customers know about the important mission that the Commission provides. In addition, Cascade currently provides all relevant information about tariff filings as required by Commission rules and regulations to our customers. However, ways Cascade ensures customers are aware of the services we provide is by survey our customers, partnerships, speaking at conferences, and other types of branding such as be active on social media, radio, and other media.

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

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